



2020 FOURTH QUARTER AND CONSOLIDATED BUDGET IMPLEMENTATION REPORT



BUDGET OFFICE OF THE FEDERATION
Ministry of Finance, Budget and National Planning

FOREWORD

It is with pleasure that I present to you the Fourth Quarter and Consolidated 2020 Budget Implementation Report (BIR), which analyses the budget performance for the year. The budget is a key tool for delivering on the policy objectives of the Federal Government of Nigeria (FGN). The 2020 Budget was titled “Budget of Sustaining Growth and Job Creation” and the fifth full year budget by the present Administration. The Budget was anchored on the Economic Recovery and Growth Plan (ERGP) and the Economic Sustainability Plan (ESP) which were designed to restore the Nigerian economy to the path of robust, sustainable and inclusive growth.

The publication of this report is in line with Sections 30 and 50 of the Fiscal Responsibility Act (FRA), 2007 which requires the Budget Office of the Federation (BOF) to prepare quarterly Budget Implementation Reports. These Reports are to be submitted to the Joint Finance Committee of the National Assembly (NASS) and the Fiscal Responsibility Commission (FRC). They are also to be disseminated widely to all stakeholders and the general public through electronic and other media. I congratulate the Budget Office of the Federation and the relevant Ministries, Departments and Agencies (MDAs) for the hard work and efforts in preparing this Report. I also appreciate the critical roles of both the Fiscal Responsibility Commission and the National Assembly’s Joint Finance Committee in promoting best practices in public financial management. I look forward to the continued consolidation of our cooperative work in this regard.

Lastly, I encourage all readers of this Report to continue to show interest in public financial management in Nigeria. I also implore all stakeholders to take advantage of the various opportunities provided by the Government to contribute towards the enhancement of budgetary outcomes for the benefit of all Nigerians.

Zainab Shamsuna Ahmed (Mrs)

Honourable Minister of Finance, Budget and National Planning

PREFACE

The Budget Office of the Federation monitors the implementation of Federal Government's budgets quarterly and produces the reports thereof in accordance with the requirements of the Fiscal Responsibility Act 2007. This Fourth Quarter and Consolidated Budget Implementation Report is one of the reports prepared by the BOF for the assessment of the 2020 Budget performance. In addition, these reports are prepared to enhance budget transparency, accountability and credibility as a key component of Nigeria's commitment to the Open Government Partnership (OGP).

The preparation, execution and monitoring of the FGN budget has continued to improve. The BOF continues to implement key reforms/initiatives that have delivered more purposeful, implementable and comprehensive budget. Appropriate technologies and models are being adopted to ensure timely and accurate budget preparation, implementation and evaluation. Revenue projection and mobilization however remains a key challenge for budget implementation in Nigeria especially as the key source has precisely remained concentrated in the very volatile oil sector. Revenue receipts in 2020 have significantly performed below targets.

The execution of the 2020 Budget was made further challenging due to the impact of COVID-19 which led to the collapse of the global economy and resulted to the revision of the budget. Despite these challenges, Government was able to deliver ₦1,949.94 billion capital expenditure under the 2020 Budget by end of 31st May, 2021. This considerably contributed to the positive GDP growth recorded in the last quarter of the year. The extension of the 2020 capital budget to 31st May, 2021 was to enable MDAs complete all outstanding procurement processes and utilize the funds allocated and released to them for their 2020 capital projects/programmes.

This Report is a product of the joint effort of the financial and statistical agencies of government that provided the required data. I am very pleased with the collective efforts of the various Departments of the Budget Office of the Federation in producing this report. I commend their hard work and wish them every success as they continue to carry out this important function.

Ben Akabueze

Director General (Budget Office of the Federation)

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LIST OF ACRONYMS

A/C:	<i>Account</i>	MDAs:	<i>Ministries, Departments and Agencies</i>
AIE:	<i>Authority to Incur Expenditure</i>	MPR:	<i>Monetary Policy Rate</i>
AF:	<i>Alternative Funding</i>	MTEF:	<i>Medium Term Fiscal Framework</i>
AEs:	<i>Advanced Economies</i>	N:	<i>Naira</i>
B:	<i>Billion</i>	NBS:	<i>National Bureau of Statistics</i>
BDC:	<i>Bureau De-Change</i>	NDDC:	<i>Niger Delta Development Commission</i>
BOF:	<i>Budget Office of the Federation</i>	NHRC:	<i>National Human Rights Commission</i>
BREXIT:	<i>British Exit</i>	NJC:	<i>National Judiciary Commission</i>
CBN:	<i>Central Bank of Nigeria</i>	NNPC:	<i>Nigerian National Petroleum Corporation</i>
CIT:	<i>Company Income Tax</i>	NTB:	<i>Nigerian Treasury Bills</i>
COVID-19:	<i>Corona Virus Disease - 2019</i>	OAGF:	<i>Office of the Account General of the Federation</i>
DMO:	<i>Debt Management Office</i>	ONSA:	<i>Office of National Security Adviser</i>
ECA:	<i>Excess Crude Account</i>	OPEC:	<i>Organization of Petroleum Exporting Countries</i>
EMDEs:	<i>Emerging Markets and Developing Economies</i>	OTC-FMDQ-OTC:	<i>Over the Counter Financial Market Dealer Quotation</i>
EMEs:	<i>Emerging Markets Economies</i>	PCC:	<i>Public Complaint Commission</i>
FAAC:	<i>Federation Account Allocation Committee</i>	PPT:	<i>Petroleum Profit Tax</i>
FGN:	<i>Federal Government of Nigeria</i>	PSC:	<i>Production Sharing Contracts</i>
FMFBNP:	<i>Federal Ministry of Finance, Budget and National Planning</i>	SC:	<i>Service Contracts</i>
GDP:	<i>Gross Domestic Product</i>	SWF:	<i>Sovereign Wealth Fund</i>
IMF:	<i>International Monetary Fund</i>	TSA:	<i>Treasury Single Account</i>
INEC:	<i>Independent National Electoral Commission</i>	UBEC:	<i>Universal Basic Education Commission</i>
JVC:	<i>Joint Venture</i>	US:	<i>United States</i>
LNG:	<i>Liquefied Natural Gas</i>	VAT:	<i>Value Added Tax</i>
M2:	<i>Money Supply</i>	WEO:	<i>World Economic Outlook</i>
MB&NP:	<i>Ministry of Budget and National Planning</i>	ZBB:	<i>Zero Base Budgeting</i>
MBPD:	<i>Million Barrels Per Day</i>		

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EXECUTIVE SUMMARY

The 2020 Budget titled “Budget of Sustaining Growth and Job Creation” aimed at improving the macroeconomic environment, enhancing investment in critical infrastructure and human capital development, and enabling institutions, especially in key job creating sectors. It was also expected to incentivize private sector investment to complement Government’s efforts, and enhance social investment programmes being implemented to ensure more equitable distribution of resources to vulnerable people.

Nigeria’s Gross Domestic Product (GDP) grew by 0.11 percent (year-on-year) in real terms in the fourth quarter of 2020, representing the first positive quarterly growth in the last three quarters. The performance in the fourth quarter of 2020 represents 3.74 percent increase and 2.44 percent decrease when compared with the -3.63 percent and 2.55 percent reported in the third quarter of 2020 and fourth quarter of 2019 respectively. The aggregate GDP in the fourth quarter stood at N43,564.01 billion in nominal terms. This performance was higher when compared to the fourth quarter of 2019 which recorded a GDP aggregate of N39,577.34 billion, representing a year-on-year nominal growth rate of 10.07 percent.

Nigeria recorded persistent increases in prices in the review period with headline inflation rate growing from 12.13 percent in January to 15.75 percent in December 2020. This is the highest inflation rate recorded in 33 months. The increase was attributed to the rise in both Food and Core components of inflation. Food Inflation increased from 16.66 percent in September to 19.56 percent in December 2020. Similarly, Core Inflation rose from 10.58 percent in September to 11.37 percent in December 2020. The continued increases in food and core inflation were attributed to the persistence of insecurity across the country as well as lasting structural deficiencies.

Monetary aggregates increased in the review period relative to the third quarter of 2020. Broad Money Supply (M2) increased by ~~N~~3,032.59 billion (8.68 percent) from ~~N~~34,925.0 billion in September 2020 to ~~N~~37,957.59 billion in December 2020. The growth in M2 was mainly driven by the expansion in the Net Domestic Assets. Net Domestic Credit (NDC) drove the expansion in Net Domestic Assets (NDA) growing by 5.71 percent (~~N~~2,248.59 billion) from ~~N~~39,387.73 billion in September 2020 to ~~N~~41,636.32 billion in December 2020.

The development in Net Domestic Credit was due to increases in Credit to Government and Private Sector. Credit to the Government increased by 18.54 percent (₦1,793.62 billion) from ₦9,675.56 billion in September 2020 to ₦11,469.18 billion in December 2020. Similarly, Credit to the Private Sector grew by 1.53 percent (₦454.97 billion) from ₦29,712.17 billion in September 2020 to ₦30,167.14 billion in December 2020.

The Central Bank of Nigeria (CBN) retained the Monetary Policy Rate (MPR) at 11.5 percent in the review period. The asymmetric corridor around the MPR was also retained at +100/-700 basis points. Other key monetary policy instruments remained the same during the period under review as the Cash Reserve Ratio (CRR) and the Liquidity Ratio were left at 27.5 percent and 30.0 percent respectively. The average interbank call rate fell from 2.0 percent in September to 1.25 percent in December 2020. On the other hand, the average prime lending rate fell slightly from 11.55 percent in September to 11.35 percent in December 2020. Similarly, the average maximum lending rate also fell slightly from 28.45 percent in September to 28.31 percent in December 2020.

The value of Nigeria's total merchandise trade stood at ₦9,120.20 billion, representing 8.90 percent increase over the level recorded in the third quarter of 2020 and 9.90 percent decrease below the level reported in the fourth quarter of 2019. The value of trade in fourth quarter of 2020 was the highest recorded over the past year. The export component of trade stood at ₦3,194.50 billion. The value of imports nearly doubled the value of exports, as such the trade deficit rose to its highest level and a fifth consecutive quarterly deficit standing at ₦2,731.20 billion. On an annual basis, total trade was valued at ₦32,420.70 billion in 2020, indicating a 10.30 percent decrease below the value recorded in 2019. The value of total imports in 2020 stood at ₦19,898.0 billion while total exports was valued at ₦12,522.70 billion. The annual merchandise trade deficit in 2020 was recorded at ₦7,375.30 billion.

The Official/Inter-Bank segment of the foreign exchange market remained stable at ₦381.0/US\$ throughout the fourth quarter of 2020. On the other hand, the Investors' and Exporters' (I&E) Window and Bureau-de-Change (BDC) segments of the foreign exchange market was somewhat unstable in the fourth quarter of 2020. The Naira/Dollar exchange rate at the Investors'

and Exporters' (I&E) FX Window segment of the foreign exchange market depreciated slightly from ₦386.01/US\$ in September to ₦394.92/US\$ in December 2020. Similarly, the Naira/US\$ depreciated at the Bureau De-Change (BDC) segment of the market, from ₦453.68/US\$ in September to ₦471.62/US\$ in December 2020. Nigeria's gross official (external) reserves increased at the end of the fourth quarter of 2020. It improved from US\$35.96 billion in September 2020 to US\$36.48 billion in December 2020.

The total public debt stock as at 31st December, 2020 stood at US\$86,392.54 million (N32,915.51 billion) indicating an increase of US\$2,339.22 million (₦5,514.13 billion or 20.12 percent) when compared to the N27,401.38 billion (US\$84,053.32 million) recorded at the end of December 2019. The breakdown comprised of US\$33,348.08 million (₦12,705.62 billion or 38.60 percent) for external debt while the balance of US\$53,044.46 million (₦20,209.89 billion or 61.40 percent) was for domestic debt stock. This translates to a net present value of total public Debt to GDP ratio of 23.60 percent as at the end of December 2020. This is below the country specific threshold of 25 percent and the international threshold of 56 percent.

Revenue shortfalls impacted FGN Budget implementation in the fourth quarter of 2020. The price of crude oil in the international market averaged US\$44.26 per barrel in the review period, representing an increase of US\$1.26 per barrel (2.93 percent) from the US\$43.0 per barrel reported in the third quarter of 2020. This also reflects a decrease of US\$16.24 per barrel (26.84 percent) but an increase of US\$16.26 per barrel (58.07 percent) when compared to US\$60.50 per barrel recorded in the fourth quarter of 2019 and US\$28.0 amended 2020 Budget benchmark price, respectively.

Average oil production and lifting (including Condensates) in the fourth quarter of 2020 was 1.56mbpd. The oil production figure revealed a decrease of 0.24mbpd (13.33 percent) from the 1.80mbpd benchmark for the amended 2020 Budget. The volume of oil production in the period was also 0.11mbpd (6.59 percent) and 0.34mbpd (17.89 percent) below the 1.67mbpd and 1.90mbpd reported in the third quarter of 2020 and fourth quarter of 2019 respectively.

Gross Oil Revenue therefore stood at ₦3,804.96 billion representing a ₦771.60

billion (25.44 percent) increase above ₦3,033.96 billion projected in the 2020 amended Budget. It was however, ₦799.53 billion (17.36 percent) below the actual gross oil revenue of ₦4,604.49 billion generated in the corresponding period of 2019. Gross non-oil revenue of ₦3,861.81 billion received in 2020 signified a shortfall of ₦1,284.19 billion (24.96 percent) below the annual estimate of ₦5,146.0 billion. A breakdown of the non-oil revenue items showed that all the non-oil revenue items were below their corresponding estimates. The net distributable revenue for the three tiers of government after cost deductions therefore stood at ₦6,528.74 billion in 2020, representing a shortfall of ₦370.0 billion (5.36 percent).

A total of ₦3,418.30 billion was received to fund the FGN budget in 2020. This comprises ₦1,409.23 billion (41.23 percent) oil revenue and ₦2,009.07 billion (58.77 percent) non-oil revenue. The amount received was ₦1,947.37 billion (36.29 percent) below the 2020 amended annual revenue estimate but ₦701.79 billion (17.03 percent) lower than the ₦4,120.09 billion recorded in 2019.

The FGN continued to implement public expenditure reform initiatives during the period. This includes the roll-out of the Integrated Payroll and Personnel Information System (IPPIS) to higher institutions and the introduction of the Bottom-up Cash Plan Module. Total expenditure of Government in 2020 stood at ₦10,017.26 billion representing ₦43.34 billion (0.43 percent) above the ₦9,973.92 billion projected for the review period. This was however, ₦1,718.44 billion (20.71 percent) higher than the actual expenditure of ₦8,298.82 billion recorded in 2019. A total of ₦4,645.21 billion was spent on non-debt recurrent expenditure in 2020 representing a decrease of ₦297.07 billion (6.01 percent) below the year estimate of ₦4,942.28 billion. It was however above the non-debt recurrent expenditure of ₦4,251.11 billion spent in 2019 by ₦394.10 billion (9.27 percent). Statutory Transfers amounts to ₦428.03 billion during the review period.

Total Debt Service in 2020 stood at ₦2,425.12 billion indicating a decrease of ₦253.69 billion (9.47 percent) from the ₦2,678.81 billion projected for the year. The sum of ₦1,871.94 billion was used for domestic debt servicing while

₦553.18 billion was spent for external debt servicing during the period under review. The amount used for domestic debt servicing was ₦1.40 billion (0.07 percent) below the projection for the year. A total of ₦1,949.94 billion was released and cash backed for the implementation of 2020 capital projects and programmes of MDAs.

The revenue and expenditure outturn of the Federal Government resulted in a fiscal deficit of ₦6,598.96 billion during the year (14.17 percent of the 2020 GDP) and ₦1,855.50 billion in the fourth quarter of 2020. The annual deficit was ₦1,990.71 billion (43.20 percent) higher than the projected fiscal deficit of ₦4,608.25 billion for the period. The 2020 fiscal deficit was also higher than the ₦4,178.73 billion deficit recorded in 2019. The deficit was partly-financed through domestic borrowing of ₦2,057.54 billion.

Overall, the nation's economy grew by 0.11 percent in the fourth quarter of 2020, an indication that the Nigerian economy is on the path of recovery after the two consecutive negative growth witnessed in the previous quarters of the year. The fragile economic performance in the quarter under review was due to the effective measures put in place to curtail the negative impact of the COVID-19 pandemic on the economy. Nonetheless, owing to the recent rise in global economic activities, leading to the rise in crude oil demand and price and coupled with the various stimulus economic packages being implemented by the Federal Government, it is expected that the economy will continually improve in subsequent quarters of 2021.

1.0 INTRODUCTION

The Federal Budget remains a very significant tool in realising Government's strategic objectives and plans for the socio-economic development of the country. It shows the allocation of resources to different Sectors/Agencies by the Government in its bid to deliver public goods/services to the people. The Federal Budget is not just about expenditure allocations as it is frequently perceived by many. Revenue remains a critical and important element of the FGN Budget. In recent times revenue generation has become a major challenge affecting effective implementation of FGN budgets but this is being tackled vigorously.

The 2020 Budget titled "Budget of Sustaining Growth and Job Creation" aimed at improving the macroeconomic environment, enhancing investment in critical infrastructure and human capital development and enabling institutions, especially in key job creating sectors. It was also expected to incentivize private sector investment to complement Government's efforts, and enhance social investment programmes being implemented to ensure more equitable distribution of resources to vulnerable people.

The 2020-2022 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) provides the economic framework for the 2020 Budget, along with fiscal policy objectives and spending priorities of the Government over the three-year period. It also stipulates the plans for achieving Government's defined objectives, and highlights the key assumptions behind revenue projections and fiscal targets as well as possible fiscal risks over the medium term. Furthermore, it articulates the nature of Federal Government's debt liabilities, their fiscal consequences, and measures aimed at reducing them. The MTEF also specifies the basis for the preparation of revenue and expenditure estimates of the annual Federal Budget. Hence, the MTEF represent efforts towards multi-year perspective in budgeting.

Accompanying the 2020 Budget Proposal to the National Assembly was the Finance Bill 2019 which had been passed and signed into law. The Finance Act has five strategic objectives, vis: promoting fiscal equity by mitigating instances of regressive taxation; reforming domestic tax laws to align with global best practices; introducing tax incentives for investments in infrastructure and capital markets; supporting Micro, Small and Medium-Sized businesses in line with the Ease of Doing Business reforms; and raising revenues for government. The Act increased the Value Added Tax (VAT) rate from 5% to 7.5%. Hence, the 2020 Budget was based on this new VAT rate.

The additional revenues are expected to be used to fund health, education and infrastructure programmes. As the States and Local Governments are allocated 85% of all VAT revenues, greater investment is expected from them in these areas as well.

Investment in critical infrastructure is a key component of the fiscal strategy under the 2020 Budget. Thus, an aggregate sum of N2.49 trillion (exclusive of N196.77 billion in Statutory Transfers) was approved for capital projects in 2020. The main emphasis is the completion of as many ongoing projects as possible, rather than commencing new ones. Therefore, capital projects that were not likely to be fully funded by the end of 2019, especially those with higher alignment with the objectives of government and nearing completion, were rolled over into the 2020 Budget. Some of the key sectors for capital spending in the 2020 Budget included: Works and Housing; Power; Transportation; Defence; Agriculture and Rural Development; Water Resources; Niger Delta Development Commission; Education; Health; Industry, Trade and Investment; North East Development Commission; Interior; Social Investment Programmes; Federal Capital Territory; and Niger Delta Affairs Ministry.

Government remains committed to ensuring the equitable sharing of economic prosperity. The emphasis on inclusive growth and shared prosperity underscores the keen interest in catering for the poor and the most vulnerable. The newly created Ministry of Humanitarian Affairs, Disaster Management and Social Development is expected to institutionalize and improve the implementation of the National Social Investment Programme. The Programme has been creating jobs and economic opportunities for local farmers and cooks. Funds are also provided to artisans, traders and youths while small businesses are supported with business education and mentoring. The provision for the Presidential Amnesty Programme was retained in the 2020 Budget in addition to other strategic priorities.

The 2020 Budget was designed to fast-track the pace of economic recovery, promote economic diversification, enhance competitiveness and ensure social inclusion. The Government is hopeful of attaining higher and more inclusive GDP growth in order to realise the objective of massive job creation and lifting many citizens out of poverty. The efficiency of port operations will also be enhanced through effective implementation of a single customs window, speeding up vessel and cargo handling and issuing more licenses to build modern terminals in existing ports, especially outside Lagos.

This Report gives detailed information on the 2020 Fourth Quarter and Consolidated Budget Implementation. The other parts of the Report are arranged as follows: Section 2 reviews the macroeconomic performance, highlighting performance of the real, monetary and external sectors. Section 3 presents an analysis of Government's revenue receipts and expenditure in the period under review, while Section 4 is a brief conclusion of the Report.

