



2020 FIRST QUARTER BUDGET IMPLEMENTATION REPORT



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

FOREWORD

I am pleased to present to you, the 2020 First Quarter Budget Implementation Report (BIR). This Report gives detailed information on the distribution and utilization of public resources by Government Agencies during the period. The 2020 Budget was titled “Budget of Sustaining Growth and Job Creation”. Its key parameters and assumptions are as set out in the 2020-2022 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) drawn from the Economic Recovery and Growth Plan (ERGP) 2017-2020. Its principal objective is to accelerate the pace of our economic recovery, promote economic diversification, enhance competitiveness and ensure social inclusion.

The publication of this report is mainly in compliance with Section 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 to be submitted to the Joint Finance Committee of the National Assembly (NASS) and the Fiscal Responsibility Commission (FRC). These reports are also to be extensively circulated to other stakeholders and the general public through electronic and other media.

I commend the BOF team, particularly the Budget Monitoring and Evaluation Department and other relevant Ministries Departments and Agencies (MDAs) for their hard work and efforts in preparing this Report. I also commend the important roles played by both the Fiscal Responsibility Commission (FRC) and the NASS’s Joint Finance Committees in strengthening adherence to best practices in public financial management through their continuous cooperation in the production of these reports. I look forward to more of this in future.

Lastly, I urge the general public and readers of this Report to maintain their active interest in tracking development towards attainment of Government’s goals and objectives especially in the administration of public resources. I look forward to your active contributions in the entire budget processes.

Zainab Shamsuna Ahmed (Mrs)

Honourable Minister of Finance, Budget and National Planning

PREFACE

The FRA 2007 requires the BOF to monitor and evaluate the implementation of Annual Budgets and to subsequently produce quarterly reports on the exercise. The 2020 First Quarter BIR is one of many in-year reports prepared by the BOF. This Report is therefore part of the efforts of the Federal Ministry of Finance, Budget and National Planning (FMFB&NP) in conforming with the FRA 2007 and more significantly, in promoting budget transparency and credibility as a key element of the Nigeria's commitment to the Open Government Partnership.

The 2019 fiscal year was particularly very challenging for the Nigerian economy with severe constraints on revenue and external balances. Macroeconomic conditions though had been volatile, particularly GDP growth and the performance of both oil and non-oil sectors of the economy. These factors, in addition to key global developments, were taken into account in coming up with the key assumptions of the 2020 Budget. In continuation of the strategy for the 2019 Budget, many ongoing capital projects were rolled over to the 2020 Budget. This was in line with the Government's determination to appropriately fund ongoing capital projects to completion and also indicates its strong resolve in advancing investments in critical infrastructure capable of sustaining growth and job creation.

The implementation of the 2020 Budget in the period was however very challenging as the macroeconomic environment exhibited signs of decline due to the impact of Coronavirus Disease (COVID-19) which started in late 2019. This resulted in the collapse of crude oil demand and price in the international market and subsequent downward revision of the oil price and production benchmarks of the 2020 Budget. Consequently, aggregate revenue for the 2020 Budget significantly declined, further worsening the fiscal balance of the federal government.

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

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EXECUTIVE SUMMARY

The Federal Budget is a vital tool in achieving the Government's strategic objectives and plans for the socio-economic development of the nation. The 2020 Budget titled "Budget of Sustaining Growth and Job Creation" was designed to be a budget of fiscal consolidation, to strengthen our macroeconomic environment; Investing in critical infrastructure, human capital development and enabling institutions, especially in key job creating sectors; Incentivizing private sector investment essential to complement the Government's development plans, policies and programmes; and Enhancing our social investment programs to further deepen their impact on those marginalized and most vulnerable Nigerians. The 2020-22 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.

Nigeria's Gross Domestic Product (GDP) grew by 1.87 percent (year-on-year) in real terms in the first quarter of 2020. This performance was recorded against the backdrop of significant global disruptions resulting from the COVID-19 public health crisis, a sharp fall in oil prices and restricted international trade. The 2020 first quarter performance represents a decline of 0.23 percent and 0.68 percent points when compared with the 2.10 percent and 2.55 percent GDP recorded in the first quarter and fourth quarter of 2019 respectively. This drop reflected the earliest effects of the disruption, particularly on the non-oil economy. Quarter on quarter, real GDP growth in the first quarter of 2020 was -14.27 percent as against 5.59 percent reported in the preceding quarter.

The 2020 first quarter aggregate GDP stood at ₦35,647,406.08 million in nominal terms as against ₦31,824,349.67 million recorded in the first quarter of 2019, indicating a positive year on year nominal growth rate of 12.01 percent.

The general price level continued with its persisting uptick for the seventh consecutive months in the first quarter of 2020. Headline inflation (year-on-year) increased to 12.26 percent in March 2020 from 12.20 percent, 12.13 percent and 11.98 percent in February, January 2020 and December 2019 respectively. Similarly, food and core inflation followed the same increasing trend. Food inflation rose to 14.98 percent in March 2020 from 14.90 percent, 14.85 percent and 14.67 percent in February, January 2020 and December

2019 respectively. Core inflation also climbed to 9.73 percent in March 2020 from 9.43 percent, 9.35 percent and 9.33 percent in February, January 2020 and December 2019 respectively.

Monetary aggregates increased significantly in the first quarter of 2020 relative to the fourth quarter of 2019. Broad Money Supply (M2) increased by ₦2,065.18 billion (7.17 percent) from ₦28,783.19 billion in December 2019 to ₦30,848.37 billion in March 2020. The growth in M2 was mainly driven by Net Domestic Credit (NDC), which grew by 4.97 percent (₦1,797.52 billion) from ₦36,178.34 billion in December 2019 to ₦37,975.86 billion in March 2020. The development in NDC was due to the expansions of Net Credit to Government and Private Sector during the period under review. Net Credit to Government grew by 2.62 percent (₦248.22 billion) from ₦9,483.82 billion in December 2019 to ₦9,732.04 billion in March 2020. Credit to Private Sector also increased by 5.80 percent (₦1,549.29 billion) from ₦26,694.53 billion in December 2019 to ₦28,243.82 billion in March 2020. When compared to the level at the end of first quarter of 2019, broad money supply contracted by ₦4,369.98 billion (16.50 percent) in March 2020.

Nigeria's total external trade rose marginally by ₦65.72 billion or 0.80 percent to ₦8,304.77 billion in the first quarter of 2020 on account of a ₦518.16 billion or 13.99 percent to ₦4,221.88 billion in imports as exports. Export, driven by a ₦432.13 billion (12.80 percent) decline in crude exports, however contracted by ₦452.44 billion or 9.98 percent to ₦4,082.89 billion in the review period. This resulted in a contraction in trade balance in the review period, the first since the 2016 oil crisis. Trade balance stood at ₦-138.99 billion, indicating a ₦970.60 billion or 116.71 percent decline from ₦831.62 billion in the first quarter of 2019.

Nigeria recorded a Current Account deficit of US\$4,881.73 million in the first quarter of 2020, reflecting a sharp decline compared to US\$2,719.50 million recorded in the corresponding period in 2019. The deficit in the current account was mainly attributed to performance in trade and services (net). The trade account recorded a deficit of US\$439.91 million during the first quarter of 2020, compared to a surplus of US\$634.07 million in the corresponding period of 2019. Also, the deficit in Services (net) remained high at US\$7,776.34 million, from US\$7,956.86 million during the same period in 2019. The Naira/Dollar exchange

rate at the Official/Inter-Bank markets depreciated slightly from ₦306.95/US\$ in December 2019 to ₦306.96/US\$ in both January and February, 2020 before depreciating further to ₦326.63/US\$ in March 2020.

At the Investors' and Exporters' (I&E) foreign exchange window, the Naira/US\$ appreciated slightly from ₦363.57/US\$ in December 2019 to ₦363.20/US\$ in January before depreciating further to ₦364.79/US\$ and ₦373.04/US\$ in February and March 2020 respectively. On the other hand, Naira/US\$ at the Bureau De-Change (BDC) depreciated from ₦360.25/US\$ in December 2019 to ₦361.0/US\$ in January 2020 before appreciating and depreciating to ₦359.0/US\$ and ₦376.89/US\$ in February and March 2020 respectively. There was also a marginal decrease in the level of Nigeria's official gross (external) reserves to US\$33.69 billion as at end of March, 2020 as against US\$38.09 billion recorded as at end of December 2019.

The total public debt stock as at 31st March, 2020 stood at US\$79,303.31 million (₦28,628.49 billion) representing an increase of ₦3,681.41 billion (14.76 percent) when compared to the US\$81,274.09 million (₦24,947.08 billion) reported at the end of December 2019. The breakdown consisted of US\$27,665.66 million (₦9,987.30 billion) or 34.89 percent for external debt while the balance of US\$51,637.65 million (₦18,641.19 billion) or 65.11 percent was for domestic debt stock. The total public Debt/GDP remained sustainable at a ratio of 20.03 percent as at the end of March 2020, and was significantly below the country specific threshold of 25 percent and international threshold for comparator countries of 56 percent.

Revenue shortfalls impacted FGN Budget implementation in the first quarter of 2020. The price of crude oil at the international market averaged US\$50.26 per barrel in the first quarter of 2020, representing a decrease of US\$10.24 per barrel (16.93 percent) below the US\$60.50 per barrel reported in the fourth quarter of 2019. This also denotes a decrease of US\$12.95 per barrel (20.49 percent) but an increase of US\$22.26 per barrel (79.5 percent) when compared to US\$63.21 per barrel recorded in the first quarter of 2019 and US\$28.0 set as amended budget crude oil price benchmark, respectively.

Average oil production and lifting (including Condensates) in the first quarter of

2020 was 2.06mbpd and 2.02mbpd respectively. The oil production figure revealed an increase of 0.26mbpd (14.44 percent) below the 1.8mbpd projected as benchmark for the amended 2020 Budget. The volume of oil production in the period was also 0.16mbpd and 0.07mbpd above the 1.90mbpd and 1.99mbpd reported in the fourth and first quarters of 2019 respectively.

Gross Oil Revenue stood at ₦1,280.76 billion representing a ₦522.42 billion (68.89 percent) increase above ₦758.34 billion projected quarterly gross oil revenue in the 2020 Amended Budget. The Federally collected non-oil revenue on gross basis equally slumped by ₦452.89 billion (35.20 percent) to ₦833.61 billion from ₦1,286.50 billion projected in the 2020 budget. The Independent Revenue grossly underperformed, recording ₦47.73 billion in the review period and indicating a ₦185.48 billion (79.53 percent) decline from ₦233.21 billion projected in the 2020 Budget.

The sum of ₦992.25 billion was received to fund the budget in the first quarter of 2020 as against a projected quarterly share of ₦1,341.42 billion in the 2020 Budget. This amount was ₦349.17 billion (26.03 percent) lower but ₦24.46 billion (2.53 percent) higher than the quarterly projection for the period and ₦967.79 billion recorded in the first quarter of 2019.

The FGN continued to pursue initiatives on public expenditure reforms during the period. This include the roll-out of the Integrated Payroll and Personnel Information System (IPPIIS) to higher institutions and the introduction of the Bottom-up Cash Plan Module. Total expenditure of Government stood at ₦2,370.23 billion representing ₦123.25 billion (4.94 percent) shortfall from the ₦2,493.48 billion projected for the review period. A total of ₦1,147.30 billion was spent on non-debt recurrent expenditure in the first quarter of 2020 representing a decrease of ₦88.27 billion (7.14 percent) below the quarterly estimate of ₦1,235.57 billion.

Total Debt Service stood at ₦732.74 billion in the first quarter of 2020, driven by ₦125.89 billion (26.88 percent) increase in domestic debt service payments. This reflects a ₦54.04 billion (8.07 percent) increase from the ₦669.70 billion prorated for the quarter. Other Federal Government expenditures during the review period include ₦140.12 billion released as statutory transfers and

₦305.86 billion for capital expenditure under the 2020 budget.

The inflow and outflow of fund for the Federal Government resulted in a fiscal deficit of ₦1,377.98 billion (3.87 percent of prorata GDP) in the first quarter of 2020 which represents an increase of ₦2225.92 billion (19.61 percent). A total of ₦560.0 billion was borrowed from domestic sources (FGN Bond) while other sources of financing did not materialize. This resulted in a ₦817.98 billion net deficit financing for the period.

Overall, the macroeconomic environment in the first quarter of 2020 was relatively weak. However, the macroeconomic situation might worsen in the near-term if effective measures are not implemented to curtail the negative impact of the COVID-19 pandemic on the economy. Nevertheless, following the recent rise in global economic activities, leading to the rise in crude oil demand and price coupled with the various stimulus economic packages being implemented the Federal Government. It is expected that things might begin to improve in the subsequent quarters of the year.

1.0 INTRODUCTION

The Federal Budget is a vital tool in achieving Government's strategic objectives and plans for the socio-economic development of the nation. It is thus a financial representation of the allocation of resources to different sectors/agencies by the Government in its bid to provide public goods/services to the people. The Federal Budget is not all about expenditure allocations as it is often perceived by many. Revenue remains a critical and important component of the FGN budget. In recent times revenue generation has been 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" was designed to foster fiscal consolidation, strengthen macroeconomic environment, enhance Investment in critical infrastructure and human capital development and enabling institutions, especially in key job creating sectors. It also aims to incentivize private sector investment which essential to complement Government's efforts, and enhance social investment programs to further deepen their impact on the marginalized and the most 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 indicates 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 provides 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.

