2014

First Quarter Budget Implementation Report

Budget Office of the Federation

Federal Ministry of Finance

1/1/2014

FOREWORD

I am delighted to present to you this Budget Implementation Report which is the first in the series for 2014. The Report presents an insight on the implementation of the first quarter of the 2014 Budget as well as provides information through which Government's performance in the management of public resources, as contained in the Budget, may be measured. In our continuing efforts to improve on the level of transparency and accountability in the public sector, Government is committed to updating Nigerians on the utilization of the country's public finances through various channels including this Report.

The preparation and dissemination of this report is in accordance with Sections 30 and 50 of the Fiscal Responsibility Act, 2007 which require the Honourable Minister of Finance to submit to the Joint Finance Committees of the National Assembly and the Fiscal Responsibility Commission, quarterly and consolidated budget implementation reports. These reports are also circulated to the wider public through the electronic and print media.

This Budget Implementation Report is the product of meticulous planning, monitoring and evaluation. It is an analytical work carried out by the Budget Office of the Federation in collaboration with Ministries, Departments and Agencies (MDAs) of government, Civil Society Organizations and the Media. I commend their hard work and also wish to recognise the active roles of the National Assembly's Joint Finance Committees and the Fiscal Responsibility Commission in encouraging and promoting best practices in the country's public finance management system.

Finally, I encourage all readers of this Report to continue to show active interest in Government's efforts to live up to its promises, as well as hold it accountable. This will serve as the necessary impetus for the efficient and effective management of government finances.

Dr. Ngozi Okonjo-Iweala
Coordinating Minister for the Economy and Honourable Minister of Finance

PREFACE

Section 30 of the *Fiscal Responsibility Act, 2007*, requires the Honourable Minister of Finance, through the Budget Office of the Federation to monitor and evaluate the implementation of the Annual Budget and render quarterly reports. This Report, being the first for the 2014 fiscal year, fulfils this obligation and also provides a means of demonstrating Government's commitment to the transparent and prudent management of public finances.

The 2014 Budget as with recent FGN Budgets continues to be founded on the Administration's four transformational pillars of macroeconomic stability, structural reforms, governance and institutions, and investing in priority sectors. In order to achieve these goals, the Budget focused on developing or revitalizing the engines of growth that would support higher industrial capacity utilization, increased domestic output and the gainful engagement of human capital, with special emphasis on job creation, improving the standard of living of Nigerians in a sustainable manner and realizing inclusive growth.

Implementing the 2014 Budget in the first quarter of the year was a bit challenging due to the less than projected oil and non-oil revenue outturn in the reporting period. Consequently, releases to MDAs were based on a certain percentage of the 2013 Appropriation Act as stipulated by law.

This Report is a product of the collaborative efforts of the various departments of the Budget Office of the Federation, as well as other agencies of Government who provide key financial and macroeconomic data. I commend their various efforts and wish them every success as they continue to perform this important national assignment.

Dr. Bright Okogu
Director General
Budget Office of the Federation

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The 2014 Budget was anchored on the present administration's transformational pillars, which are all geared towards sustaining national macroeconomic stability, renewed structural reforms in governance and institutions, as well as investing in key sectors that will engender inclusive growth. Data from the National Bureau of Statistics (NBS) projected a real Gross Domestic Product (GDP) growth rate of 7.7% for the 2014 fiscal year. Despite the sluggish global economic recovery, the relatively robust growth projections is a reflection of government's efforts to stimulate the real economy and the continuing favourable conditions for increased agricultural production.

The downward trend in inflationary pressure, which began in the last quarter of 2012, continued till the first quarter of 2014. The year-on-year headline inflation like in December 2013 remained constant at 8% in January but declined to 7.7% in February before inching up to 7.8% in March 2014. The year-on-year food inflation also followed a similar trend. It remained constant at 9.3% in January and dropped slightly to 9.2% in February before returning to 9.3% in March 2014. On the other hand, core inflation declined from 7.9% in December 2013 to 7.4% in January and rose again to 8% in February before falling to 6.7% in March 2014. Figures from the CBN showed a drop in the nation's gross external reserves which stood at US$37.4 billion in March 2014.

Data from the Office of the Accountant General of the Federation (OAGF) indicated that a net sum of N998.7 billion was shared among the three tiers of government in the first quarter of 2014; implying a shortfall of N762.79 billion in the quarter. A total of N542.25 billion, excluding revenue from other funding sources was received to fund the Federal Budget in the first quarter of 2014, representing a shortfall of N390.5 billion (or 41.87%). This revenue shortfall affected the implementation of the 2014 Budget in the quarter.

The data also indicated that the implementation of recurrent (non-debt) expenditure was on course as at 31st March, 2014. A total of N156.52 billion out of the N279.9 billion projected for the first quarter capital budget implementation had been released to MDAs. Although the released amount was fully cash-backed, zero utilization was recorded in the first quarter as the cash-backing came in towards the end of the quarter.

In addition to the regular budget, a total of N136.46 billion (50.85%) out of the N268.37 billion appropriated for SURE-P in the 2014 Budget was released as at 31st March, 2014. N42.69 billion (31.28%) of the released N136.46 billion was utilized for major capital and social programmes, especially, in the area of infrastructure development.

1.0 INTRODUCTION

The 2014 Budget was designed to sustain the robust growth that the Nigerian economy had achieved in the last couple of years. The Budget also focuses on revitalizing the engines of growth that would support higher industrial capacity utilization, increased domestic output and gainful engagement of Human Capital with special emphasis on job creation, and improving the living standard of Nigerians in a sustainable manner.

2. The 2014 Budget like other past budgets was based on the Medium Term Fiscal Frameworks, and was prepared against the developments of various global and domestic variables that have significant impact on the revenues required to fund the budget. While on the global front, the level of industrial and economic activities determine the demand for major primary commodities like crude oil, which is our main revenue earner, on the domestic front, several factors which among others include disruption to oil production due to oil theft and pipeline vandalism, and insurgency slow down economic activities and affect revenue outturns.

3. As was the case in recent past, the 2014 Budget has given priority to the completion of ongoing capital projects that are consistent with achieving the goals of the Administration's *Transformation Agenda*. In order to accelerate the creation of jobs and engender inclusive growth, the bulk of the Government finances were earmarked for structural reform and the provision of critical infrastructures in the power, health, education, road, rail and aviation sectors of the economy.

4. This Report presents detailed information on the 2014 first quarter Budget implementation. It begins with a brief review of the macroeconomic environment under which the Budget was implemented, followed by in-depth analyses of government's revenue receipts/ expenditure in the quarter, and ends with a conclusion.

2.0 MACROECONOMIC DEVELOPMENTS AND ANALYSIS

The Global Economy

The recovery of the global economy remains gradual. However, there are expectations that growth in the global economy could be at a relatively faster rate in 2014 than the preceding year. This expected positive outcome is due to increase in domestic demand in the advanced economies and the rebound of exports in the emerging markets. The International Monetary Fund (IMF) had projected global growth to increase from 3% in 2013 to 3.7% in 2014. Growth in the United States is projected to be 2.8% in 2014 as against 1.9% recorded in 2013. In the Euro Zone, growth is expected to rise from 0.4% in 2013 to 1% in 2014. In spite of the challenges facing some of the emerging markets and developing economies, overall growth in this group of countries is expected to rise from 4.7% in 2013 to 5.1% in 2014.

6. Global inflation is projected at 2.71% in 2014. However, favourable developments in the prices of food and fuel will help to check the upward movements in the prices of major primary commodities. There was a significant difference in monetary policies between the advanced and emerging economies in the first quarter of 2014. While the central banks of most advanced economies maintained a similar posture adopted in 2013 in the first quarter of 2014, the emerging markets and developing economies adopted an aggressive monetary policy to support their domestic currencies and retain investments.

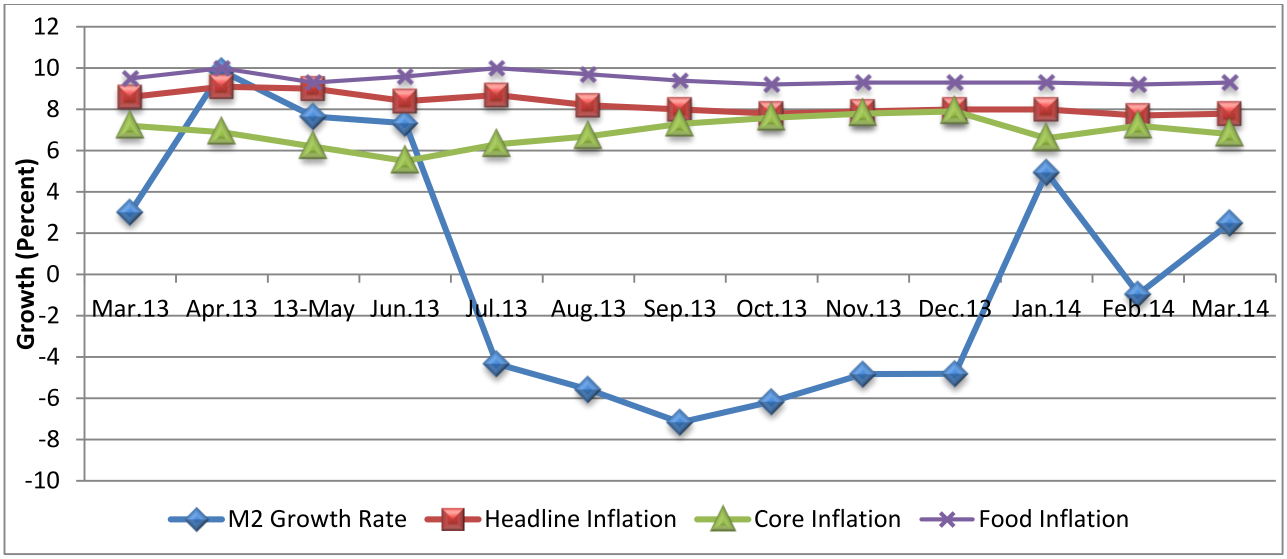
The Domestic Economy

7. Real Gross Domestic Product (GDP) growth remains robust. The recently rebased GDP figures released by the National Bureau of Statistics (NBS) revealed that real GDP grew by 5.49% in 2013 as against the 5.09% and 6.66% figures recorded in 2011 and 2012, respectively. The non-oil sector remained the main source of overall growth with its performance driven

largely by agriculture, industry, construction, trade and services. Real GDP growth rate is projected at 6.2% for the 2014 fiscal year. Despite the sluggish global economic recovery, the relatively robust growth projections is a reflection of the continuing favourable conditions for increased agricultural production, sustained outcome of the fiscal and monetary policies reforms as well as the initiative of the government to stimulate the real economy. A notable example was the rise in the national average electricity generation by about 10% in the fourth quarter of 2013, which provided the impetus for improved economic activities during the period.

