



2017 Budget Implementation Report

(JAN-SEPT 2017)



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Introduction

The Report on the level of Budget implementation for the first nine months of 2017 reinforce budgIT earlier projections during the analysis of the executive budget proposal- that revenue productions underpinning the federal government fiscal plan is grossly overly optimistic.

The Federal government has however raised approximately 81% of new debts projected for the fiscal year in the first nine month reinforcing that FG's borrowing plan is achievable for fiscal year 2017.

However, given that only N377.02bn has been spent on capital items despite borrowing N1.91tn, the federal government may be tilting the balance of the economy toward a debt crisis as debt serving is already growing faster that government projections. It is disheartening to note that the federal government is borrowing to meet its recurrent expenditure obligation rather than injecting same in the flat economy.

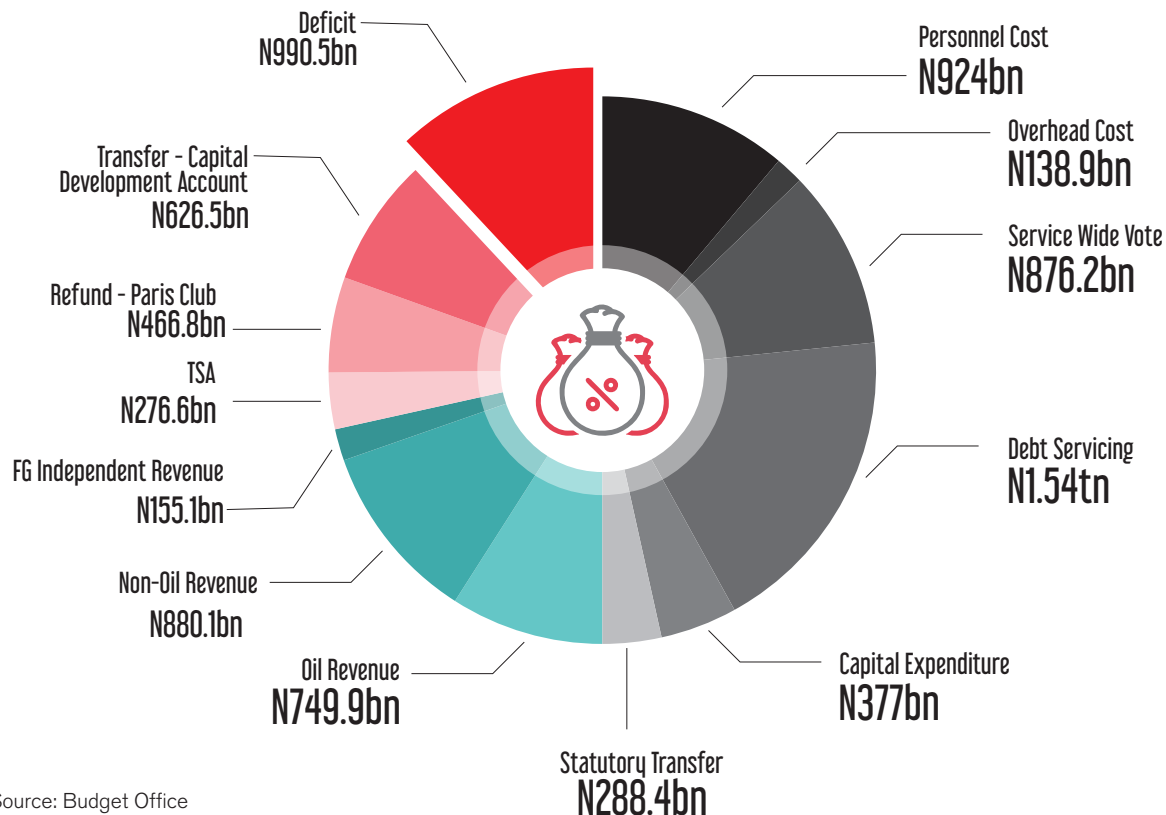
Also, it is shocking to note that Oil revenue which stands at N1.59tn can barely service the accumulated debt of the federal government. Also shocking is the fact that government is not setting aside funds to pay down maturing debt- as no money was put into the sinking funds in the first nine months of 2017.