2.0 MACROECONOMIC DEVELOPMENTS AND ANALYSIS

2.1 PERFORMANCE OF THE GLOBAL ECONOMY

A forecast of a better-than-expected recovery in most economies towards the end of 2020, led to moderation in the contraction of global output. It was, however, noticed that the rapid spread of the new variant of the Coronavirus pandemic, seemingly related spike in mortalities and the recent reintroduction of containment measures across several economies, may reduce the expected recovery in 2021. In the Advanced Economies, headwinds largely associated with the COVID-19 pandemic such as vaccination-related challenges, weak total demand associated with less than full employment in labour markets, partially functioning supply chain networks, the rapid spread of the new variant of the Coronavirus and a high infection rate slowed down economic recovery towards the end of 2020.

Output growth in the Emerging Market and Developing Economies (EMDEs) remained uneven across countries. In China, output slowed marginally in the third and fourth quarters of 2020, following a faster-than-expected rebound in the second quarter of 2020. India's economy grew remarkably in the third quarter, reflecting the impact of stimulus measures. Hence, the International Monetary Fund (IMF) expected the global economy to contract by 3.3 percent in 2020 and grow by 6.0 percent in 2021. This forecast was however, based on the successful vaccination of a substantial number of people to create the much-desired immunity.

On price developments, inflation, in most Advanced Economies, is likely to remain low in the short to medium term. The recent rise in COVID-19 infection and mortality rates had increased the rate of unemployment and worsened labour market conditions, which had reduced aggregate demand across the economies. In the EMDEs, however, inflation remains relatively high compared with the Advanced Economies, with some economies faced with stronger upside risks than others, as a result of weak accretion to reserves, persisting exchange rate pressures, poor inflow of capital as well as longstanding structural issues.

There was a steady build-up of total liquidity across the global economy, arising from the support by fiscal authorities and central banks to boost the recovery and return confidence to the financial markets. The response to the pandemic had also heightened the risk of debt accumulation, raising concerns of debt sustainability and vulnerability of the global economy to financial crisis once central banks commence normalization of monetary policy.

2.2 DOMESTIC MACROECONOMIC PERFORMANCE

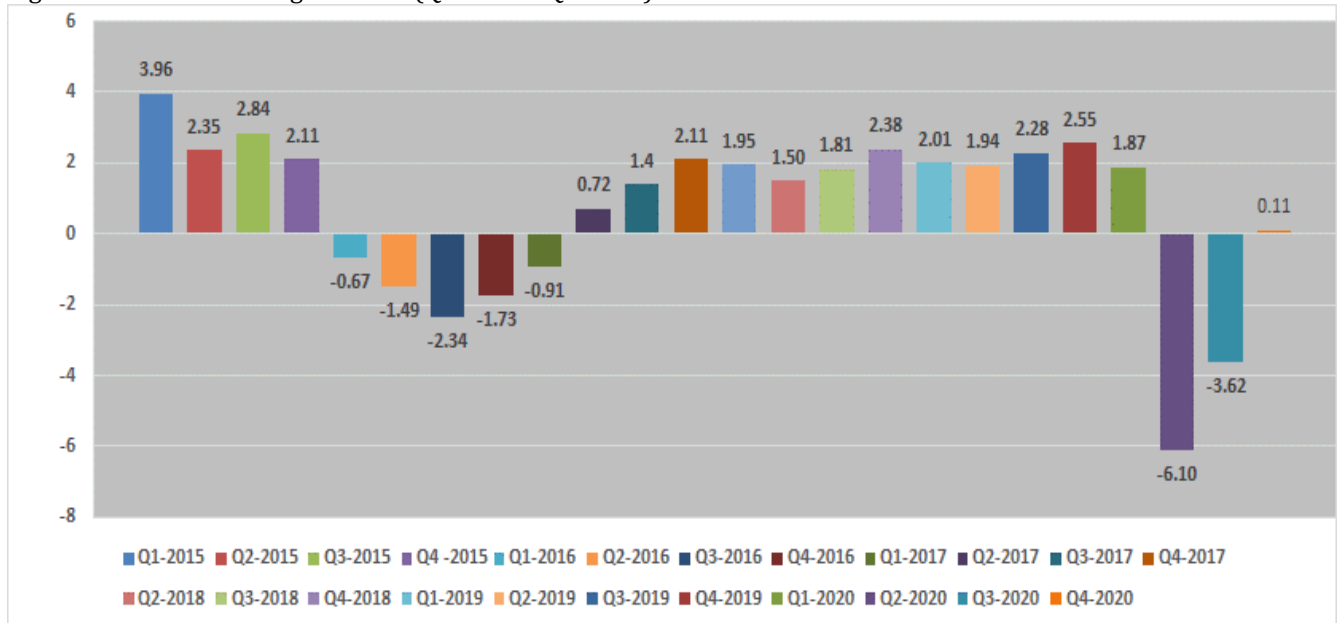
2.2.1 Developments in Real Sector

2.2.1.1 GDP Growth

Nigeria's Gross Domestic Product (GDP) grew by 0.11 percent (year-on-year) in real terms in the fourth quarter of 2020, representing the first positive quarterly growth in the last three quarters. Though weak, the positive growth reflects the gradual return of economic activities following the easing of restricted movements and limited local and international commercial activities in the preceding quarters. The performance in the fourth quarter of 2020 represents 3.74 percent increase and 2.44 percent decrease when compared with the -3.63 percent and 2.55 percent reported in the third quarter of 2020 and fourth quarter of 2019 respectively. On a quarter-on-quarter basis, real GDP growth was 9.68 percent indicating a second positive consecutive quarter on quarter real growth rate in 2020 after two negative quarters. Overall, in 2020, the annual growth of real GDP was estimated at -1.92 percent indicating a decline of 4.19 percentage points when compared to the 2.27 percent performance recorded in 2019.

In the quarter under review, aggregate GDP stood at N43.564 trillion in nominal terms. This performance was higher when compared to the fourth quarter of 2019 which recorded an aggregate nominal GDP of N39.577 trillion, representing a year-on-year nominal growth rate of 10.07 percent. This growth rate was also 2.26 percent lower and 6.68 percent higher when compared with 12.34 percent and 3.39 percent reported in the fourth quarter of 2019 and the third quarter of 2020 respectively.

Figure 2.1: GDP Percentage Growth (Q1 2015 – Q4 2020)

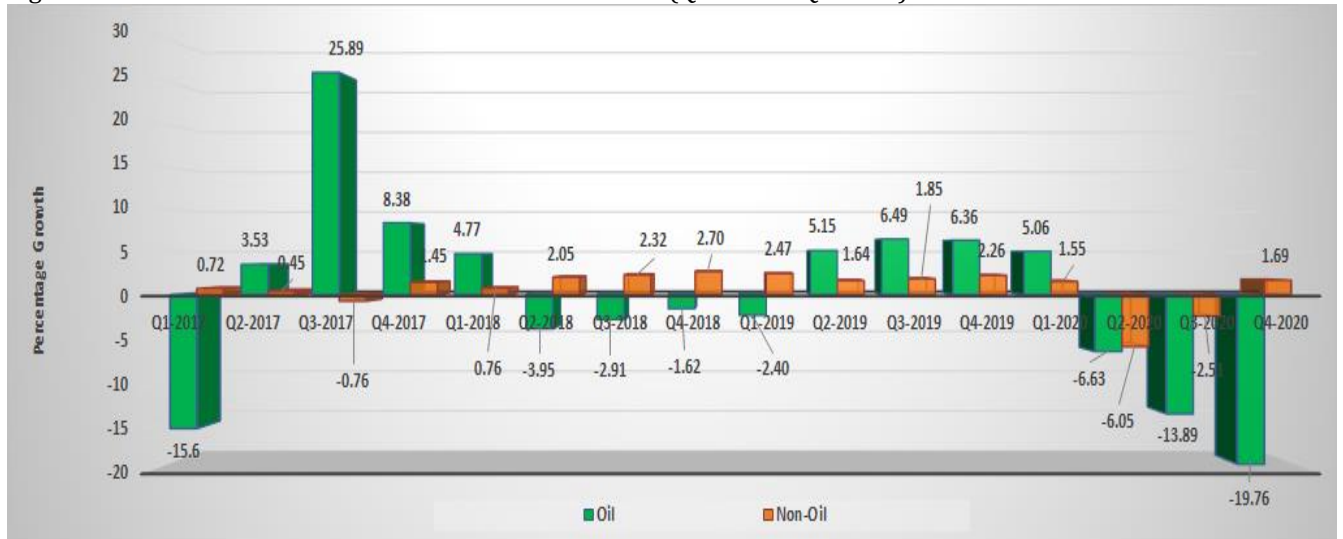


Source: National Bureau of Statistics, 2020

2.2.1.2 Oil Sector

Nigeria recorded an average daily oil production of 1.56 million barrels per day (mbpd) in the fourth quarter of 2020. This was 0.42mbpd and 0.11mbpd lower than the daily average oil production of 1.98mbpd and 1.67mbpd recorded in the fourth quarter of 2019 and third quarter of 2020 respectively. Real growth of the oil sector was –19.76 percent (year-on-year) in fourth quarter of 2020 indicating a decrease of 5.87 percent and 26.12 percentage points relative to the rate recorded in the third quarter of 2020 and fourth quarter of 2019 respectively. Quarter-on-quarter, the oil sector recorded a growth rate of –26.27 percent in the fourth quarter of 2020. On an annual basis, the oil sector grew by –8.89 percent in 2020 compared to 4.59 percent in 2019. The sector contributed 5.87 percent to total real GDP in fourth quarter of 2020, as against the 8.73 percent and 7.32 percent reported in the third quarter of 2020 and fourth quarter of 2019 respectively.

Figure 2.2: Oil and Non-Oil Real GDP Growth Rate Percent (Q1 2017 – Q4 2020)



Source: National Bureau of Statistics, 2020

2.2.1.3 Non-Oil Sector

The non-oil sector grew by 1.69 percent in real terms in the fourth quarter of 2020. This performance was lower than 2.26 percent but higher than -2.51 percent recorded in the fourth quarter of 2019 and third quarter of 2020 respectively. For the full year of 2020 however, the non-oil sector grew by – 1.25 percent as against 2.06 percent reported in 2019. Growth in the sector was driven by Information and Communication (Telecommunications & Broadcasting). Other drivers were Agriculture (Crop Production), Real Estate, Manufacturing (Food, Beverage & Tobacco), Mining and Quarrying (Quarrying and other Minerals), and Construction, accounting for the positive GDP in the quarter. In real terms, the Non-Oil sector contributed 94.13 percent to the nation’s GDP in the fourth quarter of 2020. This performance was higher than the 91.27 percent and 92.68 percent reported in the third quarter of 2020 and the fourth quarter of 2019 respectively. The sector contributed 91.84 percent to real GDP as against 91.22 percent recorded in 2019 on annual basis.

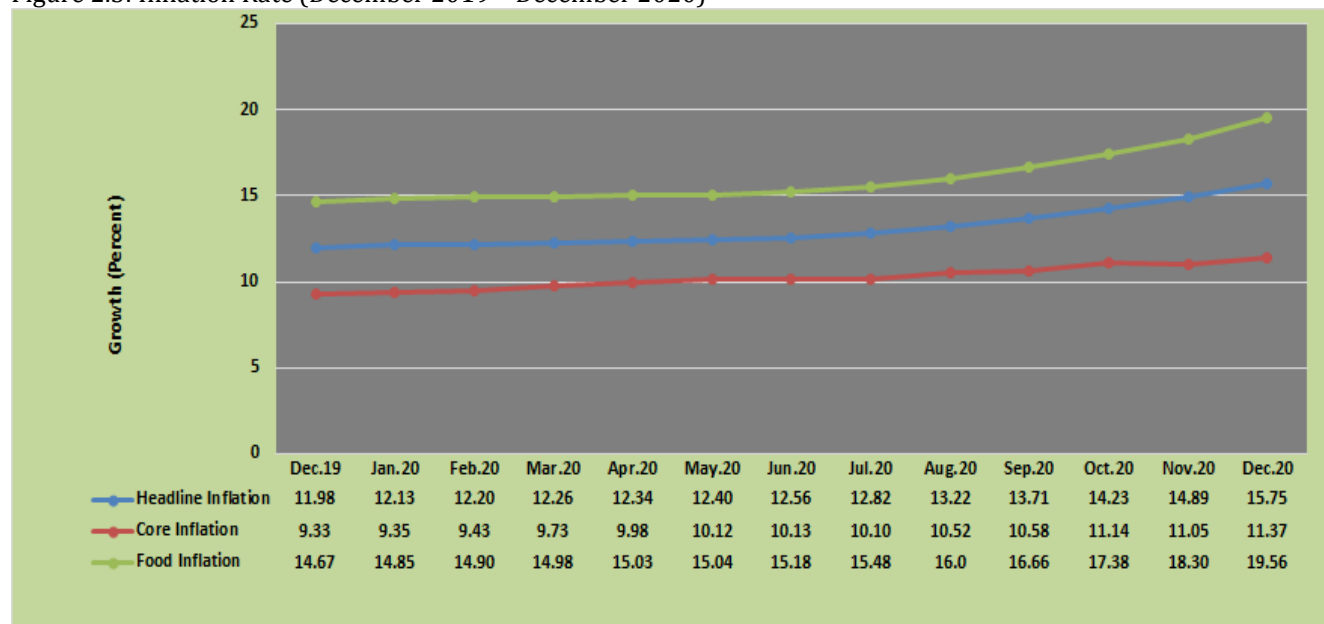
2.2.2 Price Developments

Nigeria recorded persistent increases in prices in the review period with headline inflation rate rising from 12.13 percent in January to 15.75 percent in December 2020. This being the highest inflation rate recorded in 33

months, the increase was attributed to the rise in both Food and Core components of inflations. Food Inflation increased from 16.66 percent in September to 17.38 percent, 18.30 percent and 19.56 percent in October, November and December 2020 respectively. Similarly, Core Inflation rose from 10.58 percent in September to 11.14 percent, 11.05 percent and 11.37 percent in October, November and December 2020 respectively.

The continued increases in food and core inflation were attributed to the persistence of insecurity across the country as well as lasting structural deficiencies impacting on the logistics of moving food items to urban areas such as poor road networks, unstable power supply and a host of other infrastructural deficits. Other factors included the impact of the second wave of coronavirus-induced supply disruptions, hikes in the price of energy products (PMS and electricity), build up in monetary aggregates, exchange rate pass through and weak crude oil prices.

Figure 2.3: Inflation Rate (December 2019 – December 2020)



Source: National Bureau of Statistics, 2020

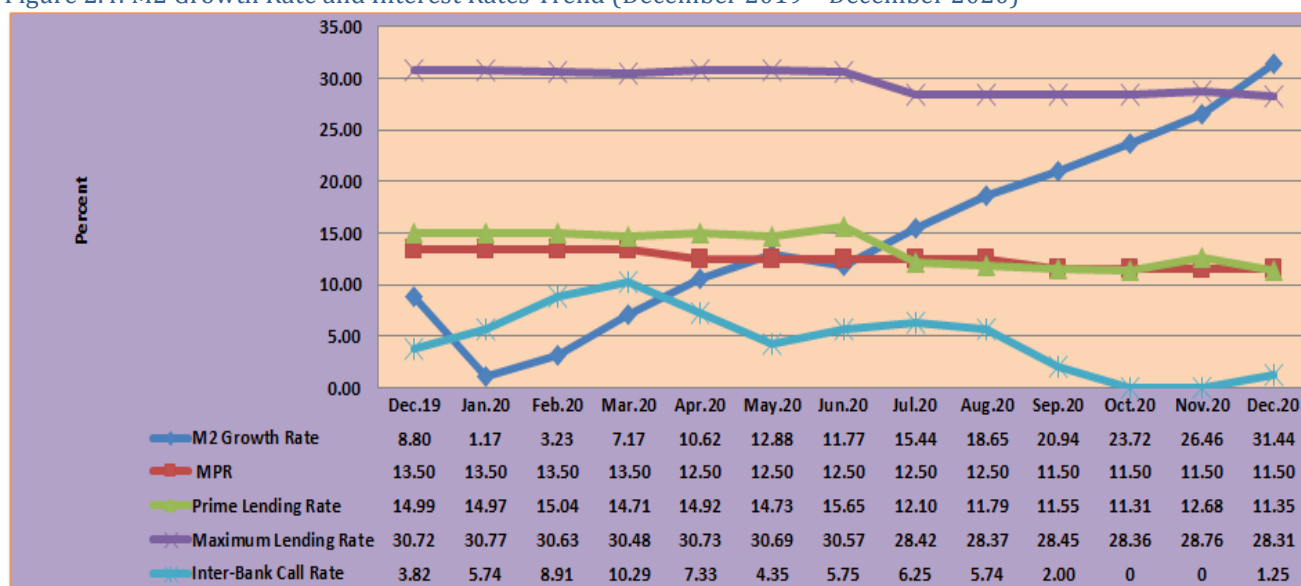
It was however, expected that the inflation rate will likely moderate in the medium term, as domestic production is expected to recover, following the recovery from recession and resumption of economic activities after COVID-19 lockdown. In addition to this, the improvement in the prices of crude oil will also help to moderate the exchange rate push inflation.

2.2.3 Developments in Money Market

Monetary aggregates increased in the review period relative to the third quarter of 2020. Broad Money Supply (M2) increased by ₦3,032.59 billion (8.68 percent) from ₦34,925.0 billion in September 2020 to ₦37,957.59 billion in December 2020. The growth in M2 was mainly driven by the expansion in the Net Domestic Assets. Net Domestic Credit (NDC) drove the expansion in Net Domestic Assets (NDA) growing by 5.71 percent (₦2,248.59 billion) from ₦39,387.73 billion in September 2020 to ₦41,636.32 billion in December 2020. The development in Net Domestic Credit was due to increases in Credit to Government and Private Sector. Credit to Government improved by 18.54 percent (₦1,793.62 billion) from ₦9,675.56 billion in September 2020 to ₦11,469.18 billion in December 2020. Similarly, Credit to the Private Sector grew by 1.53 percent (₦454.97 billion) from ₦29,712.17 billion in September 2020 to ₦30,167.14 billion in December 2020.

Relative to the third quarter of 2020, Narrow Money Supply (M1) increased in the fourth quarter of 2020. The M1 registered a 17.66 percent (₦2,389.72 billion) growth from ₦13,534.22 billion in September 2020 to ₦15,923.94 billion at the end of the fourth quarter 2020. The rise in M1 is traceable to the increases in both the Demand Deposit and the Currency Outside Bank in the review period.

Figure 2.4: M2 Growth Rate and Interest Rates Trend (December 2019 – December 2020)



Source: Central Bank of Nigeria, 2020

The Central Bank of Nigeria retained the Monetary Policy Rate (MPR) at 11.5 percent in the review period. The asymmetric corridor around the MPR was also retained at +100/-700 basis points. Other key monetary policy instruments remained the same during the period under review as the Cash Reserve Ratio (CRR) and the Liquidity Ratio were left at 27.5 percent and 30.0 percent respectively.

The above developments led to changes across the board in deposit and lending rates in the economy. The average interbank call rate fell from 2.0 percent in September 2020 to zero percent in both October and November 2020 before rising to 1.25 percent in December 2020. On the other hand, the average prime lending rate fell slightly from 11.55 percent in September 2020 to 11.31 percent in October 2020, rose to 12.68 percent in November 2020 before falling again to 11.35 percent in December 2020. Similarly, the average maximum lending rate also fell slightly from 28.45 percent in September 2020 to 28.36 percent, rose to 28.76 percent in November 2020 before falling again to 28.31 percent in December 2020 (Figure 2.4).

2.2.4 Developments in the External Sector

2.2.4.1 External Trade

In the fourth quarter of 2020, Nigeria's total merchandise trade stood at ₦9,120.20 billion, representing 8.90 percent increase over the level recorded in the third quarter of 2020 and 9.90 percent decrease below the level reported in the fourth quarter of 2019. The value of trade in the fourth quarter of 2020 was the highest recorded over the past year. The export component of trade stood at ₦3,194.50 billion, indicating an increase of 6.70 percent over the third quarter of 2020 but a drop of 33.0 percent below the fourth of 2019. Furthermore, the share of exports in total trade declined to 35.0 percent in the fourth quarter of 2020 as against 47.0 percent reported in the fourth quarter of 2019.

On the other hand, total imports reached a record level of ₦5,925.7 billion in the fourth quarter of 2020 representing an increase of 10.10 percent and

10.80 percent over the third quarter of 2020 and fourth quarter of 2019 respectively. Imports also accounted for 65.0 percent of total trade in the fourth quarter of 2020 as against 53.0 percent recorded in the fourth quarter of 2019.