Investing in critical infrastructure is a key component of the fiscal strategy under the 2020 Budget. Accordingly, 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. Accordingly, capital projects that were not likely to be fully funded by the end of 2019 were rolled over into the 2020 Budget. Some of the key sectors for capital spending allocations 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 focus on inclusive growth and shared prosperity underscores the keen interest in catering for the poor and most vulnerable. The newly created Ministry of Humanitarian Affairs, Disaster Management and Social Development is expected to institutionalize and enhance the implementation of the National Social Investment Programme. The Programme is already creating jobs and economic opportunities for local farmers and cooks, providing funding to artisans, traders, youths, and supporting small businesses 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 Budget is expected to accelerate the pace of economic recovery, promote economic diversification, enhance competitiveness and ensure social inclusion. The Government is optimistic of attaining higher and more inclusive GDP growth in order to achieve the objective of massive job creation and lifting of 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 a comprehensive information on the 2020 First Quarter Budget Implementation. The other parts of the Report are arranged as follows. Following this introductory section, Section 2 reviews macroeconomic performance, highlighting the performance of the real, monetary and external sectors. Section 3 presents an analysis of Government's revenue receipts and expenditure in the quarter 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

Global Economic Developments

Under an extreme uncertainty, the global economy is projected to contract by 3.0 percent in the 2020 fiscal year from 2.9 percent in 2019 (IMF WEO April 2020). This indicates a 5.9 percentage points slump due to the effects of the coronavirus pandemic, surpassing the contraction of the 2007-2009 recession. It is however projected to rebound with a growth of 5.8 percent in 2021 on normalization of economic activities, helped by policy support and the containment of the COVID-19 pandemic in the second quarter of 2020.

The Advanced Economies are projected to contract by 6.1 percent from 1.7 percent growth in the 2019 fiscal year driven by projected contractions in most of its key countries including a 5.9 percent and 7.5 percent contractions in the United States and the Euro Area respectively. The Emerging Markets and Developing Economies are projected to contract moderately by 1.0 percent. Global growth performance was expected to be buoyed by a 1.0 percent growth in Emerging and Developing Asia (EDA).

Financial conditions in advanced as well as emerging market economies are significantly tighter than at the October 2019 period, further dampening economic activities in the near term. The fast deterioration of the global economic outlook and the breakdown of the Organization of the Petroleum Exporting Countries, including Russia and other non-OPEC oil exporters (OPEC+) agreement have weighed heavily on commodity prices.

There is however extreme uncertainty around the global growth forecast as it depends on factors that interact in ways that are hard to predict. The main factors include the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, among others. Policies are therefore to focus on containing the fallout from the COVID-19 outbreak; cushioning the impact of the decline in activity on people, firms, and

the financial system with economic policies; reducing the persistent scarring effects from the expected slowdown; and driving quick economic recovery once the pandemic fades among others.

2.2 Domestic Macroeconomic Performance

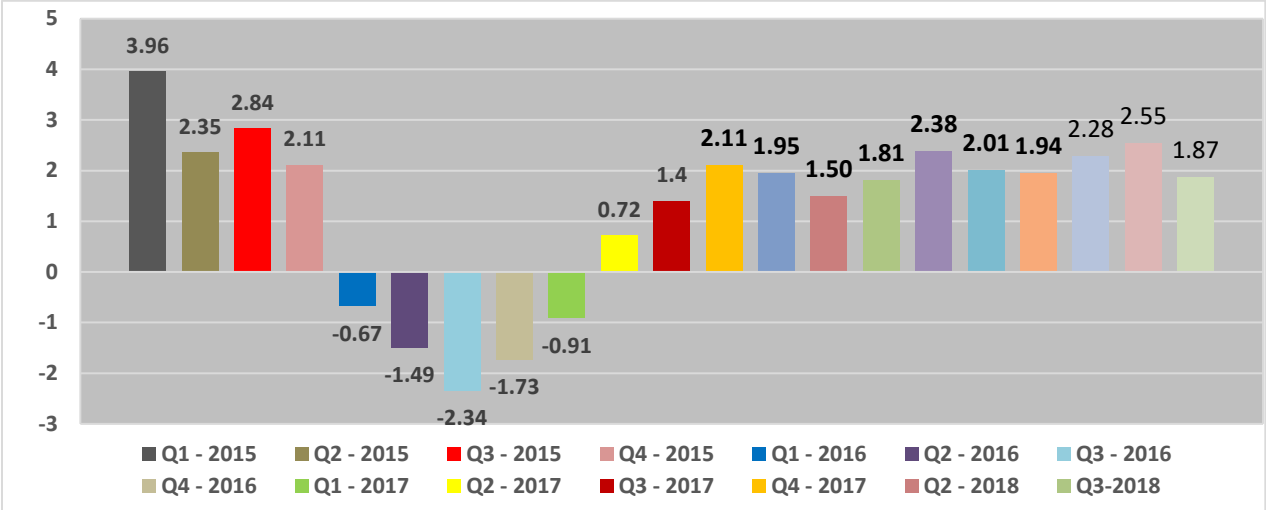
2.2.1 Developments in Real Sector

2.2.1.1 GDP Growth:

Nigeria’s Gross Domestic Product (GDP) grew by 1.87 percent (year-on-year) in real terms in the first quarter of 2020. This performance was recorded against the backdrop of significant global disruptions resulting from the COVID-19 public health crisis, including a sharp fall in oil prices and restricted international trade. The 2020 first quarter performance represents a decline of 0.23 percent and 0.68 percentage points when compared with the 2.10 percent and 2.55 percent GDP recorded in the first quarter and fourth quarter of 2019 respectively.

This decline reflected the earliest effects of the COVID-19 disruption, particularly on the non-oil economy. Quarter on quarter, real GDP growth in the first quarter of 2020 was –14.27 percent as against 5.59 percent reported in the preceding quarter. The 2020 first quarter aggregate GDP stood at ₦35,647,406.08 million in nominal terms as against ₦31,824,349.67 million recorded in the first quarter of 2019, indicating a positive year on year nominal growth rate of 12.01 percent.

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



Source: National Bureau of Statistics, 2020

Relative to the first quarter of 2019, the nominal growth rate was higher by 0.11 percentage points but lower than the preceding quarter by 0.32 percentage points.

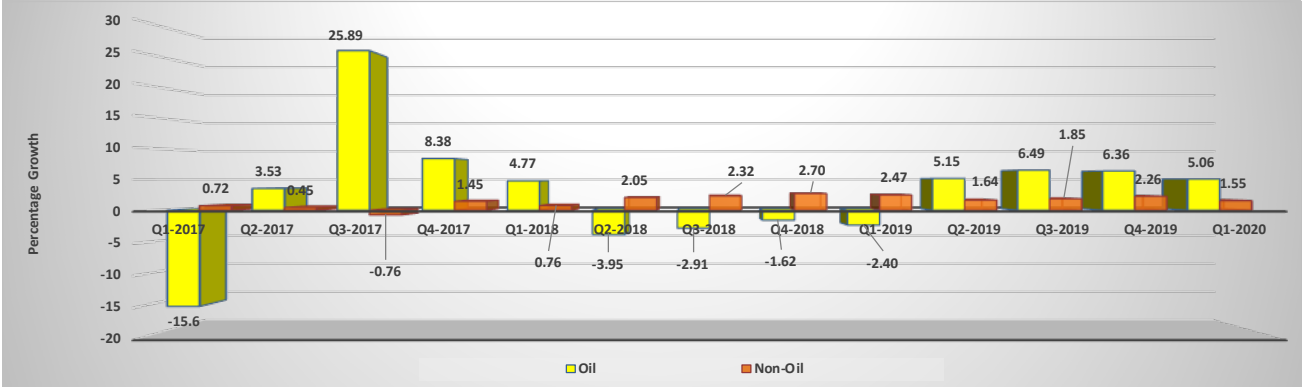
2.2.1.2 Oil Sector:

Oil sector real GDP grew by 5.06 percent (year-on-year) in the first quarter of 2020, indicating an increase of 6.51 percentage points relative to the rate recorded in the corresponding quarter of 2019. However, growth decreased by 1.30 percentage points when compared to the fourth quarter of 2019 which was 6.36 percent. Quarter-on-quarter, the oil sector recorded a growth rate of 11.30 percent in the first quarter of 2020. The Oil sector contributed 9.50 percent to aggregate real GDP in the first quarter of 2020, up from the 9.14 percent and 7.32 percent it recorded in the corresponding period of 2019 and the preceding quarter respectively. Average daily oil production in the first quarter of 2020 stood at 2.06 million barrel per day (mbpd), which is 0.07 mbpd and 0.08 mbpd higher than the 1.99mbpd and 1.98mbpd reported in the first and fourth quarters of 2019 respectively. It was however 0.12mbpd lower than the 2.18mbpd projected oil benchmark for the year.

2.2.1.3 Non-Oil Sector:

The non-oil sector grew by 1.55 percent in real terms during the quarter under review. This was 0.93 and 0.72 percentage points lower when compared with the rates recorded in the first and fourth quarters of 2019 respectively. The performance of the non-oil sector was driven mainly by Information and Communication (Telecommunications), Financial and Insurance (Financial Institutions), Agriculture (Crop Production), Mining and Quarrying (Crude Petroleum & Natural Gas) and Construction.

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



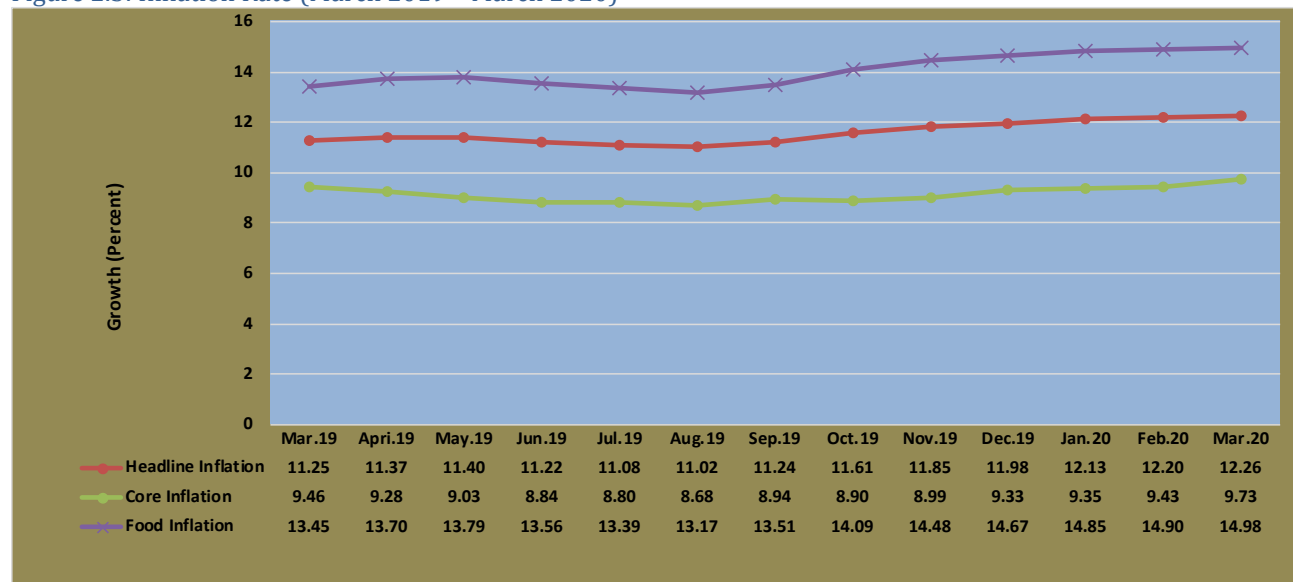
Source: National Bureau of Statistics, 2020

In real terms, the Non-Oil sector contributed 90.50 percent to the nation's GDP in the first quarter of 2020, lower than the 90.78 percent and 92.68 percent recorded in the first and fourth quarters of 2019 respectively.

2.2.2 Developments in Prices

The persistent uptick in the general price level continued in the first quarter of 2020. All components of inflation (year-on-year) continued on a rising trend as headline inflation rose from 11.98 percent in December 2019 to 12.26 percent in March 2020. The uptick largely reflected the increase in both the food and core components, which rose from 14.67 percent and 9.33 percent in December 2019 to 14.98 percent and 9.73 percent in March 2020 respectively. The increase in inflationary pressure can largely be attributed to a combination of factors including; disruptions in supply chain owing to restrictions on inter-state travels; reduced domestic supply of foreign exchange; continued impact of deteriorating domestic infrastructure; and other spill over effects of the COVID-19 pandemic on global supplies, amongst others.

