2015 FIRST QUARTER

BUDGET IMPLEMENTATION REPORT

BUDGET OFFICE OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE

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FOREWORD

It gives me great pleasure to present this 2015 First Quarter Budget Implementation Report. In recent years, Budget Implementation has attracted a great deal of attention. This is not unexpected as the Federal Budget is a key policy tool for allocating public resources among competing socio-economic needs, holding the Ministries, Departments and Agencies of Government responsible for the expenditure and revenues over which they exercise control and delivering on the governments development programmes.

The preparation and circulation of this Report is in line with Section 30 and 50 of the Fiscal Responsibility Act, 2007 which requires the Honourable Minister of Finance to submit to the Joint Finance Committees of the National Assembly and the Fiscal Responsibility Commission a Quarterly Budget Implementation Report. It is also required that these reports are disseminated to the wider public through the electronic and print media.

The Report provides provisional information on the implementation of the budget ove the first quarter. I commend the team's hard work and also wish to extol the active roles of the National Assembly's Joint Finance Committees and the Fiscal Responsibility Commission in safeguarding best practices in public financial management.

Lastly, I encourage readers of this Report to keep on showing active interest in the preparation and implementation of the annual budgets. This will serve as the required ingredient for the efficient and effective management of public finances. I thank readers of these reports and call on them to uphold the country's lofty vision.

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

PREFACE

Under the Fiscal Responsibility Act 2007, the Budget Office of the Federation is responsible for assisting the Honourable Minister of Finance to monitor and evaluate the implementation of the Annual Budget. The Quarterly Budget Implementation Report is one of many in-year reports prepared by the Budget Office of the Federation, and it complements the Half year and Full Year Budget Implementation Reports. This in-year reporting function, is part of the Federal Government's efforts to promote budget openness, transparency and accountability as key components of its financial management reforms.

The 2015 Budget was themed a ***"Transition Budget and Hope"*** and introduces a number of measures necessary to guide the economy through a difficult 2015 year while deepening our efforts at becoming a non-oil economy, as well as tackling income inequality in our society.

Implementation of the 2015 Budget in the first quarter of the year was challenging in several respects. Apart from the late passage of the Budget by the National Assembly and the collapse in the price of oil in the international market, Its implementation was faced with lower than projected revenues.

This Report is a product of the joint efforts of key economic and statistical agencies of Government which provided the required macroeconomic data, and the concerted efforts of the various departments of the Budget Office of the Federation, particularly the Budget Monitoring and Evaluation Division. I commend their hard work and wish them every success as they continue to undertake this significant role.

Dr. Bright Okogu
Director - General
Budget Office of the Federation

TABLE OF CONTENT

EXECUTIVE SUMMARY

The 2015 Budget themed ***"Transition Budget and Hope"*** was prepared in the midst of uncertainties in the world oil market. As such, necessary steps were taken to ensure prudent management of our economy. The Budget was focused on expanding the government's revenue base, and achieving its developmental priorities. Data from the National Bureau of Statistics (NBS) showed that the domestic economy remained resilient in the face of depressed global oil prices as well as challenges in its supply quantities. When measured by the real gross domestic product (GDP), the economy grew by 3.96% (year-on-year) on aggregate basis in the first quarter of 2015.

Inflationary pressure remained modest across the three measures of inflation during the quarter under review. The year-on-year headline inflation rose slightly from 8% in December 2014 to 8.2%, 8.4% and 8.5% in January, February and March 2015 respectively. The underlying inflationary pressures came mainly from food (particularly imported food) and the core components. The movement of the year-on-year core inflation also followed similar movement, rising from 6.2% in December 2014 to 6.8%, 7% and 7.5% in January, February and March 2015 respectively. On the other hand, the year-on-year food inflation as in December 2014 remained constant at 9.2% in January before rising slightly to 9.4% in both February and March 2015. Figures from the Central Bank of Nigeria (CBN) revealed a drop in Nigeria's gross external reserves which stood at US$29.36 billion in March 2015.

Data from the Office of the Accountant-General of the Federation (OAGF) shows that a net sum of N1,141.78 billion was shared among the three tiers of Government in the first quarter of 2015; implying a shortfall of N247.40 billion in the quarter. A total of N882.36 billion, excluding revenue from other funding sources was received to fund the Federal Budget in the first quarter of 2015 thereby presenting a shortfall of N19.28 billion (or 2.23). This revenue shortfall affected the implementation of the 2015 Budget in the quarter.

The data also indicated that as at 31st March, a total of N624.47 billion out of the N651.78 billion projected for recurrent (non-debt) was expended while N30.61 billion out of the N139.25 billion projected for capital budget implementation for the quarter was released to MDAs. In addition to the regular budget, a total of N21.03 billion (or 100%) of the amount appropriated for SURE-P in the 2015 budget was released as at 31st March, 2015 while N5.02 billion (or 23.87%) of the released amount was utilized for major capital and social programmes. This assisted in the area of infrastructural development.

1.0 INTRODUCTION

The 2015 Budget which was themed a ***"Transition Budget and Hope"*** was prepared in the midst of anxieties in the global economy. With this in mind necessary measures were taken to manage the domestic economy prudently. In this Budget, measures were also taken to expand other sub-sectors of the economy by transiting not only in its development focus but also in its financing sources, spending priorities, as well as in wealth creation. In view of this, it introduced a number of measures necessary to guide the economy through a difficult 2015 year and to also position the country towards becoming a non-oil economy as well as tackle income inequality in the society.

2. As with previous budgets, the 2015-2017 Medium Term Fiscal Framework formed the groundwork of the 2015 Budget. This framework was prepared in line with the activities at the international and local markets which mostly define the amount of revenues required to fund the Budget. In this respect, the development of this framework took the vagaries of the international oil market and the domestic challenges to oil production and lifting into cognizance.

3. The 2015 Budget also emphasized the completion of critical and ongoing capital projects (infrastructure, education and healthcare) that could potentially help tackle the bottlenecks to growth and development. The provision of physical and food security were given special attention. Efforts were also directed at policies that will stimulate private sector activities in some key sectors of the economy, create jobs and attain sustainable and wide-ranging growth.

4. The 2015 Budget was presented late to the National Assembly due to the developments in international oil market which made it very difficult to relevant parameters (particularly, the benchmark oil price). Though Framework was prepared and transmitted to the National Assembly early in September 2014.

5. This Provisional Report provides detailed information on implementation of the budget over the first quarter of 2015. It is structured as follows: a brief analysis of

the macroeconomic environment under which the budget was implemented, followed by a careful analysis of Government's revenue receipts and expenditure in the quarter. Finally, there is a brief conclusion to this interim Report. A chapter on the outcomes of the physical monitoring and evaluation of capital projects and programmes would be included in the final report for the quarter after the exercise by the various teams across the six geopolitical zones of the country.

2.0 MACROECONOMIC DEVELOPMENTS AND ANALYSIS

Global Economy

The pace of global economic recovery remained modest and uneven in the first quarter of the year. During the period, the United States led the global push to output growth as consumer demand strengthened on the heels of falling oil prices, lower US oil imports and accommodative monetary policy. In contrast, the Euro area continued output decline, in the face of positive oil price shocks, made the European Central Bank (ECB) to introduce a significant €1.1 trillion asset acquisition programme. There are a number of important downside threats to global outlook in 2015 including geopolitical tensions and conflicts; the negative impact of commodity price declines; weak external demand and the likelihood of monetary policy stabilisation in the US. Growth could, however, remain subdued in most of the Euro Area and Japan, in the short-to-medium term. Growth in the emerging markets may show wide variations with sharp slowdown in most of the large emerging market economies, especially in Latin America and Eastern Europe, due to the winds from falling commodity prices and slide in external demand from the advanced economies.

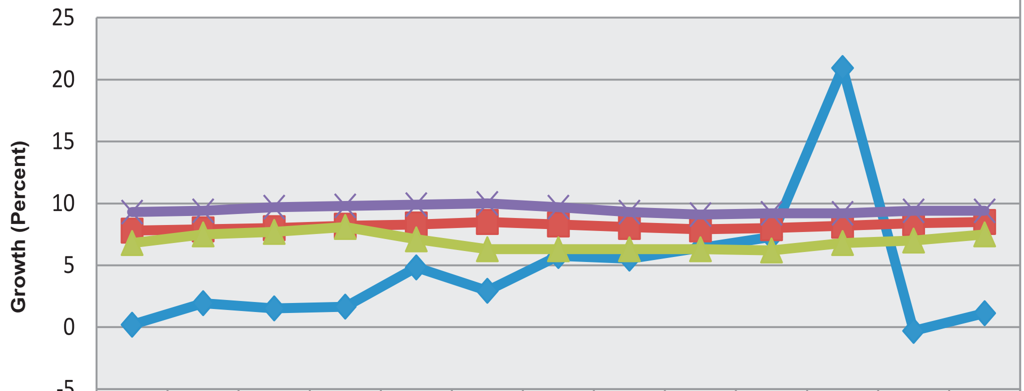
7. Global inflation continues to be low due to falling oil prices and persistent slack in global output. Core inflation has continued to drop due to amongst other things, the diminishing effect of low oil prices and lack of considerable wage gains. Average inflation for the developed economies is expected to remain flat at 1.5% in 2015 due to the increasing output gap, weak recovery, and strong regional currencies. This development appears to be counterbalancing the risk of imported inflation in the emerging and developing countries, most of which have experienced moderate to severe depreciation in their local currencies. Developing economies are thus likely to have moderate inflation in the medium term. The outlook for global monetary policy suggested a predominantly easy stance. The Euro Area and Japan are expected to remain in the accommodative mode. Even in countries where growth seems to be strengthening like the US, UK and Canada, there are signs of delayed switch to tight monetary policy stance. Owing to currency worries, however, some emerging and developing economies may experience moderate tightening in the short to medium term. Growth in sub Saharan Africa is projected to average 4.9% in 2015.