8. The downward trend in inflationary pressure, which began in the last quarter of 2012, continued up till the first quarter of 2014. This downward trend is partly attributable to government's supportive fiscal policies that have improved performance in the agricultural and other sectors of the economy as well as the tight monetary policy stance of the Central Bank of Nigeria. The year-on-year headline inflation remained constant at 8% in January but declined to 7.7% in February before inching up to 7.8% in March 2014. It is important to note that headline inflation had remained within the single unit digit in the last sixteen months. The year-on-year food inflation also followed a similar trend. It remained constant at 9.3% in January and dropped slightly to 9.2% in February before rising again to 9.3% in March 2014. Core inflation on the other hand declined from 7.9% in December 2013 to 7.4% in January and rose again to 8% in February before falling to 6.7% in March 2014.

Chart1: Inflation and M2 Growth Rate (March 2013 – March 2014)



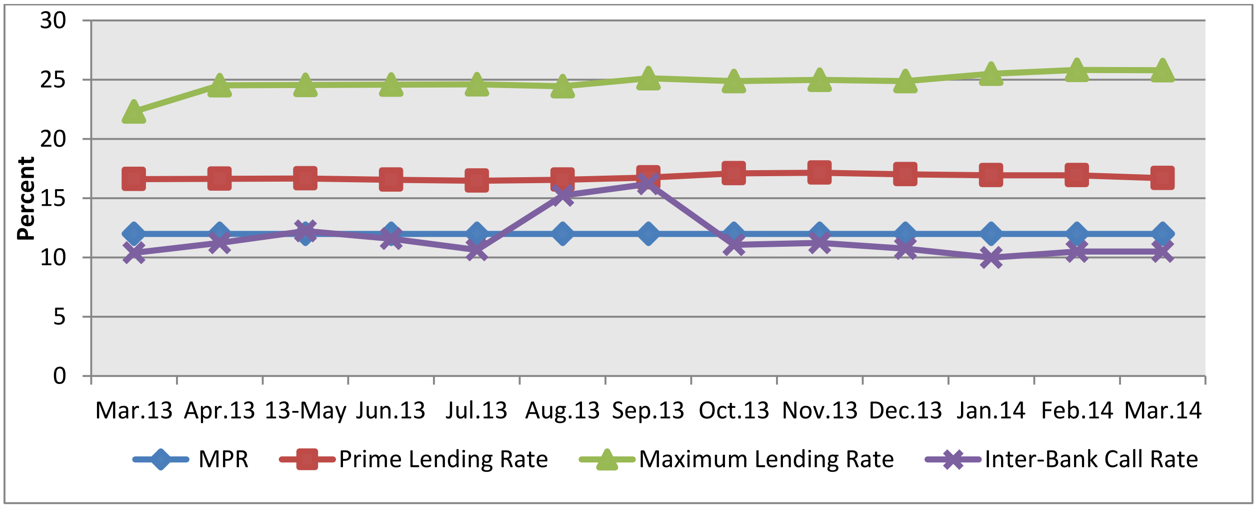
Source: Central Bank of Nigeria, 2014 and National Bureau of Statistics, 2014

9. CBN data show that broad money supply (M2) grew by N962.06 billion (or 6.53%) in March 2014 above the level in December 2013; that is, from N14,737.62 billion in December to N15,699.68 billion in March. Similarly, the net aggregate domestic credit also increased by N1,239.92 billion (8.79%) from N14,109.36 billion in December 2013 to N15,349.28 billion in March 2014. Credit to the private sector increased by N273.92 billion (1.63%) from N16,509.47 billion in December 2013 to N16,783.39 billion in March 2014. On the other hand, credit to government sector decreased by N966 billion (or 40.25%) within the same period, from N2,400.11 billion in December 2013 to N1,434.11 billion in March, 2014. The average prime lending rate fell from 17.01% in December 2013 to 16.95%, 16.93% and 16.69% in January, February and March, 2014 respectively. On the other hand, the average maximum lending rate increased from 24.9% in December 2013 to 25.52%, 25.83% and 25.8% in January, February and March, 2014 respectively.

10. The CBN continued with a fixed Monetary Policy Rate (MPR) of 12% in the first quarter of 2014 in pursuit of price stability just like the previous quarters in 2013. The interest rates in the interbank money market also kept pace with the level of liquidity conditions in the banking system. Thus the average interbank call rate fell from 10.75% in December 2013 to 10% in January before

inching up to 10.5% in February and remained up till March 2014. The trends in interest rates in the first quarter of 2014 are presented in *Chart 2* below.

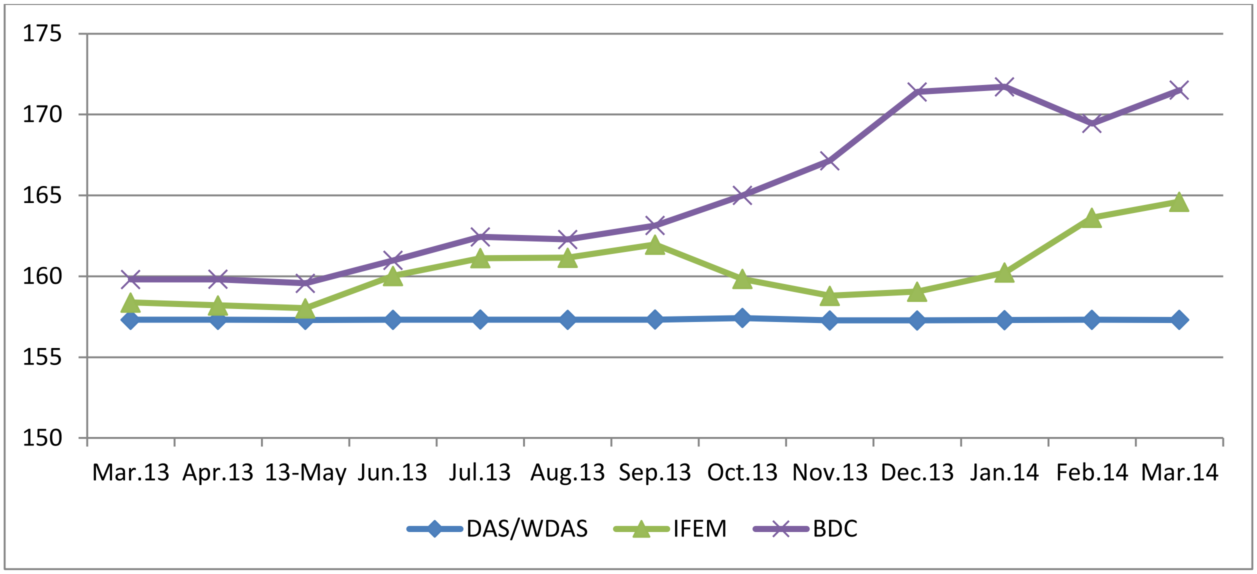
Chart 2: Interest Rates Trend (March 2013 – March 2014)



Source: Central Bank of Nigeria, 2014

11. The end-period official Wholesale Dutch Auction System (WDAS) Naira/Dollar exchange rate depreciated slightly from N157.27/$1.00 in December 2013 to N157.30/$1.00 in March 2014 representing a depreciation of N0.03 (0.02%). Similarly, the Inter-bank Naira/Dollar exchange rate also depreciated from N159.05/$1.00 in December 2013 to N164.61/$1.00 in March 2014. Also the Bureau de Change (BDC) exchange rates inched up slightly from N171.40/$1.00 in December 2013 to N171.50/$ 1.00 in March 2014.The gap between the WDAS and the Inter-bank rate as well as the BDC rate widened during the period. Thereby, suggesting the need to sustain and further complement existing measures aimed at discouraging speculative activities in the foreign exchange market.

