



HIGHLIGHTS/BREAKDOWN OF THE 2020 EXECUTIVE BUDGET PROPOSAL

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Federal Republic of Nigeria
14th October, 2019

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INTRODUCTION & BACKGROUND

INTRODUCTION & BACKGROUND



Pursuant to implementation of the Economic Recovery & Growth (ERGP), we have seen the economy exit from recession and set on a path of sustainable, inclusive and diversified growth. Specifically, we have been able to achieve the following...



Back on the path of growth

We have had **nine consecutive quarters of growth** since the exit from recession, though levels remain below desirable targets



Economic diversification

We continue to deepen our **non-oil** economic performance with non-oil Gross Domestic Product (GDP) at over **90%** of GDP as at Q2 2019



Security

We made successful efforts to **counter the insurgency** in the North-East & to resolve **militancy conflicts** in other parts of Nigeria



Improved trade balances

Nigeria has **moved from a deficit to surplus** in our trade balance. As at the Q2 2019, the trade balance was a positive figure of **N588,777.96 million**



Stable oil production

We have been able to raise and maintain more **stable oil production levels**



Infrastructure & social Investments

We have made **unprecedented progress with social investment** programs & are innovating new ways of funding infrastructure.

We will continue to ensure that the economy stays on a growth trajectory whilst making strategic investment in critical infrastructure & human capital to spur further economic growth. We plan to improve the fiscal space by boosting revenues which I will speak to in more detail subsequently

OVERVIEW OF 2018 FISCAL OUTCOMES



S/N	Description	FY Budget	Actual
1	GDP Growth Rate (%)	3.5	1.93
2	Oil Production (mbpd)	2.3	*1.84
3	Oil Price (US \$)	51	71.3
4	Inflation Rate (%)	12.4	11.44
5	Exchange Rate (N/\$)	305	305.95

** With Incremental Production for repayment of cashcall areas, actual oil production was 1.96 mbpd*

Source: BOF, NBS, CBN, NNPC

OVERVIEW OF 2018 BUDGET PERFORMANCE



		2018 Approved Budget	Actuals (Jan-Dec)	Variance	
				Billions of Naira	%
S/N	FEDERAL RETAINED REVENUES	7,165.87	3,963.67	(3,202.20)	-45%
A				(12.00)	-100%
1	Oil Revenue	2,998.86	2,320.28	(678.58)	-23%
2	Share of Dividend (NLNG)	31.25		(31.25)	-100%
3	Minerals & Mining Revenue	1.17	-	(1.17)	-100%
4	Non-Oil Revenue:	1,472.77	1,121.09	(351.68)	-24%
i	CIT	794.69	637.25	(157.44)	-20%
ii	VAT	207.51	148.92	(58.59)	-28%
iii	FGN Share of Tax Amnesty Income	87.84	8.99	(78.85)	-90%
iv	Customs Revenues	324.86	303.91	(20.95)	-6%
v	Federation Account Levies	57.87	22.02	(35.85)	-62%
B		2,661.82	522.30	(2,139.52)	-80%
1	FGN Independent Revenue	847.95	454.34	(393.61)	-46%
2	Actual Balance in Special Accounts			-	
3	FGN Balances in Special Levies Account	27.21	45.00	17.79	65%
4	FGN Unspent Balance of Previous Fiscal Year	250.00	22.30	(227.70)	
5	FGN's Share of Signature Bonus	114.30	0.66	(113.64)	-99%
6	Domestic Recoveries + Assets + Fines	374.00		(374.00)	-100%
7	Other FGN Recoveries	138.44		(138.44)	-100%
8	Earmarked Funds (Proceeds of Oil Assets Ownership Restructuring)	710.00		(710.00)	-100%
9	Grants and Donor Funding	199.92		(199.92)	-100%

**FGN's share of undistributed mining revenues is N4.45bn

SOURCE: 2018 Appropriation Act; OAGF (Fiscal Accounts).