Domestic Economy

8. Available data from the National Bureau of Statistics (NBS) showed that the domestic economy remained strong in the face of depressed global oil prices as well as challenges in supply quantities. When measured by the Real Gross Domestic Product (GDP), the economy grew by 3.96% (year-on-year) on aggregate basis in the first quarter of 2015. This performance was 1.98% and 2.25% lower than the rates recorded in the fourth and first quarters of 2014 respectively. The non-oil sector remained the key driver of growth recording 5.59% as against the oil sector, which declined by 1.55%. The non-oil sector growth was driven largely by growth in activities recorded in trade, crop production, services, construction and telecommunications.

9. Inflationary pressure remained moderate across the three measures of inflation during the quarter under review. The year-on-year headline inflation rose marginally from 8% in December 2014 to 8.2%, 8.4% and 8.5% in January, February and March 2015 respectively. The underlying inflationary pressures came largely from food (particularly imported food) and the core components. The movement of the year-on-year core inflation also followed similar trend, rising from6.2% in December 2014 to 6.8%, 7% and 7.5% in January, February and March 2015 respectively. On the other hand, the year-on-year food inflation as in December 2014 remained constant at 9.2% in January before rising slightly to 9.4% in both February and March 2015. In spite of the fact that all the inflationary figures still remained within the single unit digit, major threats to inflation in the near future includes the likely higher import prices on the strength of an appreciating dollar and possible food supply shocks linked to insurgency and uncertainties in some major agricultural zones of the country.

Chart1: Inflation and M2 Growth Rate (March 2014 – March 2015)



	Mar.14	Apr.14	14-May	Jun.14	Jul.14	Aug.14	Sep.14	Oct.14	Nov.14	Dec.14	Jan.15	Feb.15	Mar.15
M2 Growth Rate	0.2	1.94	1.52	1.66	4.83	2.94	5.75	5.54	6.42	7.29	20.94	-0.3	1.13
Headline Inflation	7.8	7.9	8	8.2	8.3	8.5	8.3	8.1	7.9	8	8.2	8.4	8.5
Core Inflation	6.8	7.5	7.7	8.1	7.1	6.3	6.3	6.3	6.3	6.2	6.8	7	7.5
Food Inflation	9.3	9.4	9.7	9.8	9.9	10	9.7	9.3	9.1	9.2	9.2	9.4	9.4

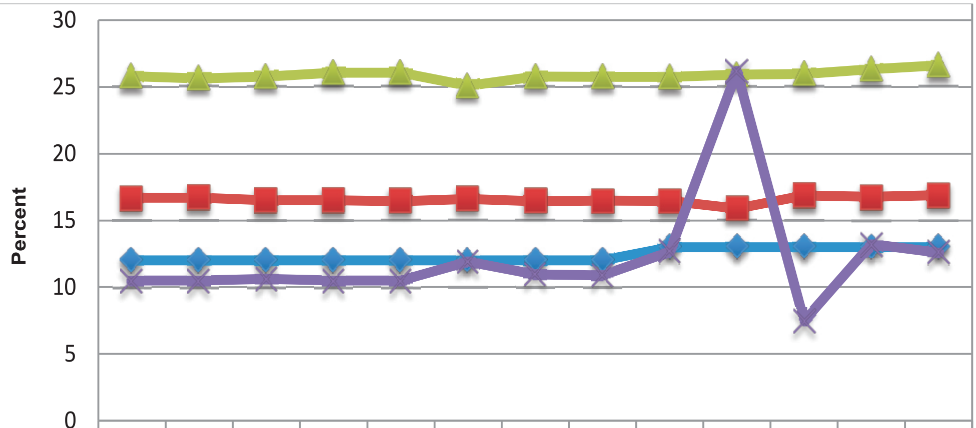
Source: Central Bank of Nigeria, 2015 & National Bureau of Statistics, 2015

10. Data from the Central Bank of Nigeria (CBN) indicates that broad money supply (M2) grew by N2,309.29 billion (or 13.72%) in March 2015 above the level in December 2014, that is, from N16,833.24 billion in December 2014 to N19,142.53 billion in March 2015. Similarly, Credit to the private sector increased by N432.19 billion (or 2.38%) from N18,147.03 billion in December 2014 to N18,579.22 billion in March 2015. Credit to government sector also increased by N160.86 billion (or 7.97%) within the same period, from N2,017.54 billion in December 2014 to N2,178.4 billion in March 2015. The net aggregate domestic credit followed the same trend and also increased by N4,628.12 billion (or 28.69%) from N16,129.50 billion in December 2014 to N20,757.62 billion in March 2015. The average prime lending rate rose from 15.88% in December 2014 to 16.86%, 16.77% and 16.9% in January, February and March 2015 respectively. Similarly, the average maximum lending rate increased from 25.91% in December 2014 to 25.97%, 26.33% and 26.61% in January, February and March 2015 respectively.

11. Like the preceding quarter, the CBN in pursuit of price stability maintained a fixed Monetary Policy Rate (MPR) of 13% in the first quarter of 2015. The interest rates in the interbank money market also measured up with the level of liquidity conditions in the banking system. Thus the average interbank call rate declined from 26.15% in December 2014 to 10.21%, 23.5% and 12.59% in January, February and

March 2015 respectively. The trends in interest rates in the first quarter of 2015 are presented in Chart 2 below.

Chart 2: Interest Rates Trend (March 2014 – March 2015)

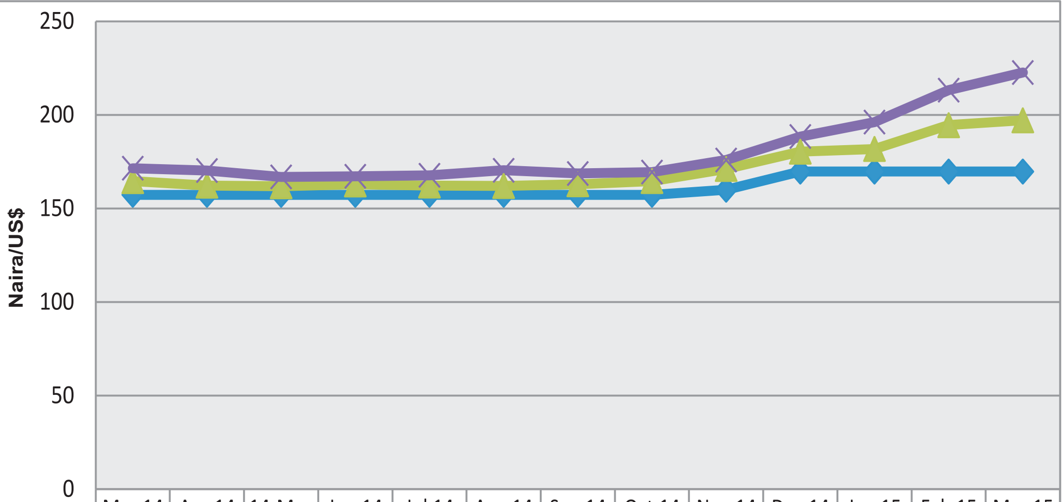


	Mar.14	Apr.14	14-May	Jun.14	Jul.14	Aug.14	Sep.14	Oct.14	Nov.14	Dec.14	Jan.15	Feb.15	Mar.15
MPR	12	12	12	12	12	12	12	12	13	13	13	13	13
Prime Lending Rate	16.69	16.7	16.5	16.5	16.44	16.6	16.44	16.48	16.47	15.88	16.86	16.77	16.9
Maximum Lending Rate	25.8	25.63	25.76	26.07	26.07	25.07	25.77	25.75	25.74	25.91	25.97	26.33	26.61
Inter-Bank Call Rate	10.5	10.5	10.63	10.5	10.5	11.91	10.96	10.89	12.66	26.15	7.49	13.22	12.59

Source: Central Bank of Nigeria, 2015

12. The end-period official Wholesale Dutch Auction System (WDAS) Naira/Dollar exchange rate like in December 2014 remained stable at N169.68/$ throughout the quarter. On the other hand, the Inter-bank Naira/Dollar exchange rate depreciated from N180.33/$ in December 2014 to N181.78/$, N194.47/$ and N197.07/$ in January, February and March 2015 respectively. Also the Bureau de Change (BDC) exchange rates fell from N188.45/$ in December 2014 to N196.13/$, N213.20/$ and N222.61/$ in January, February and March 2015 respectively. The wide divergence between the interbank and the bureau-de change exchange rates provides an avenue for arbitrage and speculative activities in the market. This suggests the need to continue existing measures aimed at discouraging speculative activities in the foreign exchange market.

