



# 2021 FIRST QUARTER BUDGET IMPLEMENTATION REPORT



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

## **FOREWORD**

I am delighted to present to you, the 2021 First Quarter Budget Implementation Report (BIR). This Report provides extensive information on the distribution and utilization of public resources among contending socio-economic needs and utilisation by the Ministries, Departments and Agencies (MDAs) of Government during the period. The 2021 Budget was titled “Budget of Economic Recovery and Resilience”. Its key parameters and assumptions are as set out in the 2021-2023 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) and the Nigeria Economic Sustainability Plan (NESP). The NESP is a transit plan between the Economic Recovery and Growth Plan (ERGP) 2017-2020 and the successor Medium-Term National Development Plan (MTNDP). The principal objective of the Budget is therefore to reposition the Nigerian economy on the path of recovery, growth and resilience. The publication of this report is required by Sections 30 and 50 of the Fiscal Responsibility Act (FRA), 2007 which mandates the Budget Office of the Federation (BOF) to prepare and submit Budget Implementation Reports quarterly to the Joint Finance Committee of the National Assembly (NASS) and the Fiscal Responsibility Commission (FRC). These reports are also to be widely 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 appreciate the cooperation and commitment of the Fiscal Responsibility Commission and the National Assembly’s Joint Finance Committees to the production of the reports. I look forward to more of this in future.

Lastly, I urge the general public and readers of this Report to sustain their active interest in tracking the utilization of public resources and the achievement of Government’s goals and objectives. I look forward to your active participation in the entire budget process.

**Zainab Shamsuna Ahmed (Mrs)**

*Honourable Minister of Finance, Budget and National Planning*

## **PREFACE**

The FRA 2007 mandates the BOF to monitor and evaluate the implementation of Annual Budgets of the Federal Government and to subsequently produce quarterly reports on the exercise. The 2021 First Quarter BIR is one of many in-year reports prepared by the BOF. The Report is part of the efforts of the Federal Ministry of Finance, Budget and National Planning (FMFB&NP) to ensure compliance with the FRA 2007 and more importantly, in promoting budget transparency and accountability as a key element of the Nigeria's commitment to the Open Government Partnership.

The 2021 Budget was prepared amidst a challenging global and domestic environment due to the persistent headwinds from the Coronavirus Disease COVID-19 Pandemic. The resulting global economic recession, low oil prices and heightened global economic uncertainty have had important implications for our economy. These factors were considered in making key assumptions of the 2021 Budget. Many of the ongoing capital projects in the 2020 Budget that could not be completed were rolled over to the 2021 Budget. This was in line with the Government's determination to appropriately fund ongoing capital projects to completion and our strong resolve to invest in critical infrastructures capable of sustaining growth and job creation.

The implementation of the 2021 Budget in the first quarter was equally very challenging. The macroeconomic environment was significantly disrupted by the COVID-19 Pandemic. Aggregate revenue for the quarter fell short of projections even though world crude oil price was above the budget benchmark price thus increasing the fiscal deficit of the federal government.

This Report is the product of the joint effort of financial and statistical Agencies of Government which provided the 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 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

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

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## EXECUTIVE SUMMARY

The Federal Budget is an important instrument for achieving Government's strategic objectives and plans for the socio-economic development of the nation. The 2021 Budget, was designed to further deliver on the goals of our Economic Sustainability Plan. The Plan provides a clear road map for our post coronavirus economic recovery as a transitional plan between the Economic Recovery and Growth Plan (2017–2020) and the successor Medium Term National Development Plan (2021–2025). In view of the many challenges confronting the nation, the Budget is expected to accelerate our economic recovery process, promote economic diversification, enhance competitiveness, ensure social inclusion and strengthen the resilience of the economy. The 2021 Budget was therefore, themed the 'Budget of Economic Recovery and Resilience'. The 2021-2023 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) provided the economic framework for the 2021 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 0.51 percent (year-on-year) in real terms in the first quarter of 2021, marking two consecutive quarters of growth following the negative growth rates recorded in the second and third quarters of 2020. This consecutive growth in two quarters implies that the economy exited recession for the second time in four years. The 2021 first quarter GDP growth rate was lower than the 1.87 percent growth rate recorded in first quarter of 2020, but was higher than the 0.11 percent recorded in fourth quarter of 2020. The 2021 first quarter aggregate GDP stood at ₦40,014,482.74 million in nominal terms as against ₦35,647,406.08 million recorded in the first quarter of 2020, indicating a positive year-on-year nominal growth rate of 12.25 percent.

The persistent upward trend in the general price level continued in the first quarter of 2021. All components of inflation (year-on-year) continued on a rising trend as headline inflation rose from 15.75 percent in December 2020 to 16.47 percent, 17.33 percent and 18.17 percent in January, February and March 2021 respectively. The uptick mainly reflected the increase in both the food and core components. Food inflation increase from 19.56 percent in December 2020 to 20.57 percent, 21.79 percent and 22.95 percent in January, February and March 2021 respectively. Similarly, core inflation rose from 13.37 percent in December 2020 to 11.85 percent, 12.38 percent

and 12.67 percent in January, February and March 2021 respectively.

Monetary aggregates increased significantly in the first quarter of 2021 relative to the fourth quarter of 2020. Broad Money Supply (M2) increased by ₦321.99 billion (0.85 percent) from ₦37,704.98 billion in December 2020 to ₦38,026.97 billion in March 2021. The growth in M2 was mainly driven by the expansion in the Net Domestic Assets. Net Domestic Credit (NDC) accounts for the expansion in Net Domestic Assets (NDA) growing by 1.71 percent (₦728.46 billion) from ₦42,554.42 billion in December 2020 to ₦43,282.88 billion in March 2021. The development in Net Domestic Credit was due to increase in Credit to Private Sector. Credit to the Private Sector grew by 3.63 percent (₦1,095.56 billion) from ₦30,149.60 billion in December 2020 to ₦31,245.16 billion in March 2021. On the other hand, Credit to Government decreased by 2.96 percent (₦367.10 billion) from ₦12,404.82 billion in December 2020 to ₦12,037.72 billion in March 2021.

Nigeria's total imports in the first quarter of 2021 was valued at N6,850.0 billion representing 70.21 percent of the total trade. The value of import rose by 15.61 percent and 54.30 percent above the figures reported in the fourth and first quarters of 2020 respectively. The value of total exports stood at N2,907.21 billion, representing 29.79 percent of total trade. This value represented a decline of 8.99 percent and 29.26 percent below the figures recorded in the fourth and first quarters of 2020 respectively. Nigeria's total merchandise trade in the first quarter of 2021 stood at N9,757.87 billion representing 6.99 percent and 14.13 percent increase when compared to the values recorded in fourth and first quarters of 2020 respectively. The higher level of imports over exports resulted in a trade deficit (in goods) of N3,943.45 billion.

The Official/Inter-Bank segment of the foreign exchange market remained stable at ₦381.0/US\$ throughout the first quarter of 2021. 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 variability in the first quarter of 2021. The Naira/Dollar exchange rate at the Investors' and Exporters' (I&E) FX Window segment of the foreign exchange market appreciated slightly from ₦394.92/US\$ in December 2020 to

₦394.03/US\$ in January 2021 before depreciating further to ₦403.80/US\$ and ₦409.89/US\$ in February and March 2021 respectively. Similarly, the Naira/US\$ depreciated at the Bureau De-Change (BDC) segment of the market, from ₦471.62/US\$ in December 2020 to ₦472.40/US\$, ₦476.05/US\$ and ₦481.22/US\$ in January, February and March 2021 respectively. There was a marginal decrease in the level of Nigeria's official gross (external) reserves to US\$ 35.14 billion as at end of March 2020 as against US\$36.48 billion recorded as at end of December 2020.

The total public debt stock as at 31<sup>st</sup> March, 2021 stood at US\$87,239.12 million (₦33,107.25 billion). This represents an increase of ₦191.74 billion (0.58 percent) when compared to the US\$86,392.54 million (₦32,915.51 billion) reported at the end of December 2020. The breakdown consisted of US\$32,859.99 million (₦12,470.37 billion) or 37.67 percent for external debt while the balance of US\$54,379.13 million (₦20,636.88 billion) or 62.33 percent was for domestic debt stock. The total public Debt/GDP remained sustainable at a ratio of 23.20 percent as at the end of March 2021, and was significantly below the country specific threshold of 25 percent and international threshold for comparator countries of 56 percent.

The price of crude oil in the international market averaged US\$60.90 per barrel in the first quarter of 2021, signifying an increase of US\$16.64 per barrel (37.60 percent) from the US\$44.26 per barrel reported in the fourth quarter of 2020. This also indicates an increase of US\$10.64 per barrel (21.17 percent) and US\$20.90 per barrel (52.25 percent) when compared to the US\$50.26 per barrel recorded in the first quarter of 2020 and the US\$40.0 budget benchmark, respectively.

Average oil production and lifting (including Condensates) in the first quarter of 2021 was 1.72mbpd and 1.51mbpd respectively. Oil production was 0.14mbpd (7.53 percent) below the 1.86mbpd benchmark for the 2021 Budget. The volume of oil production in the period was also 0.12mbpd (7.69 percent) above 1.56mbpd reported in the fourth quarter of 2020 and 0.38mbpd (18.45 percent) below the 2.06mbpd recorded in the first quarter of 2020.

Gross Oil Revenue stood at ₦858.34 billion representing a ₦438.05 billion

(33.79 percent) shortfall of ~~₦~~1,296.39 billion below the projected quarterly gross oil revenue in the 2021 Budget. It was also ~~₦~~422.42 billion (32.98 percent) below the actual gross oil revenue of ~~₦~~1,280.76 billion generated in the corresponding period of 2020. The gross non-oil revenue of ~~₦~~1,163.95 billion received in first quarter of 2021 signified an increase of ~~₦~~13.40 billion (1.16 percent) above the quarterly estimate of ~~₦~~1,150.56 billion. The net distributable revenue for the three tiers of government after cost deductions therefore stood at ~~₦~~2,012.63 billion in the first quarter of 2021, representing a shortfall of ~~₦~~95.69 billion (4.54 percent).

A total of ~~₦~~1,091.42 billion was received to fund the FGN budget in the first quarter of 2021. This comprises ~~₦~~299.33 billion (27.43 percent) oil revenue and ~~₦~~792.09 billion (72.57 percent) non-oil revenue. The amount received was ~~₦~~905.19 billion (45.34 percent) below the quarterly budget projection and ~~₦~~99.17 billion (9.99 percent) above the ~~₦~~992.25 reported in the first quarter of 2020.

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 the first quarter of 2021 stood at ~~₦~~3,384.66 billion representing ~~₦~~502.29 billion (17.43 percent) and ~~₦~~1,014.43 billion (42.80 percent) above the ~~₦~~2,882.38 billion quarterly projection and ~~₦~~2,370.23 billion reported in the first quarter of 2020 respectively. A total of ~~₦~~1,096.51 billion was spent on non-debt recurrent expenditure in the first quarter of 2021. This represents a decrease of ~~₦~~313.99 billion (22.26 percent) and ~~₦~~50.79 billion (4.43 percent) below the quarterly estimate of ~~₦~~1,410.49 billion and ~~₦~~1,147.30 recorded in the first quarter of 2020 respectively. Statutory Transfers amount to ~~₦~~124.13 billion during the review period.

Total Debt Service in the first quarter of 2021 stood at ~~₦~~813.10 billion, indicating an increase of ~~₦~~32.01 billion (4.10 percent) above the ~~₦~~781.10 billion projected for the quarter. The sum of ~~₦~~581.27 billion was used for domestic debt servicing while ~~₦~~231.83 billion was used for external debt

service during the period under review. The amount used for domestic debt servicing was ₦35.40 billion (6.48 percent) above the projection for the quarter. A total of ₦384.52 billion was released and cash backed in the first quarter of 2021 for the implementation of 2021 capital projects and programmes of MDAs.

The revenue and expenditure outturn of the Federal Government resulted in a fiscal deficit of ₦2,293.24 billion during the quarter (6.43 percent of the 2021 quarterly GDP). The first quarter deficit was ₦1,070.26 billion (87.51 percent) higher than the projected quarterly fiscal deficit of ₦1,222.98 billion. The 2021 fiscal deficit was also higher than the ₦1,377.98 billion deficit recorded in first quarter of 2020. The deficit was partly-financed through domestic borrowing of ₦550.0 billion.

Overall, the nation's economy grew by 0.51 percent in the first quarter of 2021, a sign that the Nigerian economy had recovered from the second recession in four years after posting two consecutive positive GDP growth in two quarters. The fragile economic performance in the quarter under review was due to the effectiveness of some measures put in place to curtail the negative impact of the COVID-19 pandemic on the economy. Nevertheless, 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 is an important instrument used in achieving Government's strategic objectives and plans for the socio-economic development of the nation. It shows the allocation of resources to different sectors/agencies by the Government in its effort to deliver public goods/services to the people. The Federal Budget is not all about expenditure allocations as it is often assumed by many. Revenue remains a critical and vital 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 2021 Appropriation Bill, was designed to further deliver on the goals of our Economic Sustainability Plan. This Plan provides a clear road map for our post coronavirus economic recovery as a transitional plan to take us from the Economic Recovery and Growth Plan (2017–2020) to the successor Medium Term National Development Plan (2021–2025). In view of the many challenges confronting the Nation, the Budget is expected to accelerate our economic recovery process, promote economic diversification, enhance competitiveness, ensure social inclusion and strengthen the resilience of the economy. The 2021 Appropriation was therefore, themed the 'Budget of Economic Recovery and Resilience'.

