

**THE SENATE
FEDERAL REPUBLIC OF NIGERIA**

***COMMITTEE ON BANKING, INSURANCE AND OTHER FINANCIAL
INSTITUTIONS.***

**REPORT OF THE COMMITTEE ON BANKING, NSURANCE AND OTHER
FINANCIAL INSTITUTIONS ON THE 2016 BUDGET PROPOSAL OF THE
CENTRAL BANK OF NIGERIA (CBN)**

OCTOBER, 2016



THE SENATE

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1.0 INTRODUCTION:

It will be recalled that the Senate at its sitting on Thursday 21st July, 2016 considered the request of Mr. President, Commander-In-Chief of the Armed Forces of the Federation on the 2016 Budget of the Central Bank of Nigeria (CBN) and referred same to the Committee on Banking, Insurance and Other Financial Institutions for further legislative actions.

- 1.1 Under Section 2 of the CBN Act., 2007, the bank has the responsibility of ensuring monetary and price stability; issuing of legal tender currency in Nigeria; maintaining external reserve, promoting a sound financial system, acting as banker and providing economic and financial advice to the Federal Government.
- 1.2 Section 6 (3) (a) of the Act., vests the consideration and approval of the annual budget of the bank on the Board. However, Section 21(3) of the Fiscal Responsibility Act, 2007 demands that the budget be transmitted through the Ministry of Finance to the National Assembly for appropriation.
- 1.3 The Committee earlier met with the House Committee on Banking and Currency and the Central bank of Nigeria in a budget defence session on Wednesday 24th February, 2016 in Senate Conference Hall 022 deliberated and approved the budgetary estimates.

2.1 SUMMARY OF CBN BUDGET, 2016:

INCOME PROFILE:

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a) Interest on Foreign Investment	-	N34,846,849.31
b) Interest on Domestic Investment	-	N298,203,461.15

c) Interest on Domestic Loans & Advances	-	N37,399,632.84
d) Income from Operational Activities	-	N50,337,758.54
TOTAL INCOME	-	N420,787,701.83

EXPENDITURE PROFILE:

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A. GENERAL ADMINISTRATIVE EXPENDITURE	-	N125,298,276.37
1. Staff Cost	-	80,589,865.26
2. Administrative Expenses	-	44,708,411.11
B. OPERATIONS EXPENSES	-	283,510,472.32
3. Currency Management & Monetary Policy Operations Expenses	-	27,116,989.00
4. Liquidity Management	-	150,000,000.00
5. Contribution to Banking Sector Resolution	-	50,000,000.00
6. Development Expenses	-	3,149,960.00
7. Strategic Initiative	-	8,775,600.32
8. Intervention Project	-	40,467,923.00
9. Provision for Contingencies	-	4,000,000.00
Total Recurrent Expenditure (A + B)	-	N408,808,748.69

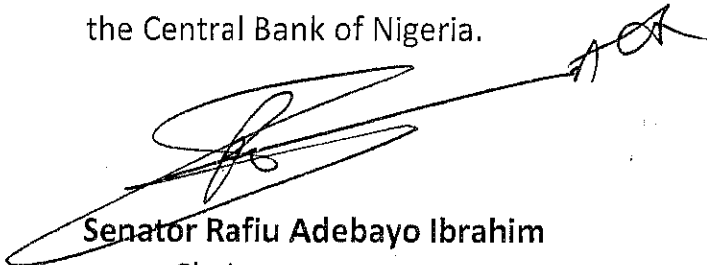
3.0 FINDINGS:

The Joint Committee found out that the 2016 budget of the Central Bank of Nigeria is hinged on the following assumptions:

- i) Expectations and possible developments in the local and global economies including the objectives and policy directions of the bank.
- ii) The dwindling revenue from oil resulting from lower oil price and reduced demand for Nigeria crude oil in the international market.
- iii) Rising demand for foreign exchange which culminated in the reduction in accretion to foreign reserves and projected income from foreign investments in the 2016 budget.
- iv) The bank's efforts in maintaining very tight monetary stance due to the low level of accretion to reserve, depreciation and exchange rate.