Chart 3: Naira/US$ Exchange Rates Trend (March 2014 – March 2015)

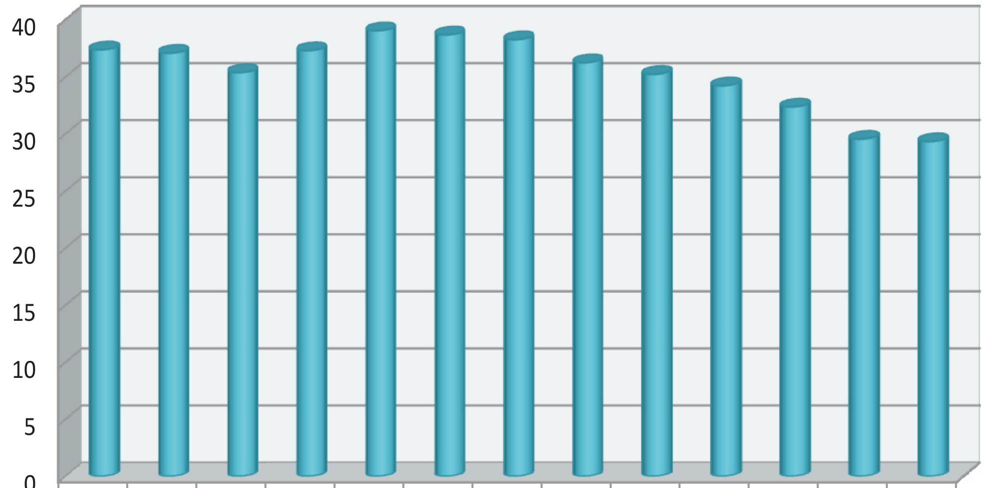


	Mar.14	Apr.14	14-May	Jun.14	Jul.14	Aug.14	Sep.14	Oct.14	Nov.14	Dec.14	Jan.15	Feb.15	Mar.15
DAS/WDAS	157.3	157.29	157.29	157.29	157.29	157.29	157.3	157.31	160	169.68	169.68	169.68	169.68
IFEM	164.61	162.19	161.86	162.82	162.25	161.99	162.93	164.64	171.1	180.33	181.78	194.47	197.07
BDC	171.5	170.25	166.85	167.17	167.71	170.36	168.64	169.43	175.85	188.45	196.13	213.2	222.61

Source: Central Bank of Nigeria, 2015

13. Figures from the CBN indicated a decrease in Nigeria's gross external reserves at the end of the first quarter of 2015 which fell from US$34.25 billion in December 2014 to US$29.36 billion as at the end of March 2015. Representing a decrease of US$4.46 billion (or 13.02%) below the figure recorded at the end of December 2014. Relative to the end of first quarter of 2014 level of US$37.4 billion, the external reserves at the end of first quarter of 2015 fell by US$7.61 billion (or 20.35%). The decreasing level of external reserves can be ascribed to demand and supply constraints. On the supply side, the falling oil price had substantially reduced the growth of external reserves. On the demand side, the pressures in the foreign exchange market which were aided mostly by the excess liquidity conditions in the banking system and speculative activities. These factors resulted to an 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 2015 could finance over six (6) months of imports which is well above the internationally recommended minimum threshold of 3-months import cover.

Chart 4: Level of External Reserves in Billion Dollars (March 2014 – March 2015)



	Mar.14	Apr.14	14-May	Jun.14	Jul.14	Aug.14	Sep.14	Oct.14	Nov.14	Dec.14	Jan.15	Feb.15	Mar.15
External Reserve	37.4	37.11	35.4	37.33	39.07	38.71	38.29	36.27	35.25	34.25	32.39	29.57	29.36

Source: Central Bank of Nigeria, 2015

3.0 FINANCIAL ANALYSIS OF THE 2015 BUDGET IMPLEMENTATION

3.1 Key Assumptions and Projections:

The 2015 Budget is a product of the 2015 - 2017 Medium Term Fiscal Framework (MTFF) which was prepared after series of consultations with relevant stakeholders. The activities in the global economy were also put into consideration before arriving at some of the key assumptions in the framework.

Table 1: Key Assumptions and Targets for the 2015 Budget

KEY ASSUMPTION & TARGETS	2015
Projected Production (in mbpd)	2.28
Budget Benchmark Price (per barrel in US)	53
Technical Cost of JVC Pbl to Oil Companies	
Operating Expenses (T1) in US $	10.19
Capital Expenses (T2) in US $	11.57
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 $	3.04
Investment Allowances	1.18
Weighted Average Contribution Rates	
Weighted Average Rate of PPT - JV Oil	85%
Weighted Average Rate of PPT - PSC Oil	50.2%
Weighted Average Rate of PPT - SC Oil	85%
Weighted Average Rate of PPT - Independent (Indigenous)	85%
Weighted Average Rate of PPT - Marginal	51.64%
Royalty Rates	
Weighted Average Rate of Royalties - JV Oil	18.67%
Weighted Average Rate of Royalties - PSC	2.62%
Weighted Average Rate of Royalties - SC Oil	18.5%
Weighted Average Rate of Royalties -Independent	18.5%
Weighted Average Rate of Royalties - Marginal	2.5%
Average Exchange Rate (NGN/US$)	190
VAT Rate	5%
CIT Rate	30%

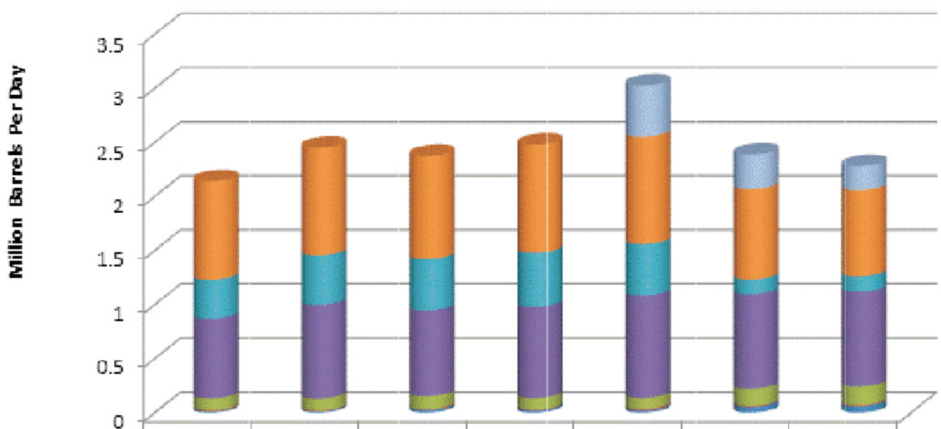
Source: BOF, NNPC, FIRS and NCS, 2015

Budget Benchmark Oil Price and Production

15. Due to the unpredictable nature of oil prices in the international market, Government developed a rational process of arriving at the benchmark price of oil for its annual budgets. As a result, budget expenditures were isolated from the instabilities of the world oil market. In view of this, the budget benchmark price of oil for the 2015 Budget was fixed at US$53.00/barrel while oil production was pegged at 2.28 million barrels per day (mbpd). The projected oil production for 2015 budget implies a decrease of 0.11mbpd (or 4.6%) below the 2.39mbpd projected for the 2014 Budget.

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

Chart 5: Budget Oil Production by Business Arrangements 2009 – 2015



	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget
Modified Carry Arrangement					0.476	0.32	0.223
Joint Ventures	0.91	0.995	0.955	1	0.991	0.837	0.798
Alternative Funding	0.36	0.455	0.474	0.5	0.477	0.135	0.141
Prod. Sharing Contracts	0.736	0.868	0.793	0.843	0.947	0.875	0.876
Independents	0.113	0.115	0.122	0.11	0.104	0.16	0.176
Service Contracts	0.009	0.007	0.008	0.005	0.013	0.008	0.007
Marginal Fields	0.011	0.01	0.022	0.02	0.019	0.053	0.059

Source: NAPIMS/NNPC, 2015

Table 2: Detailed Assumptions for Oil Production and Taxes (2015)

Share of Oil Production	*Percentage*
Joint Ventures	35%
Alternative Funding	6.18%
Modified Carry Arrangement	9.8%
Production Sharing Contracts	38.43%
Independents	7.72%
Service Contracts	0.29%
Marginal	2.57%
Total Production	100%
PPT Rates	
Weigthed Average -JV/AF/Independent/Marginal	85%
Weigthed Average -PSC	50.2%
Weigthed Average -SC	85%
Royalties Rates	
Weighted Average-JV/AF/Independent/Marginal	18.7%
Weigthed Average-PSC	2.6%
Weigthed Average-SC Oil	18.5%

Source: NNPC and BOF, 2015

3.2 Analysis of Revenue Performance:

Overview of Oil Revenue Parameters:

17. The price of crude oil in the international market averaged US$53.97 per barrel in the first quarter of 2015, signifying a decrease of 29.25% and 50.13% below the US$76.28 and US$108.23 per barrel recorded in the fourth and first quarter of 2014 respectively. The fall in crude oil prices during the period could be ascribed to the decrease in the demand for oil in the international market and the discovery of oil and other substitutes to oil by more countries of the world.

18. Provisional data from the Nigerian National Petroleum Corporation (NNPC) reveals that the average oil lifting (including Condensates) in the first quarter of 2015 was 2.18mbpd portraying a shortfall of 0.1mbpd (or 4.39%) below the 2.28mbpd projected for the 2015 Budget. The volume of oil lifted in the period was also 0.06mbpd above the 2.12mbpd reported in the fourth quarter of 2014 and 0.05mbpd below the 2.23mbpd recorded in the first quarter of 2014. The rise and fall in the quantity of oil lifted during the quarter could be credited to the instability in the demand and supply of oil in the international market and as well as other supply challenges like crude oil theft, illegal bunkering and pipeline vandalism that occurred during the period.

19. The 2015 Fiscal Framework presents a gross Federally collectible revenue estimate of N9,778.38 billion, consisting of N5,431.20 billion (or 55.54%) oil revenue and N4,347.18 billion (or 44.46%) non-oil revenue. Below is an analysis of the actual performance of the oil and non-oil revenue receipts in the first quarter of 2015.

Oil Revenue Performance

20. An appraisal of the oil revenue performance in the first quarter of 2015 indicates that with the exception of Petroleum Profit & Gas Taxes of N415.17 billion and Other Oil and Gas Revenue of N4.57 billion which exceeded their respective quarterly anticipated estimate of N395.21 billion and N0.91 billion by N19.96 billion (or 5.05%) and N3.66 billion (or 400.88%). All other oil revenue items fell short of their respective quarterly projections. Crude Oil Sales of N557.50 billion, Gas Sales of N55.63 billion, Royalties (Oil &Gas) of N158.13 billion, Rent of N0.10 billion and Gas Flared Penalty of N0.67 billion fell below their quarterly projections of N645.79 billion, N153.03 billion, N161.86 billion, N0.26 billion and N0.74 billion by N88.29 billion (or 13.67%), N97.40 billion (or 63.65%), N3.73 billion (or 2.31%), N0.16 billion (or 60.67%) and N0.07 billion (or 9.59%) respectively. Please see Table 3.1.