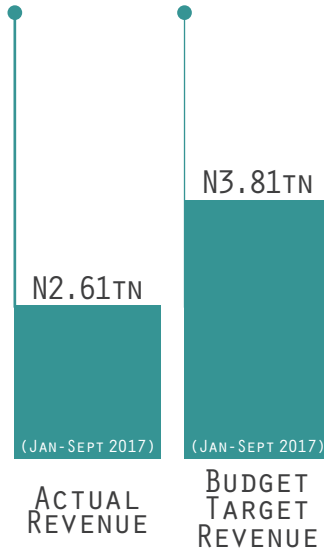
However, Non-oil revenue now account for 53.6percent of federal government revenue in the first nine months of fiscal year 2017. It is imperative for the government to be more transparent and accountable of government if the goal of government to accelerate non-oil revenue growth as contained in the economic recovery and growth plan is to be achieved.

FGN Expenditure & Fiscal Account

Jan - Sept. 2017 Fiscal Framework

(Actual Figures)





Revenue Performance

47% PERFORMANCE

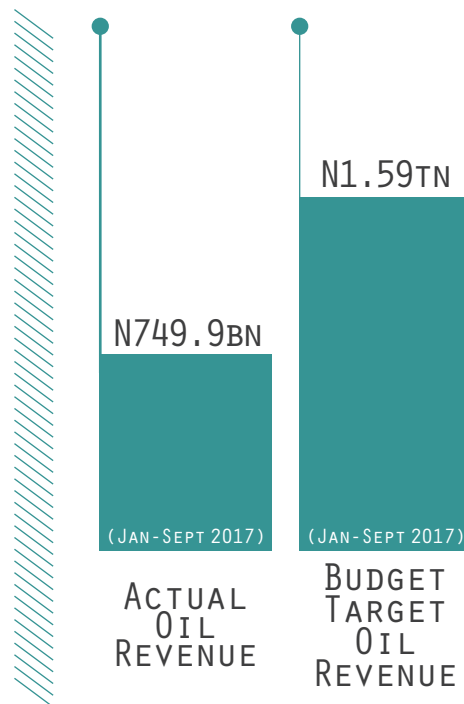
Source: Budget Office, BudgIT Research

Oil Revenue is Trailing Projection:

The Federal government budget for 2017 was anchored on oil revenue projections of N2.12tn. As at September 2017, total revenue from the oil sector which accounts for about 10% of Nigeria's gross domestic product arrived at N749.92bn.

Actual oil revenue collected was only 47% of the N1.592tn expected between January and September 2017 despite oil trading significantly above the budget benchmark price of \$42.5 per barrel.

The shortfall in oil revenue can be connected to production numbers which averaged about 1.99million barrel per day as against the budget estimate of 2.2million barrel per day.

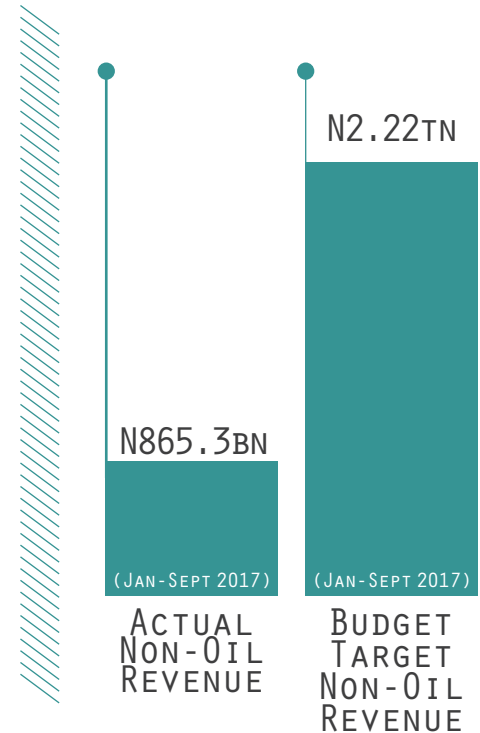


53% OF FG'S REVENUE

Non-Oil Sector Accounts for 53.6% of Federal Government revenue

The Federal government total revenue comes in at N1.615tn or 72.75% of the N2.22tn budget projections for first nine month of 2017. The Actual revenue from the non-oil sector including federal government independent revenue came in at N865.3bn or 53.6 percent of total revenue collected between January and September of fiscal year 2017.