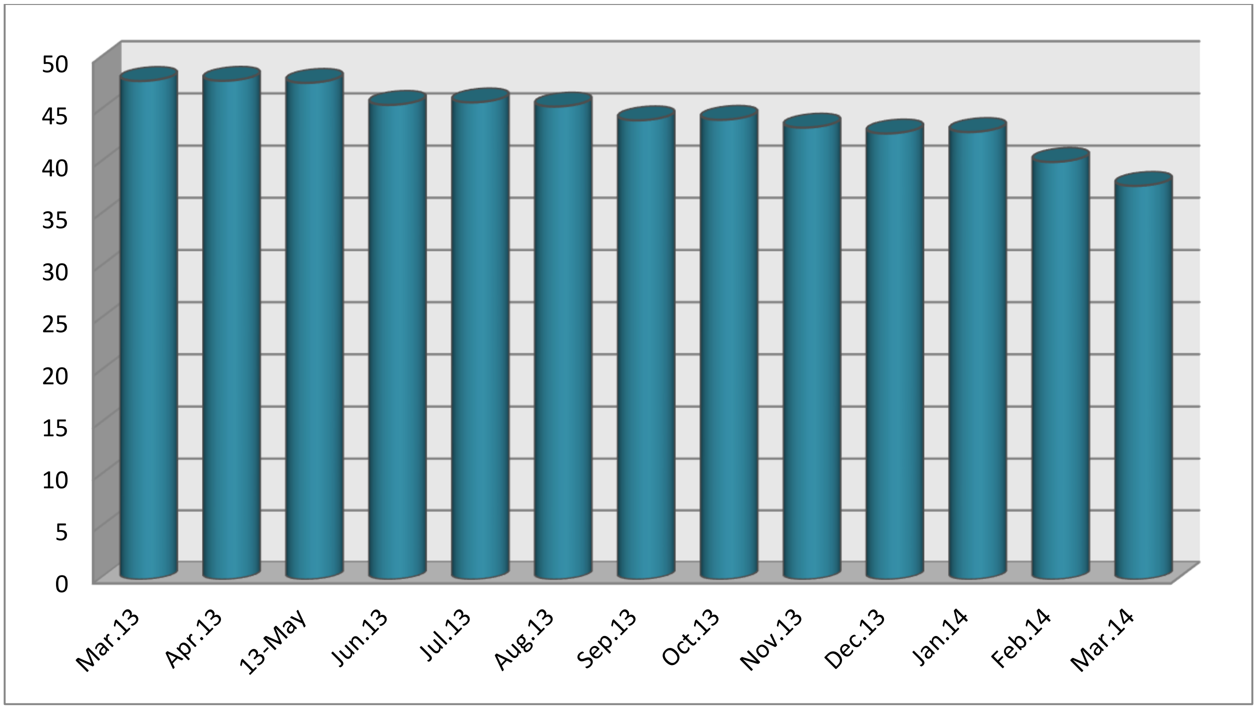
Chart 3: ₦aira/US$ Exchange Rates Trend (March 2013 – March 2014)



Source: Central Bank of Nigeria, 2014

12. Figures from the CBN revealed a drop in Nigeria's gross external reserves at the end of the first quarter of 2014. It fell from US$42.85 billion in December 2013 to US$37.4 billion in March 2014. This represented a drop of US$5.45 billion (or 12.72%) below the figure recorded at the end of December 2013. Relative to the end of first quarter of 2013 level of US$47.88 billion, the external reserves at the end of first quarter of 2014 had fallen by US$10.48 billion (or 21.89%). The decrease in foreign reserves was due mainly to a slowdown in portfolio and foreign direct investment in the quarter, thereby, resulting to increased funding of the foreign exchange market by the CBN to stabilize the Naira. Based on the CBN report, the foreign reserves level, as at the end of March 2014, could finance over thirteen (13) months of imports. This is well over the globally recommended minimum threshold of 3-months import cover.

Chart 4: Level of External Reserves in Billion Dollars (March 2013 – March 2014)



Source: Central Bank of Nigeria, 2014

3.0 FINANCIAL ANALYSIS OF THE 2013 BUDGET IMPLEMENTATION

3.1 Key Assumptions and Projections:

The 2014 Budget is derived from the 2014-2016 Medium Term Fiscal Framework (MTFF). The MTFF was put together after wide-range meetings and deliberations with relevant stakeholders. Activities in the world economy were also major determinants in arriving at some of the assumptions in the framework.

Table 1: Key Assumptions and Targets for the 2014 Budget

KEY ASSUMPTION & TARGETS	2014
Projected Production (in mbpd)	2.39
Budget Benchmark Price (per barrel in US)	77.5
Technical Cost of JVC Pbl to Oil Companies	
Operating Expenses (T1) in US $	9.94
Capital Expenses (T2) in US $	11.12
Technical Cost of PSC Pbl to Oil Companies	
Operating Expenses (T1) in US $	9.2
Capital Expenses (T2) in US $	18.46
Investment Tax Credit	5.8
Technical Costs of SC pbl to Oil Company	
Operating Expenses (T1) in US $	22.09
Capital Expenses (T2) in US $	5.14
Investment Allowances	1.63
Weighted Average Contribution Rates	
Weighted Average Rate of PPT-JV/AF/Independent/Marginal Oil	85%
Weighted Average Rate of PPT-PSC Oil	50.2%
Weighted Average Rate of PPT-SC Oil	85%
Weighted Average Rate of Royalties-JV/AF/Independent/Marginal Oil	18.7%
Weighted Average Rate of Royalties -PSC Oil	2.6%
Weighted Average Rate of Royalties SC Oil	18.5%
Average Exchange Rate (NGN/US$)	160
VAT Rate	5%
CIT Rate	30%

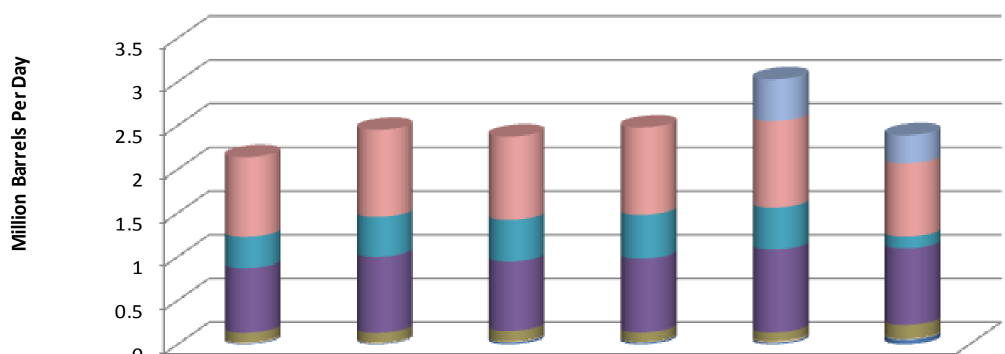
Source: BOF, NNPC, FIRS and NCS

Budget Benchmark Oil Price and Production

14. In view of the volatility in the price of oil in the international market, Government in recent period has devised a careful system for estimating the benchmark price of oil for its annual budgets. As a result, government expenditures are disconnected from the instability in the prices of oil in the international market. In this regard, and based on extensive consultations with relevant stakeholders, the benchmark price of oil for the 2014 Budget was fixed at US$77.50/barrel while oil production was set at 2.39 million barrels per day (mbpd). The projected oil production for 2014 Budget represents a marginal decrease of 0.14mbpd (or 5.53%) below the 2.53mbpd projected for the 2013 Budget.

15. Details of projected contributions of oil production by business arrangements are presented in *Chart 5* below while the breakdown of contributions and charges for the major oil taxes that are expected to accrue to the Federal Government are also illustrated in *Table 2* below.

Chart 5: Budget Oil Production by Business Arrangements 2009 – 2014 (mbpd)



	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget
Modified Carry Arrangement					0.476	0.32
Joint Ventures	0.91	0.995	0.955	1	0.991	0.837
Alternative Funding	0.36	0.455	0.474	0.5	0.477	0.135
Prod. Sharing Contracts	0.736	0.868	0.793	0.843	0.947	0.875
Independents	0.113	0.115	0.122	0.11	0.104	0.16
Service Contracts	0.009	0.007	0.008	0.005	0.013	0.008
Marginal Fields	0.011	0.01	0.022	0.02	0.019	0.053

Source: NAPIMS/NNPC

Table 2: Detailed Assumptions for Oil Production and Taxes (2014)

Share of Oil Production	***Percentage***
Joint Ventures	35.06%
Alternative Funding	5.65%
Modified Carry Arrangement	13.39%
Production Sharing Contracts	36.65%
Independents	6.7%
Service Contracts	0.32%
Marginal	2.23%
Total Production	100%
PPT Rates	
Weighted Average -JV/AF/Independent/Marginal	85%
Weighted Average -PSC	50.53%
Weighted Average -SC	50.53%
Royalties Rates	
Weighted Average-JV/AF/Independent/Marginal	18.67%
Weighted Average-PSC	2.76%
Weighted Average-SC Oil	2.76%

Source: NNPC and BOF

3.2 Analysis of Revenue Performance

Overview of Oil Revenue Parameters

16. The price of crude oil in the international market averaged US$108.23 per barrel in the first quarter of 2014, representing a fall of 0.98% and 3.84% below the US$109.30 and US$112.55 per barrel recorded in the fourth and first quarters of 2013 respectively. The fall in crude oil price during the period could be ascribed to the challenges of a decelerating world economic growth and the rising supply of oil from both conventional and non-conventional sources as well as the entry of some new regional oil producers to the international oil market.

17. Provisional data from the Nigerian National Petroleum Corporation (NNPC) shows that the average oil lifting (including Condensates) in the first quarter of 2014 was 2.23mbpd depicting a shortfall of 0.16mbpd (or 6.69%) below the 2.39mbpd projected for the 2014 Budget. The volume of oil lifted in the period was also 0.08mbpd above the 2.15mbpd and 0.07mbpd below the 2.3mbpd recorded in the fourth and first quarters of 2013 respectively. The drop in the volume of oil lifted during the quarter could be attributed to supply challenges following unrelenting crude oil theft, illegal bunkering and pipeline vandalism that had persisted during the period.

18. The 2014 Fiscal Framework presents a gross Federally collectible revenue estimate of N10,875.50 billion, made up of N7,164.81 billion (or 65.88%) oil revenue and N3,710.70 billion (or 34.12%) non-oil revenue. Below is an analysis of the actual performance of the oil and non-oil revenue receipts in the first quarter of 2014.