Net Oil Revenue:

21. In the first quarter of 2015, the actual Net Oil Revenue that accrued into the Federation Account was N845.42 billion, signifying an increase of N1.16 billion (or 0.14%) above the projected quarterly estimate of N844.26 billion. On the other hand, the net oil revenue in the first quarter of 2015 was lower than the N884.42 billion net oil revenue reported in the fourth quarter of 2014 by N39.0 billion (or 4.41%). The reason

for this poor performance in oil revenue in the first quarter of 2015 had been provided in the preceding page. These data are presented in Table 3.1.

Year-to-Date:

22. As at end of March 2015, only Rent of N0.10 billion and Other Oil and Gas Revenue of N4.57 billion exceeded their corresponding 2014 first quarter performances of N0.09 billion and N0.17 billion by N0.01 billion (or 11.11%) and N4.4 billion (or 2,588.24%). On the other hand, Crude Oil Sales of N557.50 billion, Gas Sales of N55.63 billion, Royalties (Oil & Gas) of N158.13 billion and Petroleum Profit Tax of N415.17 billion fell below their corresponding 2014 first quarter performances of N843.47 billion, N67.15 billion, N250.56 billion and N623.42 billion by N285.97 billion (or 33.9%), N11.52 billion (or 17.16%), N92.43 billion (or 36.89%) and N208.25 billion (or 33.4%) respectively. These low performances were due to the explanations earlier given.

Non-Oil Revenue Performance:

23. The Government through the Budget Office of the Federation and the Federal Ministry of Finance had undertaken a number of actions aimed at boosting the non-oil revenue collections and payments to the treasury. The impacts of these activities as well as the Budget Office's regular consultations with the Agencies had resulted to the continued surges in targets and actual revenues realized from the non-oil sector. This trend, as presented in Table 3.2 and Table 3.3, is expected to continue over the 2013 - 2016 period.

24. In the first quarter of 2015, the actual gross non-oil revenue of N508.67 billion was received. This denotes a shortfall of N384.85 billion (or 43.07%) below the quarterly estimate of N893.53 billion. An analysis of the non-oil revenue items discloses that all the non-oil revenue items fell below their quarterly expected estimates. Value Added Tax of N195.66 billion, Company Income Tax of N174.94 billion, Customs & Excise Duties of N133.18 billion and Special Levies of N4.89 billion were below their quarterly estimates of N320.93 billion, N355.90 billon, N179.57 billion and N37.14 billion by N125.27 billion (or 39.03%), N180.96 billion (or 50.85%), N46.38 billion (or 25.83%) and N32.24 billion (or 86.82%) respectively. On the other hand, Solid Minerals Revenue which had a quarterly projected estimate of N3.92 billion did not yield

anything in the quarter. When compared to their corresponding 2014 fourth quarter performances, only Value Added Tax and Special Levies grew by N2.78 billion (or 1.44%) and N4.89 billion respectively while Company Income Tax and Customs & Excise Duties fell by N27.43 billion (or 13.55%) and N23.62 billion (or 15.06%) respectively. The low performances of the non-oil revenue items in the first quarter of 2015 can be attributed to the slow pace of economic activities during the period of general elections, the fall in the value of the Naira as against other foreign currencies and the failure of both the revenue generating and collecting agencies to collect and remit these revenues on time. However, it is expected that this trend will improve in the remaining quarters of the year.

Year-to-Date:

25. With the exception of Customs & Excise Duties of N133.18 billion and Special Levies of N4.89 billion which exceeded their equivalent 2014 first quarter figure of N121.63 billion and N0.0 billion by N11.55 billion (or 9.5%) and N4.89 billion respectively. All other non-oil revenue items, Value Added Tax of N195.66 billion and Company Income Tax of N174.94 billion recorded in the first quarter of 2015 fell short of their corresponding 2014 first quarter figures of N213.80 billion and N178.12 billion by N18.14 billion (or 8.48%) and N3.18 billion (or 1.79%) respectively. The low performances of these items in 2015 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, 2015 (Oil Revenue at Benchmark Assumptions)

S/NO	DESCRIPTION	BUDGET			ACTUAL	VARIANCE	
		2014 Annual Budget	2015 Annual Budget	2015 Quarterly Budget	2015 First Quarter	2015 First Quarter Actual Vs Quarterly Budget	
A	OIL REVENUE	N'bn	N'bn	N'bn	N'bn	N'bn	%
1	Crude Oil Sales (Export)	3,840.73	2,583.16	645.79	557.50	(88.29)	(13.67)
2	Crude Oil Sales (Domestic)						
3	Gas Sales (NLNG Feedstock Sales & Upstream Liquid Gas)	550.23	612.11	153.03	55.63	(97.40)	(63.65)
4	Oil Royalties & Gas Royalties	743.54	647.45	161.86	158.13	(3.73)	(2.31)
5	Rent	0.88	1.05	0.26	0.10	(0.16)	(60.67)
6	Gas flared Penalty	2.48	2.95	0.74	0.67	(0.07)	(9.59)
7	PPT & Gas Income @ 30% CITA	2,023.88	1,580.85	395.21	415.17	19.96	5.05
8	Other Oil and Gas Revenue	3.07	3.65	0.91	4.57	3.66	400.88
9	Sub-Total	7,164.81	5,431.20	1,357.80	1,191.77	(166.03)	(12.23)
10	DPR Cost of Collection			-	7.20	7.20	
11	Joint Venture Cash Calls	1,182.33	1,404.02	351.00	197.85	(153.15)	(43.63)
12	Domestic Fuel Subsidy (NNPC) and Marketers	971.14	145.52	36.38	-	(36.38)	(100.00)
13	Under Remittance of Funds by NNPC			-	-	-	
14	Oil Excess Revenue			-	-	-	
15	Sub-Total	5,011.34	3,881.67	970.42	986.72	16.31	1.68
16	Transfer to Excess Crude Account			-	14.98	14.98	
17	Balance of Oil Revenue	5,011.34	3,881.67	970.42	971.75	1.33	0.14
18	13% Derivation of Net Oil Revenue	651.47	504.62	126.15	126.33	0.17	0.14
19	TO FEDERATION ACCOUNT (OIL)	4,359.87	3,377.05	844.26	845.42	1.16	0.14
B	SOLID MINERALS & OTHER MINNING REVENUE			-		-	
20	Solid Minerals Revenue	-	15.68	3.92		(3.92)	(100.00)
21	13% Derivation of Solid Minerals Revenue	-	2.04	0.51	-	(0.51)	(100.00)
22	TO FEDERATION ACCOUNT (SOLID MINERALS)	-	13.64	3.41	-	(3.41)	(100.00)
C	NON-OIL REVENUE			-		-	
23	Value Added Tax (VAT)	845.45	1,283.70	320.93	195.66	(125.27)	(39.03)
24	Corporate Tax (CIT, Stamp Duties & CGT)	986.25	1,423.60	355.90	174.94	(180.96)	(50.85)
25	Customs: Import, Excise & Fees	782.38	718.26	179.57	133.18	(46.38)	(25.83)
26	Special Levies (Federation Account)	222.47	148.54	37.14	4.89	(32.24)	(86.82)
27	Sub-Total	2,836.55	3,574.11	893.53	508.67	(384.85)	(43.07)
28	Cost of Collection and Other Deductions	153.21	192.97	48.24	24.49	(23.75)	(49.24)
29	Cost of Collection (VAT)	33.82	51.35	12.84	7.83	(5.01)	(39.04)
30	4% Cost of Collection (CIT)	39.05	55.94	13.99	7.00	(6.99)	(49.97)
31	7% Cost of Collection (Customs and Special Levies)	70.34	60.68	15.17	9.67	(5.50)	(36.28)
32	FIRS Tax Refunds	10.00	25.00	6.25	-	(6.25)	(100.00)
33	TO FEDERATION ACCOUNT (NON -OIL)	1,871.71	2,148.79	537.20	296.35	(240.84)	(44.83)
34	Total VAT Pool	811.63	1,232.35	308.09	187.83	(120.26)	(39.03)
35	Net Non-Oil Revenue	2,683.34	3,381.14	845.28	484.18	(361.10)	(42.72)
36	Sub-Total: FEDERATION ACCOUNT	6,231.58	5,539.48	1,384.87	1,141.78	(243.09)	(17.55)
37	Actual Balances in Special Accounts End of Previous Year 2014	2.77	17.24	4.31	-	(4.31)	(100.00)
38	TOTAL FEDERATION ACCOUNT	6,234.35	5,556.72	1,389.18	1,141.78	(247.40)	(17.81)
D	TOTAL DISTRIBUTION			-		-	
1	Federation Account	6,234.35	5,556.72	1,389.18	1,141.78	(247.40)	(17.81)
2	VAT Pool Account	811.63	1,232.35	308.09	187.83	(120.26)	(39.03)
3	GRAND TOTAL	7,045.98	6,789.07	1,697.27	1,329.61	(367.66)	(21.66)