The 2021-2023 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) provided the economic framework for the 2021 Budget, along with fiscal policy objectives and spending priorities of the Government over the three-year period. It also shows the plans for achieving Government's defined objectives, and highlights the key assumptions behind revenue estimates 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 foundation for the preparation of revenue and expenditure estimates of the annual federal budget. Hence, the MTEF represents efforts towards multi-year perspective in budgeting.

In line with the tradition established last year with the Finance Act of 2019, the Finance Act of 2020 was prepared and approved to support the 2021 Budget and it came into effect with the 2021 Appropriation Act on the 1<sup>st</sup> of January, 2021. Key guiding principles of the Finance Act 2020 were to attract investment, grow the economy, create jobs as well as accelerating

domestic revenue mobilization amidst the COVID-19 Pandemic and the domestic/global downturn. As such, emphasis is placed on avoiding tax increases and moderating fiscal incentives. Specifically, the Finance Bill 2020 contain counter-cyclical policies in response to the COVID-19 Pandemic.

Investing in critical infrastructure is a key component of the fiscal strategy under the 2021 Budget. Accordingly, an aggregate sum of N4.13 trillion (exclusive of N249.95 billion in statutory transfers) was approved for capital projects in 2021. 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 completed in the 2020 fiscal year were rolled over into the 2021 Budget. Some of the key sectors for capital spending allocations in the 2021 Budget include: Works and Housing; Power; Transportation; Defence; Agriculture and Rural Development; Water Resources; Education; Health; and Science & Technology. Huge recurrent allocations were also made to some critical sectors, underscoring the government's commitment to increase investments in national security and human capital development.

Mobilising adequate revenue to fund the annual FGN budget remains the most critical fiscal issue over the medium term. Several measures are being implemented to improve government revenue collections and entrench a regime of prudence with emphasis on achieving value for money. Improving the tax administration framework to optimize government revenue is a major thrust of the Administration's Strategic Revenue Growth Initiatives (SRGI). A section on Tax Expenditure Statement (TEs) in the 2021-2023 MTEF/FSP, which dimensions the cost of tax waivers/concessions, and evaluate their policy effectiveness. Tax expenditures (TEs) are currently estimated to be: Company Income Tax (CIT) N1.18 trillion; Value Added Tax (VAT) N3.10 trillion; Customs Duties N347.0 billion; and VAT on Imports N64.0 billion. Going forward, annual ceilings will be set on TEs to better manage their impact on already constrained government revenues.

To enhance Independent Revenue collection, Government is aiming to optimize the operational and collection efficiencies of Government Owned Enterprises (GOEs) with a view to their generating significantly higher revenues and controlling expenditures more tightly. Current sub-optimal revenue performance of most GOEs is being addressed through effective implementation of the enhanced Performance Management Framework, and sanctions for default on targets. The cost-to-revenue ratio of GOEs has

by Finance Act, 2020 been limited to a maximum of 50 percent, while regular monitoring and reporting of revenue and expenditure performance of GOEs will be undertaken by both the Budget Office of the Federation and the Office of the Accountant General of the Federation. The Finance ACT, 2020, assented to by Mr. President contain measures to advance the SRGI.

This Report gives detailed information on the 2021 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 growth is projected to average 6.0 percent in 2021, a 9.3 percentage points from the contraction of 3.3 percent in 2020. This also reflects a 0.8 percentage points increase over October 2020 projection and is based on expectation of a vaccine-powered recovery. The stronger growth projection reflects additional policy support in few large economies and the anticipated vaccine-powered recovery in the second half of 2021. The recovery is projected to be widespread across all economic groupings as well as regional and individual economies. Growth in the Advanced Economies is projected at 5.1 percent powered by the recovery of 6.4 percent and 4.4 percent in the United States and the Euro Area respectively and broadly across the economies in the group. The EMDEs are expected to register positive growths of 6.7 percent driven mainly by the recovery of 12.5 percent in India as well as the continued growth of the Chinese economy in 2021.

Global prospects remain highly uncertain one year into the pandemic as new virus mutations and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are therefore diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. Across countries, the recovery has been shaped by the path of the pandemic, restrictions imposed on mobility to contain its spread, factors such as the proportion of “teleworkable” jobs, share of employment in small and medium enterprises, depth of capital markets, size of the informal sector, and quality of and access to digital infrastructure.

Following a short-lived and synchronized collapse, industrial production has returned to pre-pandemic levels but consumption of contact-intensive services remained depressed. International trade has shown similar patterns with merchandise trade volumes returning to pre-pandemic levels while cross-border trade in services remains subdued. Exchange rate movements have also reflected these shifts in risk sentiment with most emerging market currencies and those of commodity exporters appreciating, while the US dollar has depreciated since April 2020.

Labor and product market recovery remains incomplete while asset markets have powered ahead, lifted by policy stimulus and expectations of a

vaccine-driven normalization in 2021. Commodity prices, consistent with the projected global recovery, is expected to rebound with oil prices projected to grow 30 percent in 2021 from their low base in 2020, in part reflecting the OPEC+ supply curbs. Metal prices are projected to accelerate strongly in 2021, largely reflecting the rebound in China while food prices are also expected to pick up in 2021.

Prudent policy measures therefore need to be adopted including strengthening social protection; ensuring adequate resources for health care, early childhood development program, education and vocational training; and investing in green infrastructure. There is need to anchor short term support on credible medium-term frameworks with policy response tailored to the stage of the pandemic, the strength of recovery and structural characteristics of the economy. Countries with fiscal constraint are advised to strive to increase revenue collection, adopt greater tax progressivity and reduce wasteful subsidies. Strong international cooperation is also vital.

## **2.2 Domestic Macroeconomic Performance**

### **2.2.1 Developments in Real Sector**

#### **2.2.1.1 GDP Growth:**

Nigeria's Gross Domestic Product grew by 0.51 percent (year-on-year) in real terms in the first quarter of 2021, marking two consecutive quarters of growth following the negative growth rates recorded in the second and third quarters of 2020. This consecutive growth in two quarters implies that the economy had gone out of recession for the second time in four years. The GDP 2021 first quarter growth rate was lower than the 1.87 percent growth rate recorded in first quarter of 2020, but was also higher than 0.11 percent recorded in fourth quarter of 2020. This is an indication of a slow but continuous recovery. Nevertheless, quarter on quarter, real GDP grew at -13.93 percent in the first quarter of 2021 when compared to fourth quarter of 2020, reflecting a generally slower pace of economic activities at the start of the year.

In the quarter under review, aggregate GDP stood at ~~N~~40,014,482.74 million in nominal terms. This performance is higher when compared to the first quarter of 2020 which recorded aggregate GDP of ~~N~~35,647,406.08 million,

indicating a year-on-year nominal growth rate of 12.25 percent. The nominal GDP growth rate in the first quarter of 2021 was relatively higher than the 12.01 percent growth recorded in the first quarter of 2020 as well as the 10.07 percent growth recorded in the fourth quarter of 2020. For better clarity, the Nigerian economy has been classified broadly into the oil and non-oil sectors.

**Figure 2.1: GDP Percentage Growth (Q1 2015 – Q1 2021)**



**Source:** National Bureau of Statistics, 2021

**2.2.1.2 Oil Sector:**

Oil sector real GDP grew by -2.21 percent (year-on-year) in the first quarter of 2021 indicating a decrease of 7.27 percent points relative to the growth rate of 5.06 percent points recorded in the corresponding quarter of 2020. However, growth increased by 17.55 percent points when compared to the fourth quarter of 2020 which reported -19.76 percent. Quarter-on-quarter, the oil sector recorded a growth rate of 35.65 percent in first quarter of 2021. In terms of contribution to aggregate GDP, the Oil sector accounted for 9.25 percent of aggregate real GDP in the first quarter of 2021. This was slightly lower than 9.5 percent reported in the corresponding period of 2020 but higher than the 5.87 percent contribution recorded in the preceding quarter. Average daily oil production in the first quarter of 2021 stood at 1.72 million barrels per day (mbpd), which is 0.35mbpd lower than the 2.07mbpd recorded in the first quarter of 2020 but 0.16mbpd higher than the

production volume of 1.56mbpd reported in the fourth quarter of 2020. It was however 0.14mbpd lower than the 1.86mbpd projected oil benchmark for the year.

### 2.2.1.3 Non-Oil Sector:

The non-oil sector grew by 0.79 percent in real terms during the quarter under review. This was 0.75 percent and 0.89 percent points lower when compared with the rates recorded in the first and fourth quarters of 2020 respectively. The performance of the non-oil sector was driven mainly by the Information and Communication (Telecommunication), Agriculture (Crop Production), Manufacturing (Food, Beverage & Tobacco), Real Estate, Construction and Human Health & Social Services.

Figure 2.2: Quarterly Oil and Non-Oil Real GDP Growth Rate Percent (Q1 2017– Q1 2021)



Source: National Bureau of Statistics, 2021

In real terms, the non-oil sector contributed 90.75 percent to aggregate GDP in the first quarter of 2021, this was slightly higher than the 90.50 percent reported in the first quarter of 2020 but lower than 94.13 percent recorded in the fourth quarter of 2020.

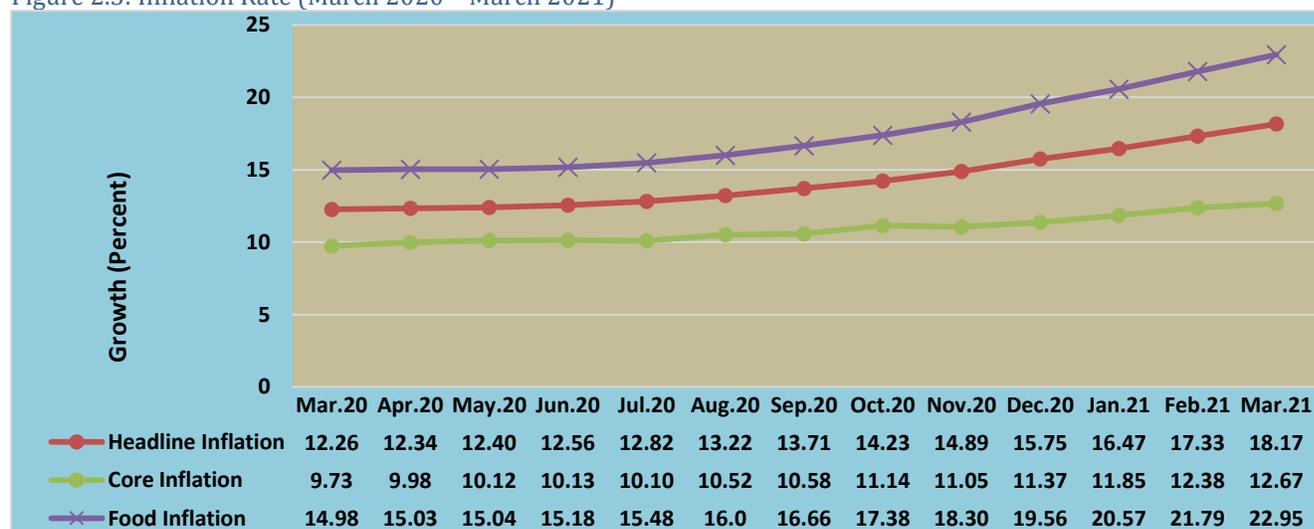
### 2.2.2 Developments in Prices

The persistent upward trend in the general price level continued in the first quarter of 2021. All components of inflation (year-on-year) continued on a rising trend as headline inflation rose from 15.75 percent in December 2020

to 16.47 percent, 17.33 percent and 18.17 percent in January, February and March 2021 respectively. The uptick mainly reflected the increase in both the food and core components. Food inflation increase from 19.56 percent in December 2020 to 20.57 percent, 21.79 percent and 22.95 percent in January, February and March 2021 respectively. Similarly, core inflation rose from 13.37 percent in December 2020 to 11.85 percent, 12.38 percent and 12.67 percent in January, February and March 2021 respectively.

The continued increases in food and core inflation were ascribed to the heightened security tensions across the country as well as deteriorating public infrastructure 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 include the impact of the second wave of coronavirus-induced supply disruptions, increases in the price of energy products (PMS and electricity), build up in monetary aggregates and exchange rate pass through.