Activities in the Non-oil sector of the Nigeria economy contracted by 0.76 percent in the third quarter of 2017. The federal government will have to do more to elevate economic activities in the non-oil sector if the aspirations of government in terms of revenue uptake is to be accomplished.

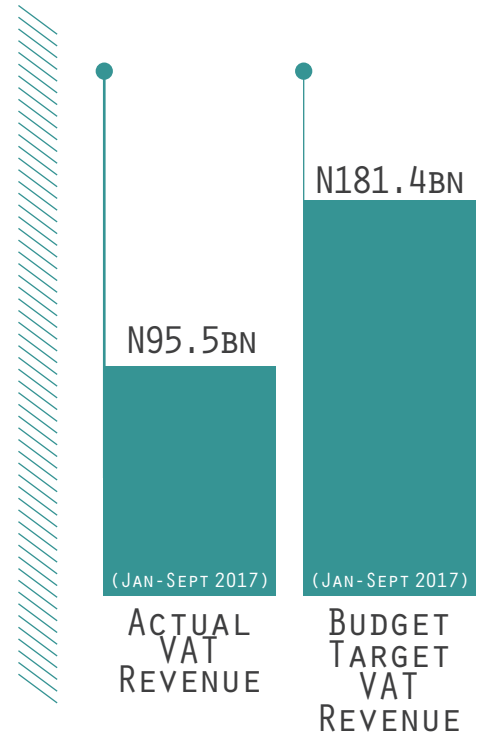


52.6%

PERFORMANCE

Value Added Tax Revenue Trailing Budget Projections

The Federal government share of Value Added tax for the first nine month of 2017 was N95.5bn which comes in at 52.6 percent of budget target for the period under review.

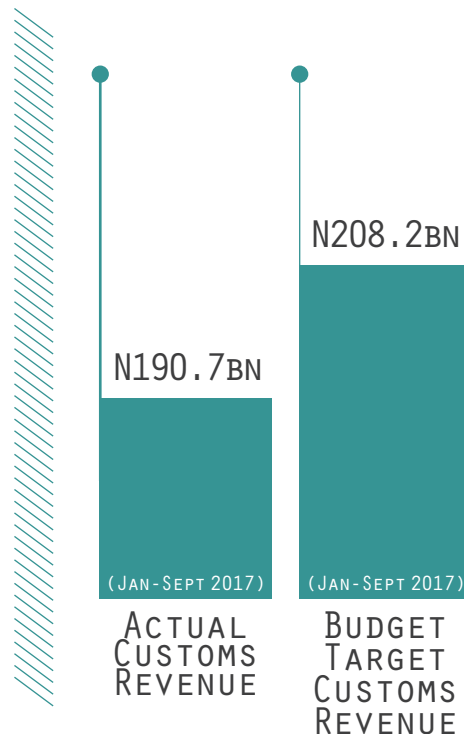


91.6%

PERFORMANCE

Customs and Excise Duties Revenue Target Missed

As at the end of the third quarter of 2017, the FG's share of Customs and Excise duties revenue was N190.68bn. That comes to 91.6% of the budget target for the first nine month of 2017.