Source: OAGF and Budget Office of the Federation, 2015

Table 3.2: Actual Performance of Non-Oil Revenue Category (2006-2014)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	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	176,297.90	248,941.30	274,407.60	278,940.00	309,193.00	422,090.00	474,917.60	432,368.00	566,241.00	353,710.71
Company Income Tax	244,807.80	327,040.20	416,825.50	564,950.00	657,278.00	716,920.00	848,566.00	985,520.00	1,207,283.00	663,243.39
Value Added Tax	230,370.30	301,709.60	404,527.80	468,388.90	562,857.00	649,500.00	710,146.00	795,598.00	794,220.00	546,368.62
Education Tax	23,950.00	50,650.00	59,387.00	61,058.20	-	-	-	-	-	21,671.69
FGN Independent Revenue	106,600.00	152,290.00	198,234.20	64,114.70	153,551.90	182,490.00	206,766.00	274,368.00	295,326.00	181,526.76

Source: OAGF and BOF, 2015

Table 3.3: Percentage Growth in Non-Oil Revenues (2007-2014)

Description	2007	2008	2009	2010	2011	2012	2013	2014	8-Year Average
Customs Duties & Excise	41.20%	10.23%	1.65%	10.85%	36.51%	12.52%	-8.96%	30.96%	16.87%
Company Income Tax	33.59%	27.45%	35.54%	16.34%	9.07%	18.36%	16.14%	22.50%	22.37%
Value Added Tax	30.97%	34.08%	15.79%	20.17%	15.39%	9.34%	12.03%	-0.17%	17.20%
FGN Independent Revenue	42.86%	30.17%	67.66%	139.50%	18.85%	13.30%	32.69%	7.64%	22.17%

Source: OAGF and BOF, 2015

Comparative Revenue Performance Analysis:

26. A comparative examination of the data further implies that the aggregate gross oil revenue receipts in the first quarter of 2015 were not only lower than their respective projections for the period but were also below the corresponding levels in the same period of 2014. The low performance can be attributed to the fall in oil price in the world market during the period. On a similar note, the aggregate gross non-oil

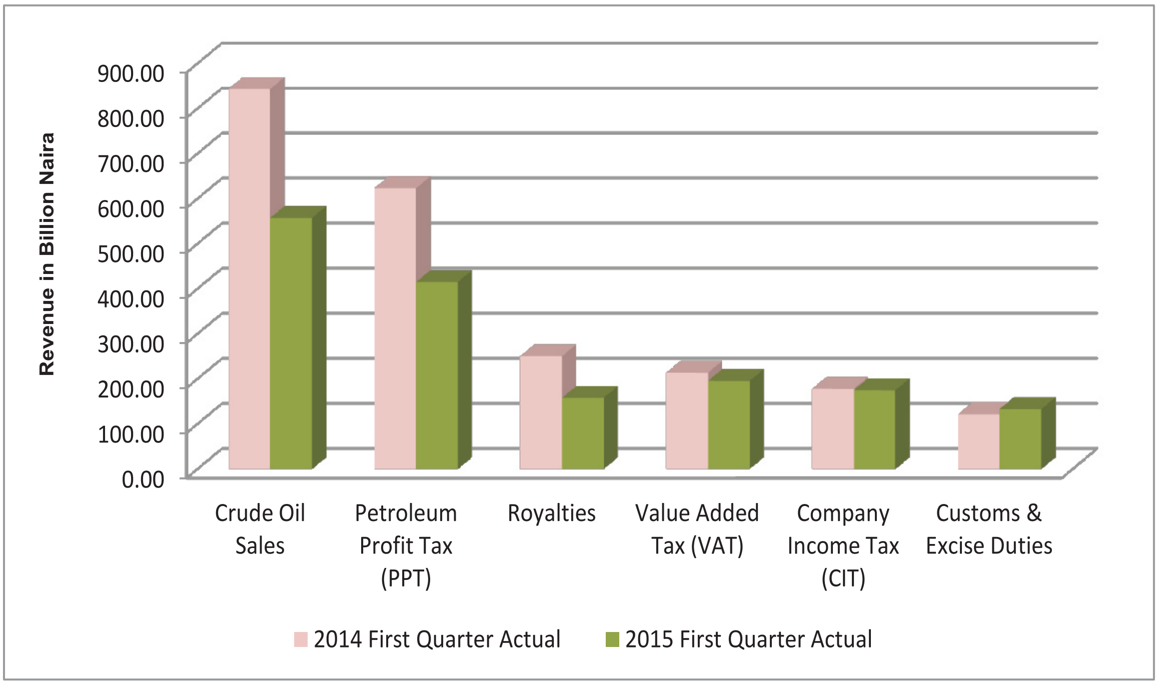
revenues for the same period reveals a shortfall of N4.88 billion (or 0.95%) below the corresponding figures reported in 2014. Please see data below in Table 3.4.

Table 3.4: Performance of Revenue in the First Quarter of 2015 Vs 2014

Revenue Items	2014 1st Quarter Actual	2015 1st Quarter Actual	Variance 1st Quarter 2015 Vs 1st Quarter 2014	
Oil Revenue	N'bns	N'bns	N'bns	%
Crude Oil Sales	843.47	557.50	-285.97	-33.90
Petroleum Profit Tax (PPT)	623.42	415.17	-208.25	-33.40
Royalties	250.56	158.13	-92.43	-36.89
Gross Oil Revenue	1,785.52	1,191.77	-593.75	-33.25
Net Oil Receipts	1,051.72	845.42	-206.30	-19.62
Non-Oil Revenue	-	-		
Value Added Tax (VAT)	213.8	195.66	-18.14	-8.48
Company Income Tax (CIT)	178.12	174.94	-3.18	-1.79
Customs & Excise Duties	121.63	133.18	11.55	9.50
Gross Non-Oil Revenue	513.55	508.67	-4.88	-0.95
Net Non-Oil Receipts	489.36	484.18	-5.18	-1.06

Source: OAGF and Budget Office of the Federation, 2015

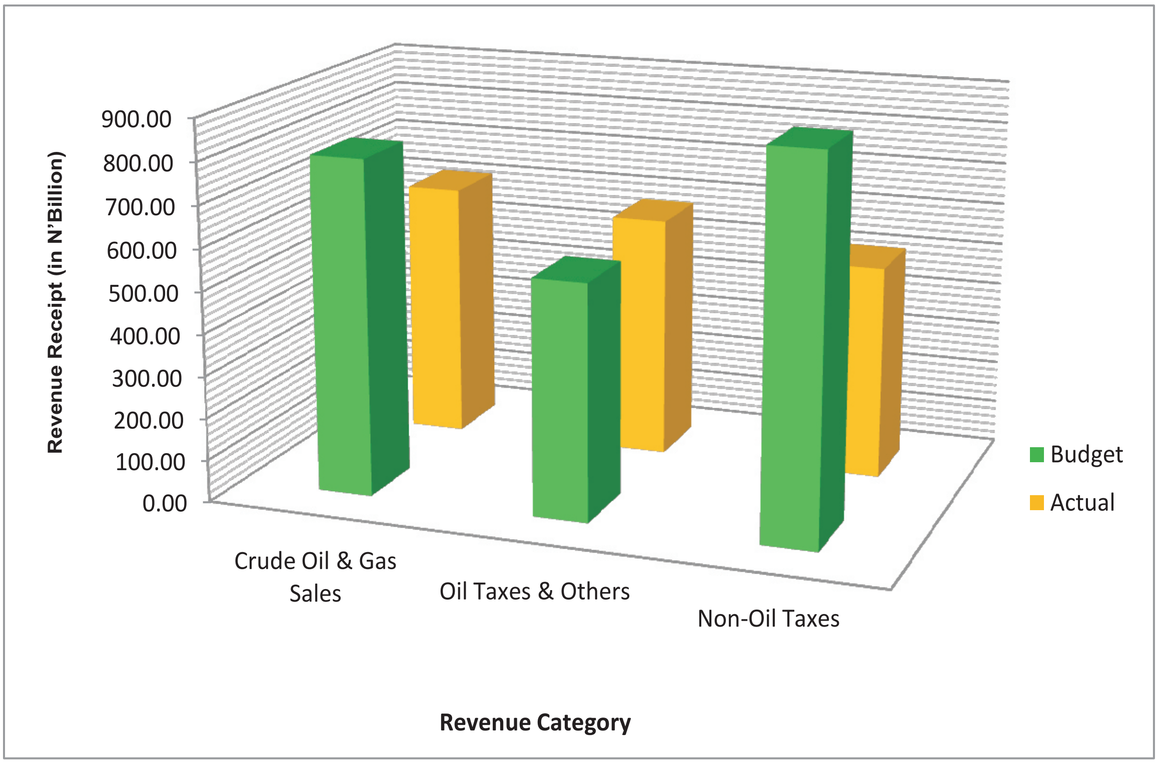
Chart 3.1: 2014 Vs 2015 Revenue Performance (First Quarter)



Source: OAGF and Budget Office of the Federation, 2015

27. Chart 3.2 below is a graphical illustration of the actual performance of revenue categories compared to their budgeted estimates as at March 2015.