Figure 2.3: Inflation Rate (March 2020 - March 2021)



Source: National Bureau of Statistics, 2021

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 Naira. The Federal Government has shown its commitment to tackle insecurity, as this will improve the business environment and encourage economic activities to

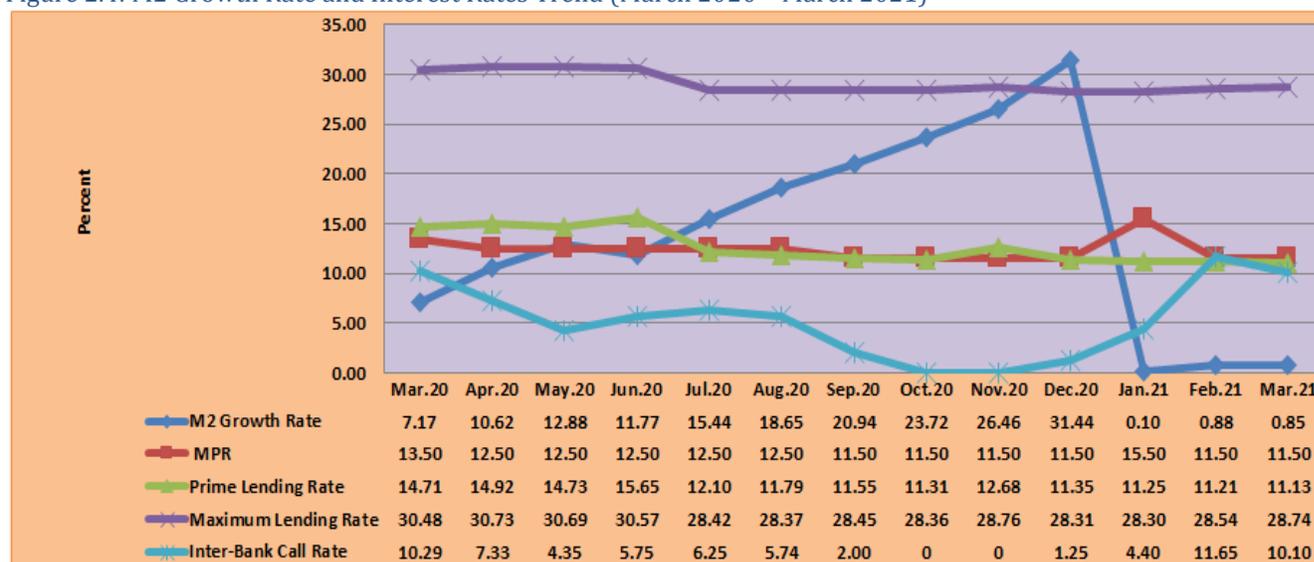
reduce inflation. Extant measures by the CBN in ensuring both liquidity and stability in the foreign exchange market as well as moderating the exchange rate pass-through to inflation will also go a long way in addressing the inflation issues.

### 2.2.3 Developments in Money Market

As a contributory factor for the uptick in inflation, monetary aggregates increased in the first quarter of 2021 relative to the fourth quarter of 2020. Broad Money Supply (M2) increased by ₦321.99 billion (0.85 percent) from ₦37,704.98 billion in December 2020 to ₦38,026.97 billion in March 2021. 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 1.71 percent (₦728.46 billion) from ₦42,554.42 billion in December 2020 to ₦43,282.88 billion in March 2021. The development in Net Domestic Credit was due to increase in Credit to Private Sector. Credit to the Private Sector grew by 3.63 percent (₦1,095.56 billion) from ₦30,149.60 billion in December 2020 to ₦31,245.16 billion in March 2021. On the other hand, Credit to Government decreased by 2.96 percent (₦367.10 billion) from ₦12,404.82 billion in December 2020 to ₦12,037.72 billion in March 2021.

Relative to the fourth quarter of 2020, Narrow Money Supply (M1) increased in the first quarter of 2021. The M1 registered a 1.31 percent (₦210.0 billion) growth from ₦15,976.62 billion in December 2020 to ₦16,186.62 billion at the end of the first quarter of 2021. 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 (March 2020 – March 2021)



Source: Central Bank of Nigeria, 2021

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 rose from 1.25 percent in December 2020 to 4.40 percent, 11.65 percent and 10.10 percent in January, February and March 2021 respectively. On the other hand, the average prime lending rate fell slightly from 11.35 percent in December 2020 to 11.25 percent, 11.21 percent and 11.13 percent in January, February and March 2021 respectively. Average maximum lending rate also fell slightly from 28.31 percent in December 2020 to 28.30 percent in January 2021 before rising to 28.54 percent and 28.74 percent in February and March 2021 respectively (Figure 2.4).

## 2.2.4 Developments in the External Sector

### 2.2.4.1 External Trade

Nigeria's total imports in the first quarter of 2021 was valued at N6,850.0 billion representing 70.21 percent of the total trade. The value of imports rose by 15.61 percent and 54.30 percent above the figures reported in the fourth and first quarters of 2020 respectively. Imports by Standard International Trade Classification (SITC) revealed that Machinery & Transport Equipment accounted for N2,492.73 billion. This was followed by Chemicals & related products N1,302.82 billion and Mineral Fuel N981.68 billion. Import trade classified by region showed Asia as the dominant originating region with a record of N3,319.4 billion (48.45 percent). Out of the value recorded for Africa, Import from ECOWAS countries accounted for N20.8 billion. Analysis of imports by Country of Origin showed that the majority of the goods imported during the quarter originated from China, valued at N2,009.94 billion (29.34 percent).

During the quarter, the value of total exports stood at N2,907.21 billion, representing 29.79 percent of total trade. This value represented a decline of 8.99 percent and 29.26 percent below the figures recorded in the fourth and first quarters of 2020 respectively. Exports by section revealed that Nigeria exported mainly mineral products, valued at N2,486.10 billion (85.52 percent) of the total export. This was followed by vehicles, aircraft and parts valued at N180.5 billion (6.21 percent) and vegetable products valued at N82.3 billion (2.83 percent). In terms of regional trade, Nigeria exported most products to Asia (N1,132.55 billion), Europe (N997.79 billion), America (N316.62 billion) and Africa (N449.84 billion). During the quarter goods worth N282.2 billion was exported to ECOWAS. By country, most goods were exported to India (N488.1 billion or 16.8 percent), Spain (N287.2 billion or 9.9 percent), China (N190.1 billion or 6.5 percent) and the Netherlands (N160 billion or 5.5 percent).

#### 2.2.4.2 Balance of Trade

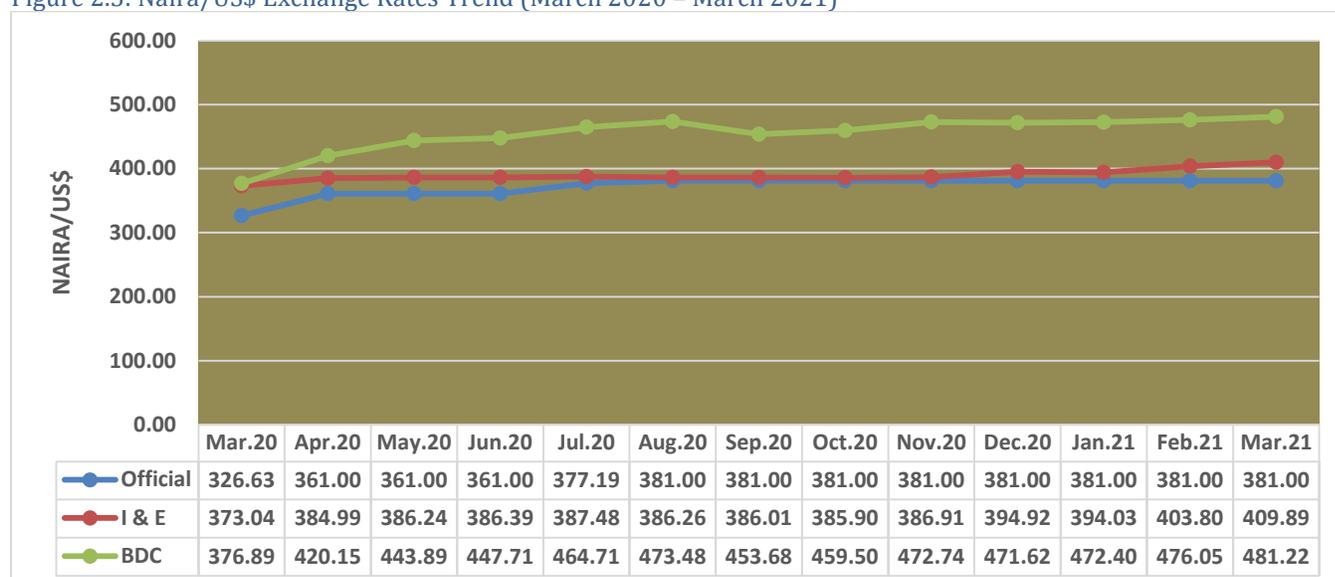
Nigeria's total merchandise trade in the first quarter of 2021 stood at N9,757.87 billion representing 6.99 percent and 14.13 percent increase when compared to the values recorded in fourth and first quarters of 2020 respectively. The export component of this trade stood at N2,907.21 billion, representing 29.79 percent of the total trade while import was valued at N6,850 billion representing 70.21 percent. The higher level of imports over exports resulted in a trade deficit (in goods) of N3,943.45 billion. The value of crude oil export stood at N1,929.83 billion (66.38 percent) of the total export while non-crude oil export accounted for 33.62 percent of the total export recorded in the first quarter of 2021.

#### 2.2.4.3 Exchange Rates

The Official/Inter-Bank segment of the foreign exchange market remained stable at N381.0/US\$ throughout the first quarter of 2021. 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 variability in the first quarter of 2021. This fluctuation could be attributed to the heavy burden on the market and 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 ₦394.92/US\$ in December 2020 to ₦394.03/US\$ in January 2021 before depreciating further to ₦403.80/US\$ and ₦409.89/US\$ in February and March 2021 respectively. Similarly, the Naira/US\$ depreciated at the Bureau De-Change (BDC) segment of the market, from ₦471.62/US\$ in December 2020 to ₦472.40/US\$, ₦476.05/US\$ and ₦481.22/US\$ in January, February and March 2021 respectively.

Figure 2.5: Naira/US\$ Exchange Rates Trend (March 2020 – March 2021)



Source: Central Bank of Nigeria, 2021

#### 2.2.4.4 External Reserves

Figures from the CBN showed that Nigeria's gross official (external) reserves decreased at the end of the first quarter of 2021. It fell from US\$36.48 billion in December 2020 to US\$35.14 billion in March 2021. The performance at the end of March 2021 revealed a decrease of US\$1.34 billion (3.67 percent) below the figure reported at the end of December 2020. It however represents a significant rise by US\$1.45 billion (4.30 percent) relative to the end of first quarter of 2020 level of US\$33.69 billion. There is likelihood of further increase in the level of external reserves in

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 2<sup>nd</sup> phase of 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 (March 2020 – March 2021)



**Source:** Central Bank of Nigeria, 2021

## 2.2.5 Debt Stock

### 2.2.5.1 Total Public Debt Stock

The total public debt stock as at 31<sup>st</sup> March, 2021 stood at US\$87,239.12 million (₦33,107.25 billion). This represents an increase of ₦191.74 billion (0.58 percent) when compared to the US\$86,392.54 million (₦32,915.51 billion) reported at the end of December 2020. The breakdown consisted of US\$32,859.99 million (₦12,470.37 billion) or 37.67 percent for external debt while the balance of US\$54,379.13 million (₦20,636.88 billion) or 62.33 percent was for domestic debt stock. The total public Debt/GDP remained sustainable at a ratio of 23.20 percent as at the end of March 2021, and was significantly below the country specific threshold of 25 percent and international threshold for comparator countries of 56 percent.

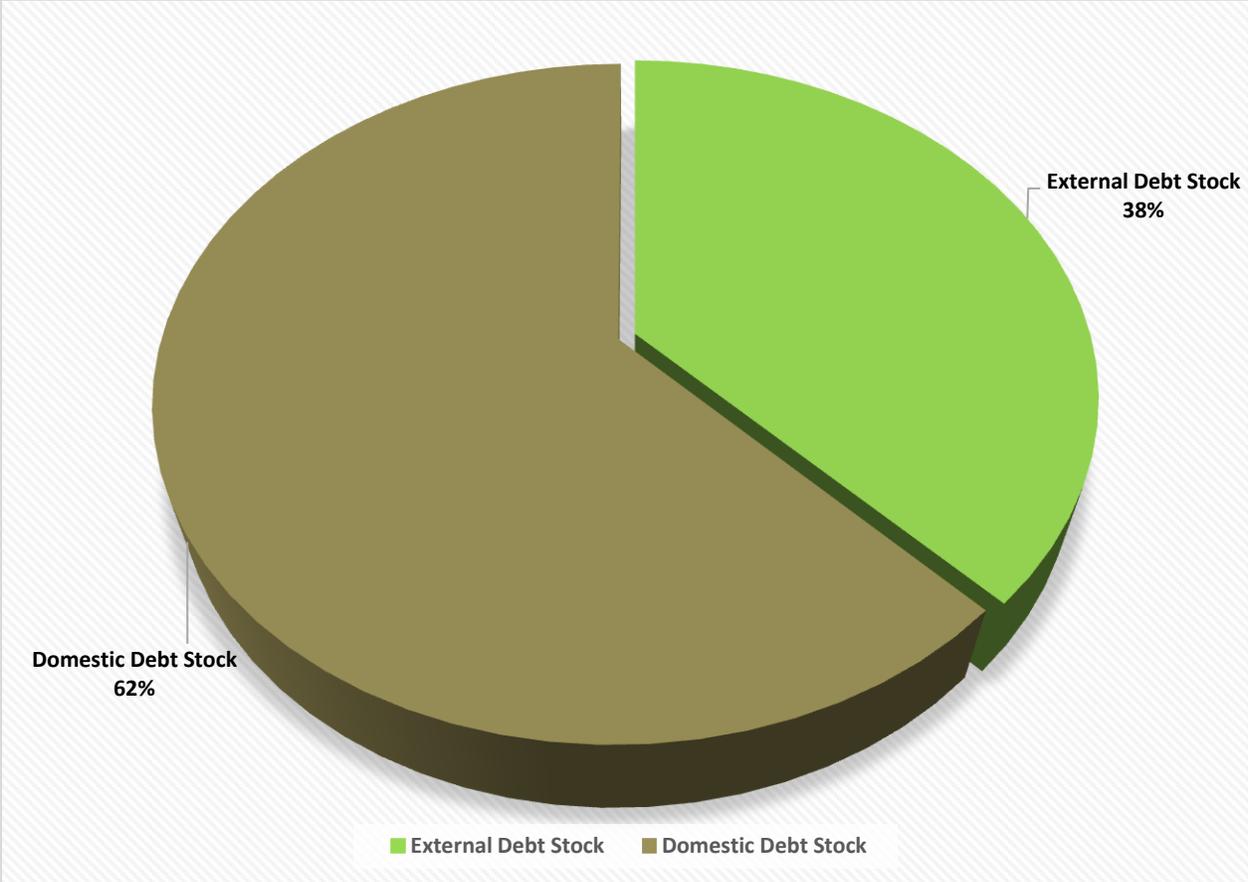
#### 2.2.5.2 Domestic Debt Stock

The Federal Government's domestic debt stock stood at ₦16,513.93 billion as at end of March 2021 representing an increase of ₦490.04 billion (3.06 percent) above the ₦16,023.89 billion recorded in the fourth quarter of 2020. It was also ₦1,979.18 billion (13.62 percent) above the ₦14,534.75 billion reported in the same period of 2020. The increase in domestic debt relative to the fourth 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 31<sup>st</sup> March, 2021 revealed that ₦12,465.27 billion (75.48 percent) is for FGN Bonds, ₦2,604.81 billion (15.77 percent) is for Nigerian Treasury Bills (NTBs), ₦100.99 billion (0.61 percent) is for Treasury Bonds, ₦14,394.70 billion (0.09 percent) is for FGN Savings Bond, ₦362.56 billion (2.20 percent) is for FGN Sukuk, ₦25.69 billion (0.16 percent) is for Green Bond and ₦940.22 billion (5.69 percent) is for Promissory Notes.