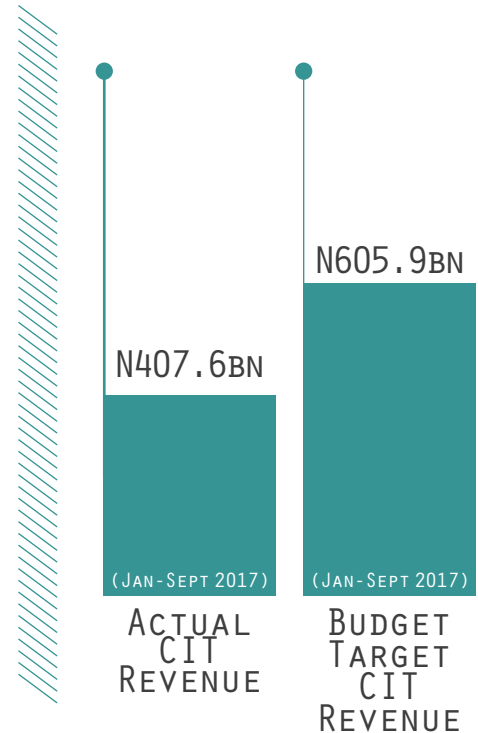


67.3%

PERFORMANCE

Company Income Tax Revenue Performance at 67.3%

The Federal government's share of company income tax for the first nine month of 2017 comes in at N407.59bn or 67.3% of budget target for the period under review.

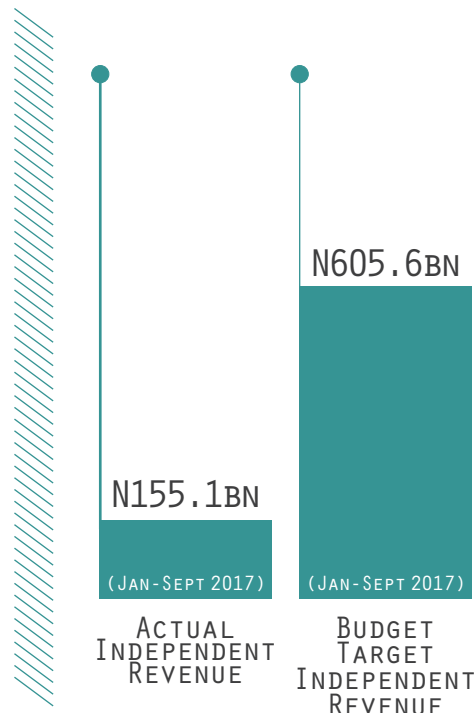


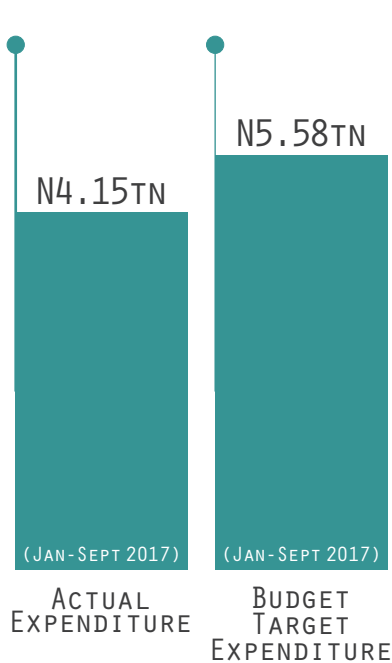
25.6%

PERFORMANCE

FG's Independent Revenue: Government fails to met its target

Fg's Independent Revenue, which includes revenue of independent agencies of the federal government comes in at N155.14bn or only 25.6% of budget projections for the first nine month of 2017.





Expenditure Performance

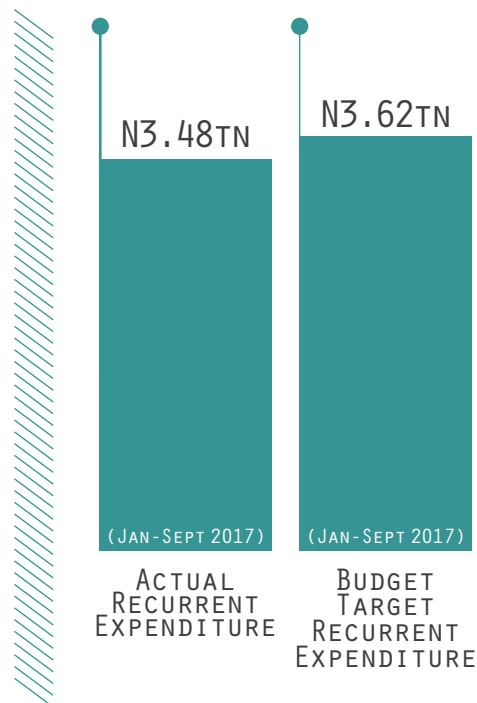
96%

PERFORMANCE

Budget Performance for Recurrent Expenditure Stands at 96%

The N7.44tn budget for fiscal year 2017 may be difficult to fully implement without undertaking more debts as actual revenue is already trailing projections. In the first nine months of 2017, the federal government spent approximately N4.15tn or 74.28% of what the government was planning to spend during the reviewed period.