4.0 RECOMMENDATION:

That the Senate do consider and approve the attached recommendation of **N408,808,748.69 (Four Hundred and Eight Billion, Eight Hundred and Eight Million, Seven Hundred and Forty Eight Thousand, Sixty-Nine Kobo only)** as 2016 budget of the Central Bank of Nigeria.


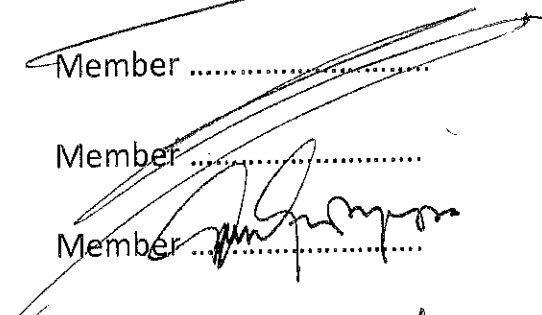
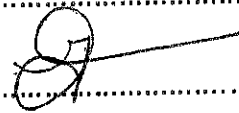
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Senator Rafiu Adebayo Ibrahim
Chairman

REPORT OF THE COMMITTEE ON BANKING, NSURANCE AND OTHER FINANCIAL INSTITUTIONS
ON THE 2016 BUDGET PROPOSAL OF THE CENTRAL BANK OF NIGERIA (CBN)

SIGNATURE PAGE

1. Senator Rafiu Adebayo Ibrahim - Chairman
2. Senator Samuel Anyanwu - Vice-Chairman
3. Senator Umaru Kurfi - Member
4. Senator Dada Joseph Gbolahan - Member
5. Senator Philip A. Gyunka - Member
6. Senator Tijjani Yahaya Kaura - Member
7. Senator Fatima Raji -Rasaki - Member
8. Senator Adesoji Rilwan Akanbi - Member
9. Senator Mohammed Danjuma Goje - Member
10. Senator Peter Nwaobosho - Member
11. Senator Abubakar Ahmadu Moallahyidi - Member
12. Senator Stella A. Oduah - Member
13. Senator Benjamin Uwajumogu - Member
14. Senator Isaac Mohammed Alfa - Member
- N.P.Ikeokwu - Committee Clerk



CENTRAL BANK OF NIGERIA

2016 RECURRENT EXPENDITURE

S/N	VOTEHEAD	2016 PROPOSED BUDGET = ₦='000	COMMITTEE RECOMMENDATI ON =₦='000
A	GENERAL ADMINISTRATIVE EXPENSES		
1	Staff Cost	80,589,865	80,589,865
	Salaries and Wages	15,404,383	15,404,383
	Education/Domestic/Utility Allowances	15,530,318	15,530,318
	Productivity Bonus/13 th Month	9,438,890	9,438,890
	Furniture Allowance	6,027,601	6,027,601
	Housing Allowance	12,055,203	12,055,203
	Holiday/Leave Allowances	3,354,909	3,354,909
	Transportation Allowance	7,940,432	7,940,432
	Lunch Allowance	3,808,572	3,808,572
	Other Allowances	7,029,551	7,029,551
2	ADMINISTRATIVE EXPENSES	44,708,411	44,708,411
	Travels Expenses	4,092,092	4,092,092
	Staff Transfer Expenses	350,000	350,000
	Printing & Stationery	339,711	339,711
	Medical	2,320,000	2,320,000
	Security Guard Expenses	641,484	641,484
	Vehicle Maintenance & Fueling		
	Clothing for Uniformed Staff	91,610	91,610
	Books and Periodicals	81,600	81,600
	Office Equipment Maintenance (Copiers, Microfilm machines, etc)	382,029	382,029
	ICT Maintenance (IT, IDMs, i-Teller & Special Scanner)	3,026,121	3,026,121
	Facility Management (Premises)	6,000,000	6,000,000
	Communications	165,000	165,000
	Electricity	577,000	577,000
	Recreation & Sports Sponsorship	242,200	242,200