Figure 2.3: Inflation Rate (March 2019 - March 2020)



Source: National Bureau of Statistics, 2020

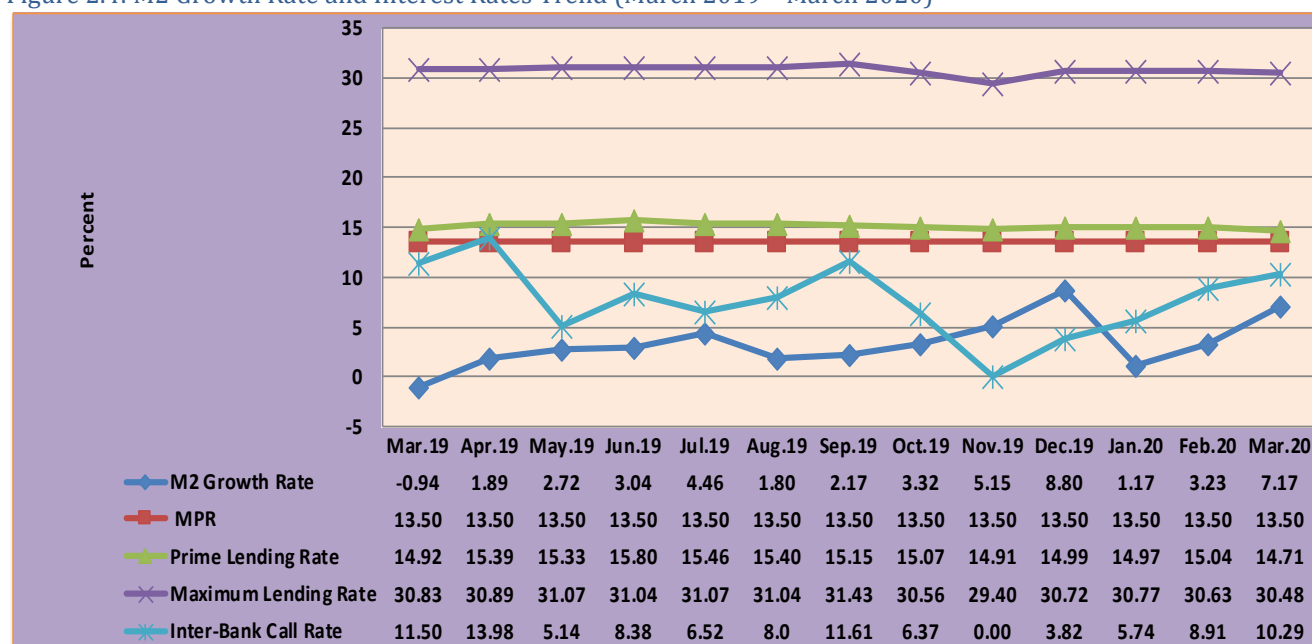
The outlook for inflation indicates continued increase in the price level, due to the impact of COVID-19 and its consequences on economic activities. Other factors include insecurity in parts of the food producing belts of the country due to the activities of the herdsmen and arm bandits; and exchange rate pass-through to inflation due to weakening oil price. Efforts would focus on an orderly liquidity, addressing the security challenges and improving food

production through encouraging financial institutions to ensure that loans to the agricultural sector were channelled effectively to end users.

2.2.3 Developments in Money Market

As a contributory factor for the uptick in inflation, monetary aggregates increased in the first quarter of 2020 relative to the fourth quarter of 2019. Broad Money Supply (M2) increased by ₦2,065.18 billion (7.17 percent) from ₦28,783.19 billion in December 2019 to ₦30,848.37 billion in March 2020. The growth in M2 was mainly driven by Net Domestic Credit (NDC), which grew by 4.97 percent (₦1,797.52 billion) from ₦36,178.34 billion in December 2019 to ₦37,975.86 billion in March 2020. The development in NDC was due to the expansions of Net Credit to Government and Private Sector during the period under review. Net Credit to Government grew by 2.62 percent (₦248.22 billion) from ₦9,483.82 billion in December 2019 to ₦9,732.04 billion in March 2020. Credit to Private Sector also increased by 5.80 percent (₦1,549.29 billion) from ₦26,694.53 billion in December 2019 to ₦28,243.82 billion in March 2020. When compared to the level at the end of first quarter of 2019, broad money supply contracted by ₦4,369.98 billion (16.50 percent) in March 2020.

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



Source: Central Bank of Nigeria, 2020

Relative to the fourth quarter of 2019, Narrow Money Supply (M1) expanded in the first quarter of 2020. The M1 registered a ₦530.0 billion (5.03 percent) increase from ₦10,533.13 billion in December 2019 to ₦11,063.13 billion at the end of the first quarter of 2020. The increase in M1 is traceable to the increase in both the Demand Deposit and the Currency Outside Bank as at March 2020 from the December 2019 rates.

The Central Bank of Nigeria (CBN) retained the Monetary Policy Rate (MPR) in the review period at the 13.5 percent adopted in March 2019. The asymmetric corridor around the MPR was also maintained at +200 and - 500 basis points. Other key monetary policy instruments were also retained during the period under review as the Cash Reserve Ratio (CRR) and the Liquidity Ratio stayed at 27.5 percent and 30.0 percent respectively.

The above developments led to across board variability in the deposit and lending rates in the economy. The average interbank call rate increased considerably from 3.82 percent in December 2019 to 5.74 percent, 8.91 percent and 10.29 percent in January, February and March 2020 respectively. The average prime lending rate however declined slightly from 14.99 percent in December 2019 to 14.97 percent, increased to 15.04 percent before falling again to 14.71 percent in January, February and March 2020 respectively. The average maximum lending rate on the other hand, slightly increased, going up from 30.23 percent in December 2019 to 30.77 percent, 30.63 percent and 30.48 percent in January, February and March 2020 respectively (Figure 2.4).

2.2.4 Developments in the External Sector

2.2.4.1 External Trade

Nigeria's total external trade rose marginally by ₦65.72 billion or 0.80 percent to ₦8,304.77 billion in the first quarter of 2020 on account of significant expansion in imports as exports continue to contract. Imports expanded by ₦518.16 billion or 13.99 percent to ₦4,221.88 billion in the period under review. Export however contracted by ₦452.44 billion or 9.98 percent to ₦4,082.89 billion from ₦4,535.33 billion in the corresponding quarter of 2019. Crude export drove the decline in export as it fell by ₦432.13 billion (12.80

percent) to ₦2,944.60 billion in the review period. The non-crude exports also contracted by ₦20.31 billion (1.75 percent) but the non-oil export posted a marginal growth of ₦6.79 billion (1.12 percent) from ₦604.44 billion in the first quarter of 2019 to ₦611.23 billion in the review period. The above development resulted in a contraction in trade balance in the review period, the first since the 2016 oil crisis. Trade balance stood at ₦-138.99 billion, indicating a ₦970.60 billion or 116.71 percent decline from ₦831.62 billion in the first quarter of 2019.

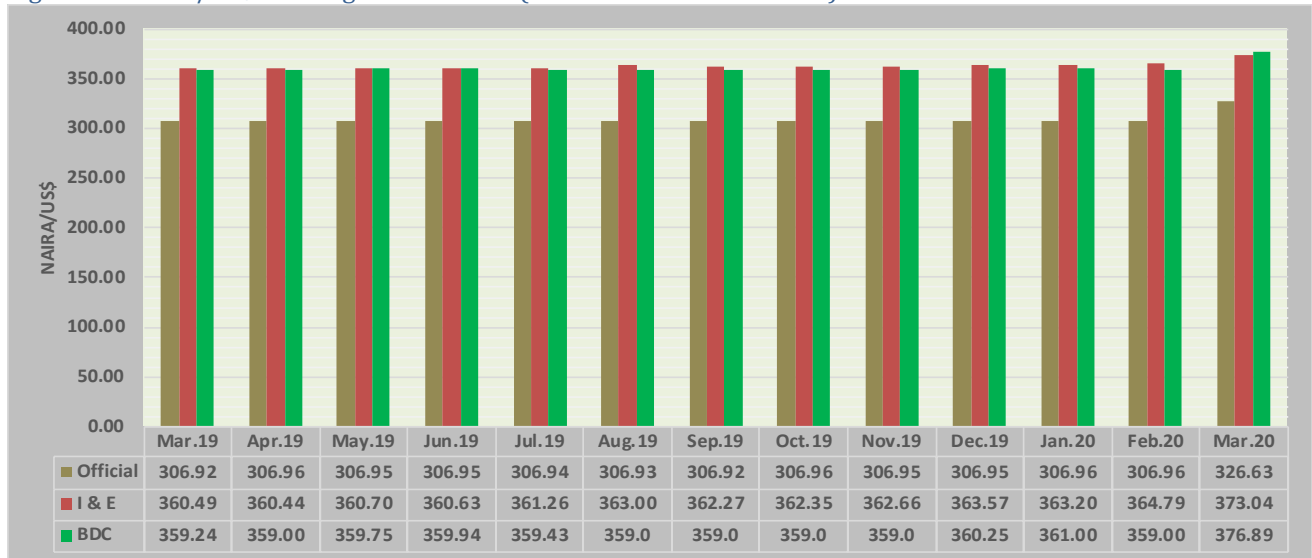
2.2.4.2 Balance of Payment

Nigeria recorded a Current Account deficit of US\$4,881.73 million in the first quarter of 2020 reflecting a sharp decline compared to US\$2,719.50 million recorded in the corresponding period in 2019. The deficit in the current account was mainly attributed to performance in trade and services (net). The trade account recorded a deficit of US\$439.91 million during the first quarter of 2020, compared to a surplus of US\$634.07 million in the corresponding period of 2019. Also, the deficit in Services (net) remained high at US\$7,776.34 million, from US\$7,956.86 million during the same period in 2019.

2.2.4.3 Exchange Rates

The Official, Investors' and Exporters' (I&E) Window and Bureau-de-Change (BDC) segments of the foreign exchange market witnessed some level of instability. This fluctuation could be attributed to the impact of the COVID-19 which has continue to ravage the whole world. The Naira/Dollar exchange rate at the Official/Inter-Bank markets depreciated slightly from ₦306.95/US\$ in December 2019 to ₦306.96/US\$ in both January and February, 2020 before depreciating further to ₦326.63/US\$ in March 2020. At the Investors' and Exporters' (I&E) FX Window segment, the Naira/US\$ appreciated slightly from ₦363.57/US\$ in December 2019 to ₦363.20/US\$ in January before depreciating further to ₦364.79/US\$ and ₦373.04/US\$ in February and March 2020 respectively. On the other hand, Naira/US\$ at the Bureau De-Change (BDC) depreciated from ₦360.25/US\$ in December 2019 to ₦361.0/US\$ in January 2020 appreciated to ₦359.0/US\$ in February, before depreciating further to ₦376.89/US\$ in March 2020.

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

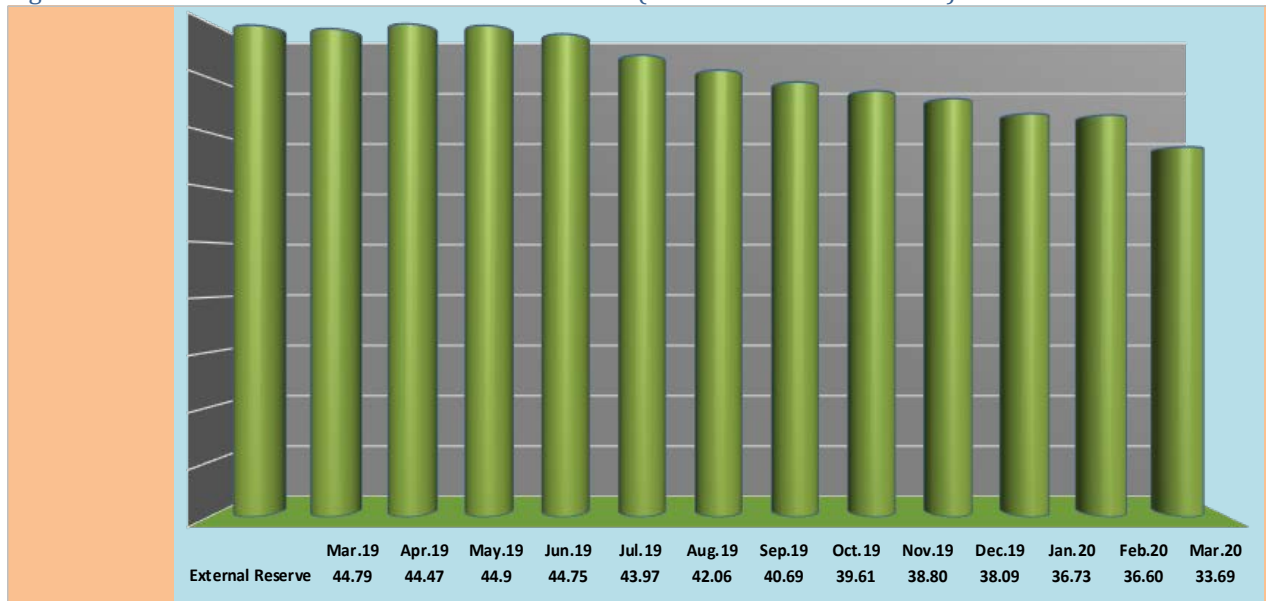


Source: Central Bank of Nigeria, 2020

2.2.4.4 External Reserves

Figures from the CBN showed that Nigeria’s gross official (external) reserve decreased at the end of the first quarter of 2020. It declined from US\$38.09 billion at the end of December 2020 to US\$36.73 billion, US\$36.60 billion and US\$33.69 billion in January, February and March 2020 respectively.

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



Source: Central Bank of Nigeria, 2020

The performance at the end of March 2020 represents a decrease of US\$4.40 billion (11.55 percent) below the figure reported at the end of December 2019. Relative to the end of first quarter of 2019 level of US\$44.79 billion, it fell by US\$11.10 billion (24.78 percent). There are possibilities of further decrease in the level of external reserves in the near term considering unfavourable crude oil prices due to the impact of COVID-19.

2.2.5 Debt Stock

2.2.5.1 Total Public Debt Stock

The total public debt stock as at 31st March, 2020 stood at US\$79,303.31 million (~~₦~~28,628.49 billion). This represents an increase of ~~₦~~3,681.41 billion (14.76 percent) when compared to the US\$81,274.09 million (~~₦~~24,947.08 billion) reported at the end of December 2019. The breakdown consisted of US\$27,665.66 million (~~₦~~9,987.30 billion) or 34.89 percent for external debt while the balance of US\$51,637.65 million (~~₦~~18,641.19 billion) or 65.11 percent was for domestic debt stock. The total public Debt/GDP remained sustainable at a ratio of 20.03 percent as at the end of March 2020, and was significantly below the country specific threshold of 25 percent and international threshold for comparator countries of 56 percent.