In term of expenditure mix, the federal government was planning to spend N3.62tn in the first nine month of 2017. However, N3.48tn was the actual amount actually spent according to the budget implementation report released by the Budget Office. The budget implementation thus comes in at 96% for the recurrent part of the budget.

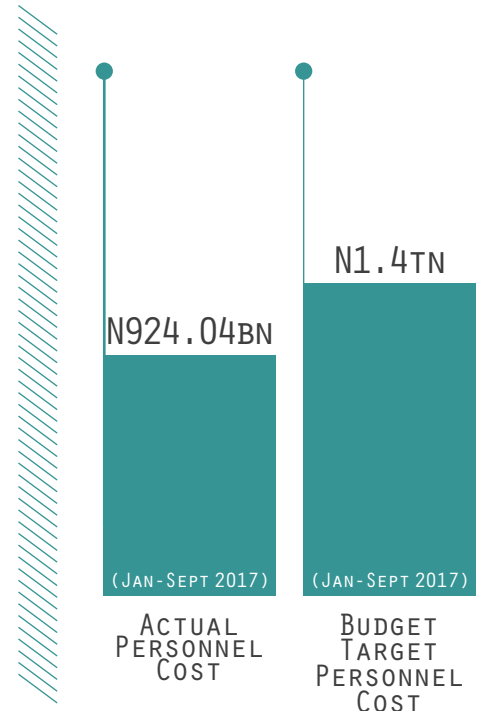


65.4%

PERFORMANCE

Green Light on Personnel Cost

Federal government spending of N924.04bn on personnel cost in the first nine months of 2017 falls short of the budget projections of N1.4tn for the period under review.

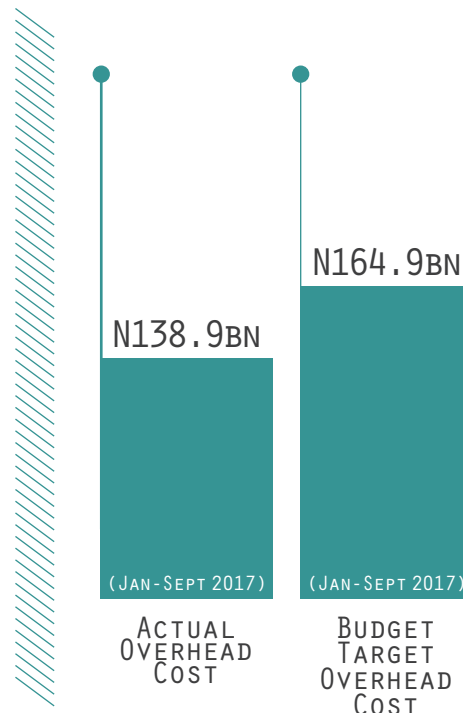


84.2%

PERFORMANCE

Overhead Cost : Budget performance at 84.2%

The Federal government planned to spend N164.88bn on overheads between January and September 2017, but only N138.89bn or 84.2% of budget target was spent during the period under review.