Oil Revenue Performance

19. A breakdown of the oil revenue performance in the first quarter of 2014 shows that only Royalties (Oil &Gas) of N250.56 billion, Gas Flared Penalty of N0.67 billion and Petroleum Profit & Gas Taxes of N623.42 surpassed their respective quarterly expected estimate of N185.89 billion, N0.62 billion and N505.97 billion by N64.67billion (or 34.79%), N0.05 billion (or 7.97%) and N117.45billion (or 23.21%). On the other hand, Crude Oil Sales of N843.47 billion, Gas Sales of N67.15 billion, Rent of N0.09 billion and Other Oil and Gas Revenue of N0.17 billion fell below their quarterly projections of N960.18billion, N137.56 billion, N0.22 billion and N0.77 billion by N116.71 billion (or 12.16%), N70.41 billion (or 51.18%), N0.13 billion (or 60.24%) and N0.60 billion (or 78.48%) respectively. Please see *Table 3.1*.

Net Oil Revenue

20. In the first quarter of 2014, the actual Net Oil Revenue that accrued into the Federation Account was N509.35billion, depicting a shortfall of N580.62 billion (or 53.27%) below the projected quarterly estimate of N1,089.97 billion. Similarly, the net oil revenue in the first quarter was lower than the N1,051.71 billion net oil revenue recorded in the fourth quarter of 2013 by N471.09billion (or 44.79%). In spite of the favourable oil prices at the international market, the less-than-projected performance of the net oil revenue in the first quarter of 2014 can be attributed to the fall in oil lifting figures during the period. These data are presented in *Table 3.1*.

Year-to-Date

21. As at end of March 2014, only Crude Oil Sales of N843.47 billion, Gas Sales of N67.15 billion and Royalties (Oil & Gas) of N250.56 billion exceeded their corresponding 2013 first quarter performances of N724.84 billion, N64.0 billion and N216.01 billion by N118.63 billion (or 16.37%), N3.15 billion (or 4.92%) and N34.55 billion (or 15.99%). On the other hand, Rent of N0.09 billion, Gas Flared Penalty of N0.67 billion, Petroleum Profit Tax of N623.42 billion and Other Oil & Gas Revenue of N0.17 billion fell below their corresponding first quarter performances of N0.10 billion, N1.12 billion, N814.22 billion and N0.38billion by N0.01 billion (or 10%), N0.45 billion (or 40.18%), N190.8 billion (or 23.43%) and N0.21 billion (or 55.26%). These low performances were due to the reasons earlier adduced.

Non-Oil Revenue Performance

22. In recent times, the Government, through the Budget Office of the Federation and the Federal Ministry of Finance had taken a number of actions aimed at boosting non-oil revenue collections and payments to the treasury. The effects of these measures as well as the Budget Office's regular meetings with the Agencies had led to the continued growth in targets and actual revenues from the non-oil sector. This trend, as presented in *Table* 3.2 and *Table* 3.3, is expected to continue over the 2012 - 2015 period.

23. In the first quarter of 2014, the actual gross non-oil revenue of N513.55 billion was received. This implies a shortfall of N195.59billion (or 27.58%) below the quarterly estimate of N709.14 billion. A breakdown of the non-oil revenue items shows that only Value Added Tax of N213.8 billion exceeded its quarterly estimate of N211.36 billion by N2.44 billion (or 1.15%). On the other hand, the remaining non-oil revenue items fell below their quarterly projected estimates. Company Income Tax of N178.12 billion and Customs & Excise Duties of N121.63 billion were below their quarterly estimates of N246.56 billion and N195.60 billion by N68.45 billion (or 27.76%) and N73.96 billion (or 37.81%)respectively. When compared to their respective fourth quarter outcomes, Company Income Tax grew by N9.05 billion (or 5.35%) while Value Added Tax and Customs & Excise Duties fell by N8.22 billion (or 3.7%)and N6.37 billion (or 4.98%) respectively. The low performances of some of these non-oil revenue items in the first quarter of 2014 can be attributed to the slow pace of economic activities at the beginning of the year and it is expected that the trend would improve in the subsequent quarters of the year.

Year-to-Date

24. All the non-oil revenue items, Value Added Tax of N213.8 billion, Company Income Tax of N178.12 billion and Customs & Excise Duties of N121.63 billion recorded in the first quarter of 2014 surpassed their respective 2013 first quarter figures of N185.53 billion, N158.33 billion and N109.94 billion by N28.27 billion (or 15.24%), N19.79 billion (or 12.5%) and N11.69 (or 0.63%). The low performances of these items in 2013 was as a result of the slow pace of economic activities and inability of both the revenue generating and collecting agencies to collect and remit these revenues on time.

Table 3.1: Net Distributable Revenue as at March, 2014 (Oil Revenue at Benchmark Assumptions)

S/NO	DESCRIPTION	BUDGET			ACTUAL	VARIANCE	
		2013 Annual Budget	2014 Annual Budget	2014 Quarterly Budget	2014 First Quarter	2014 First Quarter Actual Vs Quarterly Budget	
A	OIL REVENUE	N'bn	N'bn	N'bn	N'bn	N'bn	%
1	Crude Oil Sales	4,243.90	3,840.73	960.18	843.47	(116.71)	(12.16)
2	Gas Sales (NLNG Feedstock Slaes & Upstream Liquid Gas)	359.58	550.23	137.56	67.15	(70.41)	(51.18)
3	Oil Royalties & Gas Royalties	761.08	743.54	185.89	250.56	64.67	34.79
4	Rent	0.88	0.88	0.22	0.09	(0.13)	(60.24)
5	Gas Flared Penalty	2.48	2.48	0.62	0.67	0.05	7.97
6	PPT & Gas Income @ 30% CITA	*2,363.15*	2,023.88	505.97	623.42	117.45	23.21
7	Other Oil and Gas Revenue	3.07	3.07	0.77	0.17	(0.60)	(78.48)
8	Sub-Total	7,734.15	7,164.81	1,791.20	1,162.10	(629.11)	(35.12)
9	Joint Venture Cash Calls	1,182.33	1,182.33	295.58	398.19	102.61	34.71
10	Domestic Fuel Subsidy (NNPC) and Marketers	971.14	971.14	242.79	-	(242.79)	(100.00)
11	Under Remittance of Funds by NNPC	-	-	-	-	-	-
12	Oil Excess Revenue	-	-	-	20.00	20.00	-
13	Sub-Total	5,580.68	5,011.34	1,252.84	743.91	(508.93)	(40.62)
14	Transfer to Excess Crude Account	-	-	-	158.45	158.45	-
15	Balance of Oil Revenue	5,580.68	5,011.34	1,252.84	585.46	(667.38)	(53.27)
16	13% Derivation of Net Oil Revenue	725.49	651.47	162.87	76.11	(86.76)	(53.27)
17	TO FEDERATION ACCOUNT (OIL)	4,855.19	4,359.87	1,089.97	509.35	(580.62)	(53.27)
B	NON-OIL REVENUE	-	-	-	-	-	-
18	Value Added Tax (VAT)	945.28	845.45	211.36	213.80	2.44	1.15
19	Corporate Tax (CIT, Stamp Duties & CGT)	992.04	986.25	246.56	178.12	(68.45)	(27.76)
20	Customs: Import, Excise & Fees	792.95	782.38	195.60	121.63	(73.96)	(37.81)
21	Special Levies (Federation Account)	121.42	222.47	55.62	-	(55.62)	(100.00)
22	Sub-Total	2,851.68	2,836.55	709.14	513.55	(195.59)	(27.58)
23	Cost of Collection and Other Deductions	151.50	153.21	38.30	24.19	(14.11)	(36.84)
24	Cost of Collection (VAT)	37.81	33.82	8.45	8.55	0.10	1.15
25	4% Cost of Collection (CIT)	39.68	39.05	9.76	7.12	(2.64)	(27.02)
26	7% Cost of Collection (Customs and Special Levies)	64.01	70.34	17.58	8.51	(9.07)	(51.58)
27	FIRS Tax Refunds	10.00	10.00	2.50	-	(2.50)	(100.00)
28	TO FEDERATION ACCOUNT (NON-OIL)	1,792.72	1,871.71	467.93	284.11	(183.82)	(39.28)
29	Total VAT Pool	907.47	811.63	202.91	205.25	2.34	1.15
30	Net Non-Oil Revenue	2,700.18	2,683.34	670.84	489.36	(181.48)	(27.05)
31	Sub-Total: FEDERATION ACCOUNT	6,647.91	6,231.58	1,557.89	793.45	(764.44)	(49.07)
32	Balances in Special Accounts End of Previous Year 2013	8.13	2.77	0.69	-	(0.69)	(100.00)
33	TOTAL FEDERATION ACCOUNT	6,656.04	6,234.35	1,558.59	793.45	(765.13)	(49.09)
C	TOTAL DISTRIBUTION	-	-	-	-	-	-
1	Federation Account	6,656.04	6,234.35	1,558.59	793.45	(765.13)	(49.09)
2	VAT Pool Account	907.47	811.63	202.91	205.25	2.34	1.15
3	GRAND TOTAL	7,563.50	7,045.98	1,761.49	998.70	(762.79)	(43.30)

Source: OAGF and Budget Office of the Federation

Table 3.2: Actual Performance of Non-Oil Revenue Category (2005-2013)