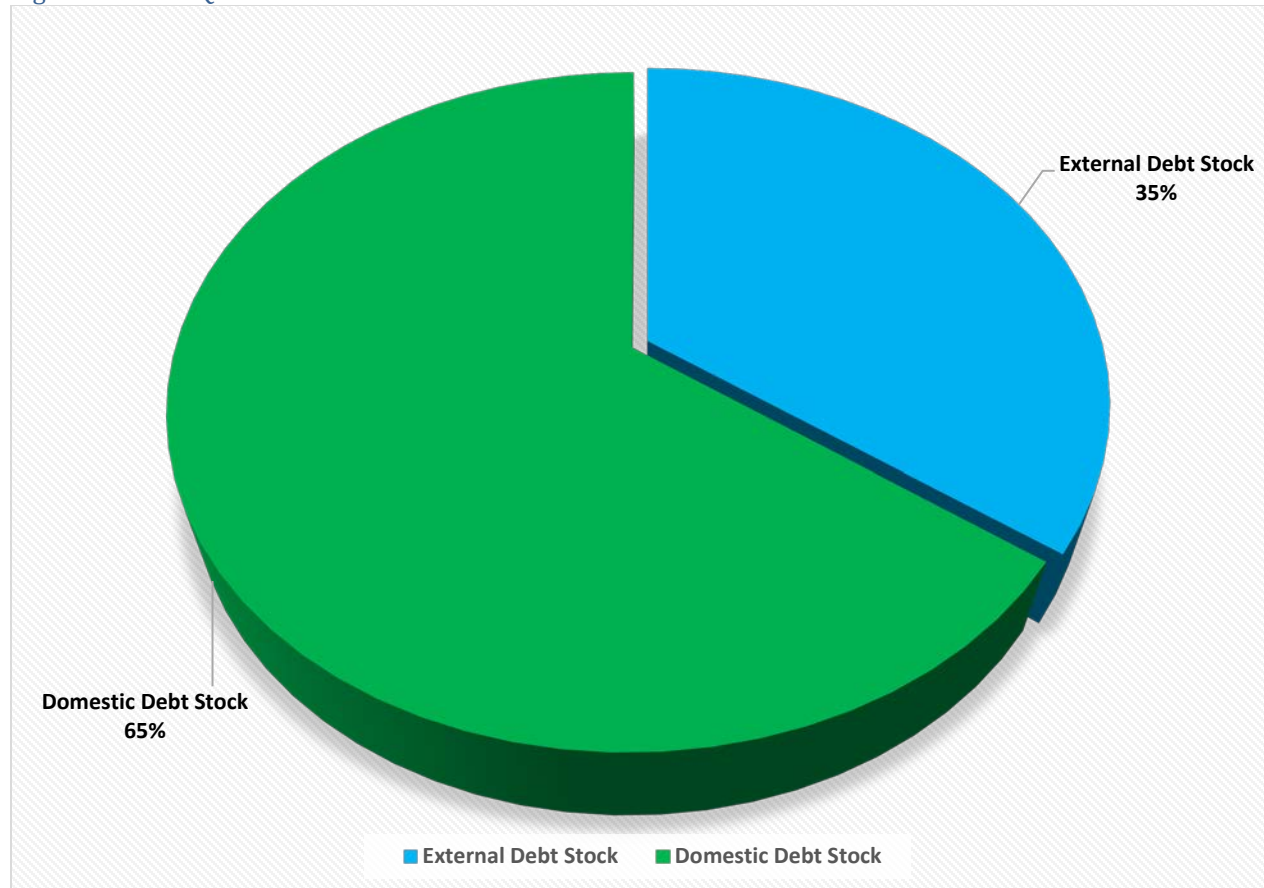
2.2.5.2 Domestic Debt Stock

FGN Domestic debt stock as at 31st March, 2020 stood at ~~₦~~14,534.75 billion representing an increase of ~~₦~~262.11 billion (1.84 percent) above the ~~₦~~14,272.64 billion reported in the fourth quarter of 2019. The 2020 first quarter domestic debt figure was also ~~₦~~1,421.33 billion (10.84 percent) above the ~~₦~~13,113.42 billion reported in the same period of 2019. The increase in the stock of domestic debt resulted from increase in the net issuances of Nigeria FGN Bonds, FGN Savings Bonds and Promissory Notes. A breakdown of the domestic debt stock as at 31st March, 2020 showed that ~~₦~~10,559.55 billion (72.65 percent) is for FGN Bonds, ~~₦~~2,651.51 billion (18.24 percent) is for Nigeria Treasury Bills (NTBs), ~~₦~~125.99 billion (0.87 percent) is for Treasury Bonds, ~~₦~~14.81 billion (0.10 percent) is for FGN Savings Bonds, ~~₦~~200.0 billion (1.38 percent) is for FGN Sukuk, ~~₦~~25.69 billion (0.18 percent) is for Green Bond and ~~₦~~957.20 billion (6.59 percent) is for Promissory Notes.

2.2.5.3 External Debt Stock

Nigeria's external debt stock (mostly low interest funds from multilateral financial institutions) as at 31st March, 2020, stood at US\$27,665.66 million representing a decrease of US\$10.48 million (0.04 percent) below US\$27,676.14 million but US\$2,056.03 million (8.03 percent) above US\$25,609.63 million recorded in the fourth and first quarters of 2019 respectively. A breakdown of the external debt stock as at 31st March, 2020 revealed that Multilateral Debts amounted to US\$12,655.72 million (45.75 percent), Non-Paris Club Bilateral Debts amounted to US\$3,841.59 million (13.89 percent) while Commercial (Euro-Bond) accounted for the balance of US\$11,168.35 million (40.37 percent).

Figure 2.7: First Quarter 2020 Total Public Debt Stock



Source: Debt Management Office, 2020

3.0 FINANCIAL ANALYSIS OF 2020 BUDGET IMPLEMENTATION

3.1 Key Assumptions and Projections

The 2020 Budget was anchored 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 - 2022.

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

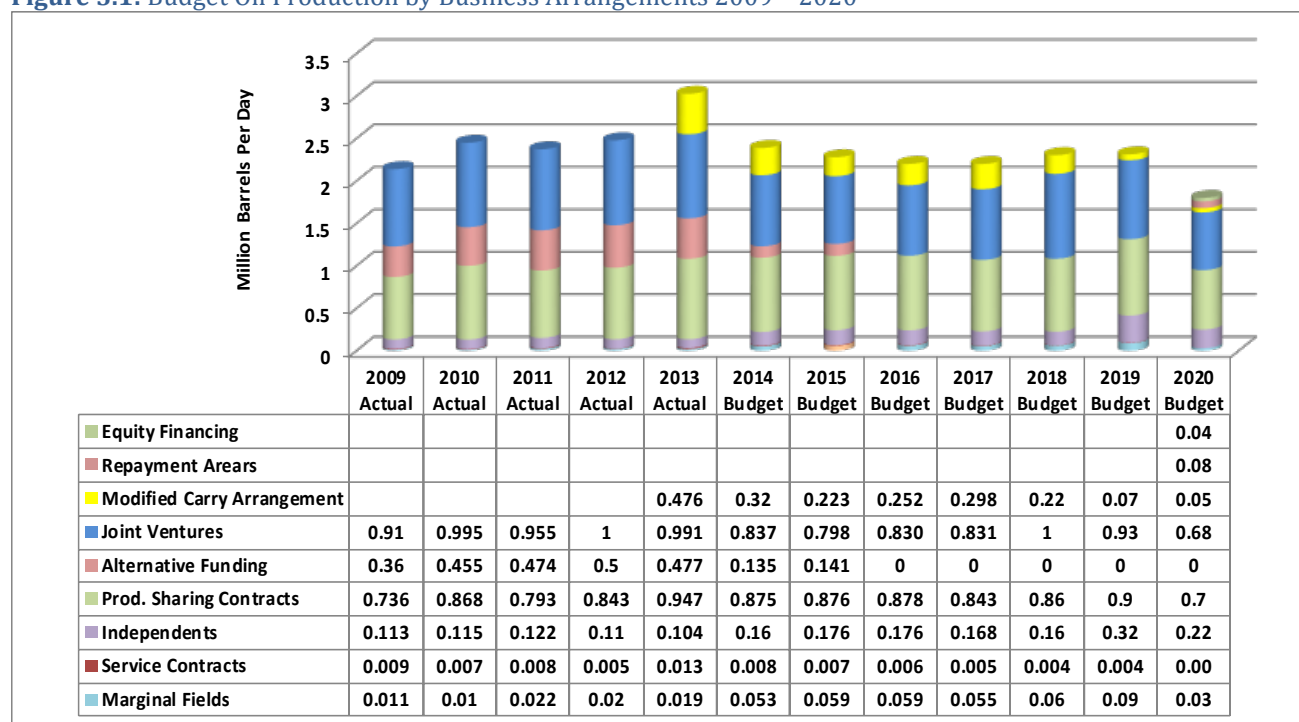
3.1.1 Budget Benchmark Oil Price and Production

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). This aligns with Government's continued use of benchmark oil production and prices for its yearly budgets to protect budget expenditures from the instabilities in the price of oil at the global market. However, due to the impact of the COVID-19 on the global economic activities, the benchmark 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 decreased 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 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 (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

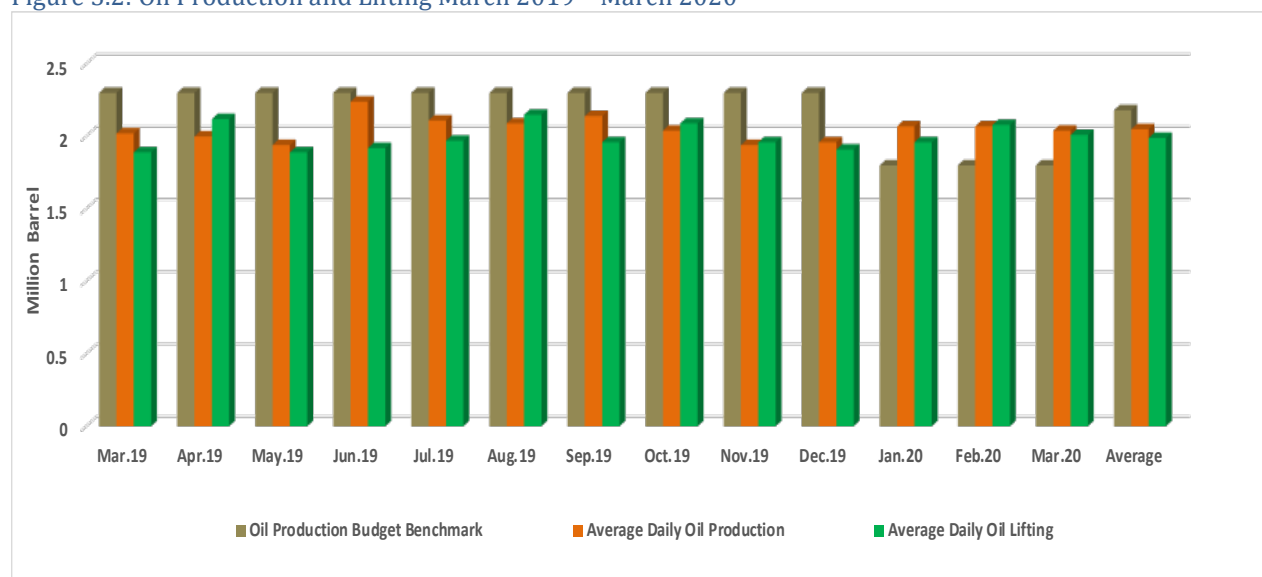
3.2 Analysis of Revenue Performance

3.2.1 Performance of Key Oil Revenue Parameters

The price of crude oil in the international market averaged US\$50.26 per barrel in the first quarter of 2020, representing a decrease of US\$13.0 per barrel (20.55 percent) from the US\$63.26 per barrel reported in the fourth quarter of 2019. This also reflects a decrease of US\$12.95 per barrel (20.49 percent) but an increase of US\$22.26 per barrel (79.5 percent) when compared to US\$63.21 per barrel recorded in the first quarters of 2019 and US\$28.0 amended budget benchmark, respectively. The decline in crude oil price during the period could be ascribed to the collapse in global economic activities due to the impact of COVID-19 which resulted in the reduction of global demand for the product.

Provisional data from the Nigerian National Petroleum Corporation (NNPC) showed that the average oil production and lifting (including Condensates) in the first quarter of 2020 was 2.06mbpd and 2.02mbpd respectively. The oil production figure indicates an increase of 0.26mbpd (14.44 percent) above the 1.80mbpd benchmark for the amended 2020 Budget. The volume of oil production in the period was also 0.08mbpd and 0.07mbpd above 1.98mbpd and 1.99mbpd reported in the fourth and first quarter of 2019 respectively.

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



Source: NNPC and BOF, 2020

The above translates to an average monthly oil production and lifting of 62.49 million barrels and 61.10 million barrels respectively in the first quarter of 2020. The increase in the quantity of oil production during the quarter as against the projected budget figure could be attributed to lower pipeline vandalization and other legacy issues in the sector.