#### 2.2.5.3 External Debt Stock

Nigeria's external debt stock as at 31<sup>st</sup> March 2021, stood at US\$32,859.99 million indicating a decrease of US\$488.09 million (1.46 percent) below US\$33,348.08 million reported in the fourth quarter of 2020 and US\$5,194.33 million (18.78 percent) increase above US\$27,665.66 million recorded in the first quarter of 2020. A breakdown of the external debt stock as at 31<sup>st</sup> March, 2021 revealed that Multilateral Debts amounted to US\$17,830.05 million (54.26 percent), Non-Paris Club Bilateral Debts amounted to US\$4,182.06 million (12.73 percent), Commercial (Euro-Bond) amounted to US\$10,668.35 million (32.47 percent) while Promissory Notes accounted for the balance of US\$179.53 million (0.55 percent).

Figure 2.7: First Quarter 2021 Total Public Debt Stock



Source: Debt Management Office, 2021

## 3.0 FINANCIAL ANALYSIS OF 2020 BUDGET IMPLEMENTATION

### 3.1 Key Assumptions and Projections

The 2021 Budget was based on the 2021-2023 Medium Term Fiscal Framework and Fiscal Strategy Paper (MTFF/FSP) which was in line with the Government's Economic Sustainability Plan. Table 3.1 presents the key assumptions and targets over the period 2016 - 2021.

**Table 3.1: Key Budget Assumptions and Targets, 2016 - 2021**

KEY ASSUMPTION & TARGETS	2016	2017	2018	2019	2020	2021
Projected Production (in mbpd)	2.2	2.20	2.30	2.30	1.80	1.86
Budget Benchmark Price (per barrel in US)	38	44.50	51	60	28	40
<b>Technical Cost of JVC Pbl to Oil Companies</b>						
Operating Expenses (T1) in US \$	10.29	10.43	11.24	20.45	11.30	10.68
Capital Expenses (T2) in US \$	11.12	10.85	11.97	14.89	13.99	13.16
Petroleum Investment Allowance (10%)				0.51	0.34	0.25
<b>Technical Cost of PSC Pbl to Oil Companies</b>						
Operating Expenses (T1) in US \$	8.22	8.85	8.7	10.01	10.02	15.02
Capital Expenses (T2) in US \$	19.62	17.86	11.01	10.04	8.19	8.27
Investment Tax Credit	4.94	2.85	2.13	1.54	2.38	2.26
<b>Technical Costs of SC pbl to Oil Company</b>						
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		
<b>Technical Costs of Independent pbl to Oil Company</b>						
Operating Expenses (T1) in US \$					12.43	11.74
Capital Expenses (T2) in US \$					15.39	14.48
Investment Allowances					0.37	0.27
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%		
<b>Royalty Rates</b>						
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	379
VAT Rate	5%	5%	5%	5%	7.5%	7.5%
CIT Rate	30%	30%	30%	30%	30%	30%

**Source:** BOF, NNPC, FIRS and NCS, 2021

#### 3.1.1 Budget Benchmark Oil Price and Production

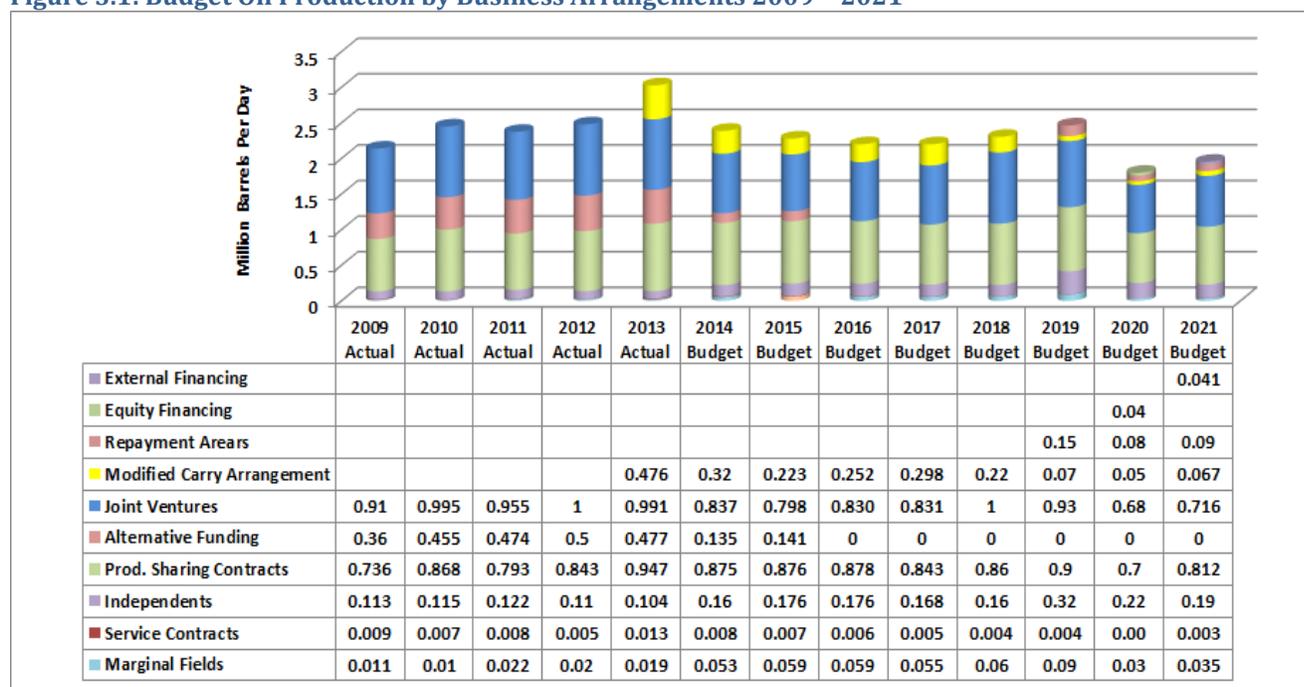
The benchmark price of oil for the 2021 Budget was fixed at US\$40.0/barrel while benchmark oil production was pegged at 1.86 million barrels per day

(mbpd). This aligns with Government's continued use of benchmark oil production and prices for its yearly budgets to shield budget expenditures from the volatilities in the price of oil in the global market.

The productivity and consequently cost outlay in the oil sector was projected to improve significantly in the 2021 fiscal year. The Technical Cost comprising average of operating and capital expenses were reviewed downward in the 2021 fiscal year compared to the rates in 2020 for both the Joint Ventures (JVs) and the Independent Contracts. The average expenses [Capital (T1) and Operating (T2)] for the JVs production arrangement decreased from US\$25.29 per barrel in 2020 to US\$23.84 per barrel in 2021 indicating a reduction of US\$1.45 per barrel over the period. The average expenses for the Independent Contracts also reduced to US\$26.22 per barrel in 2021 from US\$27.82 per barrel in 2020. This was due to reduction in Operating and Capital Expenses for Independent Contract. On the other hand, the Technical Cost comprising average of operating and capital expenses were adjusted upward from U\$18.21 per barrel in 2020 to U\$23.29 per barrel in 2021.

The share of oil production by business arrangement remained relatively stable with the PSCs and JVs dominating at approximately 41.56 and 36.64 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 2020 budget framework.

**Figure 3.1: Budget Oil Production by Business Arrangements 2009 – 2021**



Source: NAPIMS/NNPC, 2021

**Table 3.2: Detailed Assumptions for Oil Production and Taxes (2018 - 2021)**

Share of Oil Production	2018 Production Volume	2018 Percentage	2019 Production Volume	2019 Percentage	2020 Production Volume	2020 Percentage	2021 Production Volume	2021 Percentage
Joint Ventures	1.00	43.48%	0.93	37.8%	0.68	37.60%	0.716	36.64%
Alternative Funding								
External Financing							0.041	2.10%
Modified Carry Arrangement	0.22	9.57%	0.07	2.8%	0.05	2.92%	0.067	3.43%
Production Sharing Contracts	0.86	37.39%	0.90	36.7%	0.70	39.03%	0.812	41.56%
Independents	0.16	6.96%	0.32	12.8%	0.22	11.96%	0.190	9.72%
Service Contracts	0.004	0.17%	0.004	0.2%	0.00	0.18%	0.003	0.15%
Marginal	0.06	2.61%	0.09	3.5%	0.03	1.86%	0.035	1.79%
Base Production	2.30	100%	2.3	100%				
Repayment Arrears	0.21	8.37%	0.15	6.2%	0.08	4.26%	0.090	4.61%
Equity Financing					0.04	2.18%		
Total Oil Production	2.51	100%	2.45	100%	1.80	100%	1.954	100.00%
<b>PPT Rates</b>								
Weighted Average -JV/AF/Independent/Marginal		85%	85%			85%		85.00%
Weighted Average -PSC		50.2%	50.10%			50.10%		50.12%
Weighted Average -SC		85%	85%			85%		85.00%
<b>Royalties Rates</b>								
Weighted Average-JV		18.67%	18.67%			18.67%		18.67%
Weighted Average-Independent						19.31%		19.31%
Weighted Average-Marginal						9.29%		9.29%
Weighted Average-PSC		2.3%	2.83%			3.15%		10.00%
Weighted Average-SC Oil		19.31%	19.31%			18.50%		18.50%

Source: NNPC and BOF, 2021

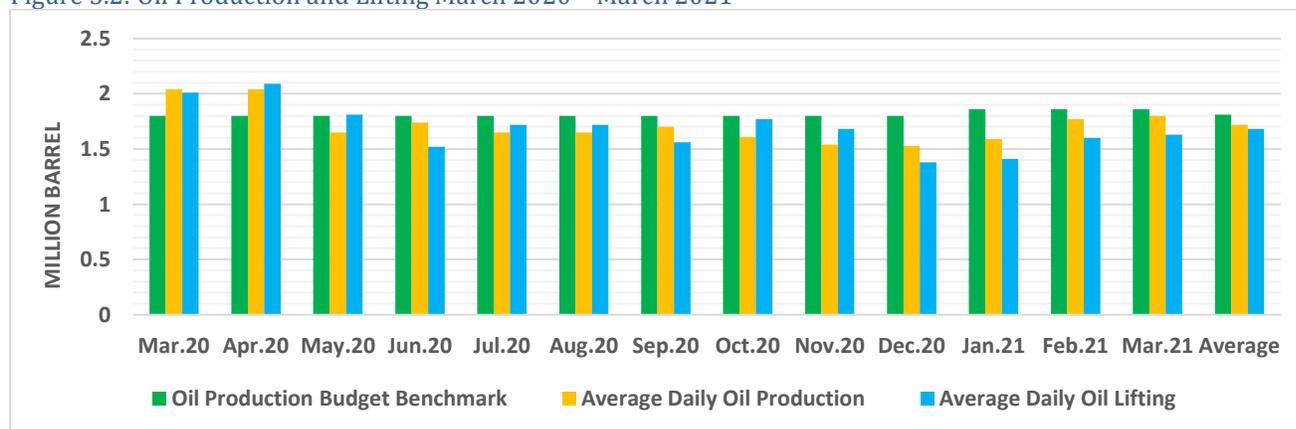
## 3.2 Analysis of Revenue Performance

### 3.2.1 Performance of Key Oil Revenue Parameters

The price of crude oil in the international market averaged US\$60.90 per barrel in the first quarter of 2021, signifying an increase of US\$16.64 per barrel (37.60 percent) from the US\$44.26 per barrel reported in the fourth quarter of 2020. This also indicates an increase of US\$10.64 per barrel (21.17 percent) and US\$20.90 per barrel (52.25 percent) when compared to US\$50.26 per barrel recorded in the first quarter of 2020 and the US\$40.0 budget benchmark, respectively. The increase in crude oil price during the period could be attributed to the increase in global economic activities due to ease in the second phase COVID-19 lockdown demand which resulted in increased demand for crude oil and the cutdown in production quota by OPEC member countries.