2.2.4.2 Balance of Trade

As the value of imports nearly doubled the value of exports, the trade deficit rose to its highest level and a fifth consecutive quarterly deficit standing at ₦2,731.20 billion, indicating an increase of 14.30 percent when compared to the third quarter of 2020. The predominant export remained crude oil, which was valued at ₦2,424.80 billion, representing 81.02 percent of total exports while non-crude oil was valued at ₦568.20 billion (18.98 percent) of total export during the period under review.

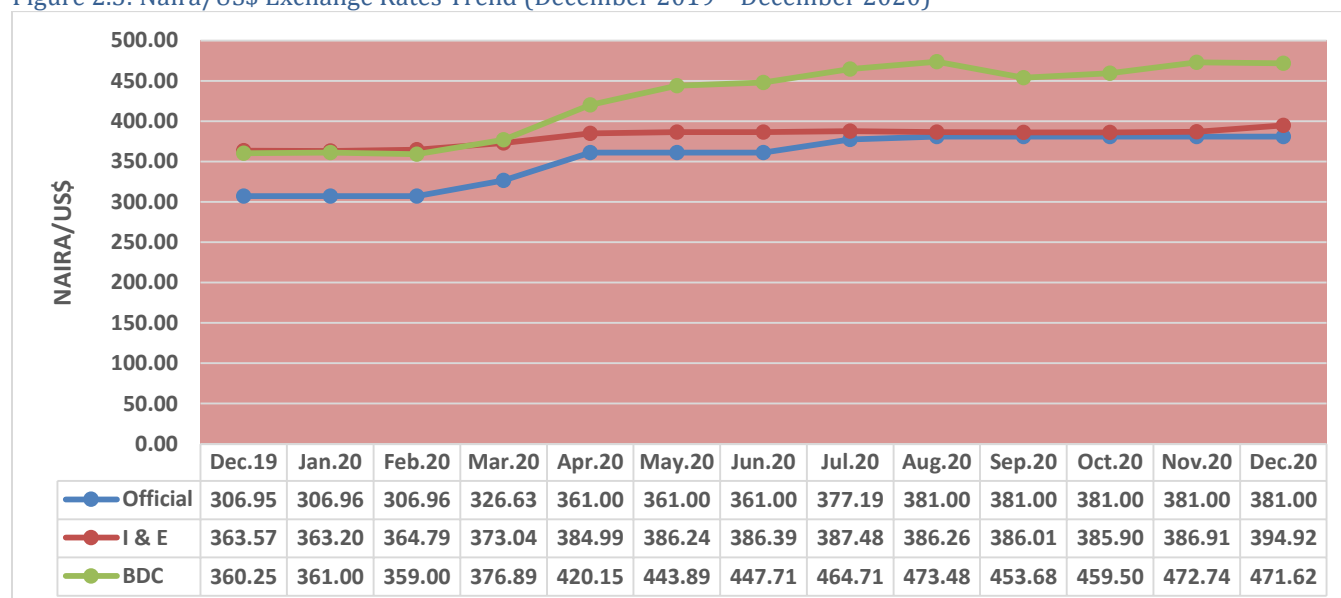
On an annual basis, total trade was valued at ₦32,420.70 billion in 2020, indicating a 10.30 percent decrease below the value recorded in 2019. The value of total imports in 2020 stood at ₦19,898.0 billion, representing 17.30 percent increase above the 2019 figure, while total exports was valued at ₦12,522.70 billion, revealing 34.80 percent decrease below the figure reported in 2019. The annual merchandise trade deficit recorded in 2020 was ₦7,375.30 billion.

2.2.4.3 Exchange Rates

The Official/Inter-Bank segment of the foreign exchange market remained stable at ₦381.0/US\$ throughout the fourth quarter of 2020. On the other hand, the Investors' and Exporters' (I&E) Window and Bureau-de-Change (BDC) segments of the foreign exchange market witnessed some element of instability in the fourth quarter of 2020. This fluctuation could be ascribed to the uncertainty in global economic prospect as a result of the impact of the second wave of COVID-19. The Naira/Dollar exchange rate at the Investors' and Exporters' (I&E) FX Window segment of the foreign exchange market appreciated slightly from ₦386.01/US\$ in September 2020 to ₦385.90/US\$ in October 2020 before depreciating to ₦386.91/US\$ and ₦394.92/US\$ in November and December 2020 respectively. Similarly, the Naira/US\$

depreciated at the Bureau De-Change (BDC) segment of the market, from ₦453.68/US\$ in September 2020 to ₦459.50/US\$, ₦472.74/US\$ and ₦471.62/US\$ in October, November and December 2020 respectively.

Figure 2.5: Naira/US\$ Exchange Rates Trend (December 2019 – December 2020)

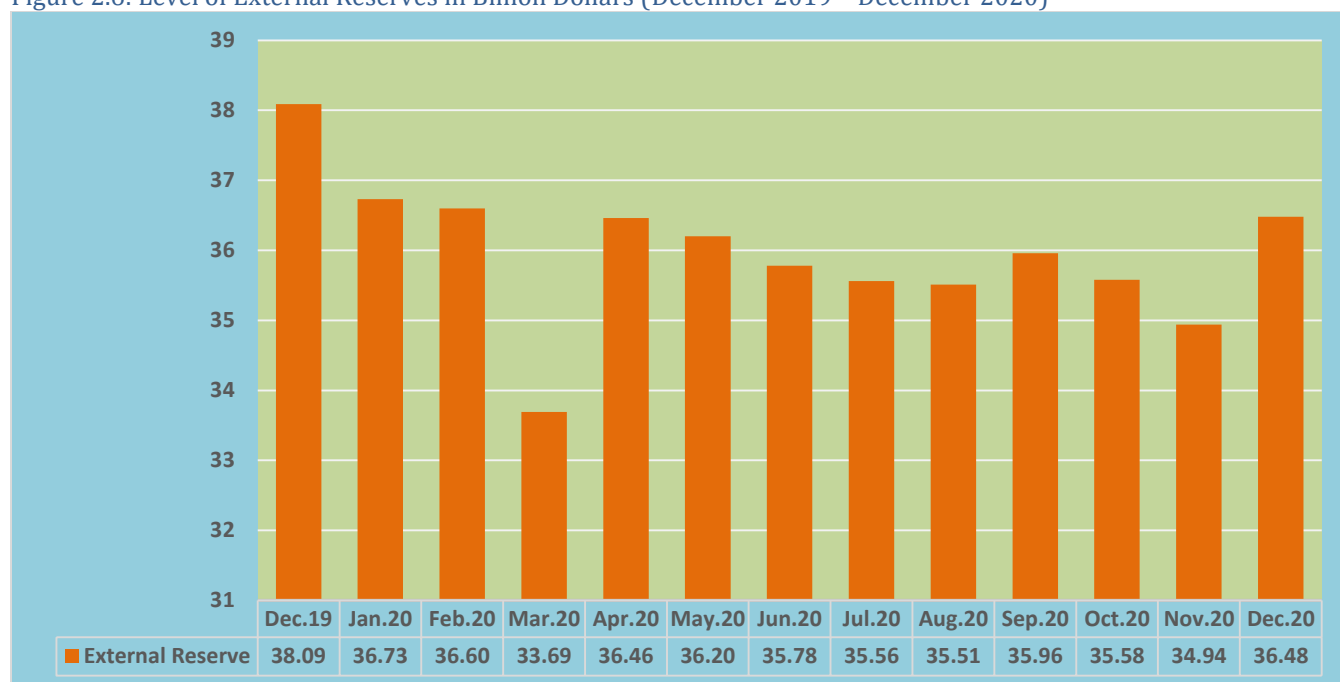


Source: Central Bank of Nigeria, 2020

2.2.4.4 External Reserves

Figures from the CBN showed that Nigeria's gross official (external) reserves increased at the end of the fourth quarter of 2020. It improved from US\$35.96 billion in September 2020 to US\$36.48 billion in December 2020. The performance at the end of December 2020 revealed an increase of US\$0.52 billion (1.45 percent) above the figure reported at the end of September 2020. It however represents a significant fall by US\$1.61 billion (4.23 percent) relative to the end of fourth quarter of 2019 level of US\$38.09 billion. There are possibilities of further increase in the level of external reserves in the subsequent quarters. This expectation is due to the improvement in the prices of crude oil at the international market following the improvement in economic activities after the gradual easing of the global lock down by some countries due to the roll-out of COVID-19 vaccines.

Figure 2.6: Level of External Reserves in Billion Dollars (December 2019 – December 2020)



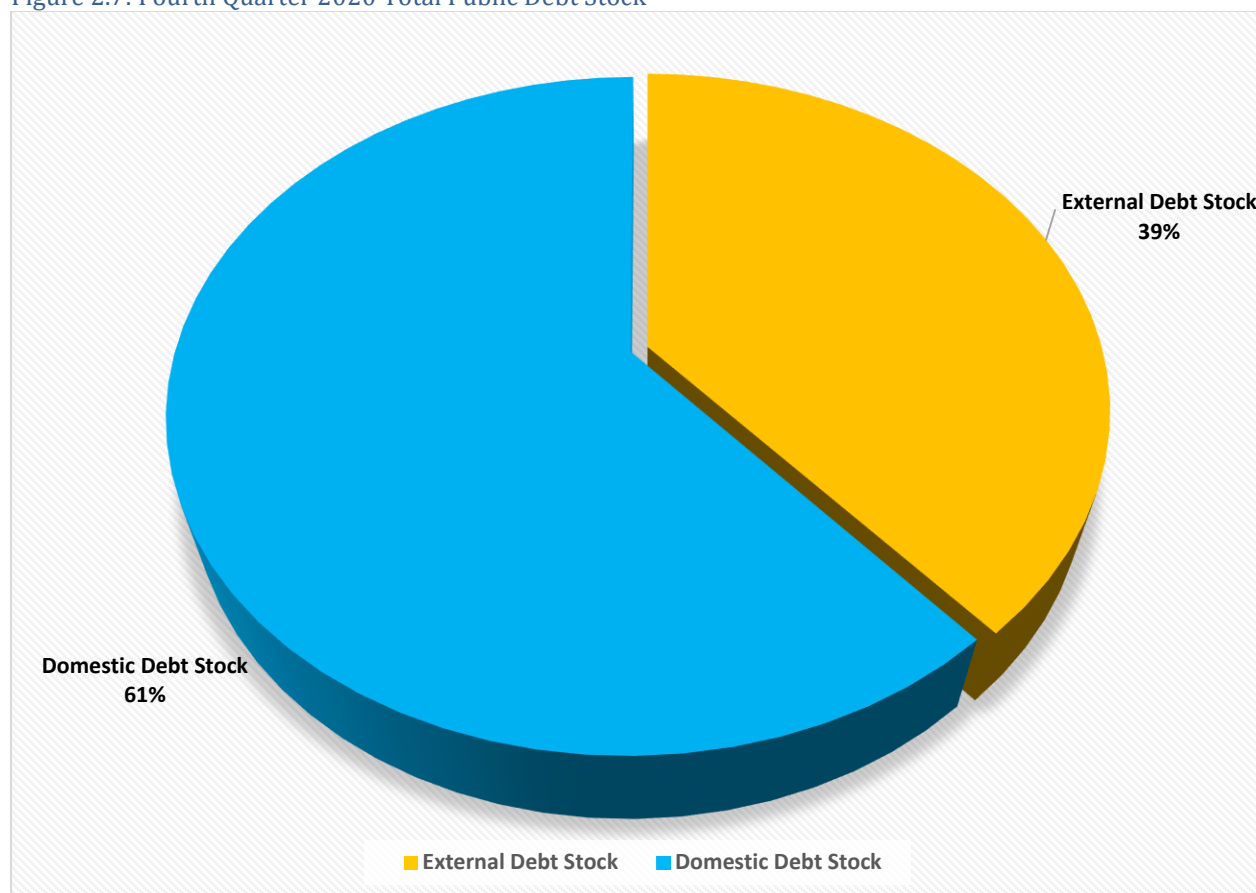
Source: Central Bank of Nigeria, 2020

2.2.5 Debt Stock

2.2.5.1 Total Public Debt Stock

The total public debt stock as at 31st December, 2020 stood at US\$86,392.54 million (N32,915.51 billion). This indicates an increase of US\$2,339.22 million (N5,514.13 billion or 20.12 percent) when compared to the N27,401.38 billion (US\$84,053.32 million) recorded at the end of December 2019. The breakdown comprised of US\$33,348.08 million (N12,705.62 billion or 38.60 percent) for external debt and domestic debt stock of US\$53,044.46 million (N20,209.89 billion or 61.40 percent). This translates to a net present value of total public debt-to-GDP ratio of 21.61 percent as at the end of December 2020. This is below the country specific threshold of 25 percent and the international threshold of 56 percent.

Figure 2.7: Fourth Quarter 2020 Total Public Debt Stock



Source: Debt Management Office, 2020

2.2.5.2 Domestic Debt Stock

The Federal Government's domestic debt stock stood at ₦16,023.89 billion as at end of December 2020, representing an increase of ₦177.66 billion (1.12 percent) above the ₦15,846.23 billion recorded in the third quarter of 2020. It was also ₦1,751.25 billion (12.27 percent) above the ₦14,272.64 billion reported in the same period of 2019. The increase in domestic debt relative to the third quarter of 2020 was due to the new issues of FGN bonds and FGN Savings bond during the period. A breakdown of the domestic debt stock as at 31st December, 2020 reveal that ₦11,830.26 billion (73.83 percent) is for FGN Bonds, ₦2,720.44 billion (16.98 percent) is for Nigerian Treasury Bills (NTBs), ₦100.99 billion (0.63 percent) is for Treasury Bonds, ₦12.29 billion (0.08 percent) is for FGN Savings Bond, ₦362.56 billion (2.26 percent) is for FGN Sukuk, ₦25.69 billion (0.16 percent) is for Green Bond and ₦971.66 billion (6.06

percent) is for Promissory Notes.

2.2.5.3 External Debt Stock

Nigeria's external debt stock as at 31st December 2020, stood at US\$33,348.08 million indicating an increase of US\$1,362.91 million (4.26 percent) and US\$5,671.94 million (20.49 percent) above US\$31,985.17 million and US\$27,676.14 million recorded in the third quarter of 2020 and fourth quarter of 2019 respectively. A breakdown of the external debt stock as at 31st December, 2020 revealed that Multilateral Debts amounted to US\$17,933.64 million (53.78 percent), Non-Paris Club Bilateral Debts amounted to US\$4,059.39 million (12.17 percent), Commercial (Euro-Bond) amounted to US\$11,168.35 million (33.49 percent) while Promissory Notes accounted for the balance of US\$186.70 million (0.56 percent).

3.0 FINANCIAL ANALYSIS OF THE 2020 BUDGET IMPLEMENTATION

3.1 Key Assumptions and Projections

The 2020 Budget was based on the 2020-2022 Medium Term Fiscal Framework and Fiscal Strategy Paper (MTFF/FSP) which was in line with the Government's ERGP. Table 3.1 presents the key assumptions and targets over the period 2016 - 2020.

Table 3.1: Key Budget Assumptions and Targets, 2016 - 2020

KEY ASSUMPTION & TARGETS	2016	2017	2018	2019	2020
Projected Production (in mbpd)	2.2	2.20	2.30	2.30	1.80
Budget Benchmark Price (per barrel in US)	38	44.50	51	60	28
Technical Cost of JVC Pbl to Oil Companies					
Operating Expenses (T1) in US \$	10.29	10.43	11.24	20.45	11.30
Capital Expenses (T2) in US \$	11.12	10.85	11.97	14.89	13.99
Petroleum Investment Allowance (10%)				0.51	0.34
Technical Cost of PSC Pbl to Oil Companies					
Operating Expenses (T1) in US \$	8.22	8.85	8.7	10.01	10.02
Capital Expenses (T2) in US \$	19.62	17.86	11.01	10.04	8.19
Investment Tax Credit	4.94	2.85	2.13	1.54	2.38
Technical Costs of SC pbl to Oil Company					
Operating Expenses (T1) in US \$	18.62	18.62	22.79	29.49	
Capital Expenses (T2) in US \$	2.44	2.05	2.05	5.49	
Investment Allowances	2.996	0.46	0.46	2.67	
Technical Costs of Independent pbl to Oil Company					
Operating Expenses (T1) in US \$					12.43
Capital Expenses (T2) in US \$					15.39
Investment Allowances					0.37
Weighted Average Rate of PPT - JV Oil	85%	85%	85%	85%	
Weighted Average Rate of PPT - PSC Oil	50.17%	50.2%	50.2%	50.1%	
Weighted Average Rate of PPT - SC Oil	85%	85%	85%	85%	
Weighted Average Rate of PPT - Independent (Indigenous)	85%	85%	85%	85%	
Weighted Average Rate of PPT - Marginal	51.6%	51.6%	85%	85%	
Royalty Rates					
Weighted Average Rate of Royalties - JV Oil	19.1%	19.1%	18.67%	18.67%	
Weighted Average Rate of Royalties - PSC	4.5%	4.5%	2.3%	2.83%	
Weighted Average Rate of Royalties - SC Oil	18.5%	18.5%	18.5%	18.50%	
Weighted Average Rate of Royalties -Independent	19.3%	19.3%	19.31%	19.31%	
Weighted Average Rate of Royalties - Marginal	9.3%	9.3%	9.3%	9.29%	
Average Exchange Rate (NGN/US\$)	197	305	305	305	360
VAT Rate	5%	5%	5%	5%	7.5%
CIT Rate	30%	30%	30%	30%	30%

Source: BOF, NNPC, FIRS and NCS, 2020

3.1.1 Budget Benchmark Oil Price and Production

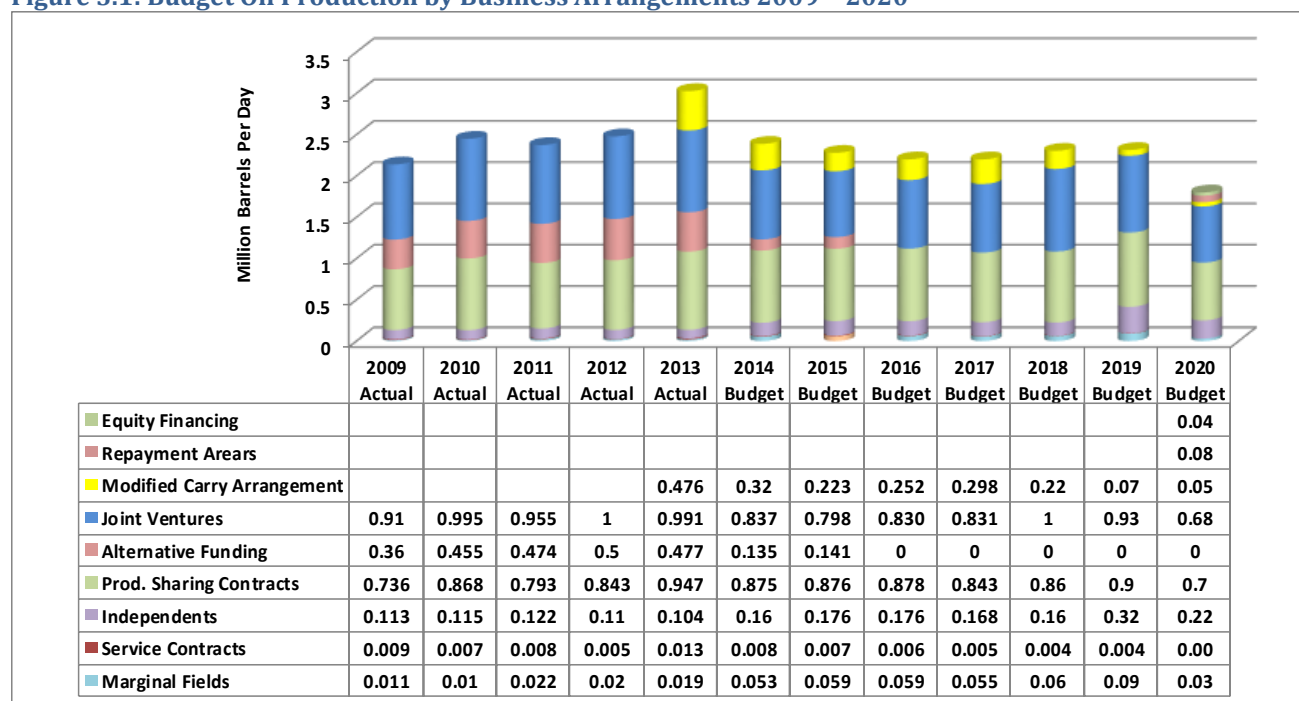
The benchmark price of oil for the 2020 Budget was initially fixed at US\$57.0/barrel while benchmark oil production was pegged at 2.18 million

barrels per day (mbpd). Government's continued use of crude oil production and price benchmarks for its yearly budgets is intended to insulate its budget expenditures from crude oil market volatilities. However, due to the impact of the COVID-19 on global economic activities, the benchmark crude oil price and production for the 2020 Budget was adjusted to US\$28.0/barrel and 1.80 million barrels per day (mbpd) respectively in the 2020 Appropriation (Amendment) Act.