3.3 Aggregate Revenue of the Federation

The 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. Gross oil revenue in the first quarter of 2020 stood at ₦1,280.76 billion representing a ₦522.42 billion (68.89 percent) increase above ₦758.34 billion quarterly projection in the 2020 budget. The performance in the first quarter of 2020 was however below the corresponding level in the same period of 2019.

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

Revenue Items	2019	2020	Variance	
	First Quarter Actual	First Quarter Actual	1st Quarter 2020 vs 1st Quarter 2019	
Oil Revenue	N'bns	N'bns	N'bns	%
Crude Oil Sales	434.96	172.05	-262.91	-60.44
Petroleum profit Tax (PPT)	525.73	539.35	13.62	2.59
Royalties	290.35	370.60	80.25	27.64
Gross Oil Revenue	1,355.79	1280.76	-75.03	-5.53
Net Oil Revenue	975.62	905.15	-70.47	-7.22
Non-Oil Revenue				
Value Added Tax (VAT)	301.62	324.58	22.96	7.61
Company Income Tax (CIT)	297.21	284.03	-13.18	-4.43
Customs & Exercise Duties	204.45	212.90	8.45	4.13
Special Levies	12.42	12.10	-0.32	-2.58
Gross Non-Oil Revenue	789.78	833.61	43.83	5.55
Net Non-Oil Receipt	748.47	781.32	32.85	4.39

Source: OAGF and Budget Office of the Federation, 2020

The high performance as against the quarterly estimate can be ascribed to the cutting down of budget oil benchmark price and production/lifting due to low price and demand at the international market during the period. The aggregate gross non-oil revenue for the same period revealed a decrease from the quarterly budget estimate but an increase of ₦43.83 billion (5.55 percent) above the corresponding figure recorded in 2019 (Table 3.3).

3.4 Oil Revenue Performance

A disaggregation of the Gross Oil Revenue showed that with the exception of Rent of ₦0.52 billion and Licenses & Early License Renewal which fell short of their quarterly estimate of ₦1.51 billion by ₦1.35 billion (89.39 percent). All other Oil Revenue items were above their quarterly projections. Crude Oil Sales of ₦172.05 billion, Petroleum Profit and Gas Income Taxes of ₦539.35 billion, Royalties (Oil & Gas) of ₦370.60 billion, Gas Flared Penalty of ₦31.04 billion and Other Oil and Gas Revenue of ₦2.48 billion were above their quarterly estimates of ₦164.22 billion, ₦177.65 billion, ₦236.24 billion, ₦25.88 billion and ₦1.57 billion by ₦7.83 billion (4.77 percent), ₦361.70 billion (203.60 percent), ₦134.26 billion (56.81 percent), ₦5.16 billion (19.95 percent) and ₦7.46 billion (474.30 percent) respectively (Table 3.3).

3.4.1 Net Oil Revenue:

The actual Net Oil Revenue that accrued into the Federation Account in the first quarter of 2019 was ₦905.15 billion, signifying an increase of ₦379.97 billion (72.35 percent) above the estimated quarterly projection of ₦525.18 billion. The net oil revenue in the first quarter of 2020 was also lower than the ₦975.62 billion net oil revenue reported in the fourth quarter of 2019 by ₦70.47 billion (7.22 percent). The higher net oil revenue performance in the review period as against the quarterly projection could be attributed to higher production and lower cost outlay among others. These data are presented in Table 3.3.

3.5 Non-Oil Revenue Performance

Gross non-oil revenue to the Federation of ₦833.61 billion was collected in the first quarter of 2020. This denotes a shortfall of ₦452.89 billion (35.20 percent) below the quarterly estimate of ₦1,286.50 billion. An analysis of the non-oil revenue items revealed that all the non-oil revenue items fell below their quarterly projections. Value Added Tax (VAT) of ₦324.58 billion, Company Income Tax (CIT) of ₦284.03 billion, Customs & Excise Duties of ₦212.90 billion and Special Levies of ₦12.10 billion were below their quarterly estimates of ₦547.65 billion, ₦449.65 billion, ₦251.06 billion and ₦38.13 billion by ₦223.07 billion (40.73 percent), ₦165.62 billion (36.83 percent), ₦38.16 billion (15.20 percent) and ₦26.03 billion (68.27 percent) respectively.

Revenue Dividend by Companies/Investments Funded by FAAC which had quarterly projections of ₦62.13 billion yielded nothing in the quarter while Solid Minerals & Other Mining Revenue recorded an inflow of ₦1.46 billion a ₦0.33 billion increase from the ₦1.13 billion prorated projection for the period.

The poor performances of these non-oil revenue subheads could be ascribed to the impact of COVID-19 which adversely impacted most economic activities during the period. Though the COVID-19 impact is projected to continue in the year, non-oil revenue performance is expected to improve in subsequent quarters as most of the returns from companies are usually made in the third quarter of the year.

When compared with their corresponding 2019 first quarter performances, only Value Added Tax and Customs & Excise Duties surpassed their performances by ₦22.96 billion (7.61 percent) and ₦8.45 billion (4.13 percent) respectively. On the other hand, Company Income Tax and Special Levies fell below their equivalent 2019 first quarter performances by ₦13.18 billion (4.43 percent) and ₦0.32 billion (2.58 percent) respectively. The enhanced performance of Value Added Tax and Customs & Excise Duties in the first quarter of 2020 as against 2019 first quarter figures could be credited to the increase in the tax rate and the improved performance of the Federal Inland Revenue Service (FIRS) and Nigeria Customs Service (NCS) during the period. Their performances, together

with those of other remaining non-oil revenue items, are expected to improve in subsequent quarters of 2020 following the expected release of additional funds for 2020 capital projects/programmes as well as the gradual easing of domestic and global restrictions due to the COVID-19 pandemic.

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

S/NO	ITEMS	BUDGET			ACTUAL		VARIANCE	
		2019 Budget	2020 Amended Budget	2020 Amended Quarterly Budget	2019 First Quarter	2020 First Quarter	2020 First Quarter Actual Vs Quarterly Budget	
A	OIL REVENUE	Nb	Nb	Nb	Nb	Nb	Nb	%
1	Profit from Crude Oil Sales-Export	1,590.45	656.86	164.22	434.96	172.05	7.83	4.77
2	Profit from Crude Oil Sales-Domestic							
3	PPT & Gas Income @ 30% CITA	4,301.18	710.61	177.65	525.73	539.35	361.70	203.60
4	Oil Royalties & Gas Royalties	2,198.06	945.37	236.34	290.35	370.60	134.26	56.81
5	Rent	1.68	6.03	1.51	0.36	0.16	(1.35)	(89.39)
6	Gas flared Penalty	4.73	103.51	25.88	10.17	31.04	5.16	19.95
7	Licenses & Early License Renewal	90.00	604.67	151.17	-	67.05	(84.12)	(55.65)
8	Other Oil and Gas Revenue	5.86	6.30	1.57	1.61	2.48	0.91	57.59
9	Exchange gain	449.36		-	-	98.03	98.03	
10	Sub-Total	9,326.95	3,033.35	758.34	1,355.79	1,280.76	522.42	68.89
11	Deductions							
12	DPR 4% cost of collection	-	-	-	11.30	13.17	13.17	
13	Transfer of Lagos State 13% Derivation	-	-	-	-	-	-	
14	FIRS 4% Cost of Collection on Tax Income	-	-	-	-	0.68		
15	Other Federally Funded Upstream Projects	585.91	424.23	106.06	201.03	227.19	121.13	114.21
16	Transfers to Excess Crude on Royalty Proceeds Account				35.30			
17	Sub-Total	8,741.04	2,609.12	652.28	1,108.16	1,040.40	388.12	59.50
18	Special Transfers	-	169.20	42.30	-	-	(42.30)	(100.00)
19	13% Derivation of Net Oil Revenue	1,136.34	339.19	84.80	132.54	135.25	50.46	59.50
20	NET OIL REVENUE	7,604.71	2,100.73	525.18	975.62	905.15	379.97	72.35
21	TO FEDERATION ACCOUNT (OIL)	7,604.71	2,100.73	525.18	975.62	905.15	379.97	72.35
B	DIVIDEND BY COMPANIES/INVESTMENTS							
22	Dividend by Companies/Investments	82.25	160.75	40.19	-	-	(40.19)	(100.00)
23	TO FEDERATION ACCOUNT (DIVIDEND OF COMPANIES/INVESTMENT)	82.25	160.75	40.19	-	-	(40.19)	(100.00)
C	SOLID MINERALS & OTHER MINING REVENUE							
24	Total Solid Minerals Revenue	3.05	4.52	1.13	1.20	1.46	0.33	29.35
25	Less 13% Derivation	0.40	0.59	0.15	0.16	0.19	0.04	29.48
D	TO FEDERATION ACCOUNT (SOLID MINERALS)	2.68	3.93	0.98	1.05	1.27	0.29	29.33
26	NON-OIL REVENUE							
27	Value Added Tax (VAT)	1,703.89	2,190.62	547.65	301.62	324.58	(223.07)	(40.73)
28	Surcharge on luxury Items	2.50		-	-	-	-	
29	Corporate Tax (CIT, Stamp Duties & CGT)	1,761.53	1,798.62	449.65	297.21	284.03	(165.62)	(36.83)
30	Customs: Import, Excise & Fees	689.21	1,004.24	251.06	178.53	212.90	(38.16)	(15.20)
31	Special Levies (Federation Account)	123.30	152.53	38.13	12.42	12.10	(26.03)	(68.27)
32	Sub-Total	4,280.43	5,146.00	1,286.50	789.78	833.61	(452.89)	(35.20)
33	Cost of Collection and Other Deductions	209.62	264.54	66.14	41.30	52.29	(13.85)	(20.94)
34	4% Cost of Collection (VAT & Surcharge on Luxury Items)	68.26	87.62	21.91	12.06	12.98	(8.93)	(40.75)
35	4% Cost of Collection (CIT)	59.48	70.94	17.74	11.72	11.56	(6.18)	(34.82)
36	7% Cost of Collection (Customs)	48.24	70.30	17.57	12.50	14.90	(2.67)	(15.22)
37	7% Cost of Collection (Special Levies)	8.63	10.68	2.67	0.87	0.85	(1.82)	(68.27)
38	7% Cost of Collection (Customs & Special Levies)	56.87	80.97	20.24	13.37	15.75	(4.50)	(22.21)
39	FIRS Tax Refunds	25.00	25.00	6.25	4.15	12.00	5.75	92.00
40	TO FEDERATION ACCOUNT (NON-OIL)	2,432.68	2,778.47	694.62	458.92	469.72	(224.89)	(32.38)
41	Total VAT Pool	1,635.74	2,029.39	507.35	289.55	311.60	(195.75)	(38.58)
42	Net Surcharge on Luxury Items	2.40		-	-	-	-	
43	Net Non-Oil	4,070.81	4,807.86	1,201.96	748.47	781.32	(420.64)	(35.00)
44	Sub-Total: FEDERATION ACCOUNT	10,122.28	4,883.13	1,220.78	1,345.92	1,376.14	155.36	12.73
45	Actual Balances in Special Accounts	17.17	10.68	2.67	-	-	(2.67)	(100.00)
46	TO FEDERATION ACCOUNT	10,139.46	4,893.81	1,223.45	1,345.92	1,376.14	152.69	12.48
47	Transfer to Police Trust Fund (0.5% of Federation Account)	-	24.47	6.12	-	-	(6.12)	(100.00)
48	NET FEDERATION ACCOUNT (after 0.5% Transfer to Police Trust Fund)	10,139.46	4,869.34	1,217.33	1,345.92	1,376.14	158.81	13.05
E	TOTAL DISTRIBUTION							
49	Federation Account	10,139.46	4,869.34	1,217.33	1,345.92	1,376.14	158.81	13.05
50	VAT Pool Account	1,635.74	2,029.39	507.35	289.55	311.60	(195.75)	(38.58)
51	Net Surcharge on Luxury Items	2.40		-	-	-	-	
52	GRAND TOTAL	11,777.59	6,898.72	1,724.68	1,635.47	1,687.74	(36.94)	(2.14)

Source: OAGF and Budget Office of the Federation, 2020

Table 3.5: Actual Performance of Non-Oil Revenue Categories (First Quarter) 2010 – 2019

Description	FIRST QUARTER (ACTUAL)										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10 - Year Average
	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn
Customs & Excise Duties	32.41	41.23	49.29	49.59	54.86	60.07	56.35	131.47	148.54	178.53	80.23
Company Income Tax	61.57	58.69	57.93	73.72	82.93	81.45	82.04	158.95	256.86	297.21	121.14
Value Added Tax	18.71	19.81	22.98	24.94	28.73	26.30	26.42	222.00	270.06	301.62	96.16
FGN Independent Revenue	15.95	33.45	99.78	65.03	121.13	280.63	47.52	21.89	72.05	34.59	79.20

Source: OAGF and BOF, 2020

Further analysis of first quarter non-oil revenue performance showed that the key non-oil revenue sub-heads improved significantly over the past decade, particularly in areas of VAT, CIT and Customs while Independent Revenue continued with its volatile trend over the period (Tables 3.5 and 3.6).