Provisional data from the Nigerian National Petroleum Corporation (NNPC) showed that the average oil production and lifting (including Condensates) in the first quarter of 2021 was 1.72mbpd and 1.51mbpd respectively. The oil production figure shows a decrease of 0.14mbpd (7.53 percent) below the 1.86mbpd benchmark for the 2021 Budget. The volume of oil production in the period was also 0.12mbpd (7.69 percent) above 1.56mbpd reported in the fourth quarter of 2020 and 0.38mbpd (18.45 percent) below 2.06mbpd recorded in the first quarter of 2020.

Figure 3.2: Oil Production and Lifting March 2020 – March 2021



Source: NNPC and BOF, 2021

The above translates to an average monthly oil production and lifting of 49.39 million barrels and 44.25 million barrels respectively in the first quarter of 2021. The decrease in the quantity of oil production during the quarter as against the projected budget figure could be ascribed to the cut in production quota due to OPEC agreement, crude oil theft, vandalization of pipelines and other legacy issues in the sector.

### 3.3 Aggregate Revenue of the Federation

In the 2021 Fiscal Framework, Gross Federally Collectible Revenue is projected at ₦12,296.59 billion, comprising of ₦5,185.57 billion (42.17 percent) Oil Revenue and ₦7,111.02 billion (57.83 percent) Other Revenues. Gross oil revenue in the first quarter of 2021 stood at ₦858.34 billion representing a ₦438.05 billion (33.79 percent) decrease from ₦1,296.39 billion quarterly projection in the 2021 budget. The performance in the first quarter of 2021 was also below the level in the corresponding period of 2020.

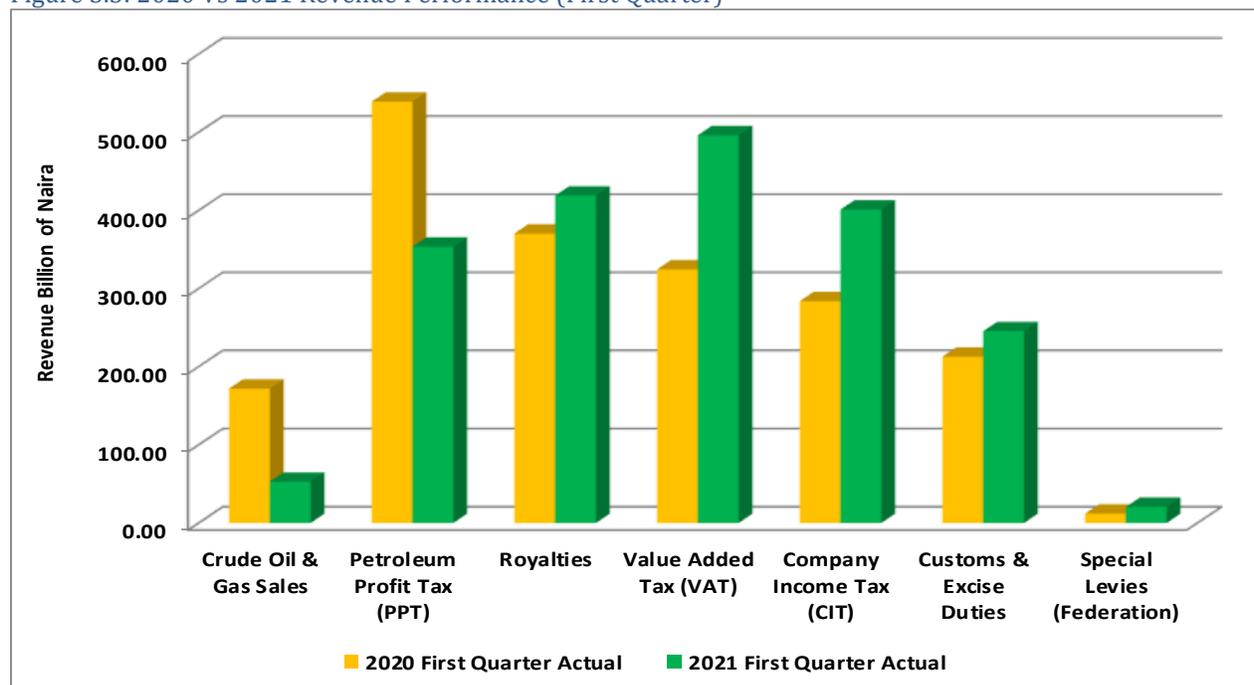
### 3.4 Oil Revenue Performance

*Table 3.3: Performance of Federation Revenue in the First Quarter of 2021 Vs 2020*

Revenue Items	2020	2021	Variance	
	First Quarter Actual	First Quarter Actual	1st Quarter 2021 Vs 1st Quarter 2020	
<b>Oil Revenue</b>	<b>N'bens</b>	<b>N'bens</b>	<b>N'bens</b>	<b>%</b>
Crude Oil Sales	172.05	52.91	-119.14	-69.25
Petroleum Profit Tax (PPT)	539.35	353.72	-185.63	-34.42
Royalties	370.60	419.10	48.50	13.09
Gross Oil Revenue	1,280.76	858.34	-422.42	-32.98
Net Oil Receipts	905.15	678.25	-226.90	-25.07
<b>Non-Oil Revenue</b>				
Value Added Tax (VAT)	324.58	496.39	171.81	52.93
Company Income Tax (CIT)	284.03	401.13	117.10	41.23
Customs & Excise Duties	212.90	245.64	32.74	15.38
Special Levies	12.10	20.79	8.69	71.82
Gross Non-Oil Revenue	833.61	1,163.95	330.34	39.63
Net Non-Oil Receipts	781.32	1,340.48	559.16	71.57

**Source:** OAGF and Budget Office of the Federation, 2021

Figure 3.3: 2020 Vs 2021 Revenue Performance (First Quarter)



**Source:** OAGF and Budget Office of the Federation, 2021

The low performance as against the quarterly estimate can be attributed to low production/lifting due to the cut in production quota by OPEC for its member countries. This measure became necessary to boost and sustain crude oil price in the international market. The aggregate gross non-oil revenue for the same period indicated an increase of ₦13.40 billion (1.16 percent) and ₦330.34 billion (39.63 percent) above the 2021 quarterly budget estimate and the corresponding figure reported in 2020 respectively (Table 3.3).

### 3.5 Non-Oil Revenue Performance

A total of ₦1,163.95 billion gross non-oil revenue accrued to the Federation in the first quarter of 2021. This represents an increase of ₦13.40 billion (1.16 percent) above the quarterly estimate of ₦1,150.56 billion. An examination of the non-oil revenue items showed that Value Added Tax (VAT) of ₦496.39 billion and Company Income Tax (CIT) of ₦401.13 billion were higher than the quarterly projections of ₦459.59 billion and ₦374.13 billion by ₦36.80 billion (8.01 percent) and ₦27.0 billion (7.22 percent) respectively. On the other

hand, Customs & Excise Duties of ₦245.64 billion and Special Levies of ₦20.79 billion performed below the quarterly estimates of ₦283.13 billion and ₦33.71 billion by ₦37.49 billion (13.24 percent) and ₦12.92 billion (38.33 percent) respectively.

No dividend was received by FAAC from Government Companies and Investments during the quarter although quarterly projection was ₦52.14 billion. Solid Minerals & Other Mining revenue amounted to ₦2.05 billion, which is ₦0.47 billion (29.71 percent) higher than the ₦1.58 billion prorated quarterly projection for the period.

The poor performances of some of the non-oil revenue subheads could be attributed to the negative impacts of the second wave of COVID-19 which affected most economic activities during the period. However, non-oil revenue performance is expected to improve in subsequent quarters as safety measures put in place by government to ease COVID-19 effects start to yield positive results.

When compared with the corresponding 2020 first quarter figures, all the non-oil revenue items performed better. Value Added Tax, Company Income Tax, Customs & Excise Duties and Special Levies were higher by ₦171.81 billion (52.93 percent), ₦117.10 billion (41.23 percent), ₦32.74 billion (15.38 percent) and ₦8.69 billion (71.82 percent) respectively. The enhanced performance of the non-oil revenue items in the first quarter of 2021 as against the 2020 first quarter figures is largely due to the recovery of global economic activities following the relaxation of COVID-19 restrictions. The extension of the implementation of the 2020 capital budget and the improved performance of the Federal Inland Revenue Service (FIRS) as well as the Nigeria Customs Service (NCS) during the period are also some of the contributing factors. The full implementation of the 2021 capital projects/programmes is also expected to further enhance the performance of all non-oil revenue items subsequently.

**Table 3.4: Net Distributable Revenue as at March, 2021 (Oil Revenue at Benchmark Assumptions)**

S/NO	ITEMS	BUDGET			ACTUAL		VARIANCE	
		2020 Budget	2021 Budget	2021 Quarterly Budget	2020 First Quarter	2021 First Quarter	2021 First Quarter Actual Vs Quarterly Budget	
A	OIL REVENUE	₦b	₦b	₦b	₦b	₦b	₦b	%
1	Gross Profit Oil from Crude Oil & Gas Sales	656.86	630.05	157.51	172.05	52.91	-104.60	-66.41
2	PPT & Gas Income @ 30% CITA	710.62	2,148.52	537.13	539.35	353.72	-183.41	-34.15
3	Oil & Gas Royalties	945.37	1,685.72	421.43	370.60	419.10	-2.33	-0.55
4	Concessional Rentals	6.03	6.05	1.51	0.16	0.62	-0.89	-58.83
5	Gas Flared Penalty	103.51	130.42	32.61	31.04	26.26	-6.34	-19.45
6	Incidental Oil Revenue (Royalty Recovery & Marginal Field Licences)	604.67	499.74	124.94	67.05	0.06	-124.88	-99.96
7	Miscellaneous (Pipeline Fees etc)	6.30	57.56	14.39	2.48	6.66	-7.73	-53.69
8	Exchange Gain		27.50	6.88	98.03	-1.01	-7.88	-114.63
9	Sub-Total	3,033.36	5,185.57	1,296.39	1,280.76	858.34	-438.05	-33.79
10	Deductions							
11	Fiscal Deductions (Base JV Cash Call + EF + MCA + RA)		0.00	0.00		250.41	250.41	
12	Other Federally Funded Upstream Projects	424.23	395.61	98.90	227.19	67.89	-31.01	-31.36
13	DPR 4% Cost of Collection (Royalty, Concessional, Gas Flared & Miscellaneous)		0.00	0.00	13.17	15.92	15.92	
14	FIRS 4% Cost of Collection on Gas Income Tax		0.00	0.00	0.68	1.06	1.06	
15	13% Derivation	339.19	622.69	155.67	135.25	95.22	-60.45	-38.83
16	Net Oil Revenue	2,100.74	4,167.26	1,041.82	905.15	678.25	-363.57	-34.90
17	TO FEDERATION ACCOUNT (OIL)	2,090.24	4,146.43	1,036.61	905.15	678.25	-358.36	-34.57
B	DIVIDEND BY COMPANIES/INVESTMENTS							
18	Total Dividend Payment	160.75	208.54	52.14		0.00	-52.14	-100.00
C	SOLID MINERAL & OTHER MINING REVENUES			0.00				
19	Total Solid Minerals Revenue	4.52	6.31	1.58	1.46	2.05	0.47	29.71
20	Less 13% Derivation	0.59	0.82	0.21	0.19	0.27	0.06	29.71
21	Net Solid Minerals after Derivation	3.93	5.49	1.37	1.27	1.78	0.41	29.71
D	SIGNATURE BONUS	350.52	677.02	169.25		20.92	-148.34	-87.64
E	NON-OIL REVENUE							
22	Value-Added Tax	2,190.62	1,838.35	459.59	324.58	496.39	36.80	8.01
23	Corporate Tax	1,798.62	1,496.53	374.13	284.03	401.13	27.00	7.22
24	Customs: Import, Excise & Fees	1,004.24	1,132.52	283.13	212.90	245.64	-37.49	-13.24
25	Special Levies (Federation Account)	152.53	134.83	33.71	12.10	20.79	-12.92	-38.33
26	Sub-Total	5,146.00	4,602.23	1,150.56	833.61	1,163.95	13.40	1.16
27	4% Collection Cost (VAT & Surcharge on Luxury Items)	87.62	73.53	18.38	12.98	19.86	1.47	8.01
28	3% Transfer to North East Development Commission (NEDC) from VAT	63.09	52.94	13.24		14.89	1.66	12.51
29	.5% Transfer to Nigerian Police Trust Fund from VAT	10.51	8.82	2.21		7.88	5.67	257.25
30	Value-Added Tax & Luxury Surcharge Net of Cost of Collection, and Transfers to NEDC and Police Trust Fund	2,029.39	1,703.04	425.76	311.60	720.19	294.43	69.15
31	4% Collection Cost (CIT, Stamp Duties & Capital Gains)	70.94	58.86	14.72	11.56	16.62	1.91	12.98
32	7% Cost of Collection (Duty, Excise & Fees)	70.30	79.28	19.82	14.90	17.20	-2.62	-13.24
33	7% Cost of Collection (Spec. Levies -Fed. Acct.)	10.68	9.44	2.36	0.85	1.46	-0.90	-38.33
34	FIRS Tax Refunds	25.00	25.00	6.25	12.00	12.00	5.75	92.00
35	TO FEDERATION (NON-OIL)	2,778.47	2,591.30	647.83	469.72	620.29	-27.54	-4.25
36	Total VAT Pool	2,029.39	1,703.04	425.76	311.60	720.19	294.43	69.15
37	Net Non-Oil	4,807.86	4,294.35	1,073.59	781.32	1,340.48	266.90	24.86
38	Sub-Total: (FEDERATION ACCOUNT)	4,883.14	6,764.06	1,691.02	1,376.14	1,300.32	-390.70	-23.10
39	Actual Balances in special Accounts	10.68	8.05	2.01			-2.01	-100.00
40	TO FEDERATION ACCOUNT	4,893.82	6,772.11	1,693.03	1,376.14	1,300.32	-392.71	-23.20
41	Transfer to Police Trust Fund (0.5% of Fed. Acct.)	24.47	41.87	10.47		7.88	-2.59	-24.71
F	TOTAL DISTRIBUTABLE							
42	Federation Account	4,869.35	6,730.24	1,682.56	1,376.14	1,292.43	-390.13	-23.19
43	VAT Pool Account	2,029.39	1,703.04	425.76	311.60	720.19	294.43	69.15
44	GRAND TOTAL	6,898.74	8,433.28	2,108.32	1,687.74	2,012.63	-95.69	-4.54