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	9 - Year Average
	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Customs Duties & Excise	228,645.20	176,297.90	248,941.30	274,407.60	278,940.00	309,193.00	422,090.00	474,917.60	432,368.00	316,200.07
Company Income Tax	162,166.30	244,807.80	327,040.20	416,825.50	564,950.00	657,278.00	716,920.00	848,566.00	985,520.00	547,119.31
Value Added Tax	189,969.40	230,370.30	301,709.60	404,527.80	468,388.90	562,857.00	649,500.00	710,146.00	795,598.00	479,229.67
Education Tax	21,849.00	23,950.00	50,650.00	59,387.00	61,058.20	.	.	.	.	24,099.36
FGN Independent Revenue	52,483.20	106,600.00	152,290.00	198,234.20	64,114.70	153,551.90	182,490.00	206,766.00	274,368.00	154,544.22

Source: OAGF and BOF

Table 3.3: Percentage Growth in Non-Oil Revenues (2006-2013)

Description	2006	2007	2008	2009	2010	2011	2012	2013	8-Year Avergae
Customs Duties & Excise	-22.89%	41.20%	10.23%	1.65%	10.85%	36.51%	12.52%	-8.96%	10.14%
Company Income Tax	50.96%	33.59%	27.45%	35.54%	16.34%	9.07%	18.36%	16.14%	25.93%
Value Added Tax	21.27%	30.97%	34.08%	15.79%	20.17%	15.39%	9.34%	12.03%	19.88%
FGN Independent Revenue	103.11%	42.86%	30.17%	-67.66%	139.50%	18.85%	13.30%	32.69%	39.10%

Source: OAGF and BOF

Comparative Revenue Performance Analysis:

25. A comparative analysis of the data further reveals that the aggregate gross oil revenue receipts in the first quarter of 2014 were not only lower than their respective projections for the period, but were also short of the corresponding levels in the same period of 2013. The low performance can be attributed to the fall in the oil lifting figure due to crude oil theft and pipeline vandalism during the period. On the other hand, the aggregate gross non-oil revenues for the same period showed an improvement of N59.75billion (or

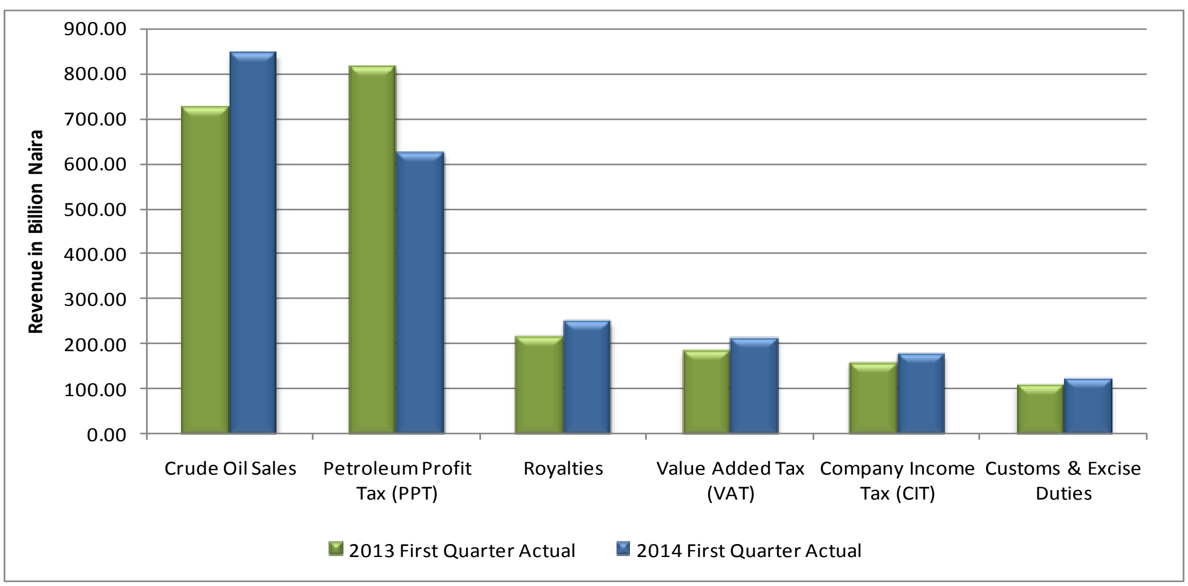
13.17%) above the corresponding figures recorded in 2013 (see *Table 3.4* below).

Table 3.4: Performance of Revenue in the First Quarter of 2014 Vs 2013

Revenue Items	2013 1st Quarter Actual	2014 1st Quarter Actual	Variance 1st Quarter 2014 Vs 1st Quarter 2013	
Oil Revenue	N'bns	N'bns	N'bns	%
Crude Oil Sales	724.84	843.47	118.63	16.37
Petroleum Profit Tax (PPT)	814.22	623.42	-190.80	-23.43
Royalties	216.01	250.56	34.55	15.99
Gross Oil Revenue	1,820.66	1,162.10	-658.56	-36.17
Net Oil Receipts	967.84	509.35	-458.49	-47.37
Non-Oil Revenue	-	-	-	
Value Added Tax (VAT)	185.53	213.8	28.27	15.24
Company Income Tax (CIT)	158.33	178.12	19.79	12.50
Customs & Excise Duties	109.94	121.63	11.69	10.63
Gross Non-Oil Revenue	453.8	513.55	59.75	13.17
Net Non-Oil Receipts	432.35	489.36	57.01	13.19

Source: OAGF and BOF

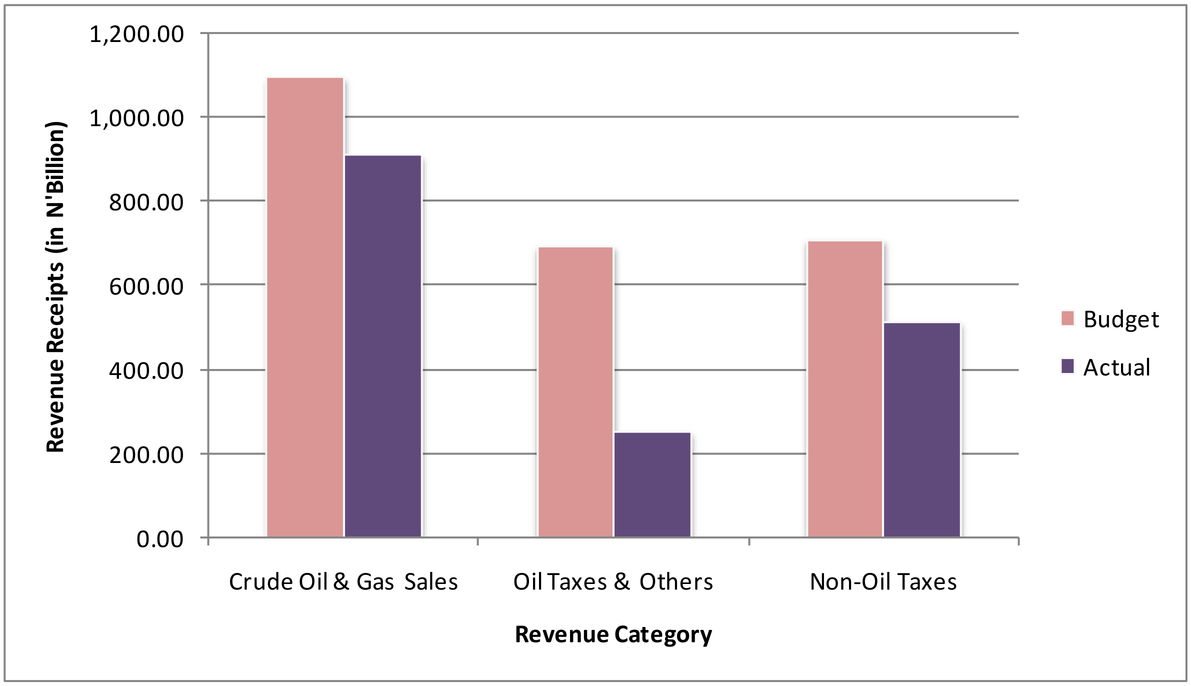
Chart 3.1: 2013 Vs 2014 Revenue Performance (First Quarter)



Source: OAGF and BOF

26. *Chart 3.2* below is a graphical illustration of the actual performance of revenue categories compared to their budgeted estimates as at March 2014.

Chart 3.2: Projected Vs Actual FAAC Revenue Receipts (as at March2014)



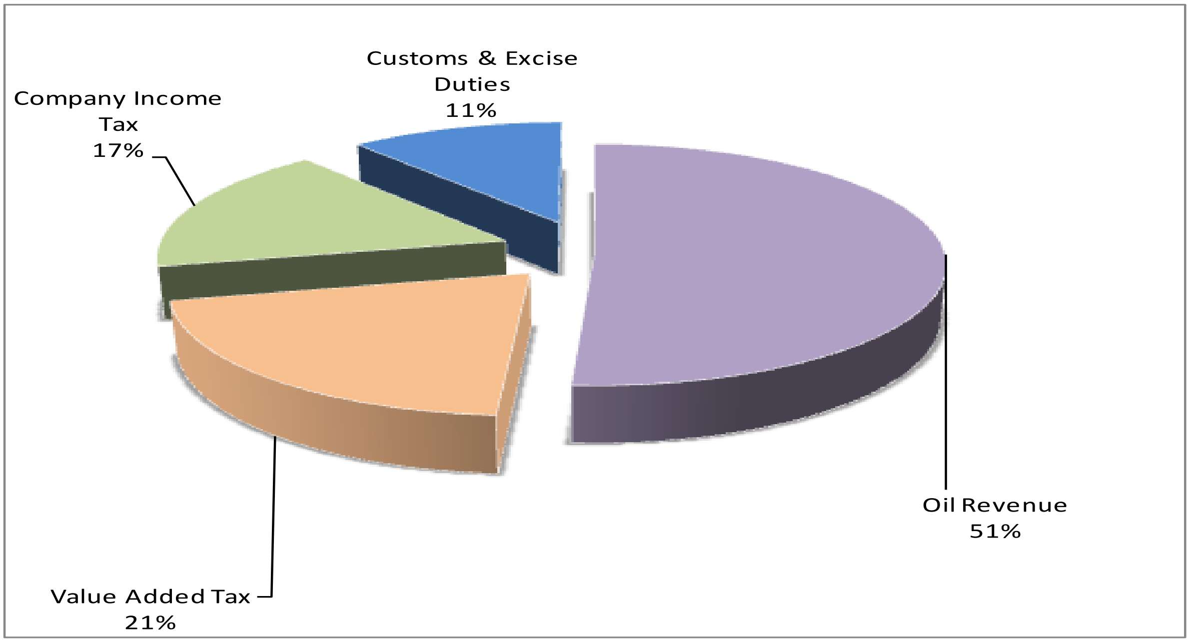
Source: BOF

Distributable Revenue:

27. The net distributable revenue is the balance of money in the Federation Account available for distribution among the three tiers of government after taking out all costs and statutory deductions. A net sum of N998.7 billion was available for sharing in the first quarter of 2014. This implies a shortfall of N762.79 billion (or 43.3%).

