



Fiscal Performance

Monthly Bulletin Published by the Ministry of Finance

As of end-first
quarter 2021



952

Average of Daily Oil Production (Thousand bbl)

45

Average Oil Price (US\$)

919

Net Oil Revenue (RO Million)

As of end-first
quarter 2022



1,025

78

1,565

Fiscal performance at the end of Q1-2022 RO Million

2021



2022



Change (%)

1,819

Revenue

3,025

66.3%

2,570

Expenditure

2,668

3.8%

(751)

Deficit/Surplus

357

148%

2022 Budget continues to register a surplus of RO 357 million at the end of first quarter. The surplus will be utilized for:

1

Accelerating economic recovery

2

Enhancing development spending

3

Reducing the risks of public debt portfolio

Public Revenue

As of end-first quarter 2022, public revenue amounted to RO 3,025 million, up by 66.3% when compared to the same quarter in 2021. This is mainly as a result of:

Statement (As of end Q1- 2022)	2021	2022	Change (%)
Net Oil Revenue	919	1,565	70.2%
Gas Revenue	365	819	124.4%
Current Revenue	514	636	23.7%
Capital Revenue & Repayment	21	5	(76.2%)
Total	1,819	3,025	66.3%

RO Million

Oil Revenue

At the end of Q1-2022, net oil revenue amounted to RO 1,565 million, up by 70.2% compared to the same period in 2021. This is due to an increase in average oil price to US\$ 78 per barrel and higher average oil production to 1,025 thousand barrels per day, compared to average oil price of US\$ 45 per barrel and average oil production of 952 thousand barrels per day over the same period in 2021.

Gas Revenue

At the end of Q1-2022, gas revenue increased to RO 454 million, up by 124.4% as compared to the same period in 2021. This is as a result of higher gas prices and an increase in average gas production.

Current Revenue

At the end of Q1-2022, current revenue increased by 23.7% as compared to the same period in 2021. Such increase is supported by VAT receipts of RO 69 million, excise tax of RO 24 million, and improved collection of government revenue.

Public Spending

By the end of the first quarter of 2022, public spending amounted to RO 2,668 million, up by 3.8% when compared to the same period in 2021. **Below is an illustration of some important spending items:**

1

Current Expenditure: At the end of Q1-2022, the current expenditure of civil ministries and units registered almost similar figures of the same period in 2021. Moreover, the public debt service registered an increase to RO 291 million.

2

Investment Expenditure: At the end of Q1-2022, the development expenditure of civil ministries and units increased by 130.8% to RO 150 million compared to the same quarter in 2021. The total amount spent represents 13.6% of total development budget allocated for 2022 i.e. RO 1,100 million.

3

Contributions and Other Expenses: At the end of Q1-2022, the contributions and other expenses amounted to RO 179 million, including RO 50 million allocated for public debt service.

Following the decision (issued in November, 2021) to stabilize vehicle fuel prices as per the rates of October 2021 as a maximum, oil products subsidy amounted to RO 67 million. The Government shall cover the difference resulting from any excess in oil prices up to the end of 2022.

Deficit/Surplus

At the end of Q1-2022, the budget continues to register a surplus, totaling RO 357 million as compared to a deficit of RO 751 million over the same period in 2021.

More than RO 146 million paid to private sector at the end of first quarter of 2022

By the end of first quarter of 2022, the Ministry of Finance paid the private sector with an amount of RO 146.4 million. This reflects the payment vouchers received through the e-financial system, and which have completed the documentary cycle.

Treasury Single Account (TSA)

The Ministry of Finance commenced implementing the first pilot phase of TSA in the Ministry of Labor and Tax Authority. The TSA, which will be implemented in 57 Government entities, aims to improve cash and liquidity management through unifying the structures of Government bank accounts.

Treasury Single Account (TSA)

A unified structure of government bank accounts, where all government account balances are accumulated to show the movement of net revenues and expenses. This would lead to the optimal use of government cash resources.

Objectives

01 Facilitation of Financial Control Process

Consolidate government cash balances and provide oversight on cash flows.

03 Improve Monetary Forecasts

Enhance Treasury management and improve cash flow forecasting capabilities.

02 Ensure Effective Financing

Ensure government cash balances are optimally managed to reduce short-term borrowing costs.

04 Enhance Transparency

Live monitoring of budgeted revenue and expenses to enhance cash flow transparency.

TSA Project Phases

✓
Perform current state assessment

✓
Benchmark international practices

✓
Prepare project plan

✓
Design TSA structure and re-engineer business processes

✓
Launching pilot phase

⦿
Assess and monitor pilot phase

⦿
Roll-out TSA to target government insinuations

Global Economy

According to International Monetary Fund's World Economic Outlook report (April, 2022), the global growth is projected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. This is as a result of the war in Ukraine along with worldwide spillovers through commodity markets, trade, and financial channels.

Moreover, according to MENA Economic Update released by the World Bank in April 2022, the region's economies are estimated to grow by 5.2% in 2022 after a recovery of 3.3% in 2021. Oil exporters are expected to grow by 5.4% on the back of the recovery from the COVID-19 pandemic, the expected increase in oil output, and the elevated oil price.

Global Oil Market

According to Energy Information Administration (EIA), during the Q1-2022, the global oil market was affected by Russia-Ukraine conflict. The global oil demand decreased by 1.5 million barrels per day, with expectation that demand will grow back to about 0.2 million barrels per day during the Q2-2022.

Moreover, oil prices increased significantly to US\$ 124 per barrel during the Q1-2022. According to various international agencies, the global oil prices forecasted to experience an increase ranging US\$ 85-110 per barrel over the short-term due to the global geopolitical developments.

Local Economy

According to MENA Economic Update, Oman economy is projected to recover as measures against the COVID-19 pandemic continued to be lifted, and also due to higher oil prices and production. The gross domestic production (GDP) is projected to grow to 5.6% supported by a growth of more than 8% and 2% in oil and non-oil sectors, respectively, in 2022. However, the GDP is projected to decrease to 2.7% on average in 2023 and 2024.