The productivity and consequently cost outlay in the oil sector was projected to improve significantly in the 2020 fiscal year. The Technical Cost comprising average of operating and capital expenses were adjusted downward in the 2020 fiscal year compared to the rates in 2019 for both the Joint Ventures (JVs) and the Production Sharing Contracts (PSCs). The average expenses [Capital (T1) and Operating (T2)] for the JVs production arrangement was reduced from US\$35.34 per barrel in 2019 to US\$25.63 per barrel in 2020 indicating a reduction of US\$9.71 per barrel over the period. The average expenses for the PSC were also reduced to US\$18.21 per barrel in 2020 from US\$20.05 per barrel in 2019. This was due to reduction in Capital Expenses for PSC.

The share of oil production by business arrangement remained relatively stable with the PSCs and JVs dominating at approximately 39.03 and 37.60 percent respectively. Information on expected contributions of oil production by business arrangement are presented in Figure 3.1 while the analysis of contributions and duties for key oil taxes that are projected to accrue to the Federation are also represented in *Table 3.2*. These rates remained largely unchanged with the rates in the 2019 budget framework.

Figure 3.1: Budget Oil Production by Business Arrangements 2009 – 2020



Source: NAPIMS/NNPC, 2020

Table 3.2: Detailed Assumptions for Oil Production and Taxes (2018 - 2020)

	2018 Production Volume	2018 Percentage	2019 Production Volume	2019 Percentage	2020 Production Volume	2020 Percentage
Share of Oil Production						
Joint Ventures	1.00	43.48%	0.93	37.8%	0.68	37.60%
Alternative Funding						
Modified Carry Arrangement	0.22	9.57%	0.07	2.8%	0.05	2.92%
Production Sharing Contracts	0.86	37.39%	0.90	36.7%	0.70	39.03%
Independents	0.16	6.96%	0.32	12.8%	0.22	11.96%
Service Contracts	0.004	0.17%	0.004	0.2%	0.00	0.18%
Marginal	0.06	2.61%	0.09	3.5%	0.03	1.86%
Base Production	2.30	100%	2.3	100%		
Repayment Arrears	0.21	8.37%	0.15	6.2%	0.08	4.26%
Equity Financing					0.04	2.18%
Total Oil Production	2.51	100%	2.45	100%	1.80	100%
PPT Rates						
Weighted Average -JV/AF/Independent/Marginal		85%	85%			85%
Weighted Average -PSC		50.2%	50.10%			50.10%
Weighted Average -SC		85%	85%			85%
Royalties Rates						
Weighted Average -JV		18.67%	18.67%			18.67%
Weighted Average -Independent						19.31%
Weighted Average -Marginal						9.29%
Weighted Average -PSC		2.3%	2.83%			3.15%
Weighted Average -SC Oil		19.31%	19.31%			18.50%

Source: NNPC and BOF, 2020

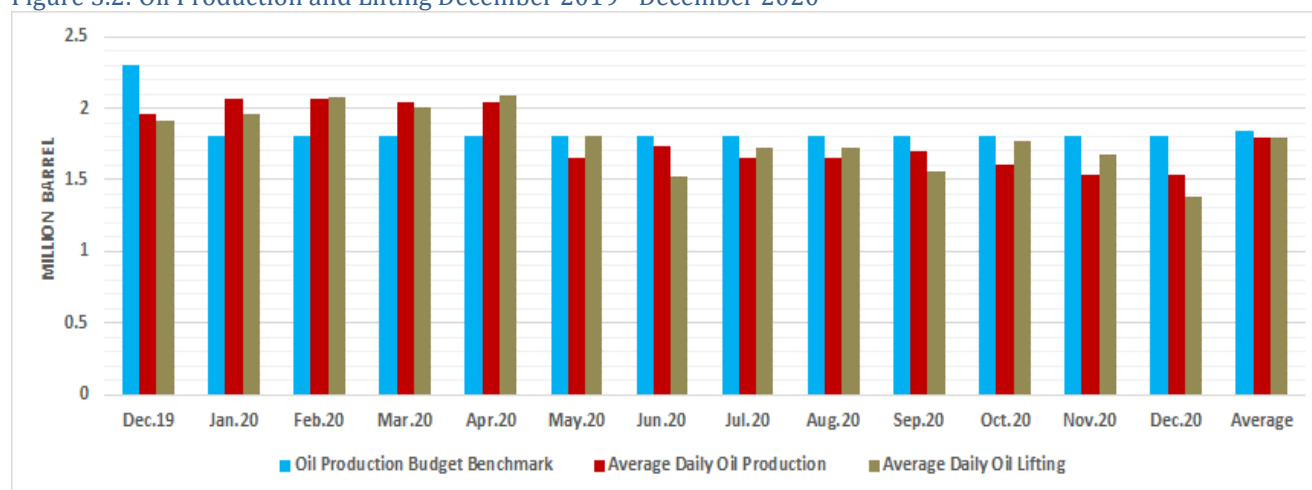
3.2 Analysis of Revenue Performance

3.2.1 Performance of Key Oil Revenue Parameters

The price of crude oil at the international market averaged US\$41.68 per barrel in 2020 and US\$44.26 per barrel in the fourth quarter, indicating an increase of US\$1.26 per barrel (2.93 percent) above US\$43.0 per barrel recorded in the third quarter of 2020 but US\$19.0 per barrel (30.03 percent) lower than the US\$63.26 per barrel recorded in the fourth quarter of 2019. It also represents an increase of US\$16.26 per barrel (58.07 percent) above the US\$28.0 per barrel oil price benchmark for the 2020 Amended Budget. The increase in crude oil price during the period could be attributed to the cut in production quota of member countries by OPEC and the gradual easing of the global lockdown due to the impact of COVID-19 which also resulted in the uptick in global economic activities during the period.

Provisional data from the Nigerian National Petroleum Corporation (NNPC) revealed that the average oil production and lifting (including Condensates) in 2020 both stood at 1.78mbpd while oil production and lifting in the fourth quarter of 2020 was 1.56mbpd and 1.61mbpd respectively. The average oil production figure in 2020 showed a shortfall of 0.02mbpd (1.11 percent) below the 1.80mbpd projected for the 2020 Budget. The volume of oil production in the fourth quarter was also 0.11mbpd and 0.42mbpd below 1.67mbpd and 1.98mbpd reported in the third quarter of 2020 and fourth quarter of 2019 respectively.

Figure 3.2: Oil Production and Lifting December 2019 –December 2020



Source: NNPC, 2020

The above translates to an average monthly oil production and lifting of 47.90 million barrels and 49.36 million barrels respectively in the fourth quarter of 2020. The shortfall in oil production during the quarter as against the projected budget figure could be ascribed to terminal shut-in losses due to scheduled maintenance as well as limited explorable OPEC quota for the period. Others are legacy issues of crude oil theft, illegal bunkering and pipeline vandalism.

3.3 Aggregate Revenue of the Federation

The Amended 2020 Fiscal Framework projected a Gross Federally Collectible Revenue of ₦10,162.02 billion, comprising of ₦3,033.36 billion (29.85 percent) Gross Oil Revenue and ₦7,128.66 billion (70.15 percent) Gross Other Revenue.

3.4 Oil Revenue Performance

Gross Oil Revenue stood at ₦692.89 billion in the fourth quarter of 2020. This represents a shortfall of ₦65.45 billion (8.63 percent) when compared with the quarterly prorated estimate. The performance was also 120.69 billion (14.83 percent) and ₦457.71 billion (39.78 percent) below the ₦813.59 billion and ₦1,150.60 billion reported in the third quarter of 2020 and corresponding period of 2019 respectively.

A breakdown of the oil revenue performance in the fourth quarter of 2020 showed that Petroleum Profit and Gas Taxes of ₦215.23 billion, Royalties (Oil & Gas) of ₦364.86 billion, Concessional Rentals of ₦1.63 billion and Miscellaneous (Pipeline fees etc.) of ₦4.70 billion exceeded their quarterly estimate of ₦177.65 billion, ₦236.34 billion, ₦1.51 billion and ₦1.57 billion by ₦37.58 billion (21.15 percent), ₦128.51 billion (54.38 percent), ₦0.12 billion (7.85 percent) and ₦3.13 billion (198.63 percent) respectively. On the other hand, Crude Oil and Gas Sales of ₦64.33 billion, Gas Flared Penalty of ₦19.90 billion and Incidental Oil Revenue (Licenses & Early License Renewal) of ₦0.09 billion fell below their quarterly estimates of ₦164.22 billion, ₦25.88 billion and ₦151.17 billion by ₦99.88 billion (60.82 percent), ₦5.98 billion (23.11 percent) and ₦151.08 billion (99.94 percent) respectively. Exchange Gain (Based on Budget) which had zero projection yielded ₦22.16 billion in the quarter. Please see Table 3.4.

3.4.1 Net Oil Revenue

The actual Net Oil Revenue that accrued into the Federation Account in the fourth quarter of 2020, was ₦532.81 billion, depicting an increase of ₦7.62 billion (1.45 percent) above the estimated quarterly budget of ₦525.19 billion. The inflow was however lower than the ₦669.67 billion and ₦827.83 billion net oil revenue recorded in the third quarter of 2020 and fourth quarter of 2019 by ₦136.86 billion (20.44 percent) and ₦295.02 billion (35.64 percent) respectively (Table 3.4). The high Net Oil Revenue performance in the third quarter of 2020 when compared with the quarterly projection could be attributed to the resurgence in oil price from the third quarter of the year. These data are presented in *Table 3.3*.

3.4.2 Year to Date Oil Revenue Performance

Gross Oil Revenue of ₦3,804.96 billion was collected in the year as against ₦3,033.36 billion projected for 2020 budget. This reflects an increase of ₦771.60 billion (25.44 percent) above the 2020 budget estimate but ₦799.53 billion (17.36 percent) below the actual gross oil revenue of ₦4,604.49 reported in 2019. A breakdown of the revenue by sub-head indicates that Petroleum

Profit and Gas Taxes of ₦1,651.04 billion, Royalties (Oil & Gas) of ₦1,290.82 billion and Miscellaneous (Pipeline fees etc.) of ₦14.84 billion surpassed their annual projections of ₦710.62 billion, ₦945.37 billion and ₦6.30 billion by ₦940.22 billion (132.34 percent), ₦345.45 billion (36.54 percent) and ₦8.55 billion (135.74 percent) respectively.

The inflow of the remaining Oil Revenue items fell below their respective 2020 projections. Crude Oil and Gas Sales of ₦406.71 billion, Concessional Rentals of ₦4.07 billion, Gas Flared Penalty of ₦89.85 billion and Incidental Oil Revenue (Licenses & Early License Renewal) of ₦128.43 billion fell below their yearly projections of ₦656.86 billion, ₦6.03 billion, ₦103.51 billion and ₦604.67 billion by ₦250.15 billion (38.08 percent), ₦1.96 billion (32.51 percent), ₦13.66 billion (13.20 percent) and ₦476.24 billion (78.76 percent) respectively. Exchange Gain (Based on Budget) which had zero projection cumulatively yielded ₦219.19 billion as at the end of the year (*Table 3.4*).

Table 3.3: Performance of Revenue in the Fourth Quarter of 2020 Vs 2019

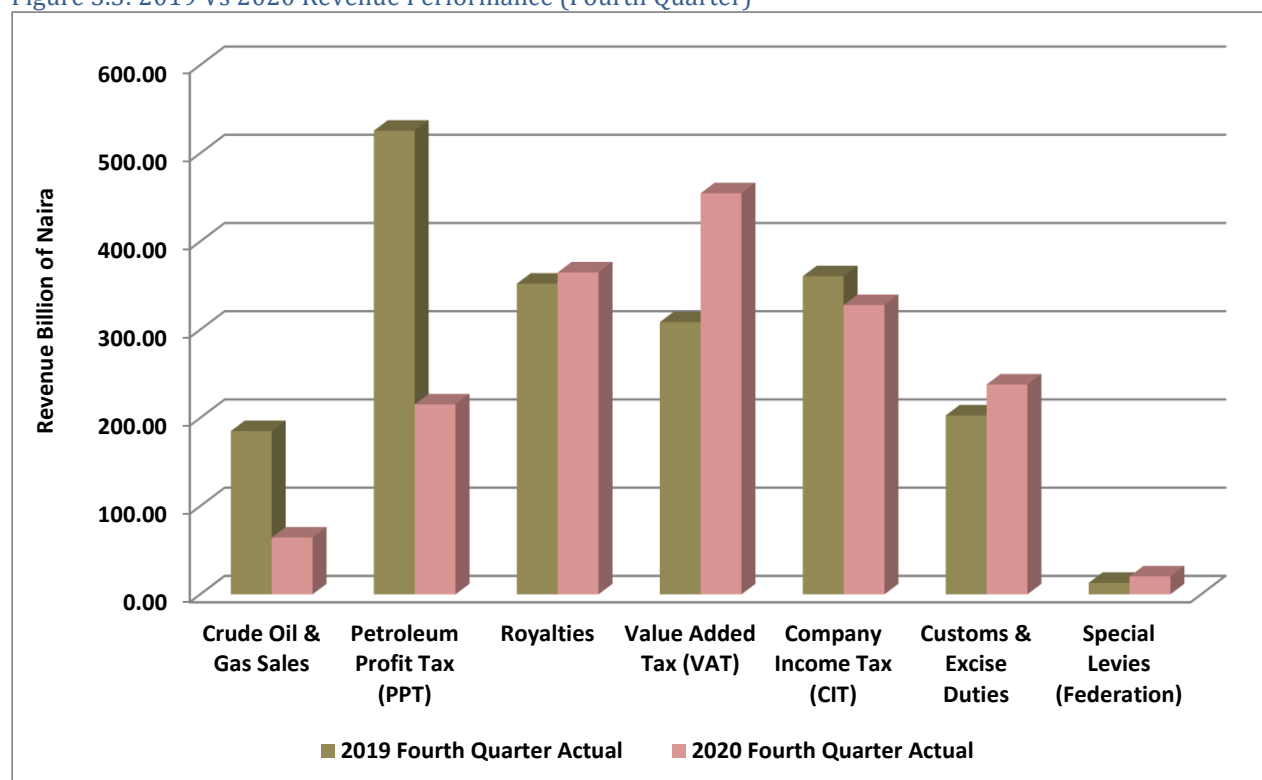
Revenue Items	2019	2020	Variance	
	Fourth Quarter Actual	Fourth Quarter Actual	4th Quarter 2020 Vs 4th Quarter 2019	
Oil Revenue	N'bens	N'bens	N'bens	%
Crude Oil Sales	185.03	64.33	-120.70	-65.23
Petroleum Profit Tax (PPT)	525.51	215.23	-310.28	-59.04
Royalties	352.12	364.86	12.74	3.62
Gross Oil Revenue	1,150.60	692.89	-457.71	-39.78
Net Oil Receipts	827.83	532.81	-295.02	-35.64
Non-Oil Revenue				
Value Added Tax (VAT)	308.48	454.61	146.13	47.37
Company Income Tax (CIT)	360.53	327.85	-32.68	-9.06
Customs & Excise Duties	202.76	237.83	35.07	17.30
Special Levies	12.97	20.31	7.34	56.59
Gross Non-Oil Revenue	884.74	1,040.60	155.86	17.62
Net Non-Oil Receipts	838.49	970.92	132.43	15.79

Source: OAGF and Budget Office of the Federation, 2020

Revenue performance decreased when compared to the level in 2019 for most of the oil revenue sources and broad category in the fourth quarter of

2020 (Figure 3.3). The same flow pattern was applicable to some of the non-oil revenue categories during the review period. The low performances of the oil and non-oil revenue items within the period could be attributed to the impact of COVID-19 on the global and national economies. It is expected that the situation would improve in 2021 as the world continue to adjust and mitigate the impact of the virus.

Figure 3.3: 2019 Vs 2020 Revenue Performance (Fourth Quarter)



Source: OAGF and Budget Office of the Federation, 2020

3.5 Non-Oil Revenue Performance

Gross non-oil revenue of ₦1,040.60 billion was collected in the fourth quarter of 2020 signifying a shortfall of ₦245.90 billion (19.11 percent) below the quarterly estimate of ₦1,286.50 billion. A breakdown of the non-oil revenue items showed that they all fell below their respective quarterly expectations. Value Added Tax of ₦454.61 billion, Company Income Tax of ₦327.85 billion, Customs & Excise Duties of ₦237.83 billion and Special Levies of ₦20.31 billion were below their

quarterly estimates of ₦547.65 billion, ₦449.65 billion, ₦251.06 billion and ₦38.13 billion by ₦93.05 billion (16.99 percent), ₦121.80 billion (27.09 percent), ₦13.23 billion (5.27 percent) and ₦17.82 billion (46.74 percent) respectively. Solid Minerals & Other Mining Revenue recorded an inflow of ₦1.53 billion representing an increase of ₦0.41 billion (35.98 percent) above the quarterly projection of ₦1.13 billion. On the other hand, Revenue Dividend by Companies / Investments Funded by FAAC, which had quarterly projection of ₦40.19 billion yielded nothing in the quarter. The poor performances of all the non-oil revenue items in the quarter when compared with their quarterly budget projections could be attributed to restriction in economic activities as a result of the impact of the global and national measures to contain the COVID-19.

When compared with their corresponding third quarter performances, Value Added Tax, Customs & Excise Duties and Special Levies grew by ₦29.90 billion (7.04 percent), ₦9.05 billion (3.96 percent) and ₦7.44 billion (57.83 percent) respectively. While Company Income Tax fell by ₦71.86 billion (17.98 percent). Solid Minerals & Other Mining Revenue also decreased by ₦0.16 billion (9.44 percent). The improved performance of the non-oil revenue items in the fourth as against the preceding quarter could be ascribed to the gradual pickup in economic activities after the global and national lock down necessitated by the impact of COVID-19. Nevertheless, it is also anticipated that these returns will continue to improve in the succeeding quarters of 2021 as the global and national economic activities continue to open up.

3.5.1 Year to Date Non-Oil Revenue Performance

The gross non-oil revenue in the year amounted to ₦3,861.81 billion depicting a shortfall of ₦1,284.19 billion (24.96 percent) from the annual estimate of ₦5,146.0 billion. This results from the underperformance of all the non-oil revenue items compared to their corresponding annual budget estimates. Value Added Tax of ₦1,531.09 billion, Company Income Tax of ₦1,399.13 billion, Customs & Excise Duties of ₦875.33 billion and Special Levies of ₦56.27 billion respectively fell short by ₦659.53 billion (30.11 percent), ₦399.49 billion (22.21 percent), ₦128.91 billion (12.84 percent) and ₦96.27 billion (63.11 percent) over the period. Solid Minerals & Other Mining Revenue recorded a revenue of ₦5.48

billion indicating an overperformance of ₦0.97 billion (21.43 percent) above the projection of ₦4.52 billion for the year. On the other hand, Revenue Dividend by Companies / Investments Funded by FAAC which had annual projections of ₦160.75 billion yielded nothing in the period.