Insurance (Properties, Life & Vault)	3,562,174	3,562,174
CBN Publications	35,000	35,000
Courier Service	100,000	100,000
Audit Fees and Expenses	353,746	353,746
Management Canteen	40,000	40,000
Staff Training	2,087,590	2,087,590
Industrial Training Fund (ITF) & Employee Compensation Act (ECA)	1,000,000	1,000,000
Directors' Fees, Allowances & Expenses	1,008,216	1,008,216
Pensioners Medical Allowance	333,702	333,702
NYSC Allowance	16,400	16,400
Foreign Fees/Charges (Bloomberg, RAMP, SWIFT, etc)	536,279	536,279
Membership Subscriptions	1,163,765	1,163,765
Subversions	35,500	35,500
Corporate Social Responsibility	190,000	190,000
Corporate Affairs	1,500,000	1,500,000
Legal and Professional Fees	1,000,000	1,000,000
Long Service & Best Staff Awards	250,000	250,000
Branch Controller' conf./Best Managed Branch	46,000	46,000
Rents and Rates	346,730	346,730
Security Agencies Personnel Allowances	1,425,136	1,425,136
Hosting Regional Meetings	236,417	236,417
Asset Register Update & Maintenance	728,124	728,124
Burial Expenses & Assistance to Staff	40,443	40,443
Staff Recruitment Expenses	130,000	130,000
Promotion/Examination Expenses	180,000	180,000
Strategy Management Project	72,548	72,548
Consultancy Fees	57,215	57,215
Ethics & Anti-Corruption Expenses (Including Servicom & (Sustainable Banking)	28,860	28,860

	IFRS Compliance Project	179,030	179,030
	Pension Fund Allocation	8,341,601	8,341,601
	Relief to Bereaved Families Sinking Fund	250,000	250,000
	Bulk Payment (NIBSS) Charges Account	5,000	5,000
	Sundries	344,545	344,545
	TOTAL GENERAL ADMINMISTRATIVE EXPENSES	125,298,276	125,298,276
B	OPERATIONS EXPENSES	283,510,000	283,510,000
3	CURRENCY MANAGEMENT & MONETARY POLICY OPERATIONS EXPENSES	27, 116,989	27, 116,989
4	LIQUIDITY MANAGEMENT	150,000,000	150,000,000
5	CONTRIBUTION TO BANKING SECTOR RESOLUTION	50,000,000	50,000,000
6	DEVELOPMENTAL EXPENSES	3,149,960	3,149,960
	Financial System Strategy & the payment System infrastructure (FSS 2020)	490,000	490,000
	Entrepreneurship Development Centre	545,710	545,710
	Data Collection/Market intelligence	719,000	719,000
	Expert Consultancy/Collaborative Research	350,000	350,000
	Monetary Policy Formulation, Implementation & Coordination	300,000	300,000
	Development Finance	396,250	396,250
	Intervention Fund in SME (BOI) & PAIF	150,000	150,000
	SME Credit Guarantee Scheme	20,000	20,000
	Research Projects	149,000	149,000
	Macro-Economic Modeling	30,000	30,000
	Collaborative post graduate Program For 3 universities (pilot prog.)	-	-
	Trust Fund for collab. Post graduate Program For universities	-	-
	Intervention Convention Centre & Centre of Excellence	-	-

	Intervention Expenses to FGN	-	-
7	STRATEGIC INITIATIVES	8,775,600	8,775,600
i	Shared Services	728,000	728,000
	Shared Financial Services Network	350,000	350,000
	IT Standard Baseline	50,000	50,000
	IT Standard Audit	28,000	28,000
	Current State Assessment	200,000	200,000
	Project Meetings, Seminars and Workshops on Shared Services Initiatives, Cashless Policy Sensitization, Monitoring and Impact Assessment	100,000	100,000
ii	Financial Inclusion and Infrastructure Finance	150,960	150,960
	2016 Geo-spatial mapping of financial access points, especially points not covered in 2014.	100,000	100,000
	Benchmarking, Conferences, Meetings, Seminars and Workshops	49,960	49,960
	Publication of Strategy Report and Office Consumables	1,000	1,000
iii	Establish world Class Treasury Dealing System and Central Security Depository (WSS&S4)	714,340	714,340
	Trainings (Vendor and training cost)	28,778	28,778
	Implementation (Taxes, contingency, configurations, UAT and System Live)	433,920	433,920
	Licenses Euro 132,600@ 216.6254	28,724	28,724
	WSS consultants expenses (Travels and Accommodation)	31,200	31,200
	Entertainment during the project	6,400	6,400,000
	Development of software solution for enhancement of the S4 and change request: Automation of third party pledge transaction, Automation of SLF and SDF maturities, Reverse Repo/Repo	59,100	59,100