28. *Chart 3.3* below presents the percentage contribution of the various revenue categories to distributable revenue in the first quarter of 2014.

Chart 3.3: Contributions to Distributable Revenue (in the 1st Quarter of 2014)

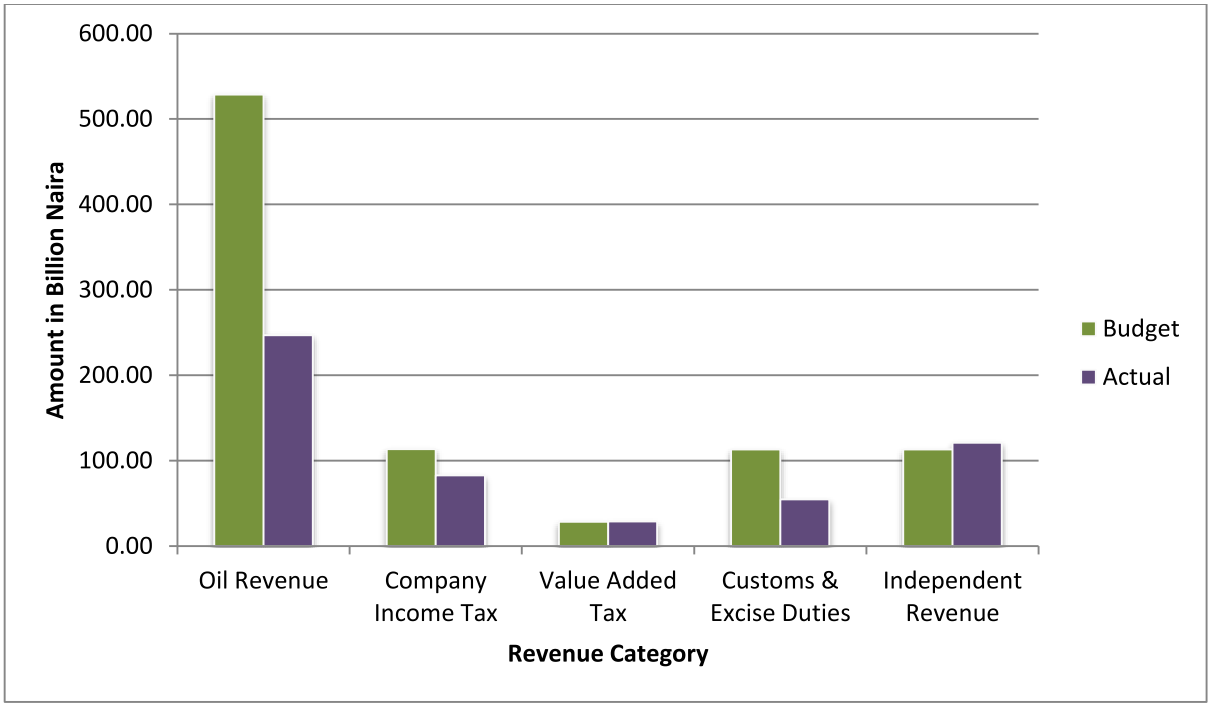


Source: BOF

3.3 FGN Budget Revenue

29. In accordance with the approved 2014 Budget framework, the sum of N3,731.0 billion was projected to fund the Federal Budget implying a quarterly share of N932.75 billion. In the first quarter of 2014, the sum of N247.03 billion received from oil sources was lower than the quarterly estimate of N528.63 billion by N281.6 billion (or53.27%). With the exception of FGN Share of VAT of N28.73 billion which exceeded its quarterly budget estimate by N0.33 billion (or 1.15%), all other non-oil revenue items fell below their quarterly budget projections. FGN Share of Customs & Excise Duties of N54.86 billion and Company Income Tax of N82.93 billion were short of their respective quarterly projections of N113.31 billion and N113.64 billion by N58.45billion (or 51.58%)and N30.71 billion (or 27.02%). The foregoing followed the same pattern of their respective performances at the Federation Account level. The data are presented below in *Table 3.5.*

Chart 3.4: FGN Revenue (Budget Vs Actual as at March 2014)



Source: OAGF and BOF

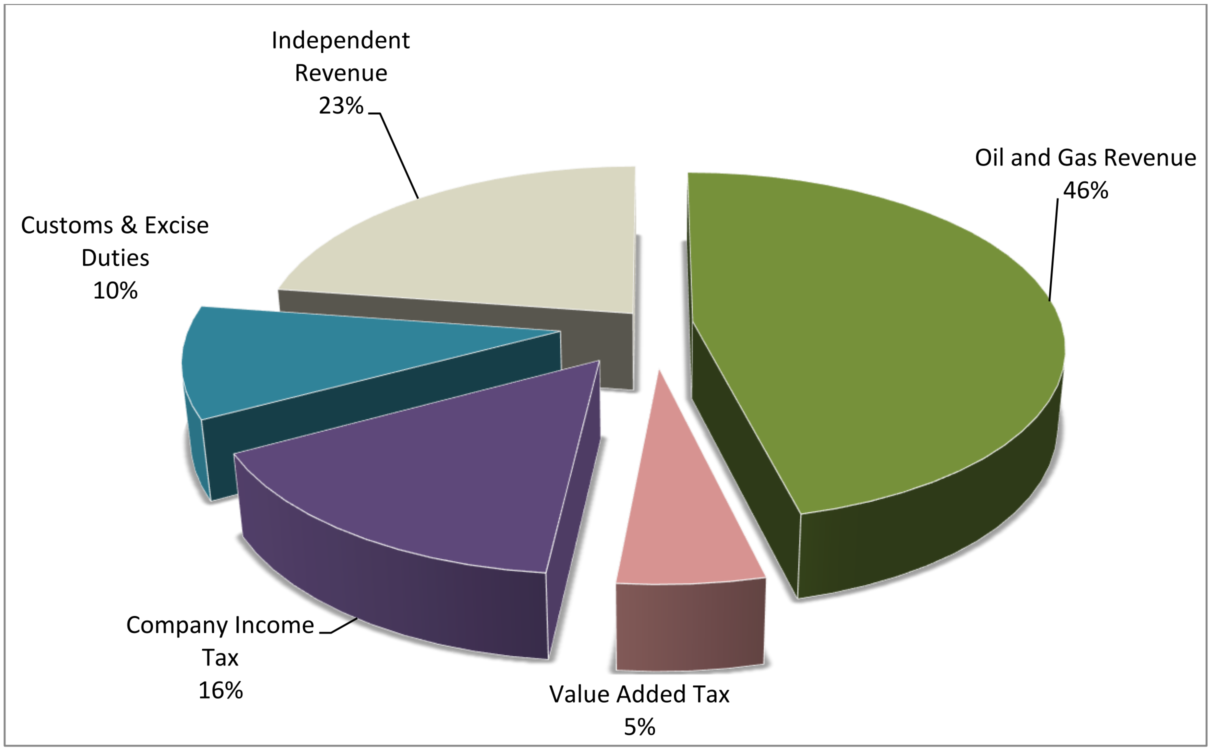
Table 3.5: Inflows to the 2014 Federal Budget as at March 2014

S/NO	DESCRIPTION	BUDGET			ACTUAL	VARIANCE	
		2013 Annual Budget	2014 Annual Budget	2014 Quarterly Budget	2014 First Quarter	2014 First Quarter Actual Vs Quarterly Budget	
1	Inflow for the Federal Budget (CRF)	N'bn	N'bn	N'bn	N'bn	N'bn	%
2	FGN Share of Oil Revenue	2,354.52	2,114.53	528.63	247.03	(281.60)	(53.27)
3	FGN Share of Non-Oil Revenue	996.71	1,022.75	255.69	166.53	(89.16)	(34.87)
4	FGN Share of Value Added Tax (VAT)	127.05	113.63	28.41	28.73	0.33	1.15
5	FGN Share of Customs	357.66	453.24	113.31	54.86	(58.45)	(51.58)
6	FGN Share of Company Income Tax (CIT)	457.24	454.54	113.64	82.93	(30.71)	(27.02)
7	FGN Shaare of Actual Balances in Special Accounts	3.94	1.34	0.34	-	(0.34)	(100.00)
8	FGN Independent Revenue	455.78	452.04	113.01	121.13	8.12	7.19
9	FGN Balance of Special Accounts as at 31/12/13:	28.02	21.68	5.42	-	(5.42)	(100.00)
10	Unspent Balance from Previous Fiscal Year	261.21	120.00	30.00	7.56	(22.44)	(74.81)
11	Sub-Total	4,100.18	3,731.00	932.75	542.25	(390.50)	(41.87)
12	Other Financing Sources	-	-	-	45.00	45.00	-
13	Foreigm Excess Crude Savings Account (SURE-P)	-	-	-	45.00	45.00	-
14	Total Revenue Available for Implementation	4,100.18	3,731.00	932.75	587.25	(345.50)	(37.04)

Source: OAGF and BOF

30. A total of N542.25 billion, excluding other funding sources, was received in the first quarter of 2014. This amount was N390.5 billion (or 41.87%) lower than the quarterly projection of N932.75 billion and also N177.38 billion (or 24.65%) lower than the actual receipt of N719.63 billion recorded in the fourth quarter of 2013. The performance of first quarter of 2014 was also N163.28 billion (or 23.14%) below the N705.53 billion recorded in the first quarter of 2013.