Table 3.4: Net Distributable Revenue as at December 2020 (Oil Revenue at Benchmark Assumptions)

S/NO	FISCAL ITEMS	2020 BUDGET		2020 ACTUAL				2019		VARIANCE							
		Annual	Quarterly	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual	Annual Actual	4th Quarter Actual Vs Quarterly Budget	4th Quarter Vs 3rd Quarter (Actual)	Actual Vs Budget (Annual)		2020 Vs 2019 (Actual)			
A	OIL REVENUE	Nb	Nb	Nb	Nb	Nb	Nb	Nb	Nb	Nb	%	Nb	%	Nb	%	Nb	%
1	Gross Profit Oil from Crude Oil & Gas Sales	656.86	164.22	172.05	106.36	63.97	64.33	406.71	736.83	-99.88	-60.82	0.37	0.57	-250.15	-38.08	-330.12	-44.80
2	PPT & Gas Income @ 30% CITA	710.62	177.65	539.35	518.01	378.45	215.23	1,651.04	2,114.27	37.58	21.15	-163.21	-43.13	940.42	132.34	-463.23	-21.91
3	Oil & Gas Royalties	945.37	236.34	370.60	247.88	307.49	364.86	1,290.82	1,415.93	128.51	54.38	57.36	18.66	345.45	36.54	-125.11	-8.84
4	Concessional Rentals	6.03	1.51	0.16	0.23	2.06	1.63	4.07	0.79	0.12	7.85	-0.43	-21.02	-1.96	-32.51	3.28	415.23
5	Gas Flared Penalty	103.51	25.88	31.04	18.63	20.28	19.90	89.85	94.09	-5.98	-23.11	-0.39	-1.91	-13.66	-13.20	-4.24	-4.51
6	Incidental Oil Revenue (Royalty Recovery & Marginal Field Licences)	604.67	151.17	67.05	53.33	7.96	0.09	128.43	236.86	-151.08	-99.94	-7.87	-98.87	-476.24	-78.76	-108.43	-45.78
7	Miscellaneous (Pipeline Fees etc)	6.30	1.57	2.48	2.70	4.96	4.70	14.84	5.72	3.13	198.63	-0.26	-5.19	8.55	135.74	9.12	159.47
8	Exchange Gain (Based on Budget)	0.00	0.00	98.03	70.58	28.42	22.16	219.19	0.00	22.16		-6.26	-22.04	219.19		219.19	
9	Sub-Total	3,033.36	758.34	1,280.75	1,017.73	813.59	692.89	3,804.96	4,604.49	-65.45	-8.63	-120.69	-14.83	771.60	25.44	-799.53	-17.30
10	Deductions																
11	Fiscal Deductions (Base JV Cash Call + EF + MCA + RA)	0.00	0.00	376.39	306.21	133.94	243.71	1,060.25		243.71		109.77	81.95	1,060.25		1,060.25	
12	Other Federally Funded Upstream Projects	424.23	106.06	227.19	106.12	29.03	65.02	427.35	1,003.69	-41.04	-38.70	35.99	124.00	3.12	0.73	-576.34	-57.42
13	DPR 4% Cost of Collection (Royalty, Concessional, Gas Flared & Miscellaneous)		0.00	13.17	7.64	11.24	12.88	44.94	50.85	12.88		1.64	14.63	44.94		-5.91	-11.62
14	FIRS 4% Cost of Collection on Gas Income Tax		0.00	0.68	3.11	1.01	0.56	5.36	5.33	0.56		-0.45	-44.79	5.36		0.03	0.61
15	Transfer to ECA								122.00							-122.00	-100.00
16	Transfer of Lagos State 13% Derivation								0.04							-0.04	-100.00
17	Sub-Total	2,609.13	652.28	1,039.71	900.85	772.31	614.43	3,327.31	3,422.58	-37.85	-5.80	-157.88	-20.44	718.18	27.53	-95.27	-2.78
18	Special Federation Transfers:	169.20	42.30	0.00	0.00	0.00	0.00	0.00	0.00	-42.30	-100.00			-169.20	-100.00		
19	13% Derivation	339.19	84.80	138.01	119.42	102.64	81.62	441.69	591.28	-3.17	-3.74	-21.01	-20.47	102.50	30.22	-149.59	-25.30
20	Net Oil Revenue	2,100.74	525.19	901.71	781.43	669.67	532.81	2,885.62	2,831.30	7.62	1.45	-136.86	-20.44	784.87	37.36	54.32	1.92
21	TO FEDERATION ACCOUNT (OIL)	2,090.24	522.56	901.71	781.43	669.67	532.81	2,885.62	2,831.30	10.25	1.96	-136.86	-20.44	795.38	38.05	54.32	1.92
B	DIVIDEND BY COMPANIES/INVESTMENTS															0.00	
22	Total Dividend Payment	160.75	40.19	0.00	0.00	0.00	0.00	0.00	0.00	-40.19	-100.00			-160.75	-100.00		
C	SOLID MINERALS & OTHER MINING REVENUE																
23	Total Solid Minerals Revenue	4.52	1.13	1.46	0.79	1.69	1.53	5.48	5.00	0.41	35.98	-0.16	-9.44	0.97	21.43	0.48	9.66
24	Less 13% Derivation	0.59	0.15	0.19	0.10	0.22	0.20	0.71	0.65	0.05	35.98	-0.02	-9.44	0.13	21.43	0.06	9.66
25	TO FEDERATION ACCOUNT (SOLID MINERALS)	3.93	0.98	1.27	0.69	1.47	1.34	4.77	4.35	0.35	35.98	-0.14	-9.44	0.84	21.43	0.42	9.66
D	SIGNATURE BONUS	350.52	87.63	69.99	0.41	47.14	0.04	117.57		-87.59	-99.95	-47.10	-99.91	-232.95	-66.46	117.57	
E	NON-OIL REVENUE																
26	Value-Added Tax	2,190.62	547.65	324.58	327.20	424.71	454.61	1,531.09	1,188.58	-93.05	-16.99	29.90	7.04	-659.53	-30.11	342.51	28.82
27	Corporate Tax (CIT, Stamp Duties & CGT)	1,798.62	449.65	284.03	387.52	399.72	327.85	1,399.13	1,517.51	-121.80	-27.09	-71.86	-17.98	-399.49	-22.21	-118.38	-7.80
28	Customs: Import, Excise & Fees	1,004.24	251.06	212.90	195.82	228.78	237.83	875.33	792.06	-13.23	-5.27	9.05	3.96	-128.91	-12.84	83.27	10.51
29	Special Levies (Federation Account)	152.53	38.13	12.10	10.99	12.87	20.31	56.27	50.40	-17.82	-46.74	7.44	57.83	-96.27	-63.11	5.87	11.64
30	Sub-Total	5,146.00	1,286.50	833.62	921.53	1,066.07	1,040.60	3,861.81	3,548.56	-245.90	-19.11	-25.47	-2.39	#####	-24.96	313.25	8.83
31	4% Cost of Collection (VAT)	87.62	21.91	12.98	13.09	16.99	18.18	61.24	47.54	-3.72	-16.99	1.20	7.04	-26.38	-30.11	13.70	28.83
32	3% Transfer to North East Development Commission (NEDC) from VAT	63.09	15.77	9.74	9.82	12.74	13.64	45.93		-2.13	-13.53	0.90	7.04	-17.16	-27.19	45.93	
33	0.5% Transfer to Nigerian Police Trust Fund from VAT	10.51	2.63	8.27	6.99	7.07	6.28	28.60		3.65	138.84	-0.79	-11.16	18.09	172.01	28.60	
34	Value-Added Tax Net of Cost of Collection and Transfers to NEDC and Police Trust Fund	2,029.39	507.35	301.86	308.16	407.72	436.42	1,454.16		-70.92	-13.98	28.70	7.04	-575.23	-28.34	1,454.16	
35	4% Collection Cost (CIT, Stamp Duties & Capital Gains)	70.94	17.74	11.56	18.25	17.00	13.51	60.32	65.24	-4.23	-23.85	-3.50	-20.56	-10.62	-14.98	-4.92	-7.54
36	7% Cost of Collection (Duty, Excise & Fees)	70.30	17.57	14.90	13.71	16.01	16.65	61.27	55.44	-0.93	-5.27	0.63	3.96	-9.02	-12.84	5.83	10.52
37	7% Cost of Collection (Spec. Levies -Fed. Acct.)	10.68	2.67	0.85	0.77	0.90	1.42	3.94	3.53	-1.25	-46.74	0.52	57.83	-6.74	-63.11	0.41	11.58
38	FIRS Tax Refund	25.00	6.25	12.00	9.00	0.00	0.00	21.00	21.00	-6.25	-100.00			-4.00	-16.00	0.00	0.00
39	TO FEDERATION ACCOUNT (NON-OIL)	2,778.47	694.62	469.72	552.61	607.44	554.42	2,184.19	2,214.76	-140.20	-20.18	-53.03	-8.73	-594.28	-21.39	-30.57	-1.38
40	Total VAT Pool	2,029.39	507.35	301.86	308.16	407.72	436.42	1,454.16	1,141.04	-70.92	-13.98	28.70	7.04	-575.23	-28.34	313.12	27.44
41	Net Non-Oil	4,807.86	1,201.96	763.31	849.91	995.36	970.92	3,579.50	3,355.80	-231.04	-19.22	-24.43	-2.45	#####	-25.55	223.70	6.67
42	Sub-Total: FEDERATION ACCOUNT	4,883.14	1,220.79	1,372.70	1,334.73	1,278.59	1,088.56	5,074.58	5,050.41	-132.22	-10.83	-190.03	-14.86	191.44	3.92	24.17	0.48
43	Actual Balances in Special Accounts	10.68	2.67	0.00	0.00	0.00	0.00	0.00	0.00	-2.67	-100.00			-10.68	-100.00		
44	TO FEDERATION ACCOUNT	4,893.82	1,223.45	1,372.70	1,334.73	1,278.59	1,088.56	5,074.58	5,050.41	-134.89	-11.03	-190.03	-14.86	180.76	3.69	24.17	0.48
45	Transfer to Police Trust Fund (0.5% of Fed. Acct.)	24.47	6.12	0.00	0.00	0.00	0.00	0.00		-6.12	-100.00			-24.47	-100.00		
F	TOTAL DISTRIBUTABLE																
1	Federation Account	4,869.35	1,217.34	1,372.70	1,334.73	1,278.59	1,088.56	5,074.58	5,050.41	-128.78	-10.58	-190.03	-14.86	205.23	4.21	24.17	0.48
2	VAT Pool Account	2,029.39	507.35	301.86	308.16	407.72	436.42	1,454.16	1,141.04	-70.92	-13.98	28.70	7.04	-575.23	-28.34	313.12	27.44
3	GRAND TOTAL	6,898.74	1,724.68	1,674.56	1,642.88	1,686.31	1,524.98	6,528.74	6,191.45	-199.70	-11.58	-161.33	-9.57	-370.00	-5.36	337.29	5.45

Source: OAGF and Budget Office of the Federation, 2020

Table 3.5: Actual Performance of Non-Oil Revenue Categories (Fourth Quarter) 2011 - 2020

Description	FOURTH QUARTER (ACTUAL)										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10 - Year Average
	₦b	₦b	₦b	₦b	₦b	₦b	₦b	₦b	₦b	₦b	₦b
Customs & Excise Duties	51.82	54.58	57.70	70.72	58.95	64.02	156.82	181.88	202.76	237.83	113.71
Company Income Tax	93.34	78.26	78.72	91.89	129.96	86.57	297.56	347.15	360.53	327.85	189.18
Value Added Tax	22.14	24.71	29.84	25.92	23.89	28.15	246.53	276.41	308.48	454.61	144.07
FGN Independent Revenue	44.51	83.54	41.68	62.44	8.97	23.09	37.50	90.03	130.38	235.77	75.79

Source: OAGF and BOF, 2020

Further analysis of the fourth quarter non-oil revenue performance revealed that the key non-oil revenue sub-heads, had shown some trends of improvement especially between 2017 and 2020, notwithstanding some few years of fluctuations. Table 3.5 and 3.6.

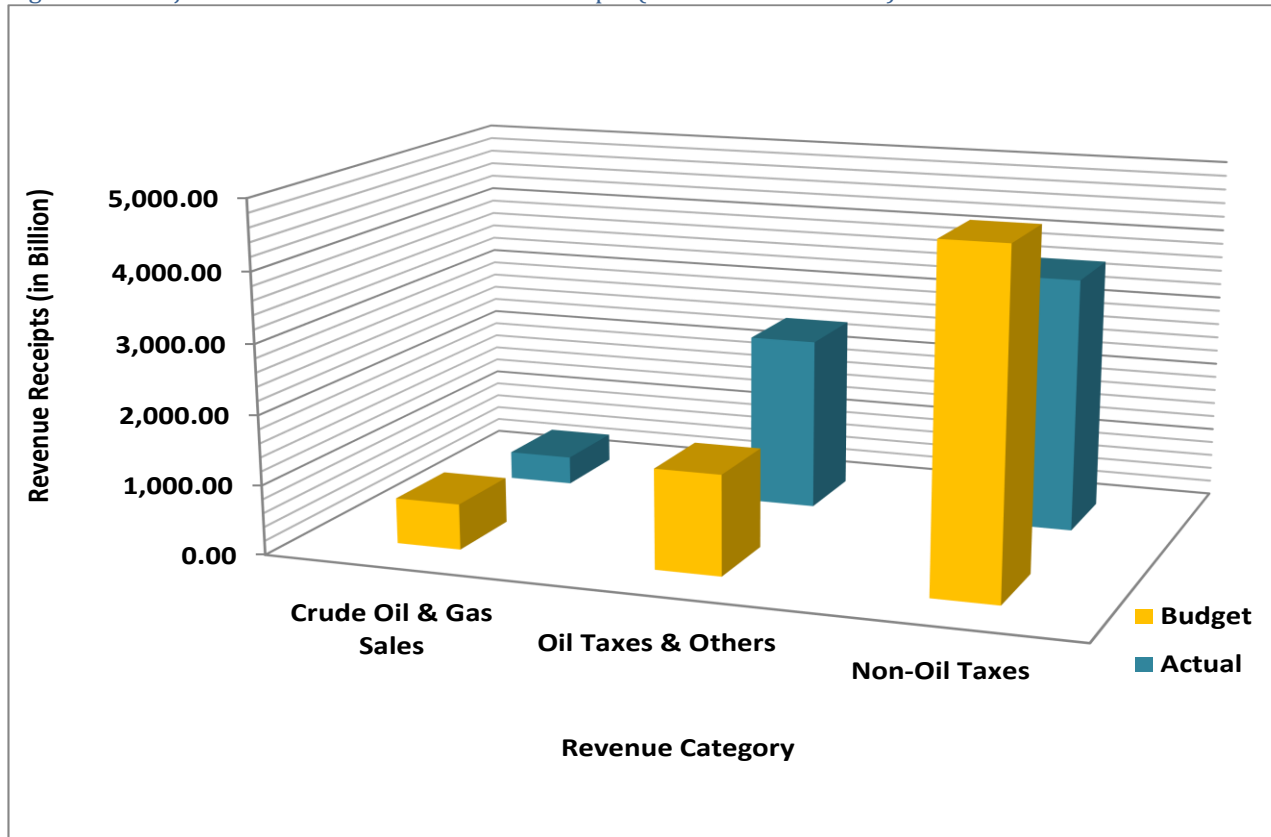
Table 3.6: Percentage Growth in Non-Oil Revenue Performance (Fourth Quarter) 2012 - 2020

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	9 - Year Average
	%	%	%	%	%	%	%	%	%	%
Customs & Excise Duties	5.33	5.72	22.56	-16.64	8.60	144.95	15.98	11.48	17.30	23.92
Company Income Tax	-16.16	0.59	16.73	41.43	-33.39	243.72	16.67	3.85	-9.06	29.38
Value Added Tax	11.61	20.76	-13.14	-7.83	17.83	775.77	12.12	11.60	47.37	97.34
FGN Independent Revenue	87.69	-50.11	49.81	-85.63	157.41	62.41	140.08	44.82	80.83	54.15

Source: OAGF and BOF, 2020

Overall, with the exception of Petroleum Profit and Gas Taxes, Royalties (Oil & Gas) and Miscellaneous (Pipeline fees etc.), the actual performances of other revenue categories were below their 2020 annual budgeted figures. The underperformance was however, more severe for Non-Oil Taxes (Figure 3.4).

Figure 3.4: Projected Vs Actual FAAC Revenue Receipts (as at December 2020)

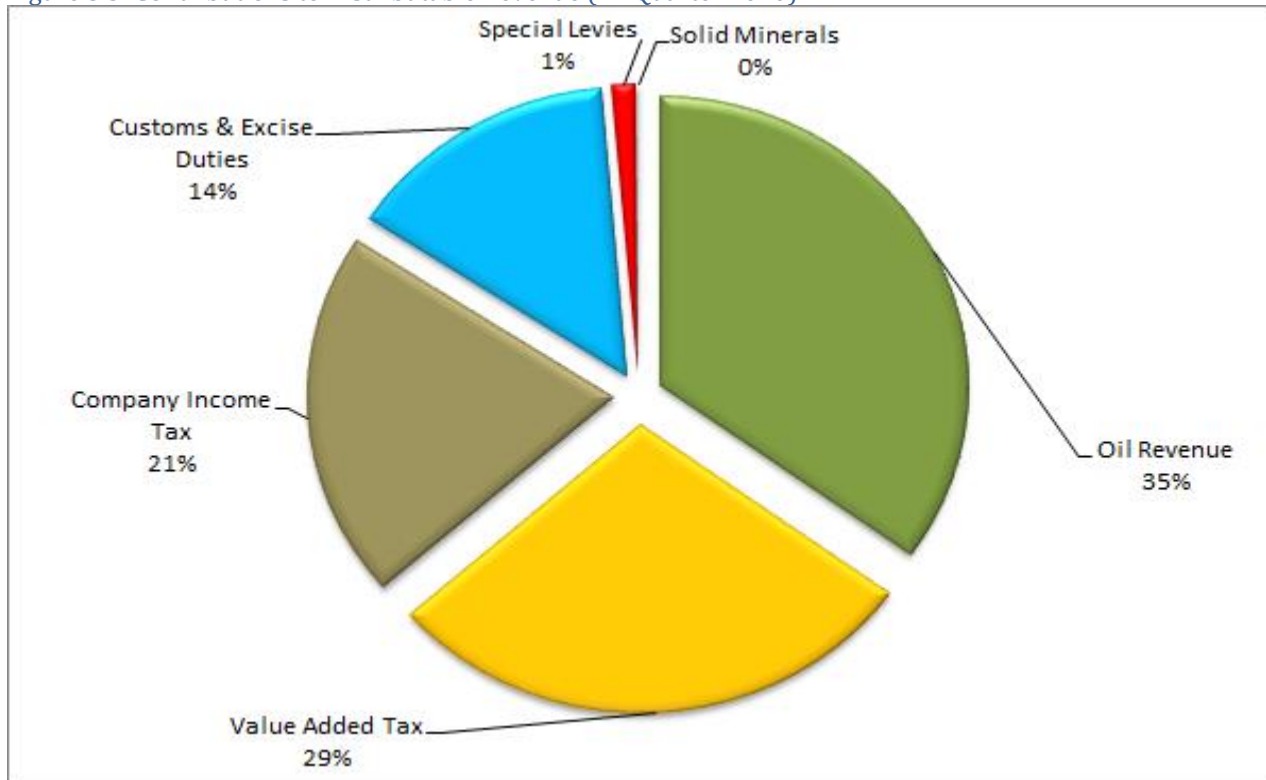


Source: Budget Office of the Federation, 2020

3.6 Distributable Revenue:

The net distributable revenue available for sharing among the three tiers of government after the deduction of all costs stood at ₦1,524.98 billion in the fourth quarter of 2020. This represents a shortfall of ₦199.70 billion (11.58 percent) when compared with the quarterly projection of ₦1,724.68 billion. A breakdown by sources indicated that oil revenue accounted for 34.94 percent of the distributable revenue while the balance came from non-oil revenue items (Figure 3.5).

Figure 3.5: Contributions to Distributable Revenue (4th Quarter 2020)



Source: Budget Office of the Federation, 2020

3.7 Excess Crude Account

Analysis of the reports of the Excess Crude Account (ECA) revealed an opening balance of US\$72.41 million as at 1st October, 2020. The sum of US\$0.0018 million being accrued interest on fund investment (September – November 2020) was received into the account in the fourth quarter of 2020. No withdrawal was made from the account within the period under review. This resulted to a closing balance of US\$72.411 million as at 31st December, 2020 (Table 3.7).