	operation, ILF/Buyback operation etc. Security Lending & Modalities		
	Collateral Management	4,000	4,000
	SWIFT activation	30,000	30,000
	FMDQ E-Bond Interface with S4	40,000	40,000
	Market rehearsal (parallel run): stakeholders meeting and Users acceptance test on the proposed change request	7,217	7,217
	Consultancy fees	15,000	15,000
	Upgrade on Thompson Reuters	30,000	30,000
iv	Establish International Training Institute	389,380	389,380
v	Consumer Protection Framework and Interface	40,000	40,000
	Curriculum Development into the Basic and Senior Secondary Schools	30,000	30,000
	IMPLEMENTATION OF A 5 DAY TECHNICAL TRAINING SESSION FOR THE ITD STAFF THAT WILL MANAGE THE SYSTEM TRAINING FEE PER DELEGATE IS NGN300,000. A TOTAL OF 20 STAFF WILL BE TRAINED. TRAINING FEE IS NGN6,000,000.00. TRAINING WILL BE HELD AT THE TRAINING INSTITUTE IN ABUJA.	5,200	5,200
	FINAL 10% MILESTONE PAYMENT TO THE VENDOR AFTER THE PROJECT HAS BEEN CLOSED OUT	4,800	4,800
	TOTAL (STI)	2,022,680	2,022,680

	STRATEGIC BUSINESS IMPROVEMENT (SBI)		
iv	Development an Enhanced and Robust Supervisory MIS/Dash Board/Enhanced EFASS Database	2,275,000	2,275,000
	IT System Development & IDMS	2,275,000	2,275,000
vii	Modernize IT Infrastructure Landscape & Replace all End of Life System	635,598	635,598
	Intelligent Data Centre, T24 Upgrade and Multi-Protocol Label Switching (MPLS)	635,598	635,598
viii	Implement IT Industry Standards and Data and Information System Security	50,000	50,000
	ISO 27001 Re-certification of CBN Head Office	50,000	50,000
ix	Readiness for "Inflation Targeting"	79,000	79,000
	Research on readiness for Inflation Targeting	10,772	10,772
	Corporate Affairs/Media Service	23,132	23,132
	Benchmarking, Conferences, Seminars and Meetings	45,095	45,095
x	Process Improvement Utilizing Financial Institutions Applications (FIAPS) & Financial Analysis (FINA) to Enhance Capacity to deliver RBS and facilities adoption of FIRS	8,037	8,037
	FIAP Implementation (IT System Development & Integrated Database Management System (IDMS)	4,905	4,905
	Database Clean up	3,131	3,131
xi	Implement Enterprise Risk Management (ERM) Framework (GRC, BCM Plan Inclusive)	250,000	250,000
	IT System Development & IDMS/Provision of GRS Module on IRS Application	250,000	250,000
xii	Improve Transparency, Credibility and Quality of Data	15,000	15,000

	Improve Transparency, Credibility and Quality of Data	15,000	15,000
xiii	Strategic Business Units Transformation	1,293,000	1,293,000
	Human Resources Department Performance Management Re-design Competency Framework Organization Realignment and Staffing Model HRD -HRD strategy and structure -HR Governance structure and system -HR Process Manual and -HR policy	250,000	250,000
	Corporate Communications Department CBN image Survey and Audit A New Framework for Bank's Publications, TV and Radio Programmes Development of Alternative Channels for CBN Stakeholders engagements Refocusing and Reinvigoration of Bank's Digital Communications	250,000	250,000
	Nationwide Sensitization of CBN Initiatives	500,000	500,000
	Finance Department		
	Finance Function Transformation (Price Intelligence Unit)	50,000	50,000
	Strategy Management Department		
	Enterprise Programme Management and Business Process Management	243,000	243,000
xiv	Implement Trade Monitoring System and Electronic Certificate of Capital Importation (ECCI)	1,057,803	1,057,803
	Software development and acquisition + G & A expenses	748,300	748,300
	Automation of Certificate of capital importation	161,104	161,104
	Training	105,713	105,713
	Pre-deployment	22,699	22,699