Table 3.6: Percentage Growth in Non-Oil Revenue Performances (First Quarter) 2011 – 2019

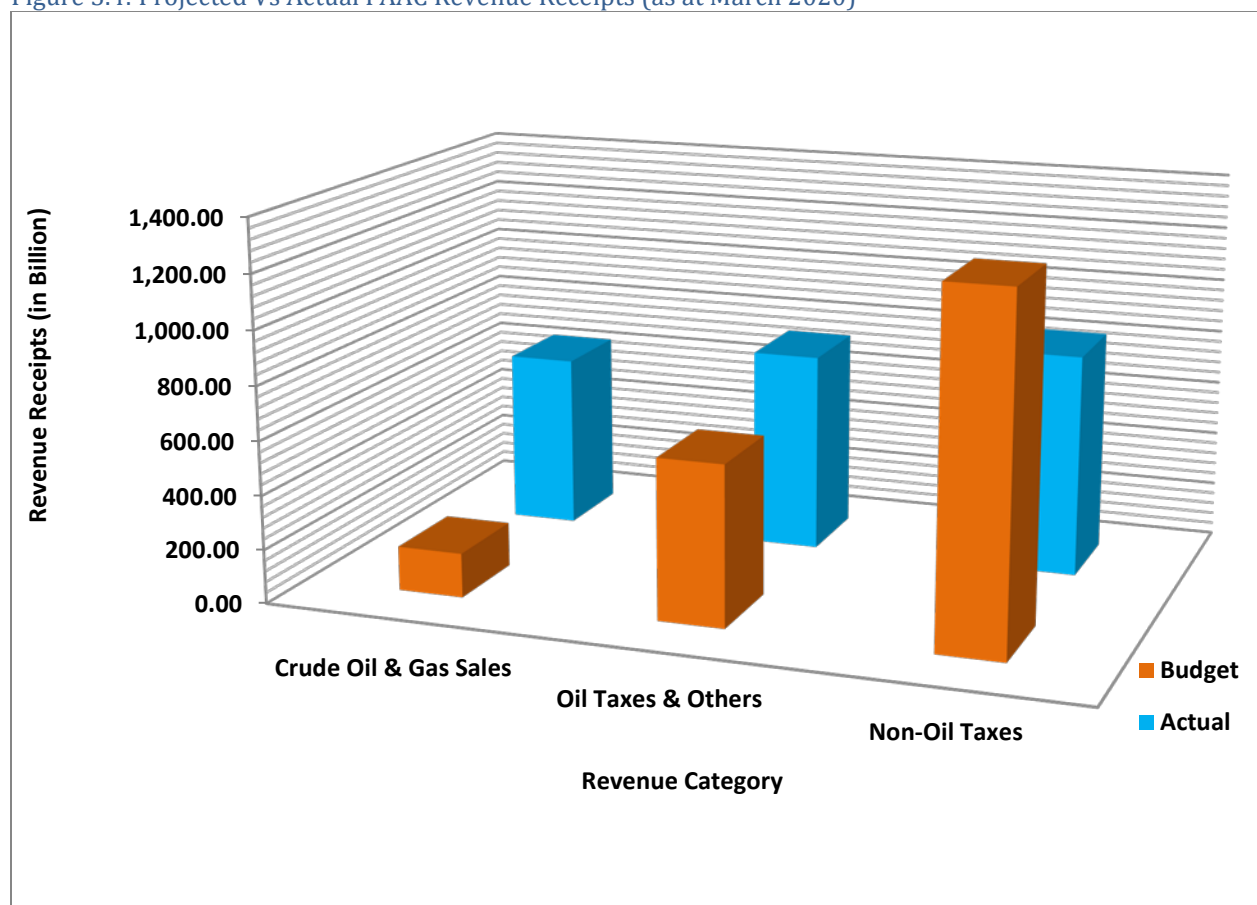
Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	9 - Year Average
Customs & Excise Duties	27.21%	19.55%	0.61%	10.63%	9.50%	-6.19%	133.31%	12.98%	20.19%	25.31%
Company Income Tax	-4.68%	-1.29%	27.26%	12.49%	-1.78%	0.72%	93.75%	61.60%	15.71%	22.64%
Value Added Tax	5.88%	16.00%	8.53%	15.20%	-8.46%	0.46%	740.27%	21.65%	11.69%	90.13%
FGN Independent Revenue	109.72%	198.30%	-34.83%	86.27%	131.68%	-83.07%	-53.94%	229.15%	-51.99%	59.03%

Source: OAGF and BOF, 2020

3.6 Comparative Revenue Performance Analysis

A breakdown of the actual performance of revenue compared with budgeted estimates as at March ending 2020 revealed an enhanced performance of the crude oil sales and underperformances of oil tax & other oil revenues as well as the non-oil taxes (Figure 3.3).

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



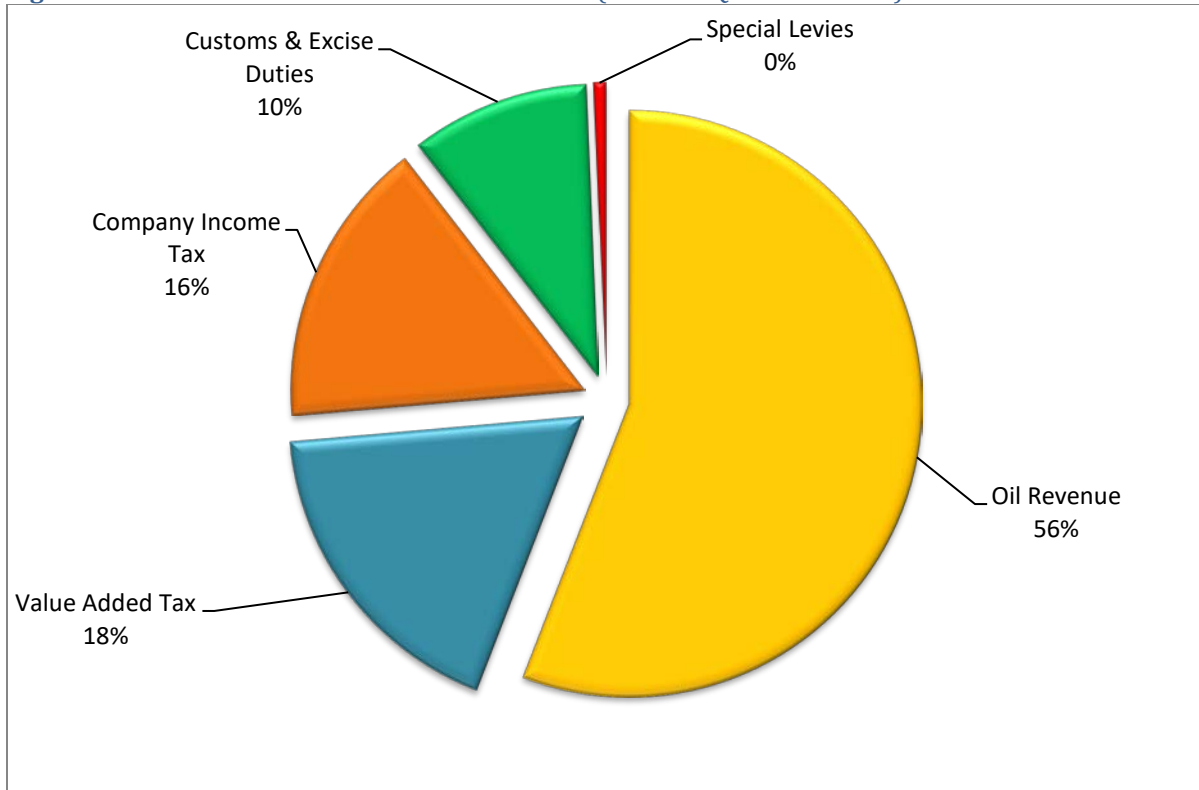
Source: Budget Office of the Federation, 2020

3.7 Distributable Revenue

The net distributable revenue of the Federation stood at ₦1,687.74 billion in the first quarter of 2020. This signified a shortfall of ₦36.94 billion (2.14 percent) from ₦1,724.68 billion projected for the period. This was driven by significant reduction in the inflow into the Federation Account from the non-oil sector. Oil revenue accruing to the Federation account increased by ₦379.97 billion (72.35 percent) and largely compensated for the Non-Oil sector which fell by ₦420.64 billion (35.00 percent) during the review period.

The percentage contribution of the different revenue classifications to distributable revenue in the first quarter of 2020 is presented in Figure 3.5. Oil Revenue, VAT, CIT, Customs & Special Levies contributed 55.90 percent, 17.72 percent, 15.97 percent and 10.55 percent respectively.

Figure 3.5: Contributions to Distributable Revenue (in the 1st Quarter of 2020)



Source: Budget Office of the Federation, 2020

3.8 Excess Crude Account

Analysis of the reports of the Excess Crude Account (ECA) revealed that the Excess Crude Account (ECA) had an opening balance of US\$324.98 million as at 1st January, 2020. The sum of US\$1.25 million being accrued interest on fund investment (December 2019 – February 2020) was received into the account in the first quarter of 2020. On the other hand, US\$254.0 million was withdrawn from the account during the period. This resulted to a closing balance of US\$72.22 million as at 31st March, 2020 (Table 3.7).

Table 3.7: Net Excess Crude Account

Description	2019 Actual		2020 Actual
	First Quarter	Fourth Quarter	First Quarter
Inflows			
Transfer to Excess Crude Oil Account	0	0	0
Accrued Interest on Fund Investment	US\$2.25 million	US\$1.36 million	US\$1.25 million
Reconciliation of Inflow and Outflow	0	0	
Total Inflow	US\$2.25 million	US\$1.36 million	US\$1.25 million
Outflows			
Consultancy Fee & Litigation Expenses	US\$350.0 million	0	US\$4.0 million
NSIA Payment for Fertilizer Purchase	US\$14.55 million	0	
Payment of Commission/Exchange Rate Loss on Transfers	US\$1.28 million	US\$4.51 million	
Amount approved by Mr. President as advance payment for the purchase of Super Tucano Aircraft	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	
Paris Club Refund to States & FCT	US\$68.28 million	0	
Bank Charges	0	0	
Charges for Breaking Investment	0	0	
States Matching Grants to UBEC	US\$16.80 million	0	
Transfers to Nigerian Sovereign Investment Authority for Investment	0	0	US\$250.0 million
Total Outflow	US\$450.92 million	US\$4.51 million	US\$254.0 million
Net Excess Crude Account	(US\$448.67) million	(US\$3.15 million)	(US\$252.75 million)

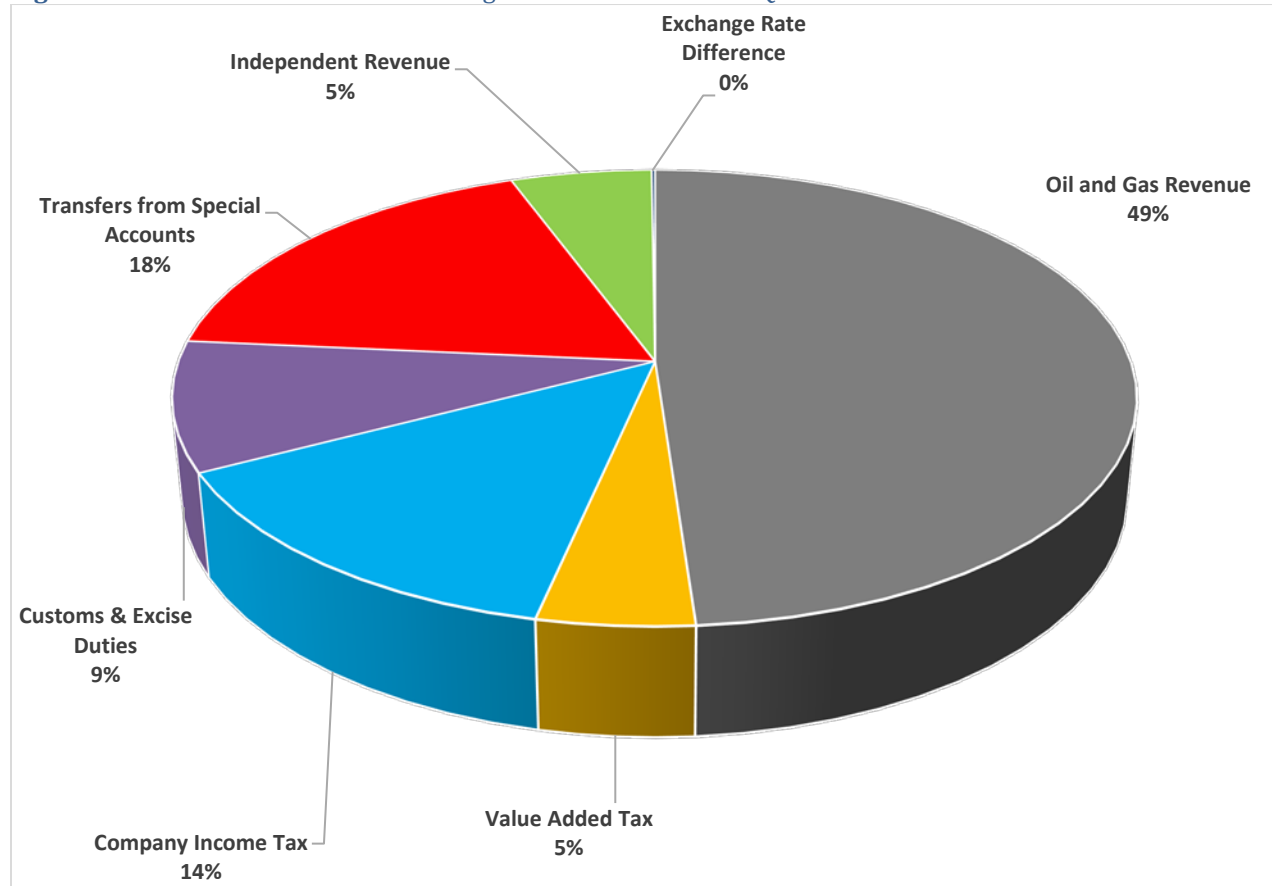
Source: Office of the Accountant General of the Federation, 2020

3.9 FGN Revenue Performance:

Based on the amended 2020 Budget Framework, the sum of ₦5,365.67 billion was projected to fund the Federal Budget, indicating a quarterly share of ₦1,341.42 billion. A total of ₦992.25 billion, excluding other funding sources, was received in the first quarter of 2020. This amount was ₦349.17 billion (26.03 percent) lower than the quarterly projection of ₦1,341.42 billion. It was however ₦24.46 billion (2.53 percent) below the ₦967.79 billion recorded in the first quarter of 2019. Total inflow available to fund the budget also stood at ₦992.25

billion for the period.