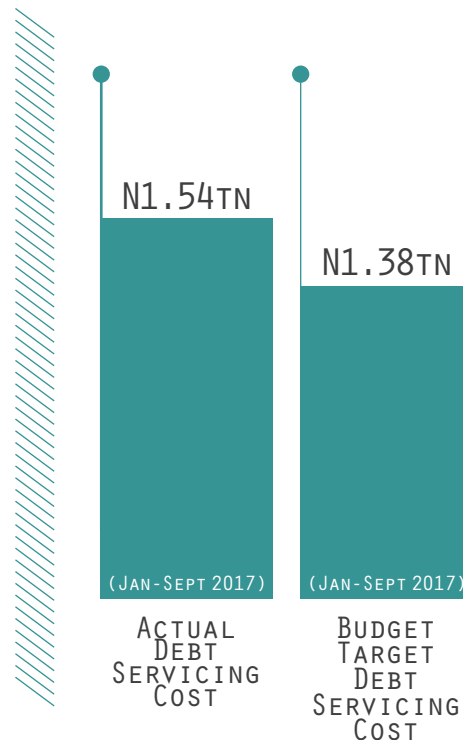


112%

PERFORMANCE

FGN Overspend by N290bn on Debt Servicing

A total of N1.54tn was spent on debt serving in the first nine months of 2017 despite budgeting only N1.25tn for the first three quarters. As such, the federal government overspent on debt servicing by approximately N290bn in the first Nine months of 2017.

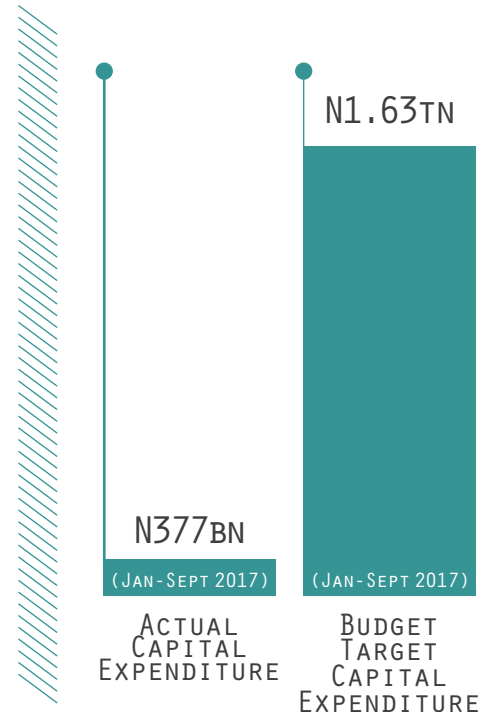


23.1%

PERFORMANCE

Budget Performance for Capital Items is Abysmal

A total of N377.02bn was spent on capital expenditure in the first nine -months of 2017. Capital expenditure performance based on government spending plan for the first nine month of 2017 remains abysmal at 23.12%.



108% PERFORMANCE

Source: Budget Office, BudgIT Research

FG Raise N1.91tn in New Debts

A total of N1.91tn was raised as debt between January and September 2017 as part of the 2017 budget implementation phase. N721.98bn was raised in the first nine month of 2017 which comes in at 67.63% of federal government foreign borrowing plans for fiscal year 2017.

Also, A total of N1.18tn as part of domestic borrowing. The Federal government 2017 budget hinges on raising N1.25tn from the domestic debt market.

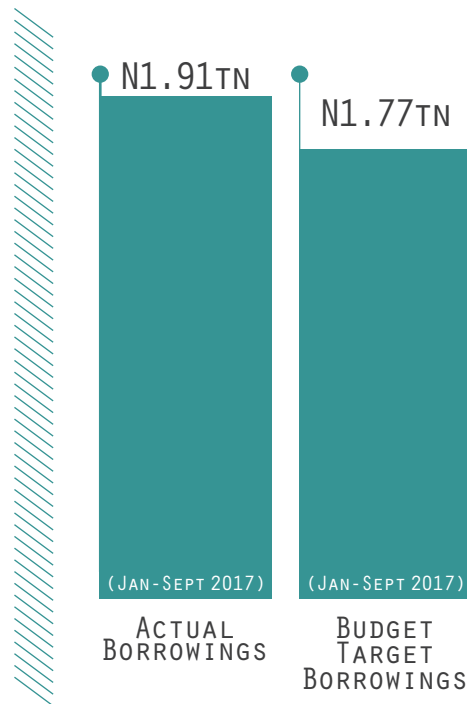




Photo Credit: Wusu Femi

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