**Source:** OAGF and Budget Office of the Federation, 2021

*Table 3.5: Actual Performance of Non-Oil Revenue Categories (First Quarter) 2011 – 2021*

Description	FIRST QUARTER (ACTUAL)											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	11 - Year Average
	N'bn	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	41.23	49.29	49.59	54.86	60.07	56.35	131.47	148.54	178.53	212.90	245.64	111.68
Company Income Tax	58.69	57.93	73.72	82.93	81.45	82.04	158.95	256.86	297.21	284.03	401.13	166.81
Value Added Tax	19.81	22.98	24.94	28.73	26.30	26.42	222.00	270.06	301.62	324.58	496.39	160.35
FGN Independent Revenue	33.45	99.78	65.03	121.13	280.63	47.52	21.89	72.05	34.59	47.73	391.07	110.44

**Source:** OAGF and BOF, 2021

Further analysis of non-oil revenue performance showed increasing trend of key non-oil revenue sub-heads over the years, particularly VAT, CIT and Customs, while Independent Revenue continued to be unstable over the period (Tables 3.5 and 3.6).

*Table 3.6: Percentage Growth in Non-Oil Revenue Performances (First Quarter) 2012 – 2021*

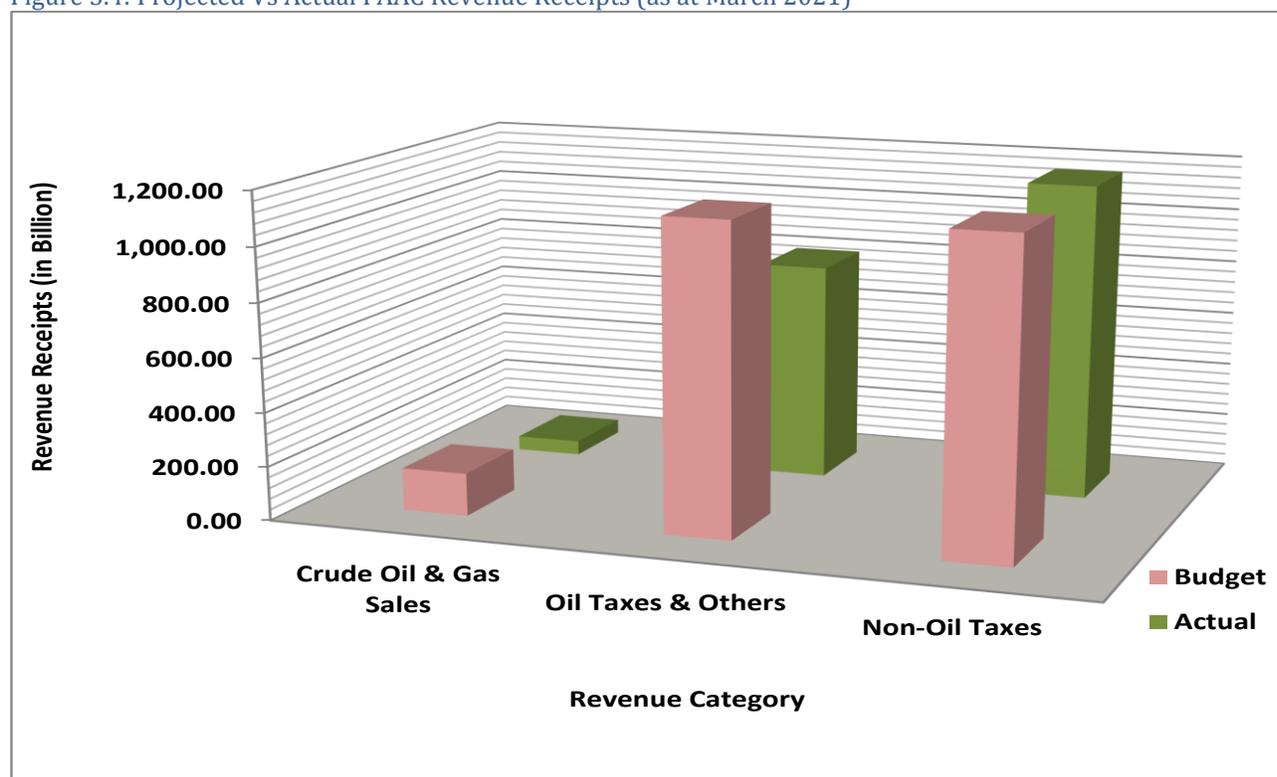
Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	10 - Year Average
Customs & Excise Duties	19.55%	0.61%	10.63%	9.50%	-6.19%	133.31%	12.98%	20.19%	19.25%	15.38%	23.52%
Company Income Tax	-1.29%	27.26%	12.49%	-1.78%	0.72%	93.75%	61.60%	15.71%	-4.43%	41.23%	24.52%
Value Added Tax	16.00%	8.53%	15.20%	-8.46%	0.46%	740.27%	21.65%	11.69%	7.61%	52.93%	86.59%
FGN Independent Revenue	198.30%	-34.83%	86.27%	131.68%	-83.07%	-53.94%	229.15%	-51.99%	37.99%	719.34%	117.89%

**Source:** OAGF and BOF, 2021

### 3.6 Comparative Revenue Performance Analysis

A breakdown of the actual performance of revenue compared with budgeted estimates as at March ending 2021 indicated an underperformance of crude oil sales and oil taxes while non-oil taxes improved slightly (Figure 3.3).

Figure 3.4: Projected Vs Actual FAAC Revenue Receipts (as at March 2021)



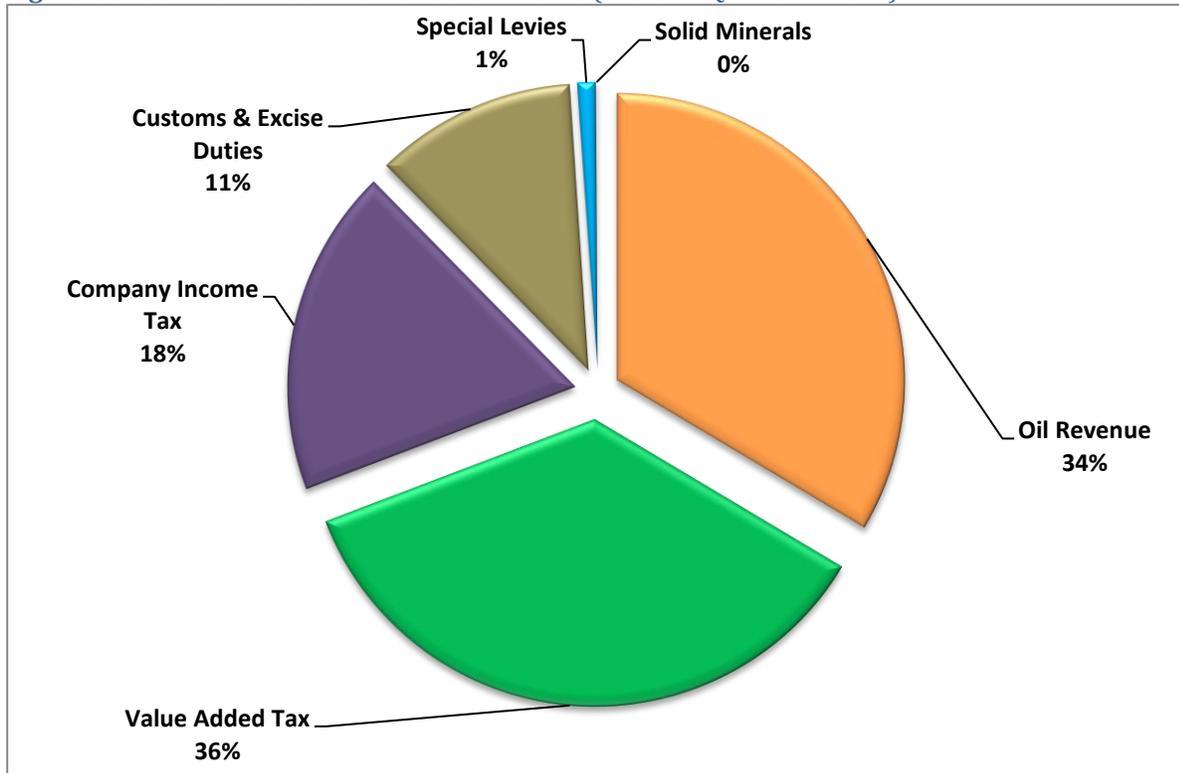
**Source:** Budget Office of the Federation, 2021

### 3.7 Distributable Revenue

The net distributable revenue of the Federation stood at ₦2,012.63 billion in the first quarter of 2021. This signified a shortfall of ₦95.69 billion (4.54 percent) from the ₦2,108.32 billion projected for the period. This was driven largely by the substantial reduction in the inflow into the Federation Account from the oil sector. The non-oil revenue accruing to the Federation account increased by ₦266.90 billion (24.86 percent) and largely augmented the oil sector shortfall of ₦358.36 billion (34.57 percent) during the review period.

The percentage contribution of the different distributable revenue classifications in the first quarter of 2021 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 1<sup>st</sup> Quarter of 2021)**



**Source:** Budget Office of the Federation, 2021

### 3.8 Excess Crude Account

Analysis of the reports on the Excess Crude Account (ECA) revealed an opening balance of US\$72.411 million in the Account as at 1<sup>st</sup> January, 2021. The sum of US\$0.0018 million being accrued interest on fund investment (December 2020 – February 2021) was received into the account in the first quarter of 2021. No withdrawal was made from the account within the period under review. Thus, the closing balance was US\$72.412 million as at 31<sup>st</sup> March, 2021 (Table 3.7).