	Deployment/full implementation	19,986	19,986
xv	Payment System Development Fund, Nigeria Banking Risk Info Centre & Security Operations Centre	1,008,479	1,008,479
	Nationwide Payment gateway for international Card Transaction (Special Projects/Honorarium/Sundries)	400,000	400,000
	Payment System Development Fund	100,000	100,000
	Nigeria Banking Risk Information Centre	371,496	371,496
	Security Operations Centre	136,983	136,983
xvi	Collateral Registry		
	Collateral Registry	81,000	81,000
	SUB-TOTAL	81,000	81,000
	TOTAL (SBI)	6,752,919	6,752,919
	TOTAL STI/SBI	8,775,600	8,775,600
8	INTERVENTION PROJECTS	40,467,922	40,467,922
i.	Construction of Centres of Excellence, University of Nigeria, Enugu Campus	231,139	231,139
ii.	Construction of Centres of Excellence, Ahmadu Bello University, Zaria Campus	530,383	530,383
iii.	Construction of Centres of Excellence, University of Ibadan, Ibadan Campus	198,526	198,526
iv.	Construction of Hostel Block at NIPSS Kuru, Plateau State	676,996	676,996
v.	Construction of an Auditorium Building at NIPSS Kuru, Plateau State	10,742	10,742
vi	Construction of Centre for Institutional Development at Kastina University, Kastina	5,000	5,000
vii	Construction of Administration Block and a 250 Seat Lecture Theatre at Nasarawa State University Keffi, Nasarawa State	14,478	14,478
viii	Construction of Library Complex at the Federal University of Technology Yola, Adamawa State	40,297	40,297
ix	Construction of Central Science Laboratory at Enugu State University of	166,000	166,000

	Science and Technology, Enugu, Enugu State		
x	Construction of Centre for Entrepreneurial Studies at Michael Okpara University of Agriculture, Umudike, Abia State	111,605	111,605
xi	Rehabilitation of existing facilities at Kings College, Lagos	46,221	46,221
xii	Upgrade and Rehabilitation of the existing facilities at Federal Government College Enugu, Enugu State	2,000	2,000
xiii	Construction of Students' Hostel at Nnamdi Azikwe University, Awka (Nnewi Campus), Anambra State	189,354	189,354
xiv	Construction of College of Management Sciences Facility Building at Federal University of Agriculture, Abeokuta, Ogun State	169,457	169,457
xv	Provision of new facilities at Federal Government Girls College, Imiringi, Bayelsa State	25,161	25,161
	Rehabilitation of existing structures and provision of new facilities at Federal Government College, Warri, Delta State	116,148	116,148
xvi	Provision of new Facilities at Offa grammar School, Offa, Kwara State	2,000,000	2,000,000
xvii	Development of Centre of Excellence, University of Port-Harcourt, Rivers State	1,250,000	1,250,000
xviii	Development of Centre of excellence, University of Jos, Plateau	792,249	792,249
xix	Development of Centre of Excellence, Bayero University Kano, kano State	1,250	1,250
xx	Construction of Centre of Excellence, University of Lagos, Akoka, Yaba	950,000	950,000
xxi	Construction of Centre of Excellence, Nigeria Defence Academy, Kaduna	872,104	872,000

xxii	Construction of Centre of Excellence, University of Maiduguri, Maiduguri	680,541	680,541
xxiii	CBN Intervention Kano State University, Wudil	335,711	335,711
xxiv	Police Academy, Wudil, Kano State	950,000	950,000
xxv	CBN Intervention at Abubakar Tafawa Balewa University, Bauchi	509,219	509,219
xxvi	CBN Intervention Project at Queen Elizabeth School, Ilorin	76,230	76,230
xxvii	CBN Intervention at Rumfa College, Kano	117,221	117,221
xxviii	CBN Intervention at Governorment College, Birnin Gwari	2,000	2,000
xxix	CBN Intervention Project at Government Secondary School, Ikom, Cross River State	115,449	115,449
xxx	CBN Intervention Project at Oyo State University, Ibadan, Oyo State	373,323	373,323
xxxii	CBN Intervention Project at Anambra State University	57,038	57,038
xxxiii	CBN Intervention at Federal Technical College, Otukpo, Benue State	268,212	268,212
xxxiv	CBN Intervention Project at Lisabi Grammar School, Abeokuta, Ogun State	28,171	28,171
xxxv	CBN Intervention Project at Owerre nkworji Secondary School, Otukpo, Benue State	77,707	77,707
xxxvi	CBN Intervention Project at Cross River University of Technology	338,609	338,609
xxxvii	Construction of new structures and renovation of existing facilities at Abdul Azeez Attah memorial College, Okene, Kogi State	133,838	133,838
xxxviii	Construction of new hostels ICT Centre and other facilities at Elaiho Grammar School: Eguaeholor-Isi Uhunnmwoda, edo State	178,166	178,166