Chart 3.2: Projected Vs Actual FAAC Revenue Receipts (as at March 2015)



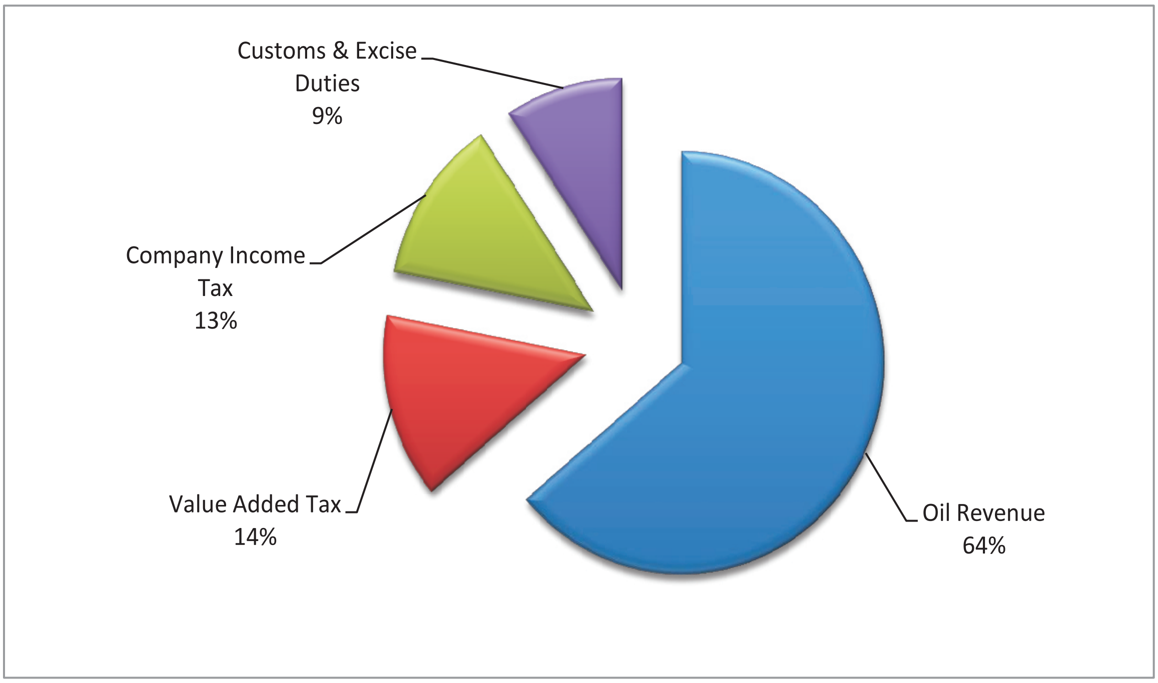
Source: Budget Office of the Federation, 2015

Distributable Revenue:

28. The net distributable revenue is the balance of funds in the Federation Account available for distribution among the three tiers of governments after cost deductions. A net sum of N1,329.61 billion was available for sharing in the first quarter of 2015. This denotes a shortfall of N367.66 billion (or 21.66%).

29. Chart 3.3 below gives the percentage contribution of the various revenue categories to distributable revenue in the first quarter of 2015.

Chart 3.3: Contributions to Distributable Revenue (in the 1st Quarter of 2015)

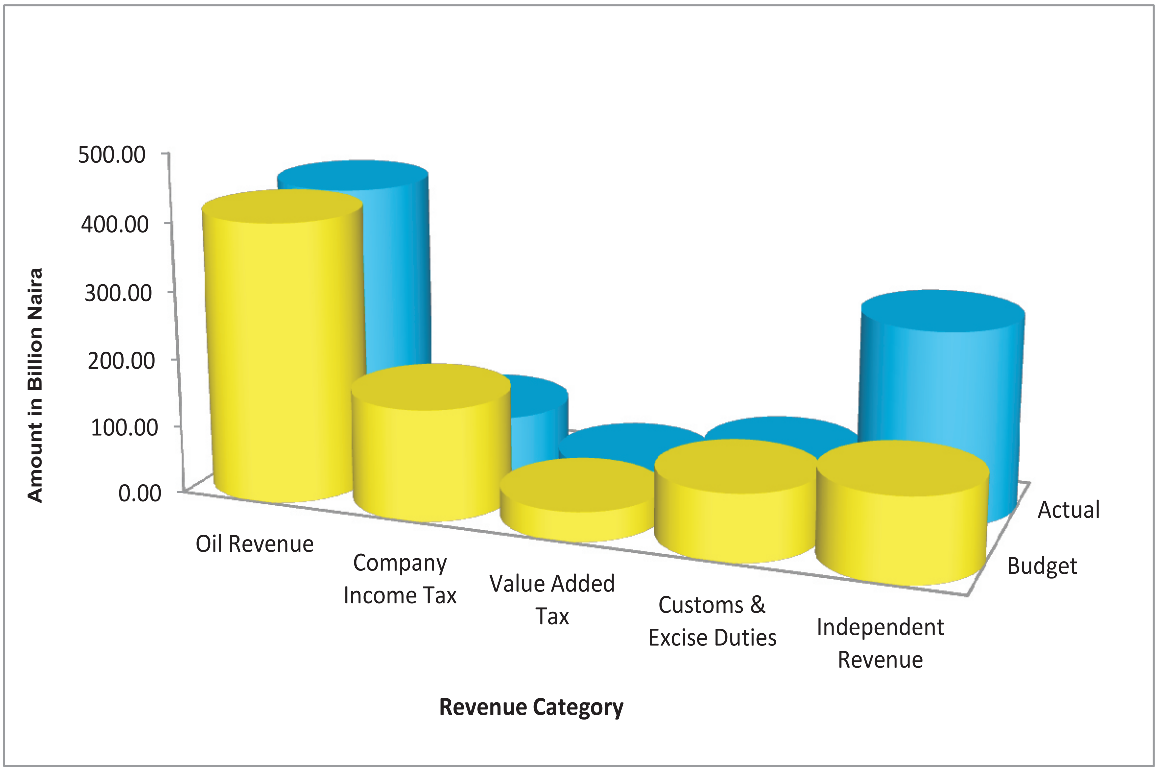


Source: Budget Office of the Federation, 2015

3.3 FGN Budget Revenue

30. In accordance with the approved 2015 Budget framework, the sum of N3,452.35 billion was proposed to fund the Federal Budget, signifying a quarterly share of N863.09 billion. In the first quarter of 2015, the sum of N410.03 billion received from oil sources was higher than the quarterly estimate of N409.47 billion by N0.56 billion (or 0.14%). On the other hand, all the non-oil revenue items fell below their quarterly budget projections. FGN Share of VAT of N26.30 billion, Customs & Excise Duties of N62.28 billion and Company Income Tax of N81.45 billion were short of their corresponding quarterly budget projections of N43.13 billion, N97.74 billion and N162.80 billion by N16.84 billion (or 39.03%), N35.46 billion (or 36.28%) and N81.34 billion (or 49.97%). The above mentioned 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 2015)



Source: The OAGF and Budget Office of the Federation, 2015

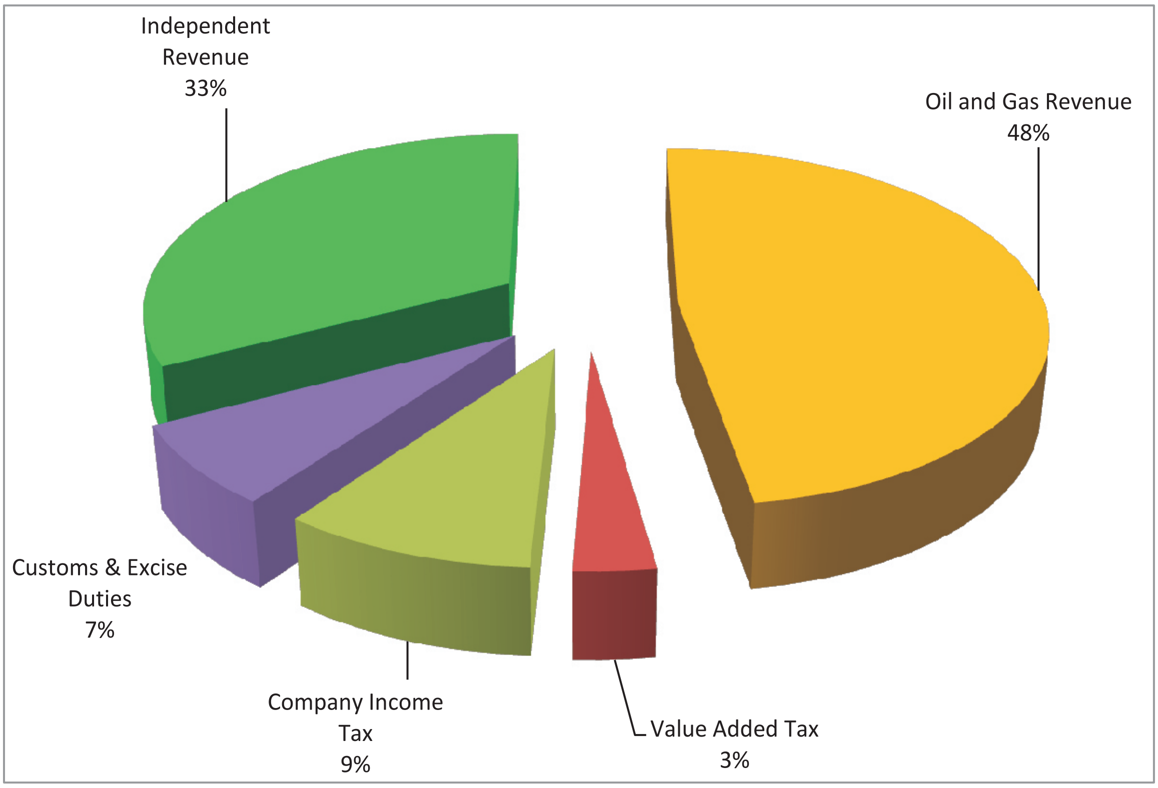
Table 3.5: Inflows to the 2015 Federal Budget as at March 2015