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



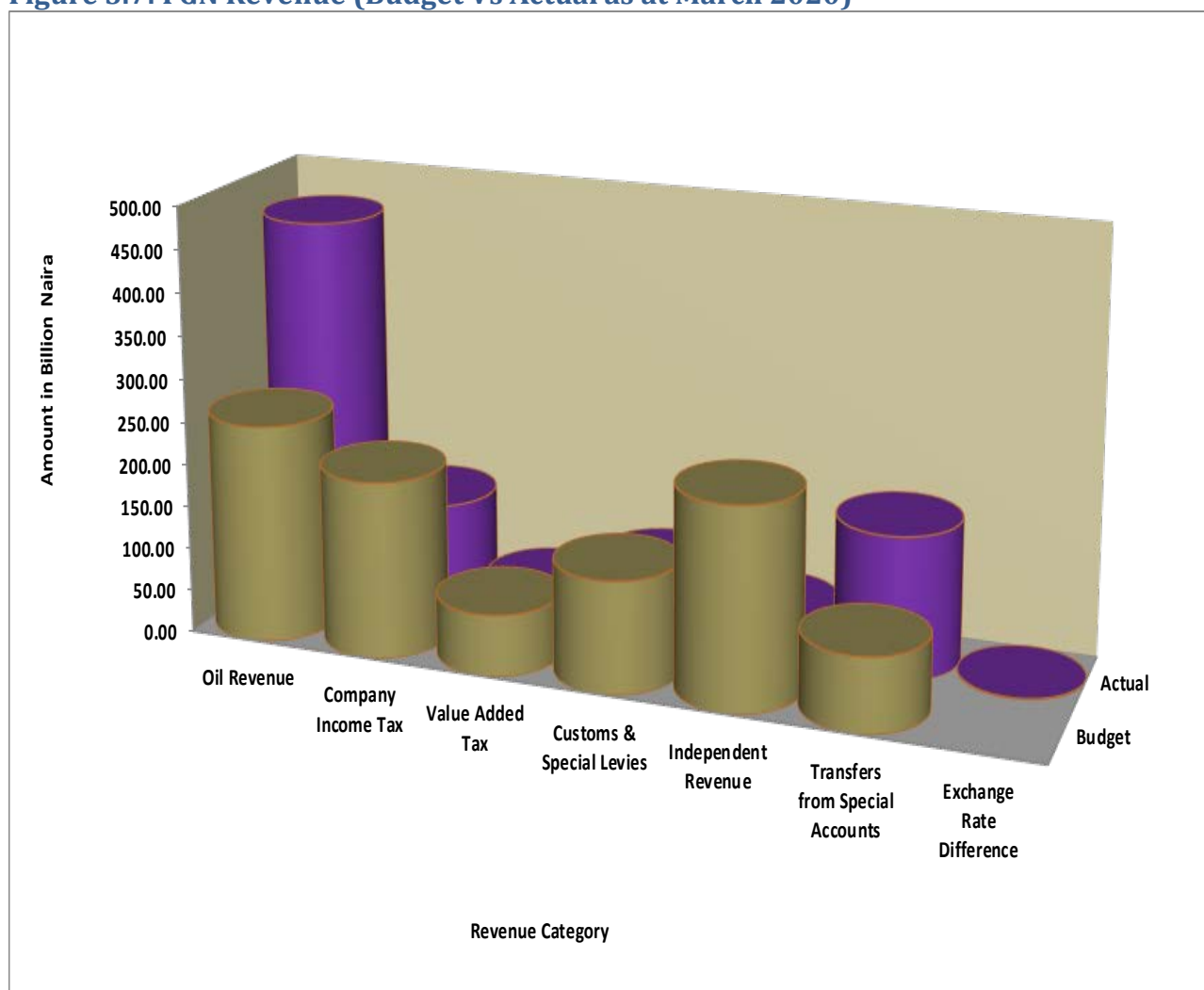
Source: The OAGF and Budget Office of the Federation, 2020

Note: This excludes FGN's Unspent Balances and FGN's Balances in Special Accounts and Other Funding Sources

The sum of ₦437.83 billion that was received from oil sources in the first quarter of 2020 was higher than the quarterly estimate of ₦253.44 billion by ₦184.39 billion (72.75 percent). FGN's share of Solid Minerals revenue stood at ₦0.62 billion also indicating an increase of ₦0.15 billion (30.87 percent). With the exception of Transfers from Special Accounts of ₦166.0 billion which was not provided for in the budget, all other non-oil revenue items fell below their quarterly budget projections. FGN's share of VAT of ₦42.26 billion, Company Income Tax of ₦126.33 billion, Customs & Special Levies of ₦101.49 billion and Independent Revenue of ₦47.73 billion were below their corresponding

quarterly budget estimates of ₦71.03 billion, ₦205.42 billion, ₦129.79 billion and ₦233.21 billion by ₦28.77 billion (40.50 percent), ₦79.09 billion (38.50 percent), ₦28.30 billion (21.80 percent) and ₦185.48 billion (79.53 percent) respectively. On the other hand, FGN's share of Company Investment by FAAC, 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*).

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



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

Table 3.8: Inflows to the 2020 Federal Budget as at March 2020

S/No	ITEMS	BUDGET			ACTUAL		VARIANCE	
		2019 Budget	2020 Amended Budget	2020 Amended Quarterly Budget	2019 First Quarter	2020 First Quarter	2020 First Quarter Actual Vs Quarterly Budget	
1	Inflow for the Federal Budget (CRF)	Nb	Nb	Nb	Nb	Nb	Nb	%
1	FGN Share of Oil Revenue	3,688.28	1,013.77	253.44	430.19	437.83	184.39	72.75
2	FGN Share of Dividend (NLNG)	39.89	80.38	20.09	0.00	0.00	-20.09	-100.00
3	FGN Share of Minerals & Mining	1.29	1.90	0.47	0.00	0.62	0.15	30.87
4	Share of Non-Oil Revenue	1,542.92	1,624.93	406.23	263.11	270.08	-136.15	-33.52
5	FGN Share of Value Added Tax (VAT)	229.00	284.11	71.03	40.54	42.26	-28.77	-40.50
6	FGN Share of Surcharge on Luxury Items	0.34		0.00	0.00			
7	FGN Share of Company Income Tax (CIT)	813.37	821.67	205.42	136.45	126.33	-79.09	-38.50
8	FGN Share of Customs and Special Levies	366.49	519.15	129.79	86.13	101.49	-28.30	-21.80
9	FGN Share of Actual Balances in Special Accounts	8.33		0.00	0.00			
10	Revenue from GOEs (Top 10 Excluding NNPC)	955.36	990.11	247.53	0.00	0.00	-247.53	-100.00
11	Top 10 GOEs Operating Surplus (80% of which is captured in Independent Revenue)	0.00	-520.53	-130.13	0.00	0.00	130.13	-100.00
12	Independent Revenue	631.98	932.84	233.21	34.59	47.73	-185.48	-79.53
13	Transfers from Special Levies Accounts	12.91	300.00	75.00	0.00	0.00	-75.00	-100.00
14	Transfers from Special Account	0.00	345.00	86.25	238.83	166.00	79.75	92.46
15	FGN's Share of Signature Bonus / Renewals / Early Renewals	84.23	350.52	87.63	0.00	69.99	-17.64	-20.13
16	Domestic Recoveries + Assets + Fines	203.38	237.01	59.25	0.00	0.00	-59.25	-100.00
17	Earmarked Funds (Proceeds of Oil Assets Ownership Restructuring)	710.00			0.00			
18	Stamp Duty	0.00	200.00	50.00	0.00	0.00	-50.00	-100.00
19	Exchange Rate Difference (Non-FAAC)	0.00	0.00	0.00	1.07	98.03	98.03	
20	Grants and Donor Funding	209.92	42.96	10.74		0.00	-10.74	-100.00
21	Transfers from Special Accounts for COVID-19 Intervention Across the Federation		186.37	46.59			-46.59	-100.00
22	Grants and Donations for COVID-19 Crisis Intervention Fund		50.00	12.50			-12.50	-100.00
23	TOTAL RETAINED REVENUE	6,998.49	5,365.67	1,341.42	967.79	992.25	-349.17	-26.03
24	Other Financing Sources			0.00	21.10		0.00	
25	Share from Excess PPT/Forex Equalization			0.00	21.10		0.00	
26	AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs Budget & Project-tied Loans)	6,998.49	5,365.67	1,341.42	988.89	992.25	-349.17	-26.03
27	AMOUNT AVAILABLE FOR FGN BUDGET (including GOEs Budget & Project-tied Loans)	7,953.85	5,835.25	1,458.81	988.89	992.25	-466.56	-31.98

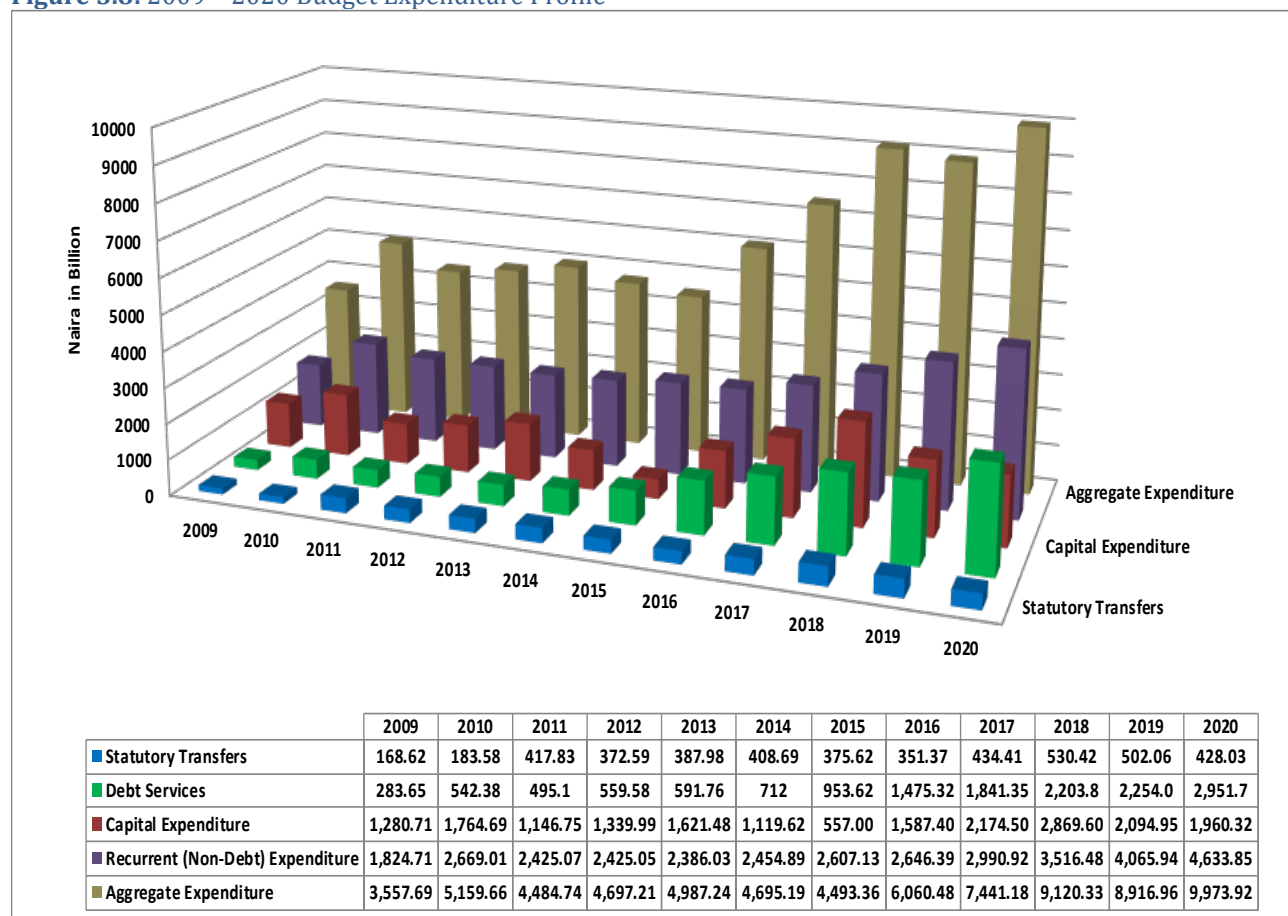
Source: Budget Office of the Federation and the OAGF, 2020

3.10 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 prorate quarterly expenditure outlay of ₦2,493.48 billion in 2020.

Actual expenditure outflow of ₦2,370.23 billion was recorded in the first quarter of 2020, representing a shortfall of ₦123.25 billion (4.94 percent) over the quarterly budget projection for the year.