Table 3.7: Net Excess Crude Account

Description	2019 Actual					2020 Actual				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Jan - Dec	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Jan - Dec
Inflows										
Transfer to Excess Crude Oil Account	0	US\$105.55 million	US\$340.14 million	0	US\$445.69 million	0	0	0	0	0
Accrued Interest on Fund Investment	US\$2.25 million	US\$0.21 million	US\$0.31 million	US\$1.36 million	US\$4.13 million	US\$1.25 million	US\$0.19 million	US\$0.002 million	US\$0.002 million	US\$1.444 million
Reconciliation of Inflow and Outflow	0	0	US\$10.15 million	0	US\$10.15 million	0	0	0	0	0
Total Inflow	US\$2.25 million	US\$105.76 million	US\$350.60 million	US\$1.36 million	US\$459.97 million	US\$1.25 million	US\$0.19 million	US\$0.002 million	US\$0.002 million	US\$1.444 million
Outflows										
Consultancy Fee & Litigation Expenses	US\$350.0 million	0	0	0	US\$350.0 million	US\$4.0 million	0	0	0	US\$4.0 million
NSIA Payment for Fertilizer Purchase	US\$14.55 million	0	0	0	US\$14.55 million	0	0	0	0	0
Payment of Commission/Exchange Rate Loss on Transfers	US\$1.28 million	0	0	US\$4.51 million	US\$5.79 million	0	0	0	0	0
Amount approved by Mr. President as advance payment for the purchase of Super Tucano Aircraft	0	0	0	0	0	0	0	0	0	0
Amount approved by Mr. President for the first batch of procurement of critical equipment for the Nigerian Army, Navy and Defence Intelligence Agency	0	0	0	0	0	0	0	0	0	0
Paris Club Refund to States & FCT	US\$68.28 million	US\$225.22 million	US\$85.49 million	0	US\$378.99 million	0	0	0	0	0
Bank Charges	0	0	0	0	0	0	0	0	0	0
Charges for Breaking Investment	0	US\$0.30 million	0	0	US\$0.30 million	0	0	0	0	0
States Matching Grants to UBEC	US\$16.80 million	0	0	0	US\$16.80 million	0	0	0	0	0
Transfers to Nigerian Sovereign Investment Authority for Investment	0	0	0	0	0	US\$250.0 million	0	0	0	US\$250.0 million
Total Outflow	US\$450.92 million	US\$225.52 million	US\$85.49 million	US\$4.51 million	US\$766.43 million	US\$254.0 million	0	0	0	US\$254.0 million
Net Excess Crude Account	(US\$448.67 million)	(US\$119.76 million)	US\$265.11 million	(US\$3.15 million)	(US\$306.46 million)	(US\$252.75 million)	US\$0.19 million	US\$0.002 million	US\$0.002 million	(US\$252.556 million)

Source: Office of the Accountant General of the Federation, 2020

3.8 FGN Budget Revenue

Based on the amended 2020 Budget Framework, the sum of ₦5,365.67 billion was projected to fund the Federal Budget, indicating a quarterly estimate of ₦1,341.42 billion. A total of ₦824.87 billion, excluding other funding sources, was received in the fourth quarter of 2020. This amount was ₦516.55 billion (38.51 percent) and ₦114.34 billion (12.17 percent) lower than ₦1,341.42 billion quarterly budget projection and ₦939.20 billion recorded in the preceding quarter of 2020. The total inflow available to fund the budget also stood at ₦824.87 billion for the period.

The sum of ₦258.41 billion received from oil sources in the fourth quarter of 2020 was higher than the quarterly estimate of ₦253.44 billion by ₦4.97 billion (1.96 percent). FGN's share of Solid Minerals revenue stood at ₦0.65 billion indicating an increase of ₦0.17 billion (36.66 percent) in the period. All the non-oil revenue items however fell below their quarterly budget projections. FGN's

share of VAT of ₦61.10 billion, Company Income Tax of ₦152.46 billion, Customs of ₦107.27 billion and Special Levies (Federation Account) of ₦9.16 billion were below their corresponding quarterly budget estimates of ₦71.03 billion, ₦205.42 billion, ₦112.67 billion and ₦17.11 billion by ₦9.93 billion (13.98 percent), ₦52.96 billion (25.78 percent), ₦5.40 billion (4.79 percent) and ₦7.95 billion (46.47 percent) respectively. On the other hand, Independent Revenue of ₦235.77 billion was higher than its quarterly estimate of ₦233.21 billion by ₦2.56 billion (1.10 percent) while Signature Bonus/Renewals of ₦0.04 billion fell short of its quarterly budget of ₦87.63 billion by ₦87.59 billion (99.95 percent).

FGN's share of Company Investment by FAAC, Transfers from Special Accounts, Transfers from Special Levies Accounts, Domestic Recoveries, Stamp Duties, Grants & Donor Funding, Transfers from Special Accounts for COVID-19 Intervention Across the Federation and Grants and Donations for COVID-19 Crisis Intervention Fund yielded nothing in the quarter. This followed similar pattern of their respective performances in the Federation Account level (Table 3.8).

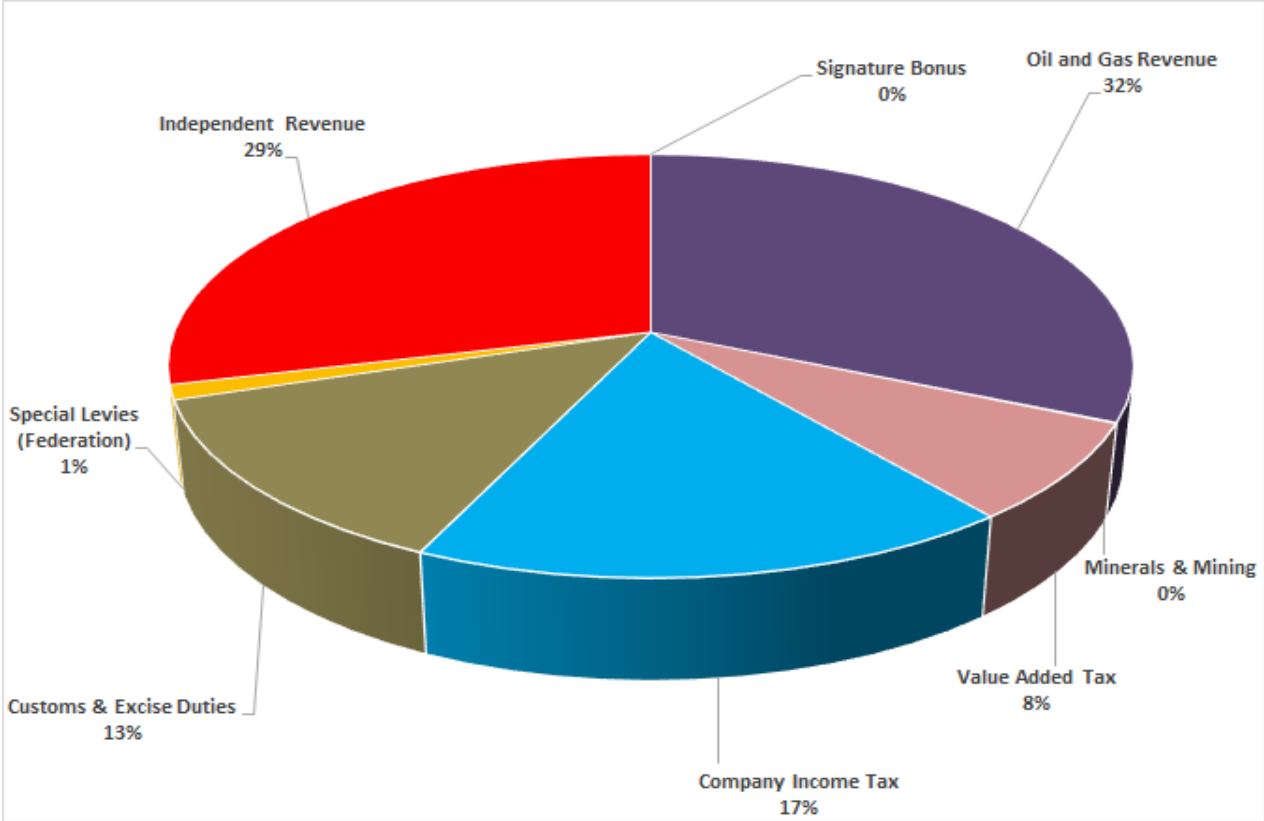
Table 3.8: Federal Government Revenue Inflows as at December 2020

S/NO	FISCAL ITEMS	2020 BUDGET		2020 ACTUAL				2019		VARIANCE							
		Annual	Quarterly	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual	Annual	4th Quarter Actual Vs Quarterly Budget	4th Quarter Vs 3rd Quarter (Actual)	Actual Vs Budget (Annual)		2020 Vs 2019 (Actual)			
1	Inflow to the Federal Budget (CRF)	Nb	Nb	Nb	Nb	Nb	Nb	Nb	Nb	Nb	%	Nb	%	Nb	%	Nb	%
2	FGN Share of Oil Revenue	1,013.77	253.44	441.22	382.40	327.20	258.41	1,409.23	1,373.18	4.97	1.96	-68.78	-21.02	395.46	39.01	36.05	2.63
3	FGN Share of Dividend (NLNG)	80.38	20.09	0.00	0.00	0.00	0.00	0.00	0.00	-20.09	-100.00			-80.38	-100.00		
4	FGN Share of Minerals & Mining	1.90	0.47	0.62	0.34	0.72	0.65	2.31	2.11	0.17	36.66	-0.07	-9.44	0.42	22.04	0.20	9.65
5	FGN Share of Non-Oil Revenue	1,624.93	406.23	270.08	311.16	351.69	329.99	1,262.92	1,582.58	-76.24	-18.77	-21.70	-6.17	-362.02	-22.28	-319.66	-20.20
6	FGN Share of Value Added Tax (VAT)	284.11	71.03	42.26	43.14	57.08	61.10	203.58	159.75	-9.93	-13.98	4.02	7.04	-80.53	-28.34	43.83	27.44
7	FGN Share of Company Income Tax (CIT)	821.67	205.42	126.33	174.73	185.62	152.46	639.14	694.17	-52.96	-25.78	-33.16	-17.86	-182.53	-22.21	-55.03	-7.93
9	FGN Share of Customs	450.70	112.67	96.03	88.33	103.19	107.27	394.82	357.26	-5.40	-4.79	4.08	3.96	-55.88	-12.40	37.56	10.51
10	FGN Share of Special Levies (Federation Account)	68.46	17.11	5.46	4.96	5.80	9.16	25.38	22.73	-7.95	-46.47	3.36	57.83	-43.08	-62.93	2.65	11.65
11	Revenue from GOEs (Top 9 excluding NNPC)	990.11	247.53	0.00	0.00	0.00	0.00	0.00				-247.53	-100.00			-990.11	-100.00
12	Top 10 GOEs Operating Surplus (80% of which is captured in Independent Revenue)	-520.53	-130.13	0.00	0.00	0.00	0.00	0.00				130.13	-100.00			520.53	-100.00
13	Independent Revenue	932.84	233.21	94.55	83.49	212.46	235.77	626.27	557.34	2.56	1.10	23.31	10.97	-306.57	-32.86	68.93	12.37
14	Transfers form Special Accounts	345.00	86.25	0.00	0.00	0.00	0.00	0.00	0.00	-86.25	-100.00			-345.00	-100.00		
15	Transfers from Special Levies Accounts	300.00	75.00	0.00	0.00	0.00	0.00	0.00	549.10	-75.00	-100.00			-300.00	-100.00	-549.10	-100.00
16	FGN Share of Signature Bonus/Renewals/Early Renewals	350.52	87.63	69.99	0.41	47.14	0.04	117.57	348.67	-87.59	-99.95	-47.10	-99.91	-232.95	-66.46	-231.10	-66.28
17	Domestic Recoveries + Assets + Fines	237.01	59.25	0.00	0.00	0.00	0.00	0.00		-59.25	-100.00			-237.01	-100.00		
18	Stamp Duty	200.00	50.00	0.00	0.00	0.00	0.00	0.00		-50.00	-100.00			-200.00	-100.00		
19	Grants and Donor Funding	42.96	10.74	0.00	0.00	0.00	0.00	0.00		-10.74	-100.00			-42.96	-100.00		
20	Transfers from Special Accounts for COVID-19 Interventions across the Federation	186.37	46.59	0.00	0.00	0.00	0.00	0.00		-46.59	-100.00			-186.37	-100.00		
21	Grants and Donations for COVID-19 Crisis Interventions Funds	50.00	12.50	0.00	0.00	0.00	0.00	0.00		-12.50	-100.00			-50.00	-100.00		
22	AMOUNT AVAILABLE FOR FGN BUDGET (Excluding GOEs Budget & Project-tied Loans)	5,365.67	1,341.42	876.44	777.79	939.20	824.87	3,418.30	4,412.98	-516.55	-38.51	-114.34	-12.17	-1,947.37	-36.29	-994.68	-22.54
23	AMOUNT AVAILABLE FOR FGN BUDGET (Including GOEs Budget & Project-tied Loans)	5,835.26	1,458.81	876.44	777.79	939.20	824.87	3,418.30	4,412.98	-633.95	-43.46	-114.34	-12.17	-2,416.95	-41.42	-994.68	-22.54

Source: Budget Office of the Federation and the OAGF, 2020

Oil and Gas revenue remained a large share of revenue inflow of Federal Government accounting for 31 percent of total revenue in the review period. Other revenue sources are as depicted in figure 3.6.

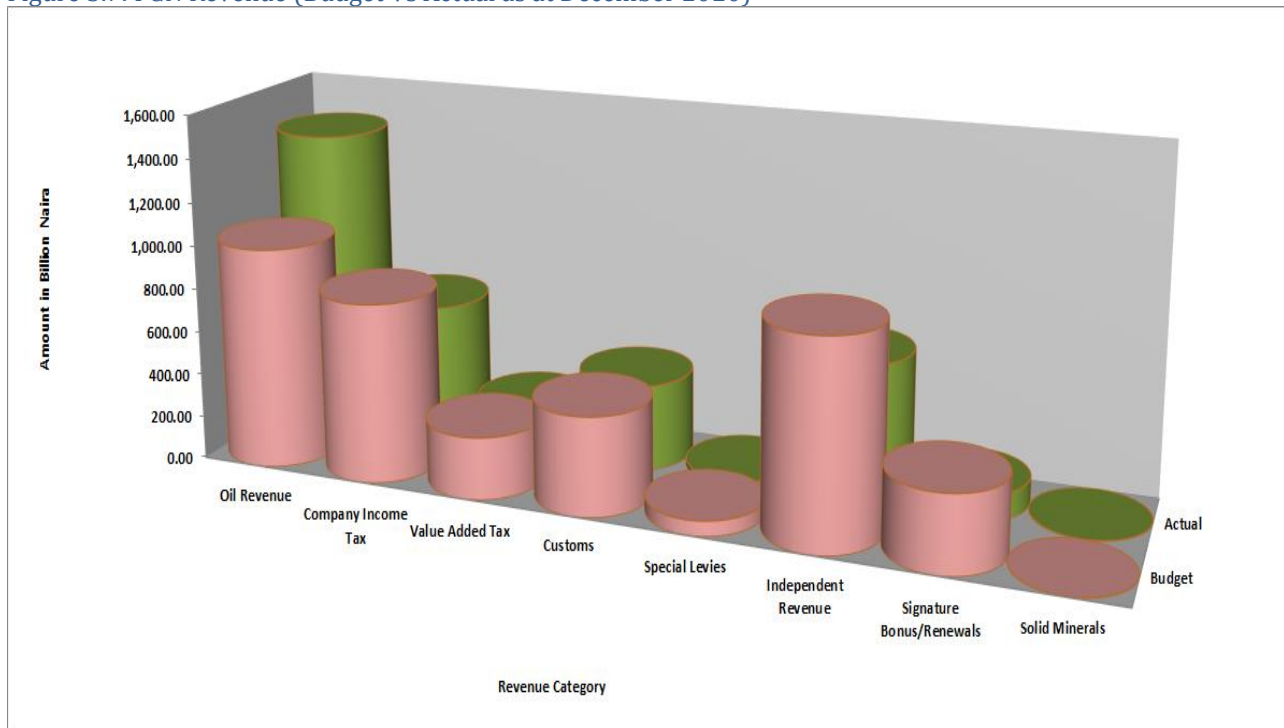
Figure 3.6: Contributions to the FGN Revenue in the Fourth Quarter of 2020



Source: The OAGF and Budget Office of the Federation, 2020

The Non-Oil, Transfers from Special Accounts and Share of Signature Bonus/Renewals/Early Renewal revenue contributed largely to the revenue shortfall experienced by FGN in the quarter under review accounting for ₦250.08 billion (48.41 percent) of the entire revenue shortfall. Other major contributors included Transfers from Special Levies Accounts, Domestic Recoveries and Stamp Duty which accounted for ₦75.0 billion (14.52 percent), ₦59.25 billion (11.47 percent) and ₦50.0 billion (9.68 percent) respectively of the shortfall.

Figure 3.7: FGN Revenue (Budget Vs Actual as at December 2020)



Source: The OAGF and Budget Office of the Federation, 2020

3.8.1 Total Inflow of the Federal Government

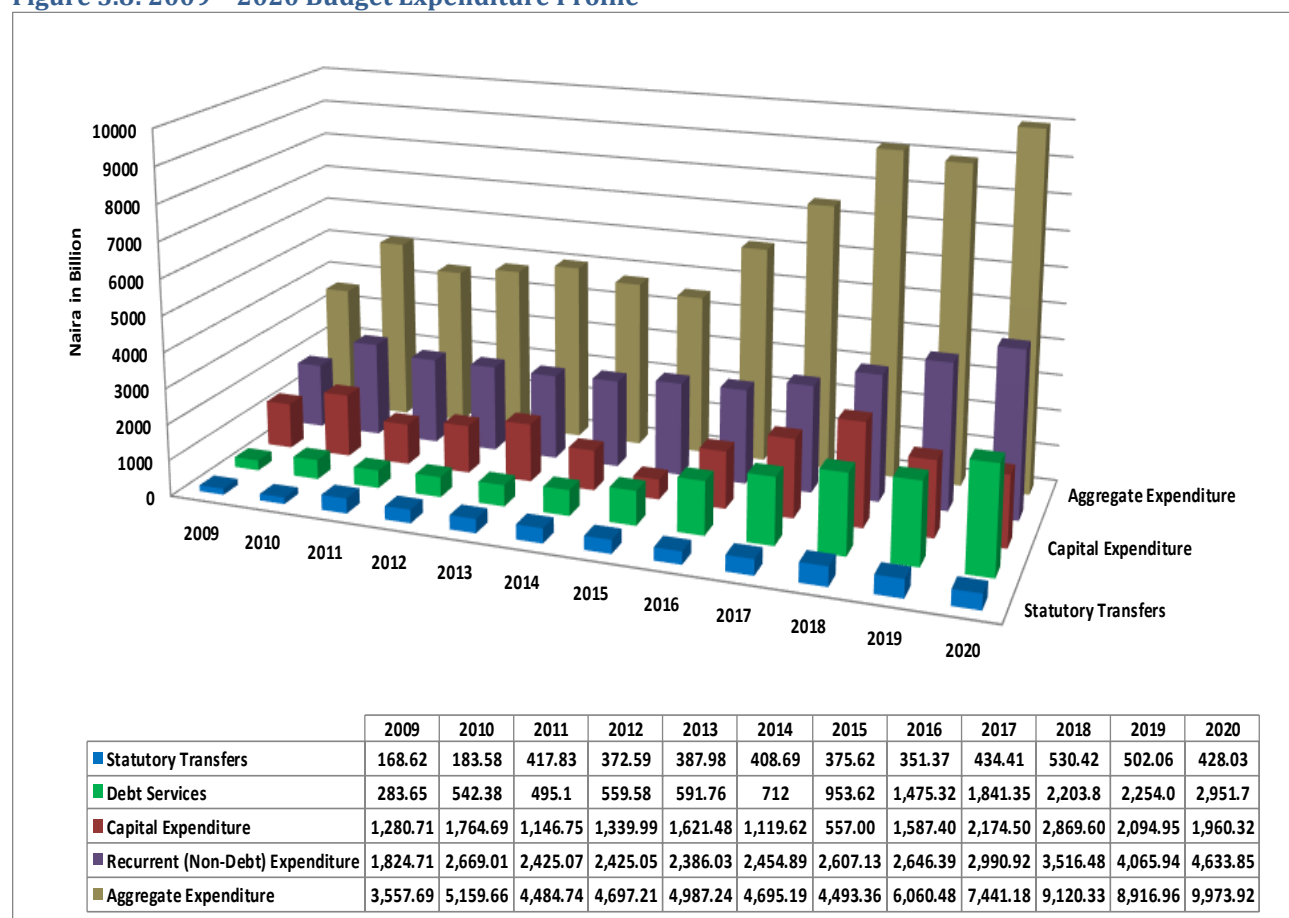
Total Revenue Inflow of the Federal Government stood at ~~₦~~3,418.30 billion as at the end of December 2020. This represents a ~~₦~~1,947.37 billion (36.29 percent) shortfall from 2020 annual budget estimate.

3.9 Expenditure Developments

A total of ~~₦~~9,973.92 billion (excluding GOEs Budget & Project-tied Loans) was appropriated for expenditure in the 2020 Amended Budget. This comprises of ~~₦~~4,633.85 billion (46.46 percent) for Recurrent (Non-Debt), ~~₦~~2,951.71 billion (29.59 percent) for Debt Service, ~~₦~~428.03 billion (4.29 percent) for Statutory Transfers and ~~₦~~1,960.32 billion (19.65 percent) for Capital Expenditure. This translates to prorated quarterly expenditure outlay of ~~₦~~2,493.48 billion in 2020. Actual expenditure amounted to ~~₦~~2,680.37 billion in the fourth quarter of 2020,

translating to a ₦186.89 billion (7.50 percent) expenditure above the quarterly budget projection for the year. The detailed breakdown is presented below.