xxxvi ii	Construction of new Hostel Block, Rooms and renovation of existing facilities at Government Science College, Badarawa, Koko, Kebbi State	71,438	71,438
xxxix	Construction of new classrooms and upgrade of existing facilities at Bishop Philips Academy, Ibadan	131,408	131,408
xi	Construction of administrative building, classrooms, laboratories, hostels, multipurpose hall and other facilities at community Science School, Dukku	121,670	121,670
xli	Construction of a pro-Metric/ICT Centre at Usman Dan Fodio University, Sokoto	292,911	292,911
xlii	Construction of Administrative Block and Female Students' Hostel Block at College of Medical Sciences, Gombe State University, Gombe	367,428	367,428
xliii	Construction of Senate building at Obafemi Awolowo University, Ile-Ife	631,659	631,659
xliv	Construction of hostels blocks, Library and other Facilities at Nigerian Navy Finance and Logistics School, Owerri, Abia State	349,034	349,034
xlv	Construction of Office/Lecture Hall Complex, Faculty of Arts Building, Faculty of Environmental Sciences Building & Supply of Equipment at Kaduna State University, Kaduna	404,676	404,676
xliv	Construction of a New Engineering Faculty Building and the refurbishment of Law Faculty Building at Ambrose Ali University, Ekpoma, Edo State	292,272	292,272
xlvi	Administrative Staff College, Badagry, Lagos	1,000,000	1,000,000
xlvi	Boys Secondary School, Umueze, Awkunanaw, Enugu	141,399	141,399
xlix	Federal Medical Centre, Azare, Bauchi	800,000	800,000

I	University of Abuja, Abuja	750,000	750,000
li	International Convention Centre at Abuja	5,702,500	5,702,500
lii	Federal Treasury Academy, Orozo, FCT	710,788	710,788
liii	Intervention at Federal Polytechnic, Bali	533,333	533,333
liv	Intervention at Federal Polytechnic, Ekowe	533,333	533,333
lv	Intervention at Federal Polytechnic Idah	533,333	533,333
lvi	Intervention at Kaduna Polytechnic, Kaduna	533,333	533,333
lvii	Intervention at the Institute of Management Technology (IMT), Enugu	533,333	533,333
lviii	Intervention at the Polytechnic, Ibadan	533,333	533,333
lix	Intervention at Federal Polytechnic, Nassarawa State	211,703	211,703
lx	Intervention at Delta State University, Abraka	212,594	212,594
lxi	Intervention at Federal University, Lokoja	213,492	213,492
lxii	Intervention at Centre of Excellence (COE), Potiskum	214,267	214,267
lxiii	Intervention at Nnamdi Azikwe University, Awka	212,561	212,561
lxiv	CBN Intervention in Public Infrastructure in Health Sector in Six Geopolitical Zones and the FCT	8,750,000	8,750,000
lxv	CBN Intervention in Public Infrastructures (Rebuilding of Nyanya Motor Park)	760,200	760,200
lxvi	CBN Intervention in Public Infrastructure in Military Barracks in six Geopolitical Zones	3,025,000	3,025,000
lxvii	Supply & Installation of Access Control System in West African Institute for Financial and Economic Management (WAIFEM), Lagos	9,615	9,615
lxviii	TOTAL INTERVENTION PROJECT:	40,467	40,467
9	PROVISION FOR CONTINGENCIES	4,000,000	4,000,000
	TOTAL RECURRENT EXPENDITURE (A + B)	408,808,748	408,808,748