Chart 3.5: Contributions to the FGN Budget Revenue in the First Quarter of 2014 (E*xcluding FGN's Unspent Balances and FGN's Balances in Special Accounts*)



Source: The OAGF and Budget Office of the Federation

3.4 Excess Crude Account

31. The Excess Crude Account (ECA) was set up to serve as a stabilization and savings account. Inflows into the ECA in the first quarter of 2014 amounted to N158.45billion. The inflow in the first quarter of 2014 was N2.42billion (or 1.55%) higher than N156.03 billion and N242.47 billion (or 60.48%) lower than the N400.92 billion recorded in the fourth and first quarter of 2013 respectively. A total of N71.1 billion was withdrawn from the account in the first quarter of 2014. These data are presented in Table 3.6.

Table 3.6: Net Excess Crude Account

Description	2013 Actual (N' bns)		2014 Actual (N'bn)
	First Quarter	Fourth Quarter	First Quarter
Inflows			
Transfer to Excess Crude Oil Account	**400.92**	**156.03**	**158.45**
Outflows			
Payment for Petroleum Product Subsidy	**50.00**	**235.00**	**48.23**
Augmentation: Distribution among tiers of govt.	**485.02**	**154.75**	**106.65**
Transfer for Special Intervention Fund	**71.10**	**121.23**	
Transfers Int. trf - SWF			
Total Outflow	**606.12**	**510.98**	**154.88**
Net Excess Crude Account	**-205.20**	**-354.95**	**3.57**

Source: Office of the Accountant General of the Federation

3.5 Expenditure Developments

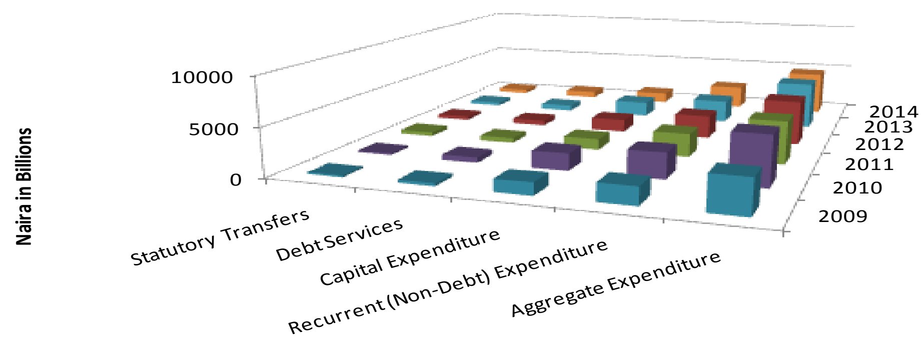
32. A total of N4,963.56 billion was appropriated for expenditure in the 2014 Budget. Of this amount, N4,695.19 billion was for the regular budget for 2014 while N268.37 billion was for the implementation of social safety net and specific infrastructure projects and programmes under the Subsidy Reinvestment and Empowerment Programme (SURE-P). The regular budget for 2014 is made up of N2,454.89 billion (or 52.29%) for Recurrent (Non-Debt) Expenditure, N712.0 billion (or 15.16%) for Debt Services, N408.69 billion (or 8.7%) for Statutory Transfers and N1,119.62 billion (or 23.85%) for Capital Expenditure.

3.5.1 Non-Debt Recurrent Expenditure

33. In crafting the 2014 Budget, Government kept focus on its plan to deliberately check the growth of recurrent expenditures as indicated in the 2014-2016 Fiscal Framework and Fiscal Strategy Paper. However, there is a limit to how far these efforts can go because of the continued demands for wage increase by various labour unions. Moreover, government doesn't wish to

retrench its workers so as to reduce the huge wage bill. But because the government is resolute in cutting down the cost of governance, it has devised other measures including the deployment of the Integrated Payroll and Personnel Information System (IPPIS) across MDAs. This is already generating some savings through the reduction of ghost workers.

Chart 3.6: 2009 – 2014 Budget Expenditure Profile

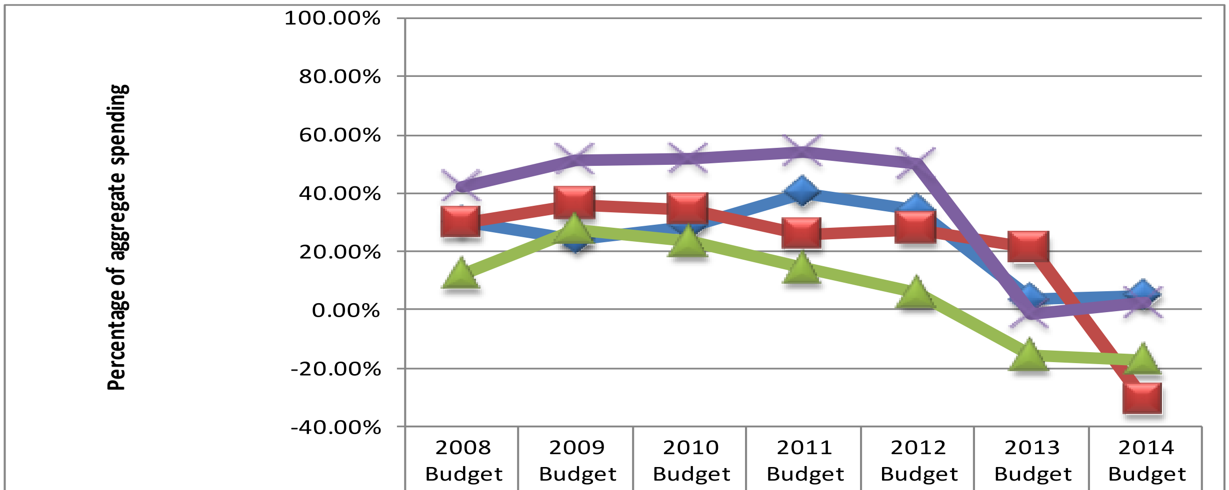


	Statutory Transfers	Debt Services	Capital Expenditure	Recurrent (Non-Debt) Expenditure	Aggregate Expenditure
2009	168.62	283.65	1,280.71	1,824.71	3,557.69
2010	183.58	542.38	1,764.69	2,669.01	5,159.66
2011	417.83	495.1	1,146.75	2,425.07	4,484.74
2012	372.59	559.58	1,339.99	2,425.05	4,697.21
2013	387.98	591.76	1,621.48	2,386.03	4,987.24
2014	408.69	712	1,119.62	2,454.89	4,695.19

Source: Budget Office of the Federation

35. Data from the OAGF shows that a total of N399.5 billion was expended on non-debt recurrent expenditure in the first quarter of 2014. This amount represents a decrease of N214.23 billion (or 34.91%) below the quarterly estimate of N613.72 billion.

Chart 3.7: Personnel, Overhead and Capital Expenditure Trends (2008 – 2014)



	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget	2014 Budget
Personnel Costs (MDAs)	29.88%	24.08%	28.66%	40.01%	33.89%	3.37%	4.79%
Capital Spending	29.66%	36.00%	34.20%	25.57%	27.47%	21.01%	-30.95%
Overheads	12%	27.20%	23.06%	14.07%	5.57%	-15.94%	-17.37%
Recurrent (Non Debt)	41.88%	51.28%	51.72%	54.07%	49.72%	-1.62%	2.06%

Source: BOF and OAGF

3.5.2 Debt Service

36. Provisional data from the Debt Management Office (DMO) shows that as at 31st March, 2014, the Federal Government domestic debt stock stood at N7,183.18 billion depicting an increase of N64.2 billion (or 0.9%) over the N7,118.98 billion recorded in the fourth quarter of 2013. The 2014 first quarter debt figure was also N689.86 billion (or 10.62%) above the N6,493.32 billion reported in the same period of 2013. A breakdown of the domestic debt stock as at 31stMarch, 2014 shows that N4,132.04 billion (or 57.52%) is for FGN Bonds, N2,735.75 billion (or 38.09%) is for Nigeria Treasury Bills (NTBs) and N315.39 billion (or 4.39%) is for Treasury Bonds. The rise in domestic debt in the first quarter can be attributed to the issuance of additional Federal Government Bonds and Nigerian Treasury Bills. As at 31stMarch, 2014 a total of N279.64 billion was released for domestic debt servicing while the actual domestic debt payment was N214.67 billion. The sum of N48.77 billion (or 29.4%) difference between the quarterly budgeted estimate of N165.9 billion for domestic debt services and the actual domestic debt services was mainly due to additional issues of FGN Bonds above the amount projected to be issued as

a result of changes in the issuance calendar and the rising cost of rolling over NTBs.