*Table 3.7: Net Excess Crude Account*

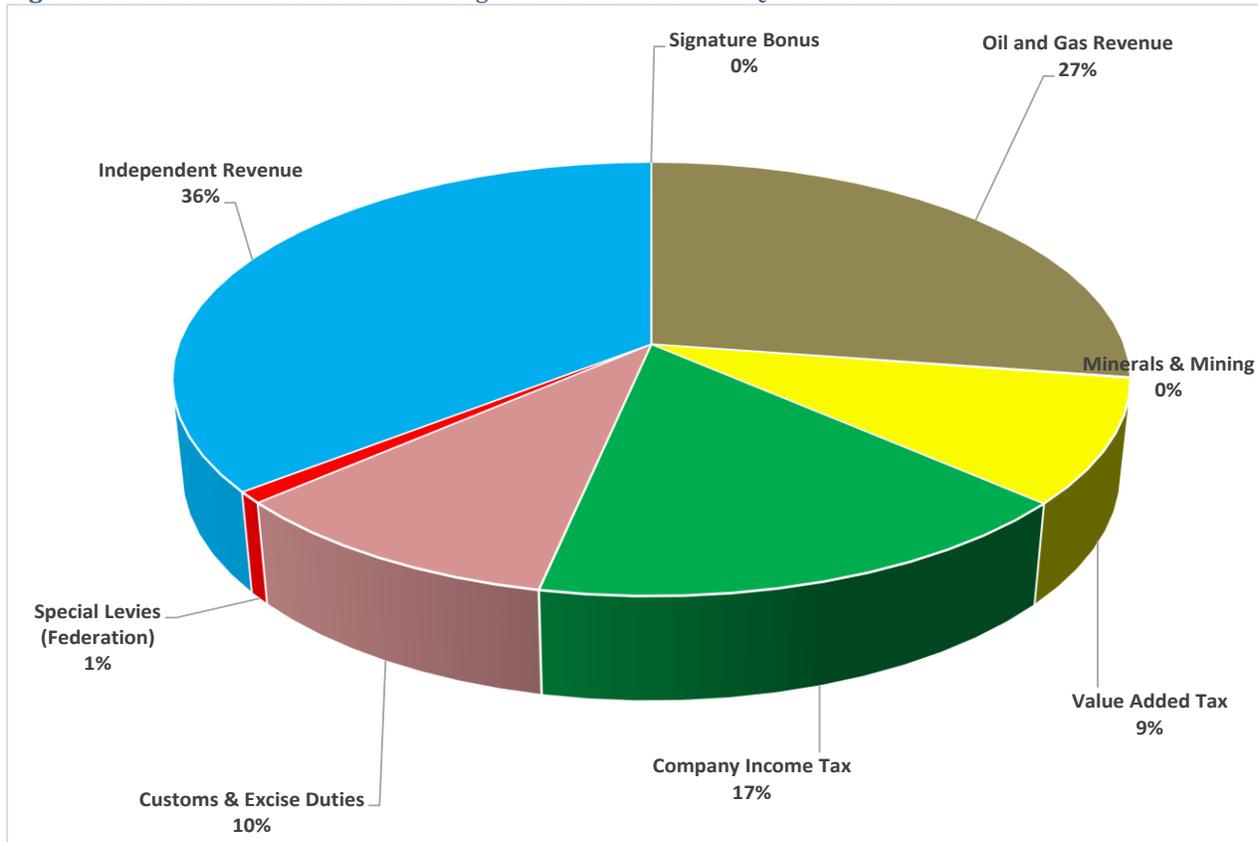
Description	2020 Actual		2021 Actual
	First Quarter	Fourth Quarter	First Quarter
<b>Inflows</b>			
Transfer to Excess Crude Oil Account	0	0	0
Accrued Interest on Fund Investment	US\$1.25 million	US\$0.002 million	US\$0.002 million
Reconciliation of Inflow and Outflow	0	0	0
<b>Total Inflow</b>	<b>US\$1.25 million</b>	<b>US\$0.002 million</b>	<b>US\$0.002 million</b>
<b>Outflows</b>			
Consultancy Fee & Litigation Expenses	US\$4.0 million	0	0
NSIA Payment for Fertilizer Purchase	0	0	0
Payment of Commission/Exchange Rate Loss on Transfers	0	0	0
Amount approved by Mr. President as advance payment for the purchase of Super Tucano Aircraft	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
Paris Club Refund to States & FCT	0	0	0
Bank Charges	0	0	0
Charges for Breaking Investment	0	0	0
States Matching Grants to UBEC	0	0	0
Transfers to Nigerian Sovereign Investment Authority for Investment	US\$250.0 million	0	0
<b>Total Outflow</b>	<b>US\$254.0 million</b>	<b>0</b>	<b>0</b>
<b>Net Excess Crude Account</b>	<b>(US\$252.75 million)</b>	<b>US\$0.002 million</b>	<b>US\$0.002 million</b>

**Source:** Office of the Accountant General of the Federation, 2021

### 3.9 FGN Revenue Performance:

Based on the amended Budget Framework, the sum of ₦6,637.58 billion was projected to fund the Federal Budget in 2021, indicating a quarterly share of ₦1,659.39 billion. A total of ₦1,091.42 billion was received in the first quarter of 2021. This amount was ₦567.98 billion (34.23 percent) lower than the quarterly projection of ₦1,659.39 billion. It was however ₦99.17 billion (9.99 percent) above the ₦992.25 billion recorded in the first quarter of 2020.

**Figure 3.6:** Contributions to the FGN Budget Revenue in the First Quarter of 2021



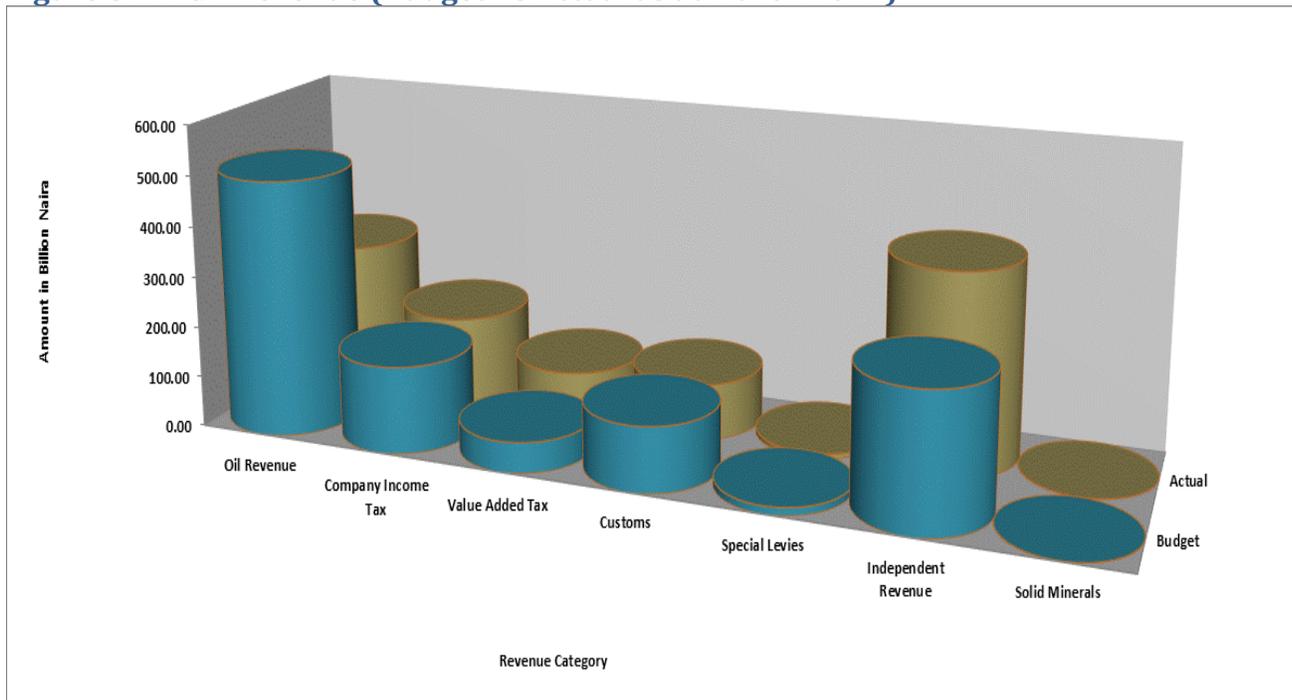
**Source:** The OAGF and Budget Office of the Federation, 2021

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

The sum of ₦299.33 billion that was received from oil sources in the first quarter of 2021 was lower than the quarterly estimate of ₦502.75 billion by ₦203.43 billion (40.46 percent). On the other hand, FGN's share of Solid Minerals revenue which stood at ₦0.86 billion was above its quarterly projection of ₦0.66 billion by ₦0.20 billion (29.71 percent). The FGN Share of Company Income Tax of ₦179.76 billion, Value Added Tax of ₦100.83 billion and Independent Revenue of ₦391.07 billion were above their corresponding quarterly budget estimates of ₦170.43 billion, ₦59.61 billion and ₦265.47 billion by ₦9.33 billion (5.48 percent), ₦41.22 billion (69.15 percent) and ₦125.59 billion (47.31 percent) respectively. All other non-oil revenue items fell below their quarterly budget projections. FGN's share of Customs of ₦110.24 billion and Special Levies of ₦9.33 billion were below their corresponding

quarterly budget estimates of ₦127.07 billion and ₦15.13 billion by ₦16.82 billion (13.24 percent), and ₦5.80 billion (38.33 percent) respectively. On the other hand, FGN's share of Company Investment by FAAC, Transfers from Special Levies Accounts, Signature Bonus, Domestic Recoveries, Stamp Duty and Grants & Donor Funding 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 2021)**



**Source:** The OAGF and Budget Office of the Federation, 2021

**Table 3.8: Inflows to the 2020 Federal Budget as at March 2021**

S/NO	ITEMS	BUDGET			ACTUAL		VARIANCE	
		2020 Budget	2021 Budget	2021 Quarterly Budget	2020 First Quarter	2021 First Quarter	2021 First Quarter Actual Vs Quarterly Budget	
1	Inflow for the Federal Budget (CRF)	Nb	Nb	Nb	Nb	Nb	Nb	%
2	FGN Share of Oil Revenue	1,013.77	2,011.02	502.75	437.83	299.33	-203.43	-40.46
3	FGN Share of Dividend (NLNG)	80.38	208.54	52.14	0.00	0.00	-52.14	-100.00
4	FGN Share of Minerals & Mining	1.90	2.65	0.66	0.62	0.86	0.20	29.71
5	FGN Share of Non-Oil	1,624.93	1,488.92	372.23	270.08	400.16	27.93	7.50
6	FGN Share of Company Income Tax (CIT)	821.67	681.72	170.43	126.33	179.76	9.33	5.48
7	FGN Share of Value Added Tax (VAT)	284.11	238.43	59.61	42.26	100.83	41.22	69.15
8	FGN Share of Customs	450.70	508.27	127.07	101.49	110.24	-16.82	-13.24
9	FGN Share of Federation Acct. Levies	68.46	60.51	15.13		9.33	-5.80	-38.33
10	Independent Revenue	932.84	1,061.90	265.47	47.73	391.07	125.59	47.31
11	Transfers from Special Levies Accounts	300.00	300.00	75.00	166.00	0.00	-75.00	-100.00
12	Transfers from Special Accounts	345.00		0.00		0.00	0.00	
13	Signature Bonus / Renewals / Early Renewals	350.52	677.02	169.25	69.99	0.00	-169.25	-100.00
14	Domestic Recoveries + Assets + Fines	237.01	32.68	8.17		0.00	-8.17	-100.00
15	Stamp Duty	200.00	500.00	125.00		0.00	-125.00	-100.00
16	Exchange rate Difference (Non-FAAC)				98.03		0.00	
17	Grants and Donor Funding	42.70	354.85	88.71		0.00	-88.71	-100.00
18	Transfers from Special Accounts for COVID-19 Intervention Across the Federation	186.37		0.00		0.00	0.00	
19	Grants and Donations for COVID-19 Crisis Intervention Fund	50.00		0.00		0.00	0.00	
20	AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs)	5,365.42	6,637.58	1,659.39	992.25	1,091.42	-567.98	-34.23

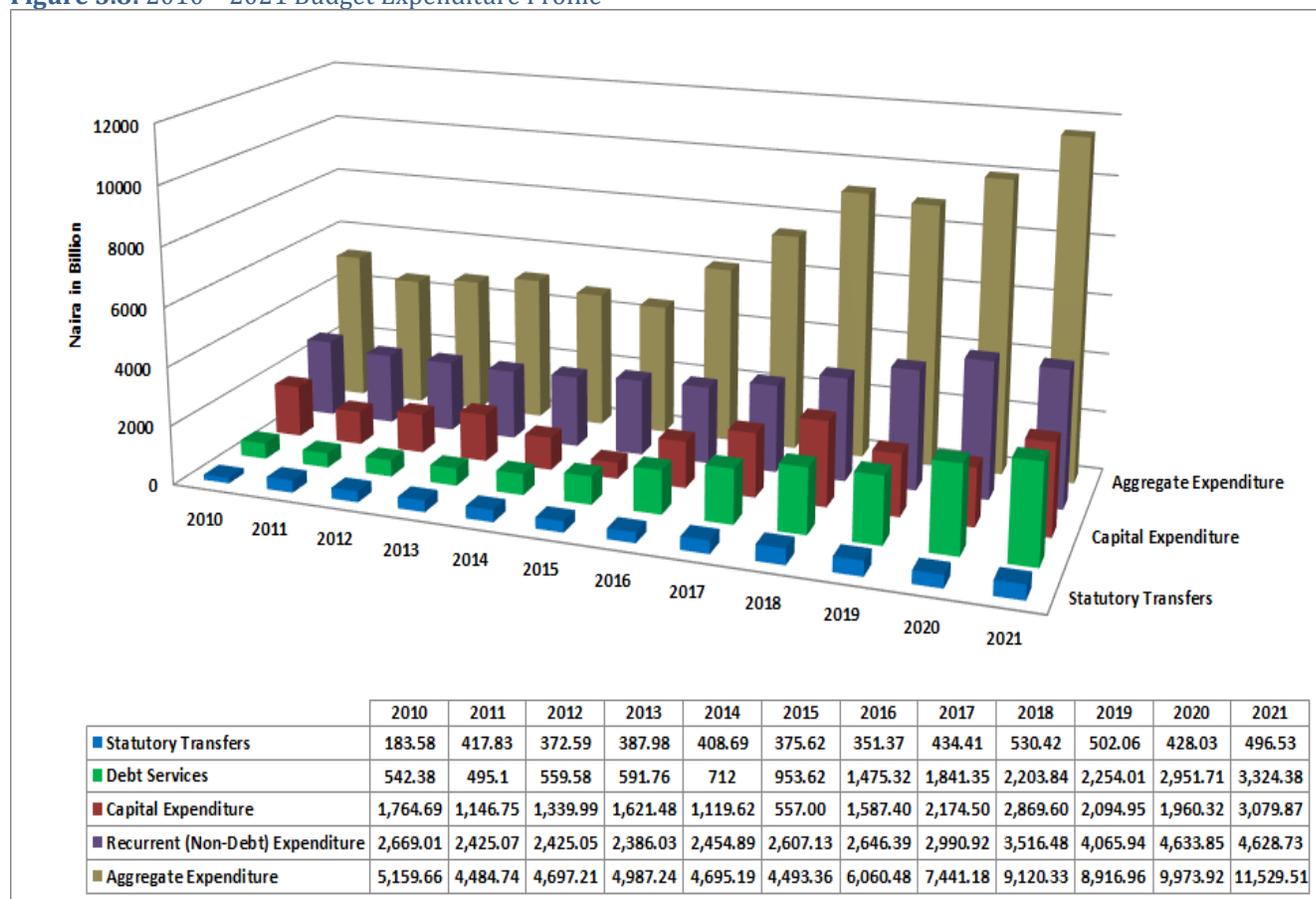
**Source:** Budget Office of the Federation and the OAGF, 2021

### 3.10 Expenditure Developments:

A total of ₦11,529.51 billion (excluding GOEs Budget & Project-tied Loans) was appropriated for expenditure in the 2021 Budget. This comprises of ₦4,628.73 billion (40.15 percent) for Recurrent (Non-Debt), ₦3,324.38 billion (28.83 percent) for Debt Service, ₦496.53 billion (4.31 percent) for Statutory Transfers and ₦3,079.87 billion (26.71 percent) for Capital Expenditure. This translates to prorate quarterly expenditure outlay of ₦2,882.38 billion in 2021.