Figure 3.8: 2009 – 2020 Budget Expenditure Profile



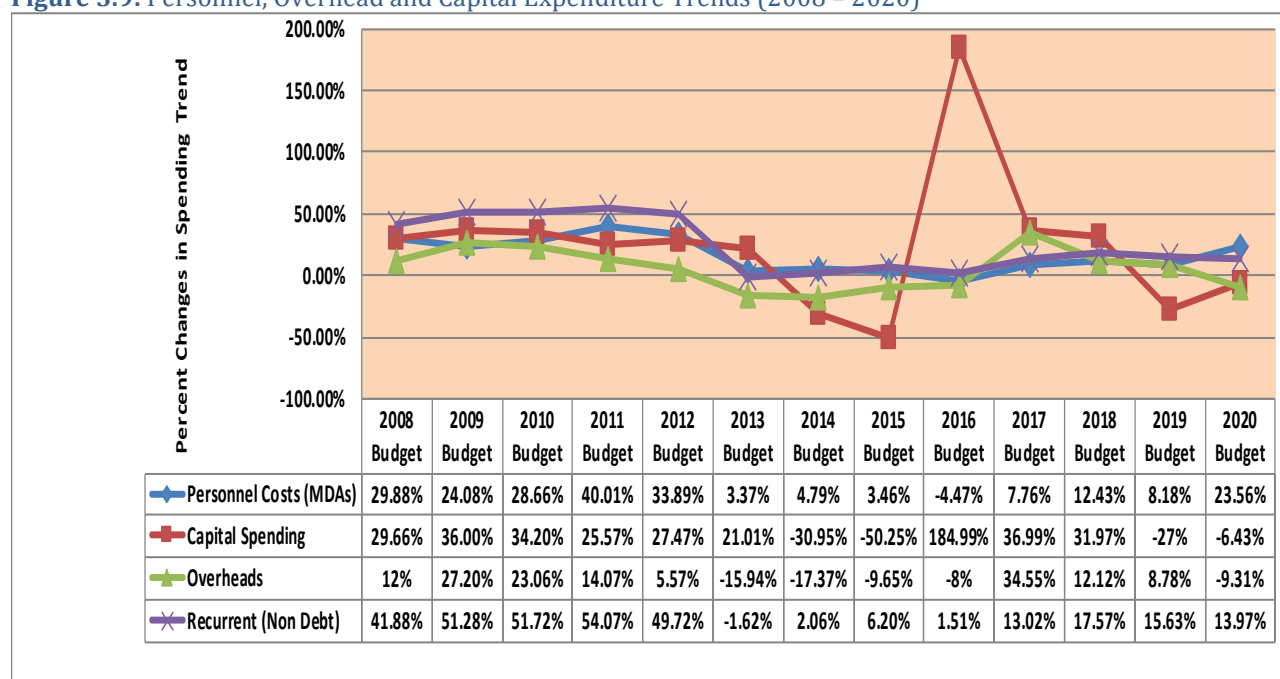
Source: Budget Office of the Federation, 2020

3.10.1 Non-Debt Recurrent Expenditure:

The FGN continued to pursue its goal of reducing the growth in its recurrent expenditure as stated in the 2020-2022 Amended Fiscal Framework and Fiscal Strategy Paper. Key initiatives aimed at cutting down recurrent costs were therefore pursued vigorously during the period. This include 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.

A total of ₦1,147.30 billion was spent on non-debt recurrent expenditure in the first quarter of 2020. This amount revealed a decrease of ₦88.27 billion (7.14 percent) below the quarterly estimate of ₦1,235.57 billion (details in Figure 3.8).

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



Source: BOF and OAGF, 2020

3.10.2 Debt Service:

Total Debt Service payment in the first quarter of 2020 stood at ₦943.12 billion representing an increase of ₦205.19 billion (27.81 percent) above the ₦737.93 billion projected for the quarter. Domestic debt service payment was higher than

the prorated budget estimate of ₦468.34 billion by ₦125.89 billion (26.88 percent) during the period. Actual domestic debt service was ₦594.23 billion during the quarter under review.

The sum of ₦201.37 billion was planned for external debt service in the first quarter of 2020. Actual external debt service payment however amounted to ₦129.51 billion (US\$472.57 million), signifying a difference of ₦71.86 billion (35.68 percent) below the quarterly projection.

3.10.3 Statutory Transfers:

A total of ₦140.12 billion was released as statutory transfers in the first quarter of 2020 denoting an increase of ₦33.11 billion (30.94 percent) when compared with the quarterly projection of ₦107.01 billion. It is important to note that quarterly releases under this subhead are released to beneficiaries subject to budgetary provisions and availability of funds.

3.10.4 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 of statutory transfers, top 10 GOEs and project tied loans) was allocated to capital spending in the 2020 Budget.

The detailed breakdown of expenditure in the first quarter of 2020 is presented in Table 3.9.

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

S/No	Item	BUDGET			ACTUAL		2020 First Quarter Actual Vs Quarterly Budget	
		2019 Budget	2020 Amended Budget	2020 Amended Quarterly Budget	2019 First Quarter	2020 First Quarter	Nb	%
		Nb	Nb	Nb	Nb	Nb		
A	RETAINED REVENUE	6,998.49	5,365.67	1,341.42	967.79	992.25	(349.17)	(26.03)
B	Share from Excess PPT	-	-	-	21.10	-	-	-
C	Exchange Rate Difference	-	-	-	1.07	-	-	-
D	AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs)	6,998.49	5,365.67	1,341.42	989.96	992.25	(349.17)	(26.03)
E	AMOUNT AVAILABLE FOR FGN BUDGET (including GOEs)	7,953.85	5,835.26	1,458.81	988.89	992.25	(466.56)	(31.98)
F	EXPENDITURE:							
1	RECURRENT NON-DEBT:							
2	Personnel Costs (MDAs)	2,288.57	2,827.65	706.91	550.79	729.56	22.64	3.20
3	Personnel Costs (GOEs)	160.50	218.81	54.70	-	-	(54.70)	(100.00)
4	CRF Pensions, Gratuities & Retirees Benefits	528.07	536.72	134.18	64.48	90.54	(43.64)	(32.52)
5	Overhead Costs (MDAs)	268.13	243.18	60.79	48.85	79.67	18.88	31.05
6	Overhead Costs (GOEs)	159.15	89.61	22.40	-	-	(22.40)	(100.00)
7	SWV Power Sector Reform Programme	150.40	-	-	27.62	-	-	-
8	Other Service Wide Votes (including GAV/Immunization)	364.55	397.33	99.33	84.99	80.32	(19.02)	(19.14)
9	Other Service Wide Votes (COVID-19 Crisis Intervention Fund - Recurrent)	-	213.98	53.49	-	-	(53.49)	(100.00)
10	Presidential Amnesty Programme	65.00	65.00	16.25	10.83	10.83	(5.42)	(33.34)
11	Basic Healthcare Fund (1% of CRF)	51.22	-	-	-	-	-	-
12	Transfers of GOEs Operating Surplus (80% of which is in FG Independent Revenue)	359.83	-	-	-	-	-	-
13	Special Intervention (Recurrent)	350.00	350.00	87.50	48.50	-	(87.50)	(100.00)
14	Payments from Special Accounts	-	-	-	245.56	156.38	156.38	-
15	Sub-Total (Non-Debt)	4,745.42	4,942.27	1,235.57	1,081.62	1,147.30	(88.27)	(7.14)
16	Domestic Debts Service	1,710.22	1,873.34	468.34	610.28	594.23	125.89	26.88
17	Foreign Debts	433.80	805.47	201.37	97.04	129.51	(71.86)	(35.68)
18	Total Debt Service	2,144.01	2,678.81	669.70	707.32	723.74	54.04	8.07
19	Interest on Ways & Means	-	-	-	38.78	219.38	219.38	-
20	Sinking Fund to Retire Maturing Loans	110.00	272.90	68.23	-	-	(68.23)	(100.00)
21	Sub-Total (Debt)	2,254.01	2,951.71	737.93	746.10	943.12	205.19	27.81
22	Total Recurrent Expenditure	6,999.44	7,893.98	1,973.49	1,827.72	2,090.42	116.92	5.92
23	CAPITAL EXPENDITURE							
24	MDA Capital Expenditure (Including N100bn reallocation of existing capital for COVID-19)	1,445.73	1,349.99	337.50	310.14	98.14	(239.36)	(70.92)
25	Capital Supplementation	289.30	261.35	65.34	-	41.56	(23.78)	(36.40)
26	Special Intervention (Capital)	150.00	20.00	5.00	-	-	(5.00)	(100.00)
27	Capital Expenditure in Statutory Transfers	-	196.77	49.19	-	-	(49.19)	(100.00)
28	COVID-19 Crisis Intervention Fund - Incremental Capital	-	99.65	24.91	-	-	(24.91)	(100.00)
29	COVID-19 Intervention Across the Federation	-	186.37	46.59	-	-	(46.59)	(100.00)
30	Grants and Donor Funded Projects	209.92	42.96	10.74	-	-	(10.74)	(100.00)
31	Top 10 GOEs Capital	275.88	141.17	35.29	-	-	(35.29)	(100.00)
32	Multi-Lateral / Bi-Lateral Project-tied Loans	556.02	387.30	96.82	-	-	(96.82)	(100.00)
33	Total Capital Expenditure	2,926.85	2,685.56	671.39	-	139.70	(531.69)	(79.19)
34	Capital Expenditure (Exclusive of Transfers)	2,926.85	2,488.79	622.20	-	139.70	(482.50)	(77.55)
35	TRANSFERS:							
36	Statutory Transfers	502.06	428.03	107.01	114.87	140.12	33.11	30.94
37	TOTAL FGN BUDGET (excluding GOEs Budget & Project-tied Loans)	8,916.96	9,973.92	2,493.48	2,252.73	2,370.23	(123.25)	(4.94)
38	Fiscal Deficit (excluding GOEs Budget & Project-tied Loans)	(1,918.47)	(4,608.25)	(1,152.06)	(1,262.77)	(1,377.98)	(225.92)	19.61
H	FINANCING ITEMS							
1	Privitization Proceeds	210.00	126.04	31.51	-	-	(31.51)	(100.00)
2	Multi-lateral / Bi-lateral Project-tied Loans	92.84	387.30	96.82	-	-	(96.82)	(100.00)
3	Borrowing from Special Accounts	-	263.63	65.91	-	-	(65.91)	(100.00)
4	Foreign Borrowing	802.82	1,984.68	496.17	-	-	(496.17)	(100.00)
5	Domestic Borrowing	802.82	2,213.89	553.47	285.00	560.00	6.53	1.18
6	Sub-Total	1,908.47	4,975.54	1,243.89	285.00	560.00	(683.89)	(54.98)
7	Sub-Total (exclusive of Project-tied Loans)	1,815.63	4,588.24	1,147.06	-	560.00	(587.06)	(51.18)
8	Net Deficit/Surplus (excluding GOEs Budget & Project-tied Loans)	(10.00)	(20.00)	(5.00)	(977.77)	(817.98)	(812.98)	16,257.17
9	Grand-Total (Revenue + Financing)	9,862.32	10,810.80	2,702.70	1,273.89	1,552.25	(1,150.45)	(42.57)

Source: OAGF and Budget Office of the Federation, 2020

MDAs' Capital Vote Utilization:

The release of funds to MDAs for capital expenditure in the first quarter of 2020 was done in batches based on the availability of resources and government priorities. Data from the Office of the Accountant General of the Federation on 2020 capital performance for MDAs as at 31st March, 2020 showed that a total of ₦305.86 billion was released to MDAs and cash backed for their 2020 capital projects and programmes. The sum of ₦269.47 billion was released as First Batch or Warrant, ₦16.39 billion as Online AIEs and ₦20.0 billion as Manual AIEs.

Performance as at 31st March, 2020:

The utilization rate as at 31st March, 2020 was very low due to the COVID-19 lock down. It is expected that the utilization rate as well as releases will continue to increase in the subsequent quarter of the year.

3.10.5 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 ₦1,377.98 billion (3.87 percent of prorated GDP) in the first quarter of 2020. This represents a significant increase in deficit to the tune of ₦225.92 billion (19.61 percent) of the projected deficit for the period. However, only ₦560.0 billion was realized from Domestic Borrowing (FGN Bond) while other sources of financing items did not materialize. This resulted in a ₦817.98 billion net deficit financing for the review period.

4.0 CONCLUSION

The macroeconomic environment in the review period was redefined by the impact of the unanticipated health and economic crisis as a result of the COVID-19 pandemic. The economy grew by 1.87 percent in the first quarter of 2020 with the oil sector recording a real growth of 5.06 percent (year-on-year). The non-oil sector grew by 1.55 percent in real terms during the first quarter of 2020, mainly sustained by the performance of Information & Communication (Telecommunications), Financial and Insurance (Financial Institutions), Agriculture (Crop Production), Mining and Quarrying (Crude Petroleum & Natural Gas) and Construction.

The Federal Government continued to meet its non-discretionary expenditures even as budget implementation continued to be adversely affected by poor revenue outcome. The economic performance in the quarter replicate improved outlook and prospects for revenue and therefore budget implementation in the 2020 fiscal year. Revenue performance of the non-oil sector is likely to improve in subsequent quarters and combined with the recovery in oil production and expected increases in prices would result in sustainable implementation of the 2020 Budget.

The Federal Government remains committed 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 capital budget implementation will continue to be followed. Efforts would also be directed at enhancing efficiency in budget implementation, while engendering effective project management planning geared towards improving the level of capital budget implementation in 2020.