37. Nigeria's external debt stock (mostly low interest funds from multilateral financial institutions) as at 31st March, 2014, stood at US$9,166.02 million representing an increase of US$344.12 million (or 3.9%) and US$2,495.3 million (or 37.41%) over the US$8,821.9 million and US$6,670.72million recorded in the fourth quarter and the first quarter of 2013 respectively. The increase was due mainly to the increases in multilateral and bilateral debt drawdown. A breakdown of the external debt stock as at 31st March, 2014 shows that Multilateral Debts amounted to US$6,575.77 million (71.74%), Non-Paris Club Bilateral Debts amounted to US$1,078.50million (or 11.77%) while Commercial and ICM (Euro-Bond) accounted for the balance of US$1,511.75million (or 16.49%).

38. The actual external debt service payment in the first quarter of the year amounted to US$119.48 million. A breakdown of the payments indicated that US$51.04 million (or 42.72%) was to Multilateral Creditors, US$22.79million (or 19.07%) was to Non-Paris Bilateral Creditors, US$45.63 million (or 38.19%) was to Commercial & ICM (Euro-Bond) Creditor and US$0.01 million (or 0.01%) was to others.

39. The total public debt stock as at 31st March, 2014 stood at US$65.25 billion (or N10,162.34 billion). The breakdown consists of US$9.17 billion (or N1,427.52 billion or 14.05%) for external debt while the balance of US$56.09 billion (or N8,734.83 billion or 85.95%) was for domestic debt stock. The total net value of Debt/GDP (external and domestic) ratio of 12.67% (using the rebased GDP figure of 2013) as at the end of March2014 was significantly below the global threshold of 40%.

Table 3.7: FGN Budget Expenditure and Fiscal Account (in N' Billion) as at March 2014

S/NO	ITEMS	BUDGET			ACTUAL	VARIANCE	
		2013 Annual Budget	2014 Annual Budget	2014 Quarterly Budget	2014 First Quarter	2014 First Quarter Actual Vs Quarterly Budget	
		N'bn	N'bn	N'bn	N'bn	N'bn	%
A	TOTAL INFLOW	4,100.18	3,731.00	932.75	587.25	(345.50)	(37.04)
B	EXPENDITURE:	-	-	-	-	-	-
	RECURRENT (NON-DEBT):	-	-	-	-	-	-
1	Personnel Cost	1,860.29	1,769.04	442.26	312.41	(129.85)	(29.36)
2	Pension & Gratuities	525.73	187.45	46.86	38.16	(8.70)	(18.57)
3	Overhead Cost and Service Wide Vote		498.40	124.60	48.93	(75.67)	(60.73)
4	Sub-Total (Non-Debt)	2,386.03	2,454.89	613.72	399.50	(214.23)	(34.91)
5	Domestic Debts & Int. on Ways & Means	543.38	663.61	165.90	279.64	113.73	68.56
6	Foreign Debts	48.39	48.39	12.10	21.29	9.19	75.95
7	Sub-Total (Debt)	591.76	712.00	178.00	300.92	122.92	69.06
8	CAPITAL EXPENDITURE:	-	-	-	-	-	-
9	Capital Releases 2013	1,621.48	-	-	97.13	97.13	-
10	Capital Releases 2014		1,119.62	279.90	126.51	(153.39)	(54.80)
11	Sub-Total (Capital)	1,621.48	1,119.62	279.90	223.64	(56.27)	(20.10)
12	TRANSFER:	-	-	-	-	-	-
13	Niger Delta Development Commission (NDDC)	61.35	61.94	15.49	-	(15.49)	(100.00)
14	National Judicial Council (NJC)	67.00	73.00	18.25	16.75	(1.50)	(8.22)
15	Universal Basic Education Commission (UBEC)	76.28	70.47	17.62	17.62	0.00	0.00
16	Independent National Electoral Commission (INEC)	32.00	45.00	11.25	11.25	-	-
17	National Assembly	150.00	150.00	37.50	37.50	-	-
18	Public Complaint Commission	-	6.93	1.73	0.49	(1.24)	(71.83)
19	National Human Right Commission	1.35	1.35	0.34	0.34	0.00	0.44
20	Sub-Total (Transfers)	387.98	408.69	102.17	83.94	(18.23)	(17.84)
21	TOTAL EXPENDITURE	4,987.24	4,695.19	1,173.80	1,008.00	(165.80)	(14.12)
22	Fiscal Deficit	(887.06)	(964.19)	(241.05)	(420.75)	(179.70)	(22.92)
C	FINANCING ITEMS:	-	-	-	-	-	-
1	Privitization Proceeds	10.00	15.00	3.75	-	(3.75)	(100.00)
2	Signature Bonus	75.00	-	-	-	-	-
3	FGN Sharefrom Stabilisation Fund Account	225.00	324.97	81.24	-	(81.24)	(100.00)
4	Domestic Borrowing (FGN Bond)	577.07	624.22	156.06	260.67	104.61	67.04
5	Sub-Total	887.07	964.19	241.05	260.67	19.62	8.14
6	Net Deficit / Surplus	0.01	(0.00)	(0.00)	(160.08)	(160.08)	(14.78)

Source: OAGF and Budget Office of the Federation

3.5.3 Statutory Transfers:

40. In the first quarter of 2014, a total of N83.94 billion was released as statutory transfers. A breakdown of the actual transfers in the first quarter reveals that N16.75 billion was to National Judicial Council (NJC), N17.62 billion was to the Universal Basic Education Commission (UBEC), N11.25 billion was to Independent Electoral Commission, N0.49 billion was to Public Complaint Commission, N0.34 billion was to National Human Right Commission and N37.5 billion was to the National Assembly. It is noteworthy that quarterly releases under this subhead are made on demand by the beneficiaries subject to budgetary provisions.

3.5.4 Capital Expenditure Performance

41. In pursuance of the Administration's Transformation Agenda through the creation of jobs and engendering inclusive growth, Government like in the past budgets has continued in 2014 to channel the bulk of its finances to the structural reform of the economy and provision of critical infrastructure in the power, health, education, roads, rail and aviation sectors as well as the provision of physical and food security. As a result of this, a total of N1,119.62 billion was allocated to capital spending in the 2014 Budget.

MDAs' Capital Vote Utilization:

42. Data from the OAGF reveals that as at 31stMarch, 2014, a total of N156.52 billion had been released through the First Quarter Development Capital Warrant of N142.96 billion and Authority to Incur Expenditure (AIEs) of N13.56billion for the implementation of MDAs capital projects/programmes as contained in the 2014 Appropriation Act. Hundred percent of the total amount released in the first quarter was cash-backed. It should be noted that the first quarter capital warrant was released while waiting for the approval by the National Assembly of the 2014 Appropriation Bill.

Performance as at 31st March, 2014

43. Due to the shortfall in projected revenue inflow and other demands for the limited resources available to the government, the first quarter of 2014 Capital Development warrant was released around the middle of March 2013 while the cash backing was done almost immediately. But MDAs could not access and utilize their allocations before the end of the quarter. As such no capital utilization was made within the first quarter of 2014.

44. In addition to the regular budget, an extra provision of N268.37 billion (N180 billion as additional revenue and N88.37 billion as carryover of outstanding provisions from 2013 budget)was made for major capital and social programmes under the SURE-P window, and this assisted in the area of infrastructure development in the first quarter of 2014. A total of N136.46 billion (or50.85%) of the appropriated sum was released while N42.69 billion (or 31.28%) of the released amount was utilized as at 31st March, 2014.

3.5.5 Performance of the Financing Items:

46. The 2014 Fiscal Framework portrays a quarterly deficit of N241.05 billion to be financed through Privatization Proceeds of N3.75 billion, FGN's Share from the Stabilization Fund Account of N81.24 billion and Domestic Borrowing (FGN Bond) of N156.06 billion.

47. In the first quarter, a total of N260.67 billion was realized from financing item sources implying an increase of N19.62 billion (or 8.14%) above the quarterly estimate of N241.05 billion. The financing item was realized from only Domestic Borrowing (FGN Bond) of N260.67 billion while other items such as Privatization Proceeds and FGN Share from Stabilization Fund Account did not materialize in the quarter.

5.0 CONCLUSION

Despite the sluggish global economic recovery, Real Gross Domestic Product (GDP) growth remains robust. The recently rebased GDP figures released by the National Bureau of Statistics (NBS) revealed that real GDP grew by 7.41% in 2013 as against 5.09% and 6.66% figures recorded in 2011 and 2012, respectively. As usual, the non-oil sector remained the main source of overall growth with its performance driven largely by agriculture, industry and construction, trade and services. The data also projected real Gross Domestic Product (GDP) growth rate of 7.7% for 2014 fiscal year. The country's external reserve remained on course at a sustainable level of about US$37.4 billion during the period.

49. Provisional data from the OAGF shows that a net distributable sum of N998.7 billion accrued to the Federation Account for distribution among the three tiers of government in the quarter, indicating a shortfall of about N762.79 billion when compared with N1.76 trillion estimated for the quarter. This follows from the shortfall in oil revenue by N580.62 billion - arising mainly from lower oil lifting due to crude oil theft and pipeline vandalism. Largely resulting from this situation, implementation of the federal budget in the quarter was underfunded by about N390.5billion (or 41.87%) when compared with the estimate of N932.75 billion.

50. The implementation of recurrent expenditures in the first quarter was on course. A total of N156.52 billion out of the N279.9 billion projected for capital budget implementation in the quarter was released to MDAs as at March 2014. This entire amount was cash-backed but no utilization was made by MDAs before 31st March, 2014 being the end of the first quarter.

51. This provisional report focused on reporting the macroeconomic environment and financial analysis of the implementation of the Budget. The Budget Office of the Federation, in collaboration with MDAs, Civil Society Organizations and media representatives had embarked on physical monitoring and evaluation of selected capital projects for the quarter. Their findings will be put together and consolidated with this interim report and published in due course.