S/NO	DESCRIPTION	BUDGET			ACTUAL	VARIANCE	
		2014 Annual Budget	2015 Annual Budget	2015 Quarterly Budget	2015 First Quarter	2015 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	2114.54	1637.87	409.47	410.03	0.56	0.14
3	FGN Share of Non-Oil Revenue	1022.75	1229.67	307.42	170.03	-137.39	-44.69
4	FGN Share of Solid Minerals Revenue	0.00	6.61	1.65	0.00	-1.65	-100.00
4	FGN Share of Value Added Tax (VAT)	113.63	172.53	43.13	26.30	-16.84	-39.03
5	FGN Share of Customs	453.24	390.97	97.74	62.28	-35.46	-36.28
6	FGN Share of Company Income Tax (CIT)	454.54	651.19	162.80	81.45	-81.34	-49.97
7	FGN Share of Actual Balances in Special Accounts	1.34	8.36	2.09	0.00	-2.09	-100.00
8	FGN Independent Revenue	452.04	489.29	122.32	280.63	158.30	129.41
9	FGN Balance of Special Accounts as at 31/12/14	21.68	8.20	2.05	21.68	19.63	957.30
10	Unspent Balance from Previous Fiscal Year	120.00	50.00	12.50	0.00	-12.50	-100.00
11	FGN's Share of Kerosene Subsidy Remittance by NNPC	0.00	37.32	9.33	0.00	-9.33	-100.00
11	Sub-Total	3,731.00	3,452.35	863.09	882.36	19.28	2.23
12	Other Financing Sources	0.00			80.80	80.80	
13	Exchange Rate Difference				31.70	31.70	
14	Refund by NNPC				18.20	18.20	
15	Tranfers by Order of AGF			0.00	11.23	11.23	
16	Payment to FGN & Other Statutory Benefits				19.68	19.68	
17	Total Revenue Available for Implementation	3,731.00	3,452.35	863.09	963.17	100.08	11.60

Source: Budget Office of the Federation and the OAGF, 2015

31. A total of N882.36 billion, excluding other funding sources, was received in the first quarter of 2015. This amount was N19.28 billion (or 2.23%) and N202.43 billion (or 29.77%) higher than the quarterly projection of N863.09 billion and N679.93 billion actual receipt recorded in the fourth quarter of 2014 respectively. The aggregate revenue in the first quarter of 2015 was also N77.06 billion (or 9.57%) above the N805.30 billion recorded in the first quarter of 2014.

Chart 3.5: Contributions to the FGN Budget Revenue in the First Quarter of 2015 *(Excluding FGN's Unspent Balances and FGN's Balances in Special Accounts)*



Source: The OAGF and Budget Office of the Federation, 2015

3.4 Excess Crude Account

32. The Excess Crude Account (ECA) was established to serve as a stabilization and savings account. Inflows into the ECA in the first quarter of 2015 amounted to N14.98 billion. The inflow in the first quarter of 2015 was N146.37 billion (or 90.72%) and N143.47 billion (or 90.55%) lower than the N161.35 billion and N158.45 billion recorded in the fourth and first quarters of 2014 respectively. A total of N213.25 billion was withdrawn from the account in the fourth quarter of 2014. These data are presented in Table 3.6.

Table 3.6: Net Excess Crude Account

Description	2014 Actual (N'bn)		2015 Actual (N'bn)
	First Quarter	Fourth Quarter	First Quarter
Inflows			
Transfer to Excess Crude Oil Account	158.45	161.35	14.98
Outflows			
Payment for Petroleum Product Subsidy	48.23	184.03	197.05
Augmentation: Distribution among tiers of Govt.	106.65	53.87	15.63
Transfer for Special Intervention Fund		113.34	0.56
Transfers Int. trf -SWF			
Total Outflow	154.88	351.24	213.25
Net Excess Crude Account	3.57	-189.89	198.27

Source: Office of the Accountant General of the Federation, 2015

3.5 Expenditure Developments

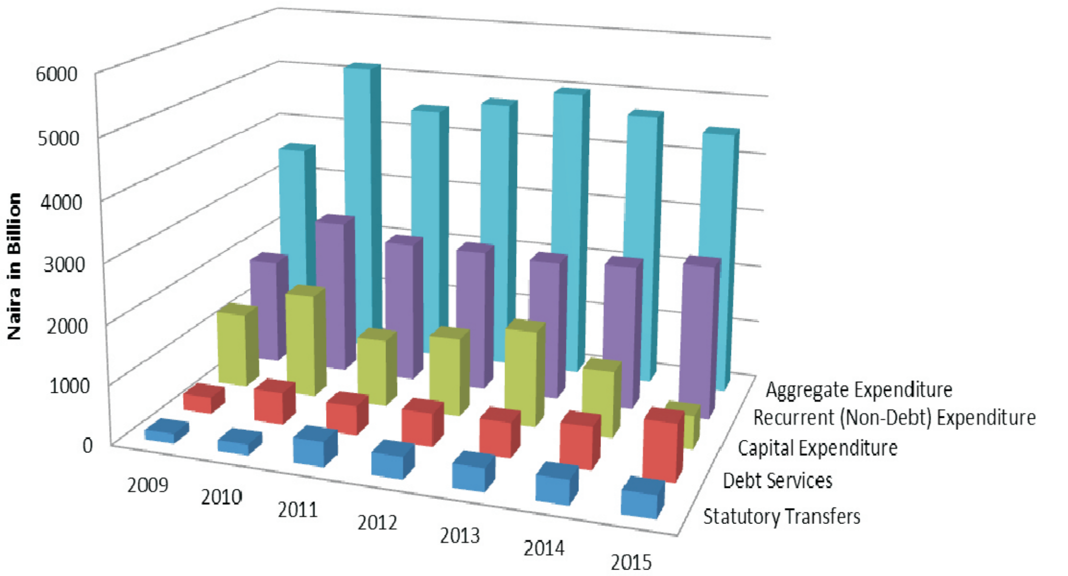
33. A total of N4,514.40 billion was appropriated for expenditure in the 2015 Budget. Of this amount, N4,493.36 billion was for the regular budget for 2015 while N21.03 billion was for the implementation of social safety net and specific infrastructure projects and programmes under the Subsidy Reinvestment and Empowerment Programme (SURE-P). The regular budget for 2015 is made up of N2,607.13 billion (or 58.02%) for Recurrent (Non-Debt) Expenditure, N953.62 billion (or 21.22%) for Debt Services, N375.62 billion (or 8.36%) for Statutory Transfers and N557.0 billion (or 12.4%) for Capital Expenditure.

3.5.1 Non-Debt Recurrent Expenditure

34. In preparing the 2015 Budget, Government's emphasis was on its plan to deliberately cut down the growth of recurrent expenditures as specified in the 2015-2017 Fiscal Framework and Fiscal Strategy Paper. However, there is a limit to how far

these efforts can go because of the persistent demands for wage increase by various labour unions. Moreover, Government doesn't want to embark on rationalization of workers which would have lessened the huge wage bill. Since the government was resolute in cutting down the cost of governance it had formulated other measures such as reduction in overhead cost and to continue the roll-out of the Integrated Payroll and Personnel Information System (IPPIS) across MDAs which will eventually result to savings in personnel costs.

Chart 3.6: 2009 – 2015 Budget Expenditure Profile

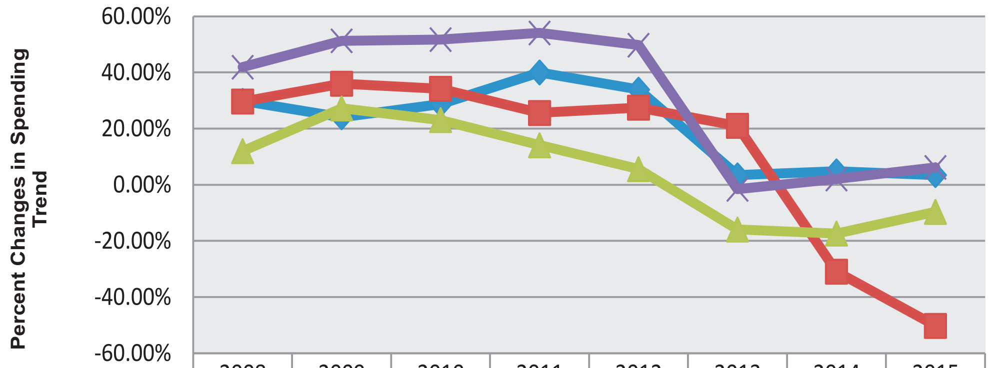


	2009	2010	2011	2012	2013	2014	2015
Statutory Transfers	168.62	183.58	417.83	372.59	387.98	408.69	375.62
Debt Services	283.65	542.38	495.1	559.58	591.76	712	953.62
Capital Expenditure	1,280.71	1,764.69	1,146.75	1,339.99	1,621.48	1,119.62	557.00
Recurrent (Non-Debt) Expenditure	1,824.71	2,669.01	2,425.07	2,425.05	2,386.03	2,454.89	2,607.13
Aggregate Expenditure	3,557.69	5,159.66	4,484.74	4,697.21	4,987.24	4,695.19	4,493.36

Source: Budget Office of the Federation, 2015

35. Data from the OAGF shows that a total of N624.47 billion was expended on non debt recurrent expenditure in the first quarter of 2015. This amount represents a decrease of N27.31 billion (or 4.19%) below the quarterly estimate of N651.78 billion.