Figure 3.8: 2009 – 2020 Budget Expenditure Profile



Source: Budget Office of the Federation and OAGF, 2020

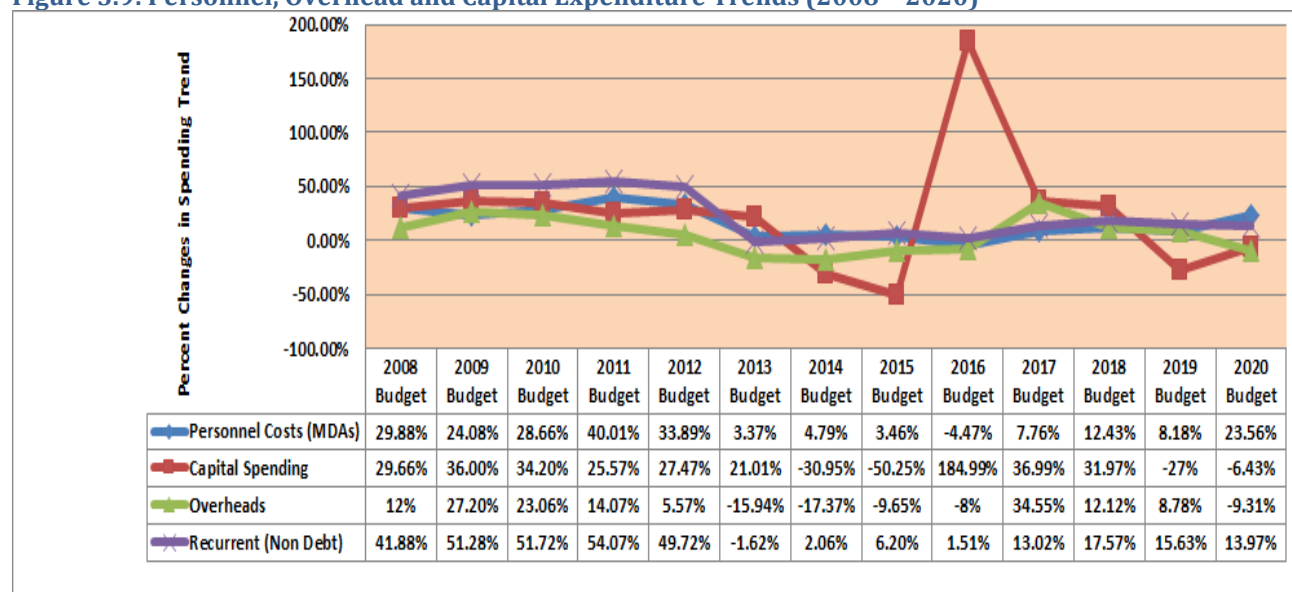
3.9.1 Non-Debt Recurrent Expenditure

The FGN continued to pursue its goal of reducing the share of recurrent to total expenditure in its annual budgets as stated in the 2020-2022 Amended Fiscal Framework and Fiscal Strategy Paper. Key initiatives aimed at cutting down recurrent costs were therefore rigorously pursued during the period. This includes the roll-out of the Integrated Payroll and Personnel Information System (IPPIIS) to higher institutions of learning and the introduction of the Bottom-up Cash Plan Module. The effects of these efforts have however been reduced by the growing personnel cost as well as the lower revenue generation which resulted to higher borrowing and therefore high recurrent debt expenditure. This

is also compounded by the need for fiscal incentives minimize poverty and boost the economy after the COVID-19 disruptions.

Total non-debt recurrent expenditure of ₦1,212.19 billion was spent in the fourth quarter of 2020. This implies a decrease of ₦23.38 billion (1.89 percent) from the quarterly estimate of ₦1,235.57 billion. It was however ₦47.77 billion (4.10 percent) and ₦127.66 billion (11.77 percent) above ₦1,164.42 billion and ₦1,084.53 billion levels of expenditure reported in the third quarter of 2020 and fourth quarter of 2019 respectively. A total of ₦4,645.21 billion was spent in the year 2020 as recurrent expenditure. This indicates a decrease of ₦297.07 billion (6.01 percent) below the annual estimate of ₦4,942.28 billion.

Figure 3.9: Personnel, Overhead and Capital Expenditure Trends (2008 - 2020)



Source: Budget Office of the Federation and OAGF, 2020

3.9.2 Debt Service

Total Debt Service in the fourth quarter of 2020 stood at ₦719.12 billion indicating a decrease of ₦18.80 billion (2.55 percent) from the ₦737.93 billion projected for the quarter. A total of ₦468.34 billion was proposed for domestic debt service in the quarter under review but ₦327.17 billion was actually used for the service of the FGN domestic debt. This indicates a difference of ₦141.17 billion (30.14 percent) from the prorated quarterly estimate. A total of ₦1,873.34

billion was proposed for FGN domestic debt service in 2020 while ₦1,871.94 billion was actually spent, representing a difference of ₦1.40 billion (0.07 percent) from the annual projection.

The sum of ₦201.37 billion was proposed for external debt servicing in the quarter under review. Actual external debt service payment however amounted to ₦164.86 billion indicating a difference of ₦36.51 billion (18.13 percent) from the prorated quarterly projection. A total of ₦805.47 billion was also projected for the service of external debt in 2020 while ₦553.18 billion (US\$243.88 billion) was used, indicating a difference of ₦252.29 billion (31.32 percent) from the annual estimate.

Table 3.9: FGN Budget Expenditure and Fiscal Account (in N' Billion) as at December 2020

S/NO	ITEMS	2020 BUDGET		2020 ACTUAL					2019		VARIANCE						
		Annual	Quarterly	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual	Annual Actual	4th Quarter Actual Vs Quarterly Budget		4th Quarter Vs 3rd Quarter (Actual)		Actual Vs Budget (Annual)		2020 Vs 2019 (Actual)	
		Nb	Nb	Nb	Nb	Nb	Nb	Nb	Nb	Nb	%	Nb	%	Nb	%	Nb	%
A	RETAINED REVENUE																
1	AMOUNT AVAILABLE FOR FGN BUDGET (Excluding GOEs Budget & Project-tied Loans)	5,365.67	1,341.42	876.44	777.79	939.20	824.87	3,418.30	4,120.09	(516.55)	(38.51)	(114.33)	(12.17)	(1,947.37)	(36.29)	(701.79)	(17.03)
2	AMOUNT AVAILABLE FOR FGN BUDGET (Including GOEs Budget & Project-tied Loans)	5,835.26	1,458.82	876.44	777.79	939.20	824.87	3,418.30	0.00	(633.95)	(43.46)	(114.33)	(12.17)	(2,416.96)	(41.42)	3,418.30	
B	EXPENDITURE:																
1	RECURRENT (NON-DEBT)																
2	Personnel Cost (MDAs)	2,827.65	706.91	729.56	697.00	728.76	672.33	2,827.65	2,288.58	(34.58)	(4.89)	(56.43)	(7.74)	0.00	0.00	539.07	23.55
3	Personnel Cost (GOEs)	218.81	54.70	0.00	0.00	0.00	0.00	0.00	0.00	(54.70)	(100.00)	0.00	0.00	(218.81)	(100.00)	0.00	0.00
4	CRF Pensions	536.72	134.18	90.54	89.68	89.69	89.69	359.60	307.38	(44.49)	(33.16)	0.01	0.01	(177.12)	(33.00)	52.22	16.99
5	Overhead Cost (MDAs)	243.18	60.79	79.67	73.31	53.82	36.37	243.18	250.24	(24.42)	(40.17)	(17.45)	(32.42)	0.00	0.00	(7.06)	(2.82)
6	Overhead Cost (GOEs)	89.61	22.40	0.00	0.00	0.00	0.00	0.00	0.00	(22.40)	(100.00)	0.00	0.00	(89.61)	(100.00)	0.00	0.00
7	Other Service Wide Votes (+ Gavi/Immunization)	397.33	99.33	0.00	19.63	107.84	134.71	262.18	465.03	35.38	35.61	26.87	24.91	(135.15)	(34.01)	(202.85)	(43.62)
8	Other Service Wide Votes (+ COVID-19 Crisis Intervention Fund)	213.98	53.49	80.32	34.61	49.78	49.27	213.98	0.00	(4.22)	(7.89)	(0.51)	(1.03)	0.00	0.00	213.98	
9	Presidential Amnesty Programme	65.00	16.25	10.83	16.25	10.83	27.08	65.00	65.00	10.83	66.66	16.25	149.98	0.00	0.00	0.00	0.00
10	Basic Health Care Fund (1% of CRF)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	(10.00)	(100.00)
11	Special Intervention (Recurrent)	350.00	87.50	41.66	124.99	79.88	57.33	303.87	340.43	(30.17)	(34.48)	(22.56)	(28.24)	(46.13)	(13.18)	(36.56)	(10.74)
12	Payments from Special Accounts	0.00	0.00	156.38	24.16	43.81	145.40	369.75	524.45	145.40	101.60	389.75	0.00	231.90	(154.70)	(29.50)	
13	Sub-Total Recurrent	4,942.28	1,235.57	1,188.96	1,079.63	1,164.42	1,212.19	4,645.21	2,451.11	(2,288.58)	(1.89)	47.77	4.10	(297.07)	(6.01)	2,194.10	89.51
14	RECURRENT (DEBT)																
15	Domestic Debts Service	1,873.34	468.34	609.14	291.22	644.41	327.17	1,871.94	1,661.03	(141.17)	(30.14)	(317.24)	(49.23)	(1.40)	(0.07)	210.91	12.70
16	Foreign Debts	805.47	201.37	129.51	122.25	136.56	164.86	553.18	448.66	(36.51)	(18.13)	28.29	20.72	(252.29)	(31.32)	104.52	23.30
17	Total Debt Service	2,678.81	669.70	738.65	413.47	780.98	492.03	2,425.12	2,109.69	(177.68)	(26.53)	(288.95)	(37.00)	(253.69)	(9.47)	315.43	14.95
18	Interest on Ways & Means			219.38	241.97	224.90	226.32	912.57	339.45	226.32	0.00	1.41	0.63	912.57	0.00	573.12	168.84
19	Sinking Fund to Retire Maturing Loans	272.90	68.23	0.00	0.00	3.80	0.78	4.58	4.59	(67.45)	(98.86)	(3.02)	(79.46)	(268.32)	(98.32)	(0.01)	(0.26)
20	Sub-Total (Debts)	2,951.71	737.93	958.02	655.44	1,009.68	719.12	3,342.26	2,453.74	(18.00)	(2.55)	(290.55)	(28.78)	390.55	13.23	888.52	36.21
21	Total Recurrent Expenditure	7,893.99	1,973.50	2,146.99	1,735.07	2,174.10	1,931.32	7,987.47	6,704.85	(42.18)	(2.14)	(242.78)	(11.17)	93.48	1.18	1,282.62	19.13
22	CAPITAL EXPENDITURE																
23	Capital Dev. Fund (Main) - 2020	1,349.99	337.50	98.14	250.10	276.97	501.14	1,126.34	873.92	163.64	48.49	224.18	80.94	(223.65)	(16.57)	252.42	28.88
24	Capital Supplementation	261.35	65.34	41.56	48.04	75.43	91.17	256.19	290.23	25.83	39.54	15.75	20.88	(5.16)	(1.98)	(34.04)	(11.73)
25	Special Intervention (Capital)	20.00	5.00	0.00	6.92	11.93	1.14	20.00	0.00	(3.86)	(77.12)	(10.79)	(90.41)	0.00	0.00	20.00	
26	Covid-19 Crisis Intervention Fund-Incremental Capital	99.65	24.91	0.00	0.00	45.20	100.44	145.64	0.00	75.53	303.17	55.24	122.20	45.99	46.15	145.64	
27	Covid-19 Intervention Across the Federation	186.37	46.59	0.00	0.00	53.58	0.00	53.58	0.00	(46.59)	(100.00)	(53.58)	(100.00)	(132.79)	(71.25)	53.58	
28	Top 10 GOEs Capital Expenditure	141.17	35.29	0.00	0.00	0.00	0.00	0.00	0.00	(35.29)	(100.00)	0.00	0.00	(141.17)	(100.00)	0.00	
29	Capital Expenditure in Statutory Transfers	196.77	49.19	0.00	0.00	0.00	0.00	0.00	0.00	(49.19)	(100.00)	0.00	0.00	(196.77)	(100.00)	0.00	
30	Grants and Donor Funded Projects	42.96	10.74	0.00	0.00	0.00	0.00	0.00	1.36	(10.74)	(100.00)	0.00	0.00	(42.96)	(100.00)	(1.36)	(100.00)
31	Multi-Lateral/BI-Lateral Project-tied Loans	387.30	96.83	0.00	0.00	0.00	0.00	0.00	0.00	(96.83)	(100.00)	0.00	0.00	(387.30)	(100.00)	0.00	
32	Total Capital Expenditure	2,685.56	671.39	139.70	305.06	463.11	693.90	1,601.76	1,165.51	22.51	3.35	230.79	49.83	(1,083.03)	(40.36)	436.25	37.43
33	Capital Expenditure (Exclusive of Transfers)	2,488.79	622.20	139.70	305.06	463.11	693.90	1,601.76	1,165.51	71.70	11.52	230.79	49.83	(887.03)	(35.64)	436.25	37.43
34	STATUTORY TRANSFERS																
35	Statutory Transfers	428.03	107.01	140.12	140.12	92.64	55.16	428.03	428.46	(51.85)	(48.45)	(37.48)	(40.46)	0.00	0.00	(0.43)	(0.10)
36	TOTAL FGN BUDGET (Excluding GOEs Budget & Project-tied Loans)	9,973.92	2,493.48	2,426.80	2,180.25	2,729.84	2,680.37	10,017.26	8,298.82	186.89	7.50	(49.47)	(1.81)	43.34	0.43	1,718.44	20.71
37	TOTAL FGN BUDGET (Including GOEs Budget & Project-tied Loans)	10,810.81	2,702.70	2,426.80	2,180.25	2,729.84	2,680.37	10,017.26	0.00	(22.30)	(0.83)	(49.47)	(1.81)	(793.53)	(7.34)	10,017.26	
38	FISCAL DEFICIT (Excluding GOEs Budget & Project-tied Loans)	(4,608.25)	(1,152.00)	(1,550.36)	(1,402.46)	(1,790.64)	(1,855.50)	(6,598.96)	(4,178.73)	(703.44)	61.06	(64.86)	3.62	(1,990.71)	43.20	(2,420.23)	57.92
39	FISCAL DEFICIT (Including GOEs Budget & Project-tied Loans)	(4,975.55)	(1,243.89)	(1,550.36)	(1,402.46)	(1,790.64)	(1,855.50)	(6,598.96)	0.00	(611.62)	49.17	(64.86)	3.62	(1,623.41)	32.63	(6,598.96)	
C	FINANCING ITEMS																
1	Privatization Proceeds	126.04	31.51	0.00	0.00	0.00	0.00	0.00	0.00	(31.51)	(100.00)	0.00	0.00	(126.04)	(100.00)	0.00	
2	Multi-lateral / Bi-lateral Project-tied Loans	387.30	96.82	0.00	0.00	0.00	0.00	0.00	0.00	(96.82)	(100.00)	0.00	0.00	(387.30)	(100.00)	0.00	
3	Borrowing from Special Accounts	263.63	65.91	0.00	0.00	0.00	0.00	0.00	0.00	(65.91)	(100.00)	0.00	0.00	(263.63)	(100.00)	0.00	
4	Foreign Borrowing	2,213.89	553.47	0.00	0.00	0.00	0.00	0.00	0.00	(553.47)	(100.00)	0.00	0.00	(2,213.89)	(100.00)	0.00	
5	Domestic Borrowing	1,984.68	496.17	560.00	859.99	612.56	25.00	2,057.54	912.82	(471.17)	(94.96)	(587.56)	(95.92)	72.86	3.67	1,144.72	125.41
6	Sub-Total	4,975.54	1,243.89	560.00	859.99	612.56	25.00	2,057.54	912.82	(1,218.89)	(97.99)	(587.56)	(95.92)	(2,918.00)	(58.65)	1,144.72	125.41
7	Sub-Total (Excluding Project-tied Loans)	4,588.24	1,147.06	560.00	859.99	612.56	25.00	2,057.54	912.82	(1,122.06)	(97.82)	(587.56)	(95.92)	(2,530.70)	(55.16)	1,144.72	125.41
8	Net Deficit/Surplus (Excluding GOEs Budget & Project-tied Loans)	(20.01)	(5.00)	(990.36)	(542.47)	(1,170.08)	(1,830.50)	(4,541.42)	(3,265.91)	(1,825.50)	36,504.57	(652.42)	55.38	(4,521.42)	22,601.42	(1,275.51)	39.06
9	Net Deficit/Surplus (Including GOEs Budget & Project-tied Loans)	(0.01)	(0.00)	(990.36)	(542.47)	(1,170.08)	(1,830.50)	(4,541.42)	0.00	(1,830.50)		(652.42)	55.38	(4,541.41)		(4,541.42)	
10	Grand-Total (Revenue + Financing)	10,810.80	2,702.70	1,436.44	1,637.78	1,551.76	849.87	5,475.84	5,032.91	(1,852.83)	(68.55)	(701.89)	(45.23)	(5,334.96)	(49.35)	442.93	8.80

Note 1: The following accounts balances as at 31st December, 2020 were as follows:
(a). The Special Accounts - N320bn, (b). FGN Domestic Recoveries - N11,540bn, (c). NLNG Dividend - \$800m.
Note 2: (a). The figures for Domestic Debts Service and Independent revenue for the month of December, 2020 are yet to be reconciled
(b). The total Expenditure and the Financing Items does not includes Multi/BI-lateral Projected Loans

Source: OAGF and Budget Office of the Federation, 2020

3.9.3 Statutory Transfers

Statutory Transfers stood at ₦55.16 billion in the fourth quarter of 2020 while ₦92.64 billion was released in the third quarter of 2020. The amount translates to ₦51.85 billion (48.45 percent) decrease from the quarterly estimate of ₦107.01 billion in the 2020 budget.

3.9.4 Capital Expenditure Performance:

Greater portion of Government's available financial resources were directed to structural reform of the economy and the provision of critical infrastructure in the roads, power, housing, rail and aviation sectors as well as the provision of physical and food security. In view of this, a total of ₦1,960.32 billion (excluding capital expenditure in Statutory Transfers, and those of the top 10 GOEs and project tied loans) was allocated to capital spending in the 2020 Budget.

MDAs' Capital Vote Utilization:

The national lock down to contain the spread of COVID-19 significantly affected the implementation of capital projects/programmes in the 2020 Budget. Funds for capital expenditure were released to MDAs periodically based on the availability of resources, type of projects and Government priorities. An analysis of the data from the Office of the Accountant General of the Federation on 2020 capital performance for MDAs as at 31st March, 2021 showed that a total of ₦1,949.94 billion was released and cash backed to MDAs for their 2020 capital projects and programmes. The sum of ₦500.44 billion was released as First Releases, ₦290.49 billion as Second Releases, ₦212.88 billion as Third Release, ₦294.22 billion as Fourth Releases, ₦43.01 billion as Additional Releases, ₦350.36 billion as Online Authority to Incur Expenditure (AIEs) and ₦258.54 billion as Manual AIEs.

Performance as at 31st March, 2021

The data also revealed that ₦1,444.94 billion (74.10 percent) of the total

amount released and cash-backed was utilized by MDAs as at 31st March, 2021. *Appendix 1* to this Report shows the funds released to and utilized by MDAs in the period. A breakdown of the forty-four (44) MDAs reported upon by the Office of the Accountant-General of the Federation (OAGF) indicated different levels of utilization among the MDAs. Twenty (45.45 percent) of the MDAs had utilized more than the overall average utilization rate of 74.10 percent of the amount cash-backed. The MDAs include: Special Duties, Women Affairs, Defence, Foreign & Inter Government Affairs, Information & Culture, Communication Technology, Interior, Police Affairs, Works & Housing, and Transportation. Others are: Mines & Steel, ONSA, Fiscal Responsibility Commission, Infrastructure Concession Regulatory Commission, National Population Commission, Code of Conduct Tribunal, Federal Civil Service Commission, Police Service Commission, Federal Character Commission and RMAFC. Only six (13.64 percent) of them, ONSA Infrastructure Concession Regulatory Commission, Code of Conduct Tribunal, Federal Civil Service Commission, Police Service Commission and RMAFC had 100 percent utilization of their cash-backed funds, while twelve out of them which included Special Duties, Defence, Interior, Police Affairs, Fiscal Responsibility Commission, Federal Character Commission, ONSA and RMAFC had above ninety percent utilization rate.

The utilization report also revealed that 24 MDAs (54.55 percent) utilized less than the average utilization rate of 74.10 percent of their cash-backed funds. The MDAs include: Presidency, OSGF, Youth & Sports, Agriculture, Water Resources, Auditor General, ICPC, Education, FCTA, Finance, Budget & National Planning, and Industry, Trade & Investment. The others are: Health, OHCSF, Justice, Labour & Employment, Power, Science & Technology, Aviation, Petroleum Resources, Salaries & Wages, Environment, Niger Delta, Code of Conduct Bureau and Humanitarian Affairs, Disaster Management and Social Development.

