

Budget Implementation

The 2017 budget implementation report shows a paltry average performance in 2017, compared to the projections contained in the budget. The actual oil and non-oil revenue generated were N1.1 trillion and N957 billion respectively, considerably below the projected figures of N2.1 trillion¹ and N1.4 trillion. Other revenue sources brought the total revenue generated to N2.7 trillion. However, on the expenditure side, the combination of personnel expenditure and debt repayments amounted to N3.5 trillion, which exceeded total revenue by N885 billion. This implies that Nigeria borrowed to pay salaries and service debts in 2017. As long as the culture of making unrealistic budget projections continues, we expect to record low budget implementation going forward. To address the wide gap between actual and expected budget performance, better forecast of future revenue alongside making less ambitious spending plans is critical. Equally important is building the political commitment towards speeding up the passage of the budget to allow for implementation for the entire one-year budget cycle.



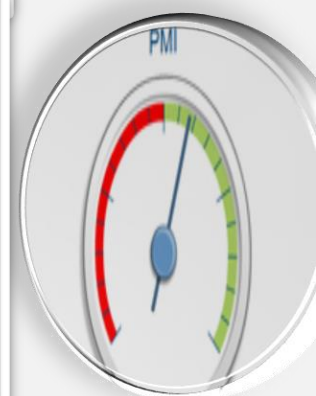
Poverty Index

The recently released international measure of acute poverty -Global Multi-dimensional Poverty Index (MPI)- paints a picture of sustained acute poverty in Nigeria. The MPI stood at 0.294 points in 2017², from 0.303 points in 2013³ – a marginal reduction in four years, yet maintaining a stance in the “vulnerable to poverty” group. More so, out of the 560 million people living in multidimensional poverty in sub-Saharan Africa, more than 96 million live in Nigeria and accounts for one of the world’s poorest regions. Nigeria also exhibits subnational diversity of poverty, ranging from 8% to 92% in some states⁴. The index and estimates answer the call to review policy responses towards the progress in SDG 1 (ending poverty) in Nigeria, which seems to have been stalled by non-responsive poverty reduction policies. Recent social programmes such as the Cash transfers, Home-Grown School Feeding, and Government Enterprise and Empowerment Programmes may improve living standards in the short to medium-term. However, providing affordable quality social services such as education, health, mass transit system alongside creating more opportunities is likely to reduce poverty in a more sustainable manner.



Crude Oil Price

Global crude oil price edged-up to a three-year peak of \$80 per barrel in September 2018. Precisely, Brent crude commenced exchange for the month of September at \$77.81 per barrel, rose by 3% to hit \$80.02 as at September 12, 2018⁵, and moderated to \$79 per barrel on September 21, 2018. Nigeria’s bonny light also reached a peak of \$80.41 per barrel⁶. Falling supply from Iran and Venezuela because of U.S. sanctions and economic upheavals triggered the increase in oil prices⁷ – total OPEC supply to world markets dropped for the review month and perhaps, fell short of demand. However, OPEC’s current negotiations to reverse the 2016 supply-cut pact and boost output by returning to 100% production compliance, is likely going to increase supply in the near term. This will have negative consequences on Nigeria’s revenue potential. To address the impending fall and more generally the volatility in oil price, efforts towards domestic resource mobilization, specifically increasing the tax base should be improved.



ECONOMIC SNAPSHOT		
Quarterly Indicators	'18Q1	'18Q2
GDP Growth Rate (%)	1.95	1.5
Oil GDP (%)	14.77	-3.95
Non-oil GDP (%)	0.76	2.05
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	246.62	261.4
Portfolio Investment (US \$Millions)	4,565.09	4,119.5
Other Investment (US \$Million)	1,491.93	1,132.8
External Debt (FGN & States- N'Billion)	6,746.27	6,750.91
Domestic Debt (FGN + States & FCT N'billion)	15,960.92	15,628.76
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	Jul'18	Aug'18
Headline Inflation (%)	11.14	11.23
Food Sub-Index (%)	12.95	13.2
Core Sub-Index (%)	10.2	10.0
External Reserves (End Period) (US\$ Million)	47,120	45,838.59
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	56.8	57.1
Non-Manufacturing PMI	57.7	58.0
Crude Oil Price (US\$/Barrel)	74.72	NA
Petrol (PMS-N/litre)	146.8	146.9
Diesel (AGO -N/Litre)	204.32	207.98
Kerosene (HHK -N/Litre)	276.87	288.75
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.00	NA
Savings Deposit (%)	4.07	NA
Prime Lending (%)	16.83	NA
Maximum Lending (%)	31.09	NA
Narrow Money (N'Billion)	10,668.00	NA
Broad Money (N'Billion)	24,971.10	NA
Net Domestic Credit (N'Billion)	25,654.48	NA
Credit to the Government (N'Billion)	3,393.27	NA
Credit to the Private Sector(N'Billion)	2,226.12	NA
Currency in Circulation (N'Billion)	1,468.30	NA
FAAC (N'Billion)	715	NA

*Revised GDP figures/tentative figures

NA: Not Available

¹Budget Office (2018). “2017 Fourth Quarter and Consolidated Budget Implementation Report”. Retrieved from, <http://www.budgetoffice.gov.ng/index.php/2017-fourth-quarter-and-consolidated-budget-implementation-report?task=document.viewdoc&id=691>

²UNDP (2018). “2018 Global Multidimensional Poverty Index/ 2018 Global Multidimensional Index dataset”. Accessed September 25, 2018. <http://hdr.undp.org/en/2018-MPI>

³OPHI (2018). “MPI Country Briefings 2018”. Retrieved from, http://www.dataforall.org/dashboard/ophi/index.php/mp/country_briefings

⁴OPHI (2018). “Global Multidimensional Poverty Index 2017”. Retrieved from, https://www.ophi.org.uk/wp-content/uploads/B47_Global_MPI_2017.pdf

⁵Y-Charts (2018). “Brent Crude Oil Spot Price”. Accessed September 25, 2018. https://ycharts.com/indicators/brent_crude_oil_spot_price

⁶cbn.gov.ng

⁷Reuters (2018). “Exclusive: OPEC and allies consider oil output boost as Iranian supply falls – source”. Accessed September 25, 2018. <https://www.reuters.com/article/us-oil-opec/opec-non-opec-states-study-new-oil-output-boost-as-iranian-supply-falls-source-idUSKCN1M121Y>