Chart 3.7: Personnel, Overhead and Capital Expenditure Trends (2008 – 2015)



	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget
Personnel Costs (MDAs)	29.88%	24.08%	28.66%	40.01%	33.89%	3.37%	4.79%	3.46%
Capital Spending	29.66%	36.00%	34.20%	25.57%	27.47%	21.01%	-30.95%	-50.25%
Overheads	12%	27.20%	23.06%	14.07%	5.57%	-15.94%	-17.37%	-9.65%
Recurrent (Non Debt)	41.88%	51.28%	51.72%	54.07%	49.72%	-1.62%	2.06%	6.20%

Source: BOF and OAGF, 2015

3.5.2 Debt Service

36. Provisional data from the Debt Management Office (DMO) shows that as at 31st March, 2015, the Federal Government domestic debt stock stood at N8,507.55 billion depicting an increase of N603.52 billion (or 7.64%) over the N7,904.03 billion recorded in the fourth quarter of 2014. The 2015 first quarter debt figure was also N1,324.37 billion (or 18.44%) above the N7,183.18 billion recorded in the same period of 2014. A breakdown of the domestic debt stock as at 31st March, 2015 shows that N5,370.80 billion (or 63.13%) is for FGN Bonds, N2,865.52 billion (or 33.68%) is for Nigeria Treasury Bills (NTBs) and N271.22 billion (or 3.19%) is for Treasury Bonds. The rise in domestic debt in the first quarter of 2015 can be attributed to the issuance of additional Federal Government Bonds. During the quarter, a total of N358.56 billion was released for domestic debt servicing while the actual domestic debt payment was N311.04 billion. The sum of N87.39 billion (or 39.07%) difference between the quarterly budgeted estimate of N223.65 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, 2015, stood at US$9,464.11 million showing a decrease of US$247.34 million (or 2.55%) below the US$9,711.45 million recorded in the fourth quarter of 2014 and US$298.09 million (or 3.25%) above the US$9,166.02 million reported in the first quarter of 2014. The fall in the external debt stock in the first quarter of 2015 was due mainly to the decrease in multilateral debt drawdown. A breakdown of the external debt stock as at 31st March, 2015 reveals that Multilateral Debts amounted to US$6,538.25 million (69.08%), Non-Paris Club Bilateral Debts amounted to US$1,425.86 million (or 15.07%) while Commercial (Euro-Bond) accounted for the balance of US$1,500.0 million (or 15.85%).

38. The actual external debt service payment in the first quarter of the year amounted to US$109.32 million. A breakdown of the payments reveals that US$36.89 million (or 33.74%) was to Multilateral Creditors, US$26.80 million (or 24.52%) was to Non-Paris Bilateral Creditors and US$45.63 million (or 41.74%) was to Commercial Creditor.

39. The total public debt stock as at 31st March, 2015 stood at US$63.51billion (or N12,062.34 billion). The breakdown consists of US$9.46 billion (or N1,864.43 billion or 15.46%) for external debt while the balance of US$54.04 billion (or N10,197.91 billion or 84.54%) was for domestic debt stock. The total net value of Debt/GDP (external and domestic) ratio of 13.02% (using the rebased GDP figure of 2014) as at the end of March 2015 was significantly below the global threshold of 40%.

Table 3.7: FGN Budget Expenditure and Fiscal Account (in N' Billion) as at March 2015

S/NO	ITEMS	BUDGET			ACTUAL	VARIANCE	
		2014 Annual Budget	2015 Annual Budget	2015 Quarterly Budget	2015 First Quarter	2015 First Quarter Actual Vs Quarterly Budget	
		N'bn	N'bn	N'bn	N'bn	N'bn	%
A	TOTAL INFLOW	3,731.00	3,452.36	863.09	963.17	100.08	11.60
B	EXPENDITURE:			-		-	
	RECURRENT (NON-DEBT):			-		-	
1	Personnel Cost	1,769.04	1,830.22	457.56	440.79	(16.76)	(3.66)
2	Pension & Gratuities	187.45	291.05	72.76	55.98	(16.78)	(23.06)
3	Overhead Cost and Service Wide Vote	498.40	485.86	121.46	127.70	6.24	5.13
4	Sub-Total (Non-Debt)	2,454.89	2,607.13	651.78	624.47	(27.31)	(4.19)
5	Domestic Debts & Int. on Ways & Means	663.61	894.61	223.65	343.95	120.30	53.79
6	Foreign Debts	48.39	59.01	14.75	14.61	(0.15)	(0.99)
7	Sub-Total (Debt)	712.00	953.62	238.41	358.56	120.15	50.40
8	CAPITAL EXPENDITURE:			-		-	
9	Payment of Subsidy			-	61.00	61.00	
10	Capital Releases 2014			-	21.68	21.68	
11	*Capital Releases 2015	1,119.62	557.00	139.25	30.61	(108.64)	(78.02)
12	Sub-Total (Capital)	1,119.62	557.00	139.25	113.29	(25.96)	(18.64)
13	TRANSFER:			-	-	-	
14	Niger Delta Development Commission (NDDC)	61.94	46.72	11.68	-	(11.68)	(100.00)
15	National Judicial Council (NJC)	73.00	73.00	18.25	19.25	1.00	5.47
16	Universal Basic Education Commission (UBEC)	70.47	68.38	17.10	2.00	(15.09)	(88.29)
17	Independent National Electoral Commission (INEC)	45.00	62.00	15.50	5.17	(10.33)	(66.67)
18	National Assembly	150.00	120.00	30.00	37.50	7.50	25.00
19	Public Complaint Commission	6.93	4.00	1.00	-	(1.00)	(100.00)
20	National Human Right Commission	1.35	1.52	0.38	0.30	(0.08)	(20.84)
21	Sub-Total (Transfers)	408.69	375.62	93.90	64.22	(29.69)	(31.61)
22	TOTAL EXPENDITURE	4,695.19	4,493.36	1,123.34	1,160.53	37.19	3.31
23	Fiscal Deficit	(964.19)	(1,041.01)	(260.25)	(197.36)	62.89	(24.16)
C	FINANCING ITEMS:			-	-	-	
1	Proceeds of Sales of Government Properties	-	10.00	2.50		(2.50)	(100.00)
2	Privitization Proceeds	15.00	10.00	2.50	-	(2.50)	(100.00)
3	Signature Bonus		58.89	14.72	-	(14.72)	(100.00)
4	FGN Share from Stabilisation Fund Account	324.97	80.00	20.00	6.60	(13.40)	(67.02)
5	Domestic Borrowing (FGN Bond)	624.22	502.12	125.53	210.00	84.47	67.29
6	Foreign Borrowing	-	380.00	95.00	231.00	136.00	143.16
7	Sub Total	964.19	1,041.01	260.25	447.60	187.34	71.99
8	Net Deficit/Surplus	(0.00)	0.00	0.00	250.23	250.23	

Source: OAGF and Budget Office of the Federation, 2015

3.5.3 Statutory Transfers:

40. In the first quarter of 2015, a total of N64.22 billion was released as statutory transfers. A breakdown of the actual transfers in the first quarter shows that N19.25 billion was to National Judicial Council (NJC), N2.0 billion was to the Universal Basic Education Commission (UBEC), N5.17 billion was to Independent Electoral Commission, N37.50 billion was to National Assembly and N0.30 billion was to the National Human Right Commission. It is pertinent to note that quarterly releases under this subhead are made on demand by the beneficiaries subject to budgetary provisions.

3.5.4 Capital Expenditure Performance

41. Government like in the past budgets continued in 2015 to direct 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 N557.0 billion was allocated to capital spending in the 2015 Budget.

MDAs' Capital Vote Utilization:

42. Due to the shortfall in projected revenue inflow and other demands for the limited resources available to the government, the first quarter of 2015 Capital Development Warrant was not released to all MDAs. Data from the OAGF reveals that as at 31st March, 2015, only N30.61 billion was released for some specific MDAs as First Quarter Development Capital Warrant.

Performance as at 31st March, 2015

43. In addition to the regular budget, an extra provision of N21.03 billion 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 2015. A total of N21.03 billion (or 100%) of the appropriated sum was released while N5.02 billion (or 23.87%) of the released amount was utilized as at 31st March, 2015.

3.5.5 Performance of the Financing Items:

44. The 2015 Fiscal Framework portrays a quarterly deficit of N260.25 billion to be financed through Proceeds of Sale of Government Properties of N2.5 billion, Privatization Proceeds of N2.5 billion, FGN's Share of Signature Bonus of N14.72 billion, Sharing from Stabilization Fund Account (ECA) of N20.0 billion, Domestic Borrowing (FGN Bond) of N125.53 billion and Foreign Borrowing of N95.0 billion.

45. In the first quarter, a total of N447.60 billion was realized from financing item sources implying an increase of N187.34 billion (or 71.99%) above the quarterly estimate of N260.25 billion. The financing item was realized from the Sharing from Stabilization Fund Account (ECA) of N6.60 billion, Domestic Borrowing (FGN Bond) of N210.0 billion and Foreign Borrowing of N231.0 billion while other items such as Proceeds of Sale of Government Properties, Privatization Proceeds and FGN's Share of Signature Bonus did not materialize in the quarter.

4.0 CONCLUSION

In spite of the sharp decline in oil prices and the attendant low revenue, data from, the National Bureau of Statistics (NBS) indicated that the domestic economy had remained resilient. When measured by the real gross domestic product (GDP), the economy grew by 3.96% (year-on-year) on aggregate basis in the first quarter of 2015. The non-oil sector remained the key driver of growth recording 5.59% growth as against the oil sector, which declined by 1.55%. Notwithstanding the fall in the country's external reserves, it was still on course at a sustainable level of about US$29.36 billion during the period.

47. Provisional data from the OAGF shows that a net distributable sum of N1,329.61 billion accrued to the Federation Account for distribution among the three tiers of government in the quarter, signifying a shortfall of N367.66 billion when compared with N1,697.27 billion projected for the quarter. This follows from the shortfall in net non-oil revenue of N361.10 billion.

48. During the quarter, a total of N624.47 billion out of the N651.78 billion projected for recurrent (non-debt) was expended while N30.61 billion out of the N139.25 billion projected for capital budget implementation was released. In addition, the total sum of N21.03 billion (or 100%) appropriated for the SURE-P, the sum N5.02 billion (or 23.87%) had been released and utilized to implement several capital projects as at 31st March, 2015.

49. This provisional report concentrated on reporting the macroeconomic situation and financial analysis relative to the execution of the Budget. The Budget Office of the Federation, in partnership with MDAs, Civil Society Organizations and media representatives will soon embark on physical monitoring and appraisal of selected capital projects for the quarter. Their findings will be combined with this interim report and published in due course.