Actual expenditure outflow of ₦3,384.66 billion was recorded in the first quarter of 2021, representing an increase of ₦502.28 billion (17.43 percent) over the quarterly budget projection for the year.

Figure 3.8: 2010 – 2021 Budget Expenditure Profile



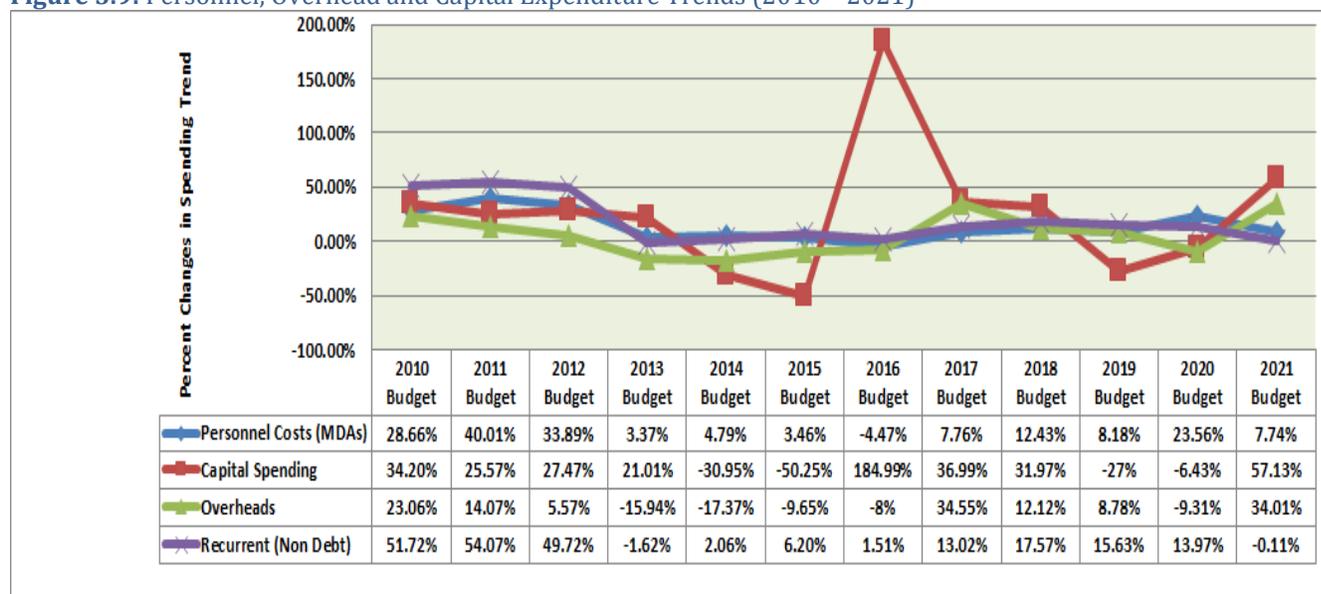
Source: Budget Office of the Federation, 2021

### 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 2021-2023 MTEF/FSP. Key initiatives aimed at reducing recurrent costs were therefore pursued vigorously during the period. This includes the embargo on unapproved recruitment by MDAs. All requests for recruitment and enrolment of staff into the FGN payroll are required to among others first seek clearance from Budget Office of the Federation. Another is the continuous roll out of the Integrated Payroll and Personnel Information System (IPPIS) to MDAs that are yet to be covered by the scheme.

A total of ₦1,096.51 billion was spent on non-debt recurrent expenditure in the first quarter of 2021. This amount revealed a decrease of ₦313.98 billion (22.26 percent) below the quarterly estimate of ₦1,410.49 billion (details in Figure 3.8).

**Figure 3.9: Personnel, Overhead and Capital Expenditure Trends (2010 – 2021)**



**Source:** BOF and OAGF, 2021

### **3.10.2 Debt Service:**

Total Debt Service payment in the first quarter of 2021 stood at ₦1,088.70 billion representing an increase of ₦257.61 billion (31.0 percent) above the ₦831.10 billion projected for the quarter. Domestic debt service payment was higher than the quarterly budget estimate of ₦545.87 billion by ₦35.40 billion (6.48 percent) during the period. Actual domestic debt service was ₦581.27 billion during the quarter under review.

The sum of ₦235.22 billion was planned for external debt service in the first quarter of 2021. Actual external debt service payment however amounted to ₦231.83 billion (US\$1,003.41 million), a difference of ₦3.39 billion (1.44 percent) below the quarterly projection.

### **3.10.3 Statutory Transfers:**

A total of ₦124.13 billion was released as Statutory Transfers in the first quarter of 2021 which was the amount projected for the quarter. 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 ₦3,079.87 billion (excluding capital expenditure of Statutory Transfers, top 10 GOEs and project tied loans) was allocated to capital spending in the 2021 Budget.

The detailed breakdown of expenditure in the first quarter of 2021 is presented in Table 3.9.

**Table 3.9: FGN Budget Expenditure and Fiscal Account (in N' Billion) as at March 2021**

S/NO	ITEMS	BUDGET			ACTUAL		VARIANCE	
		2020 Budget N <b>b</b>	2021 Budget N <b>b</b>	2021 Quarterly N <b>b</b>	2020 First Quarter N <b>b</b>	2021 First Quarter N <b>b</b>	2021 First Quarter Actual Vs Quarterly N <b>b</b> %	
A	RETAINED REVENUE	5,365.42	6,637.58	1,659.40	992.25	1,091.42	(567.98)	(34.23)
1	AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs)	5,365.42	6,637.58	1,659.40	992.25	1,091.42	(567.98)	(34.23)
B	EXPENDITURE:							
1	RECURRENT NON-DEBT:							
2	Personnel Costs (MDAs)	2,827.65	3,046.47	761.62	729.56	797.14	35.53	4.66
3	Overhead Cost (MDAs)	302.43	325.88	81.47	79.67	64.76	(16.71)	(20.51)
4	Pensions, Gratuities & Retirees Benefits	536.72	504.19	126.05	90.54	90.05	(36.00)	(28.56)
5	Other Service Wide Votes (Including GAVI/Immunization)	396.23	337.19	84.30	80.32	133.72	49.42	58.63
6	Presidential Amnesty Programme	65.00	65.00	16.25	10.83	10.83	(5.42)	(33.34)
7	Special Intervention (Recurrent)	350.00	350.00	87.50		-	(87.50)	(100.00)
8	Payment from Special Accounts				156.38			
9	Sub-Total (Non-Debt)	4,842.97	5,641.97	1,410.49	1,147.30	1,096.51	(313.99)	(22.26)
10	Domestic Debts Service	1,732.72	2,183.49	545.87	594.23	581.27	35.40	6.48
11	Foreign Debts	719.88	940.89	235.22	129.51	231.83	(3.39)	(1.44)
12	Total Debt Service	2,452.60	3,124.38	781.10	723.74	813.10	32.01	4.10
13	Interest on Ways & Means				219.38	275.60	275.60	
14	Sinking Fund to Retire Maturing Loans	272.90	200.00	50.00		-	(50.00)	(100.00)
15	Sub-Total (Debts)	2,725.50	3,324.38	831.10	943.12	1,088.70	257.61	31.00
16	Total Recurrent Expenditure	7,568.47	8,966.35	2,241.59	2,090.42	2,185.21	(56.38)	(2.52)
17	CAPITAL EXPENDITURE:							
18	Capital Dev. Fund (Main) - 2020 in 2021	1,564.10			98.14	618.92	618.92	
19	Capital Supplementation	318.57	695.90	173.97	41.56	71.88	(102.09)	(58.68)
20	Capital Expenditure in Statutory Transfers	318.06	249.05	62.26		-	(62.26)	(100.00)
21	Special Intervention (Capital)	30.00	10.00	2.50		-	(2.50)	(100.00)
22	Amount Available for MDAs Capital Expenditure (Including N100.0 billion Reallocation of Existing Capital for COVID-19)		2,019.12	504.78		384.52	(120.26)	(23.82)
23	Grants and Donor Funded Projects	36.39	354.85	88.71		-	(88.71)	(100.00)
24	Total Capital Expenditure	2,783.48	4,374.20	1,093.55	139.70	1,075.32	(18.23)	(1.67)
25	Total Capital Expenditure (Exclusive of Transfers)	2,465.42	4,125.15	1,031.29	139.70	1,075.32	44.03	4.27
26	TRANSFERS:							
27	Statutory Transfers	560.47	496.53	124.13	140.12	124.13	(0.00)	(0.00)
28	TOTAL FGN BUDGET (excluding GOEs Budget & Project-tied Loans)	9,973.67	11,529.51	2,882.38	2,370.23	3,384.66	502.29	17.43
29	Fiscal Deficit (excluding GOEs Budget & Project-tied Loans)	(4,608.25)	(4,891.93)	(1,222.98)	(1,377.98)	(2,293.24)	(1,070.26)	87.51
C	FINANCING ITEMS:							
1	Privitization Proceeds	126.04	205.15	51.29		-	(51.29)	(100.00)
2	Borrowing from Special Accounts	263.63						
3	Foreign Borrowing	1,984.68	2,343.39	585.85		-	(585.85)	(100.00)
4	Domestic Borrowing	2,213.89	2,343.39	585.85	560.00	550.00	(35.85)	(6.12)
5	Sub-Total	4,975.54	5,601.62	1,400.40	560.00	550.00	(850.40)	(60.73)
6	Sub-Total (exclusive of Project-tied Loans)	4,588.25	4,891.93	1,222.98	560.00	550.00	(672.98)	(55.03)
7	Net Deficit/Surplus (excluding GOEs Budget & Project-tied Loans)	(20.00)	0.00	0.00	(817.98)	(1,743.24)	(1,743.24)	

Note: 1. The total Expenditure and the Financing items does not include Multi/Bi-lateral Projected Loans  
2. Independent revenue for the month of January and February, 2021 is yet to be reconciled

Source: OAGF and Budget Office of the Federation, 2021

### ***MDAs' Capital Vote Utilization:***

The release of funds to MDAs for capital expenditure in the first quarter of 2021 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 2021 capital performance for MDAs as at 31<sup>st</sup> March, 2020 showed that a total of ₦384.52 billion was released to MDAs and cash backed for their 2021 capital projects and programmes.

### ***Performance as at 31<sup>st</sup> March, 2021:***

The utilization rate as at 31<sup>st</sup> March, 2021 was still very low due to the fact that some MDAs were still implementing their 2020 capital budget which was allowed to run till 31<sup>st</sup> May, 2021. It is expected that the utilization rate as well as releases will continue to increase in subsequent quarters of the year.

### **3.10.5 Budget Deficit and the Financing Items:**

In the 2021 Fiscal Framework, quarterly fiscal deficit is estimated at ₦1,222.98 billion (exclusive of Multi-lateral/Bi-lateral Project-tied Loan of ₦177.42 billion). The quarterly deficit is expected to be financed through earnings from Privatization Proceeds of ₦51.29 billion, Foreign Borrowing of ₦585.85 billion and Domestic Borrowing (FGN Bond) of ₦585.85 billion.

The inflow and outflow of funds for the Federal Government resulted in a fiscal deficit of ₦2,293.24 billion (3.87 percent of prorata GDP) in the first quarter of 2021. This represents a significant increase in deficit to the tune of ₦1,070.26 billion (87.51 percent) of the projected deficit for the period. However, only ₦550.0 billion was financed through FGN Bond. This resulted in a ₦1,743.24 billion net deficit financing for the review period.

## **4.0 CONCLUSION**

The macroeconomic environment in the review period was redefined by the unexpected health and economic effects of the second phase of COVID-19 pandemic. The economy expanded by 0.51 percent in the first quarter of

2021 with the oil sector declining by 2.21 percent (year-on-year) in real terms while non-oil sector recorded a real growth of 0.79 percent. The non-oil sector contributed significantly to the growth of the economy which was mainly driven by the Information and Communication (Telecommunication), Agriculture (Crop Production), Manufacturing (Food, Beverage & Tobacco), Real Estate, Construction and Human Health & Social Services Sectors.

The Federal Government continued to meet its non-discretionary expenditure obligations even as budget implementation continued to be affected by poor revenue outcomes. 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 recorded and revenue performance. Improving revenue collections in the subsequent quarters of the year is key to the successful implementation of the 2021 Budget. Efforts to moderate the growth in recurrent expenditure and particularly personnel expenditure in 2021 is critical even as effective implementation of the COVID-19 containment measures 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 the succeeding quarters in 2021 and beyond.