Only 9 MDAs (20.45 percent) utilized less than 50 percent of their cash-backed funds. The MDAs in this category include Presidency, Youth & Sports Development, ICPC, Industry, Trade & Investment, Science & Technology,

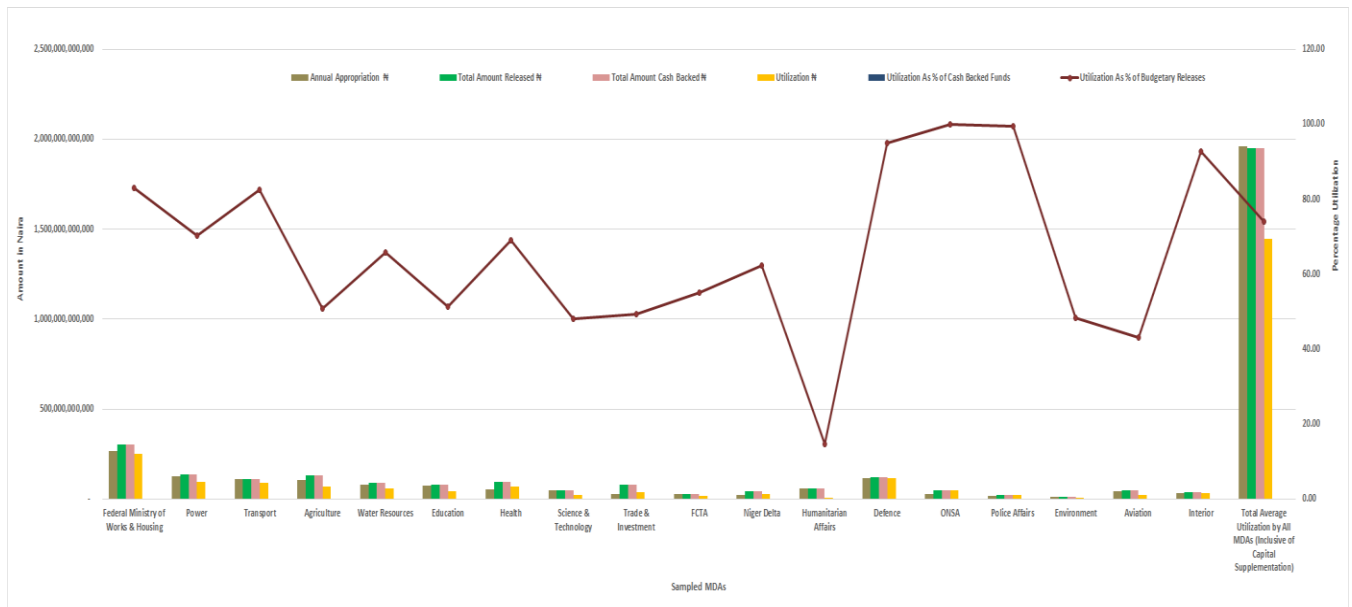
Aviation, Salaries & Wages, Environment and Humanitarian Affairs Disaster Management and Social Development. The Office of the Auditor General of the Federation and Petroleum Resources were yet to draw from their capital allocations. Table 3.10 is an extract from Appendix 1 highlighting the utilization rates of fourteen MDAs considered to be key to the actualization of the Federal Government's objectives.

Table 3.10: 2020 Capital Budget Utilization by MDAs (as at 31st March, 2021)

MDA	Annual Appropriation	Total Amount Released	Total Amount Cash Backed	Utilization			
	₦	₦	₦	₦	As % of Annual Capital Appropriation	As % of Cash Backed Funds	As % of Budgetary Releases
Federal Ministry of Works & Housing	265,868,039,092	303,367,585,956	303,367,585,956	252,134,531,313	94.83	83.11	83.11
Power	128,005,929,363	133,927,354,130	133,927,354,130	94,044,767,343	73.47	70.22	70.22
Transport	109,348,029,912	109,348,029,912	109,348,029,912	90,097,733,548	82.40	82.40	82.40
Agriculture	102,493,492,597	132,328,616,212	132,328,616,212	67,274,448,345	65.64	50.84	50.84
Water Resources	80,701,177,106	87,413,594,706	87,413,594,706	57,429,191,802	71.16	65.70	65.70
Education	75,173,387,778	79,209,165,358	79,209,165,358	40,638,412,716	54.06	51.31	51.31
Health	51,402,884,613	96,801,255,986	96,801,255,986	66,807,010,479	129.97	69.01	69.01
Science & Technology	45,663,279,672	49,491,675,724	49,491,675,724	23,749,026,894	52.01	47.99	47.99
Trade & Investment	26,006,447,689	80,784,371,103	80,784,371,103	39,788,386,274	152.99	49.25	49.25
FCTA	29,657,154,360	29,657,154,360	29,657,154,360	16,304,224,170	54.98	54.98	54.98
Niger Delta	21,712,850,399	41,861,762,898	41,861,762,898	26,099,860,638	120.20	62.35	62.35
Humanitarian Affairs	59,390,761,295	59,704,167,449	59,704,167,449	8,797,900,399	14.81	14.74	14.74
Defence	115,873,903,710	121,393,883,675	121,393,883,675	115,246,708,765	99.46	94.94	94.94
ONSA	25,922,169,323	47,854,729,705	47,854,729,705	47,854,315,140	184.61	100.00	100.00
Police Affairs	15,556,238,229	22,070,895,299	22,070,895,299	21,967,173,448	141.21	99.53	99.53
Environment	10,794,666,376	10,647,071,772	10,647,071,772	5,133,176,238	47.55	48.21	48.21
Aviation	44,272,830,824	49,060,164,762	49,060,164,762	21,158,213,780	47.79	43.13	43.13
Interior	32,925,118,431	37,554,678,953	37,554,678,953	34,856,246,015	105.87	92.81	92.81
Total Average Utilization by All MDAs (Inclusive of Capital Supplementation)	1,960,320,547,535	1,949,938,291,232	1,949,938,291,232	1,444,935,583,183	73.71	74.10	74.10

Source: OAGF and BOF, 2020

Figure 3.10: Pictorial Representation of Selected MDAs Capital Budget Utilization (as at 31st March, 2021)



Source: BOF and OAGF, 2020

3.9.5 Budget Deficit and Performance of the Financing Items:

The 2020 Fiscal Framework estimated a quarterly fiscal deficit of ₦1,152.06 billion (exclusive of Multi-lateral/Bi-lateral Project-tied Loan of ₦96.82 billion) to be financed through earnings from Privatization Proceeds of ₦31.51 billion, Borrowing from Special Accounts of ₦65.91 billion, Foreign Borrowing of ₦496.17 billion and Domestic Borrowing (FGN Bond) of ₦553.47 billion.

The inflow and outflow of fund for the Federal Government resulted in a fiscal deficit of ₦1,855.50 billion (4.26 percent of prorated GDP) in the fourth quarter of 2020. This represents a significant increase in deficit to the tune of ₦703.44 billion (61.06 percent) of the projected deficit for the period. However, only ₦25.0 billion was borrowed domestically (FGN Bond) while other sources of financing items did not materialize. This resulted in a ₦1,830.50 billion net deficit financing for the review period. Overall, a total of ₦6,598.96 billion deficit was recorded in 2020, representing a budget to GDP ratio of 4.33 percent which is above the target rate of 3.30 percent.

4.0 CONCLUSION

The macroeconomic setting in the review period was redefined by the unanticipated health and economic effects of the COVID-19 pandemic. The economy expanded by 0.11 percent in the fourth quarter of 2020 with the oil and non-oil sectors recording a real growth of -19.76 percent and 1.69 percent (year-on-year) respectively. The non-oil sector contributed significantly to the economy growth of the economy which was mainly driven by the Information and Communication (Telecommunications & Broadcasting), Agriculture (Crop Production), Real Estate, Manufacturing (Food, Beverage & Tobacco), Mining and Quarrying (Quarrying and other Minerals), and Construction sectors.

The Federal Government continued to meet its non-discretionary expenditures even as budget implementation continued to be affected by poor revenue outcome. The performance of the economy during the quarter was encouraging considering developments in the global economy and the performance of other economies. However, it is important to accelerate efforts towards improving the growth record and revenue performance. Enhancing revenue collections in the coming year is key to the successful implementation of the 2021 Budget. Efforts to moderate the growth in recurrent expenditure and particularly personnel and recurrent debt in 2021 is critical even as effective implementation of the COVID-19 containment measure continue to be paramount.

The Federal Government has reiterated its commitment to improved openness, transparency and accountability in budget preparation, implementation, monitoring & evaluation and feedback. In view of this, strict adherence to budget implementation guidelines and the governance framework on monitoring of capital budget implementation will continue to be followed. Efforts would also be geared towards fostering efficiency in budget implementation, while ensuring effective project management in 2021.

APPENDIX I

**OFFICE OF THE ACCOUNTANT GENERAL OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE
FUNDS DEPARTMENT, GARKI - ABUJA**

SUMMARY OF 2020 CAPITAL PERFORMANCE FOR MINISTRIES DEPARTMENTS AND AGENCIES (MDAs) AS AT 31ST MARCH, 2021

S/N	MINISTRY	2020 APPROPRIATION	2020 1ST RELEASES =N=	2ND RELEASES =N=	3RD RELEASES =N=	4TH RELEASES =N=	ADDITIONAL RELEASES =N=	ONLINE AIEs =N=	MANUAL AIEs =N=	TOTAL RELEASES =N=	CASHBACKED =N=	MDAs BALANCE @ 17TH FEB., 2021 =N=	UTILISATION %		
													UTILISATION =N=	RELEASES %	CASHBACK %
1	PRESIDENCY	15,383,317,626	6,959,942,215	3,922,752,995	3,142,538,030	-	-	4,811,757,406	1,000,000,000	19,836,990,646	19,836,990,646	13,558,983,056	6,278,007,590	31.65	31.65
2	SECRETARY TO GOVT. OF THE FEDERATION (SGF)	19,877,254,806	10,088,627,402.97	7,276,653,232.87	2,511,974,170.10	0.00	0.00	1,694,371,749.00	250,000,000.00	21,821,626,554.94	21,821,626,554.94	7,148,033,575.64	14,673,592,979.30	67.24	67.24
3	SPECIAL DUTIES	1,486,327,292	743,163,646	292,123,543	266,094,063	181,861,439	-	70,000,000	-	1,553,242,690.37	1,553,242,690.37	155,460,391.24	1,397,782,299.13	89.99	89.99
4	YOUTH DEVELOPMENT	2,840,927,749	1,420,463,875	1,357,133,286	63,330,589	-	-	784,584,000	-	3,625,511,749	3,625,511,749	2,893,622,646	731,889,104	20.19	20.19
5	WOMEN AFFAIRS	6,662,300,966	3,601,150,483	275,000,000	2,786,150,483	-	-	521,676,555	-	7,183,977,521	7,183,977,521	985,088,909	6,198,888,612	86.29	86.29
6	AGRICULTURE	102,493,492,697	25,242,229,777	27,334,123,667	5,680,082,253	40,097,532,018	4,115,339,848	29,859,308,749	-	132,328,616,212	132,328,616,212	65,054,167,867	67,274,448,345	50.84	50.84
7	WATER RESOURCES	80,701,177,106	24,966,315,010	15,881,760,078	9,751,584,492	26,716,384,835	3,009,730,208	7,087,820,083	-	87,413,594,706	87,413,594,706	29,984,402,903	57,429,191,802	65.70	65.70
8	AUDITOR-GEN.	153,071,048	76,535,524	76,535,524	-	-	-	-	-	153,071,048	153,071,048	153,071,048	-	-	-
9	DEFENCE	115,873,903,710	59,676,951,855	31,916,620,754	23,381,245,836	875,964,847	-	1,931,521,497	3,611,578,887	121,393,883,675	121,393,883,675	6,147,174,910	115,246,708,765	94.94	94.94
10	ICPC	363,066,404	181,533,202	145,226,562	-	36,306,640	-	-	-	363,066,404	363,066,404	293,886,274	69,180,130	19.05	19.05
11	EDUCATION	75,173,387,778	27,450,384,284	10,962,309,294	11,877,469,574	21,178,165,346	4,003,307,303	3,737,529,558	-	79,209,165,358	79,209,165,358	38,570,752,643	40,638,412,716	51.31	51.31
12	FCTA	29,657,154,360	15,000,000,000	6,716,035,575	6,193,456,348	1,548,364,087	-	-	199,298,350	29,657,154,360	29,657,154,360	13,352,930,190	16,304,224,170	54.98	54.98
13	FOREIGN & INTER GOVT. AFFAIRS	6,638,510,086	3,612,755,043	1,256,587,778	1,792,617,265	-	-	344,565,643	116,280,000	7,122,805,728	7,122,805,728	1,469,692,818	5,653,112,911	79.37	79.37
14	FINANCE	3,608,421,569	1,291,949,503	-	-	688,043,682	1,014,648,252	1,667,021,726	-	4,661,663,163	4,661,663,163	1,505,492,470	3,156,170,692	67.70	67.70
15	HEALTH	51,402,884,613	31,895,919,517	3,016,303,663	8,882,687,968	4,800,985,704	2,950,028,919	38,795,330,216	6,460,000,000	96,801,255,986	96,801,255,986	29,994,245,507	66,807,010,479	69.01	69.01
16	TRADE & INVESTMENT	26,006,447,689	10,725,083,609	5,604,350,540	17,527,636,593	8,863,623,863	563,676,498	37,500,000,000	-	80,784,371,103	80,784,371,103	40,995,984,828.83	39,788,386,274	49.25	49.25
17	INFORMATION	30,780,275,414	2,893,886,670	2,146,207,143	747,679,527	-	-	573,938,133	250,000,000	6,611,711,474	6,611,711,474	785,509,327	5,826,202,147	88.12	88.12
18	COMMUNICATION TECHNOLOGY	4,731,032,692	2,841,121,226	541,200,000	1,208,969,173	139,742,293	-	1,000,000,000	-	5,731,032,692	5,731,032,692	1,048,725,902	4,682,306,789	81.70	81.70
19	INTERIOR	32,925,118,431	10,751,125,528	10,711,139,879	9,456,143,125	489,035,781	-	6,147,234,641	-	37,554,678,953	37,554,678,953	2,698,432,938	34,856,246,015	92.81	92.81
20	POLICE AFFAIRS	15,556,238,229	4,760,864,082	1,342,577,853	400,237,070	414,716,338	-	15,152,499,957	-	22,070,895,299	22,070,895,299	103,721,851	21,967,173,448	99.53	99.53
21	HEAD OF SERVICE	1,470,798,510	755,399,255	715,399,255	-	-	-	-	-	1,470,798,510	1,470,798,510	667,563,800	803,234,710	54.61	54.61

22	JUSTICE	3,899,931,964	1,949,965,982	1,080,418,077	-	371,055,149	-	1,200,000,000	-	4,601,439,207	4,601,439,207	1,579,631,211	3,021,807,996	65.67	65.67
23	LABOUR & PRODUCTIVITY	20,035,148,672	10,037,574,336	124,893,000	-	9,838,845,631	33,835,705	-	-	20,035,148,672	20,035,148,672	7,514,106,214	12,521,042,457	62.50	62.50
24	POWER	128,005,929,363	26,603,078,168	37,278,886,514	4,790,516,729	49,372,829,167	9,669,618,786	6,212,424,767	-	133,927,354,130	133,927,354,130	39,882,586,787	94,044,767,343	70.22	70.22
25	WORKS AND HOUSING	265,868,039,092	100,287,637,440	32,780,791,707	53,369,234,580	61,213,331,824	217,751,362	30,000,000,000	25,498,839,042	303,367,585,956	303,367,585,956	51,233,054,643	252,134,531,313	83.11	83.11
26	SCIENCE AND TECH.	45,663,279,672	14,999,999,993	7,521,181,722	8,267,784,564	12,278,863,579	2,773,845,866	3,650,000,000	-	49,491,675,724	49,491,675,724	25,742,648,831	23,749,026,894	47.99	47.99
27	TRANSPORT	109,348,029,912	30,728,791,797	22,758,073,159	10,413,330,869	35,071,596,863	8,376,237,224	2,000,000,000	-	109,348,029,912	109,348,029,912	19,250,296,364	90,097,733,548	82.40	82.40
28	AVIATION	44,272,830,824	16,335,309,233	5,801,106,180	4,943,129,319	413,869,851	5,736,750,180	15,830,000,000	-	49,060,164,762	49,060,164,762	27,901,950,981	21,158,213,780	43.13	43.13
29	PETROLEUM	2,930,776,820	1,465,388,410	782,759,906	-	682,628,504	-	-	-	2,930,776,820	2,930,776,820	313,410,037	2,617,366,783	-	-
30	MINES & STEEL	7,622,887,235	5,007,549,015	69,425,431	1,639,638,724	381,896,907	530,852,993	168,050,000	-	7,797,413,070	7,797,413,070	1,226,467,235	6,570,945,835	84.27	84.27
31	NATIONAL WAGES & SALARIES	95,058,399	47,529,199	-	-	47,529,199	9,389,501	-	-	104,447,900	104,447,900	53,167,925	51,279,974	49.10	49.10
32	ENVIRONMENT	10,794,666,376	5,401,010,070	169,959,496	4,277,790,104	798,312,102	-	-	-	10,647,071,772	10,647,071,772	5,513,895,534	5,133,176,238	48.21	48.21
33	OFFICE OF NATIONAL SECURITY ADVISER	25,922,169,323	14,501,119,191	4,792,970,019	6,104,197,543	1,263,549,386	-	21,192,893,567	-	47,854,729,705	47,854,729,705	414,565	47,854,315,140	100.00	100.00
34	NIGER DELTA	21,712,850,399	10,856,425,200	19,670,000,000	8,836,140,160	2,020,285,039	-	478,912,500	-	41,861,762,898	41,861,762,898	15,761,902,260	26,099,860,638	62.35	62.35
35	FISCAL RESPONSIBILITY COMMISSION	115,579,020	57,789,510	46,231,608	-	11,557,902	-	-	-	115,579,020	115,579,020	10,463,663	105,115,357	90.95	90.95
36	ICRC	90,351,688	75,175,844	15,140,675	-	35,169	-	-	-	90,351,688	90,351,688	1,871	90,349,817	100.00	100.00
37	NAT. POPULATION	1,901,978,275	1,100,989,138	-	640,791,310	160,197,828	-	-	-	1,901,978,275	1,901,978,275	318,674,311	1,583,303,964	83.25	83.25
38	CODE OF CONDUCT BUREAU	297,904,492	148,952,246	-	-	148,952,246	-	-	-	297,904,492	297,904,492	145,473,514	152,430,978	51.17	51.17
39	CODE OF CONDUCT TRIBUNAL	26,321,943	13,160,972	10,528,777	-	2,632,194	-	201,500,000	-	227,821,943	227,821,943	-	227,821,943	100.00	100.00
40	PUBLIC COMPLAINTS COMMISSION	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	REV. MOB. ALL.	93,895,011	24,158,328	22,789,177	46,947,505	-	-	-	-	93,895,010	93,895,010	63,669	93,831,342	99.93	99.93
42	FCSC	23,062,977	11,531,489	9,225,191	-	2,306,297	-	349,360,802	-	372,423,778	372,423,778	2,112,887	370,310,891	99.43	99.43
43	POLICE SERVICE COMMISSION	377,500,835	188,750,418	-	-	188,750,418	-	-	-	377,500,835	377,500,835	2,112,887	375,387,948	99.44	99.44
44	FED. CHARACT. COMM.	141,704,074	70,852,037	56,681,630	-	14,170,407	-	917,735,496	-	1,059,439,570	1,059,439,570	77,061,755	982,377,815	92.73	92.73
45	HUMANITARIAN AFFAIRS,	59,390,761,295	15,594,573,571	26,010,067,349	3,882,696,111	13,903,424,264	-	313,406,154	-	59,704,167,449	59,704,167,449	50,906,267,049	8,797,900,399	14.74	14.74
46	CAPITAL SUPPLEMENTATION	601,768,929,333	-	-	-	-	-	116,162,412,340	101,755,338,874	217,917,751,213	217,917,751,213	-	217,917,751,213	100.00	100.00
49	GRAND TOTAL	1,960,320,547,535	500,442,713,289	290,491,170,137	212,882,094,074	294,217,346,799	43,005,012,644	350,355,855,538	139,141,335,152	1,830,535,527,633	1,830,535,527,633	505,002,708,050	1,325,532,819,584	72.41	72.41
50	GRAND TOTAL	1,960,320,547,535	500,442,713,289	290,491,170,137	212,882,094,074	294,217,346,799	43,005,012,644	350,355,855,538	258,544,098,751	1,949,938,291,232	1,949,938,291,232	505,002,708,050	1,444,935,583,183	74	74