OVERVIEW OF 2018 BUDGET PERFORMANCE .../2



S/N	Fiscal Items	2018 Approved Budget	Actuals (Jan-Dec)	Variance	
		Billions of Naira		Billions of Naira	%
	FGN EXPENDITURE	9,120.33	7,455.76	2,181.57	23.9%
A	Statutory Transfers	530.42	456.51	73.91	13.9%
B	Recurrent Expenditure	5,720.31	5,256.25	464.06	8.1%
1	Non-Debt Recurrent Expenditure	3,516.48	3,103.59	412.89	11.7%
a	Personnel Costs	2,118.27	2,090.29	27.98	1.3%
b	Pensions & Gratuities including Service wide pension	241.95	197.77	44.18	18.3%
ii	Overheads	246.49	218.88	27.61	11.2%
iii	Service Wide Votes	301.43	237.60	63.83	21.2%
iv	Presidential Amnesty	65.00	59.64	5.36	8.2%
v	Special Intervention Programme	350.00	271.79	78.21	22.3%
vi	SWV Power Sector Reform Programme (Transfers to NBET)	193.34	27.62	165.72	85.7%
vii	Payment from Special Accounts			-	
2	Debt Service	2,203.84	2,152.66	51.18	2.3%
i	Domestic Debt	1,759.76	1,797.90	(38.14)	-2.2%
ii	Foreign Debt	254.08	283.24	(29.16)	-11.5%
iii	Sinking Fund	190.00	71.52	118.48	62.4%
C	Capital Expenditure	2,869.60	1,743.00	1,643.60	57.3%

***Capital Expenditure includes amounts spent under the 2018 Budget up to June 2019*

SOURCE: OAGF (Fiscal Accounts); Appropriation Act

UPDATE ON 2019 BUDGET IMPLEMENTATION (JAN – JUN)



Revenue Performance

		2019 Approved Budget	Pro Rata (Jan-Jun)	Actuals (Jan-Jun)	Variance	
					Billions of Naira	%
S/N	FEDERAL RETAINED REVENUES	6,998.49	3,499.24	2,043.32	(1,455.92)	-42%
A			-		-	
1	Oil Revenue	3,688.28	1,844.14	900.42	(943.72)	-51%
2	Share of Dividend (NLNG)	39.89	19.94		(19.94)	-100%
3	Minerals & Mining Revenue	1.29	0.64		(0.64)	-100%
4	Non-Oil Revenue:	1,409.19	704.59	614.57	(90.02)	-13%
i	CIT	813.37	406.68	349.11	(57.58)	-14%
ii	VAT	229.34	114.67	81.36	(33.31)	-29%
iv	Customs Revenues	310.87	155.43	173.28	17.85	11%
v	Federation Account Levies	55.62	27.81	10.83	(16.98)	-61%
B		1,859.84	929.92	528.33	(401.59)	-43%
1	FGN Independent Revenue	631.08	315.54	217.84	(97.70)	-31%
2	Actual Balance in Special Accounts	8.33	4.16		(4.16)	-100%
3	FGN Balances in Special Levies Account	12.91	6.46	310.49	304.03	4710%
4	FGN's Share of Signature Bonus	84.23	42.11		(42.11)	-100%
5	Domestic Recoveries + Assets + Fines	203.38	101.69		(101.69)	-100%
6	Earmarked Funds (Proceeds of Oil Assets Ownership Restructuring)	710.00	355.00		(355.00)	-100%
7	Grants and Donor Funding	209.92	104.96		(104.96)	-100%



Revenue Performance

- As at half-year, Federal Government's actual aggregate revenue was **N2.04 trillion**, which is 58 percent of the prorata target. This includes:
 - Oil Revenue of N900 billion (49% performance);
 - Company Income Tax (CIT) of N349.11 billion (86% performance);
 - Value-Added Tax (VAT) of N81.36 billion (71% performance); and
 - Customs Collections of N184.10 billion (100.47% performance).
- The overall revenue performance is only 58 percent of the target in the 2019 Budget largely because some one-off items such as the N710 billion from Oil Joint Venture Asset restructuring and N320 billion from revision of the Oil Production Sharing Contract legislation/terms are yet to be actualized. Fiscal deductions by NNPC for federally funded projects also exceeded target.

UPDATE ON 2019 BUDGET IMPLEMENTATION (JAN – JUN) .../3



Expenditure Performance

S/N	Fiscal Items	2019 Approved Budget	Pro Rata (Jan-Jun)	Actuals (Jan-Jun)	Variance	
		Billions of Naira			Billions of Naira	%
	FGN EXPENDITURE	8,916.96	4,458.48	3,390.13	1,068.36	24.0%
A	Statutory Transfers	502.06	251.03	230.16	20.87	8.3%
B	Recurrent Expenditure	6,319.95	3,159.98	3,159.96	0.02	0.0%
1	Non-Debt Recurrent Expenditure	4,065.94	2,032.97	2,050.86	(17.89)	-0.9%
a	Personnel Costs	2,288.57	1,144.29	1,123.31	20.98	1.8%
b	Pensions & Gratuities including Service wide pension	528.07	284.03	147.36	118.67	44.2%
ii	Overheads	288.13	134.08	115.77	18.29	13.6%
iii	Service Wide Votes	384.55	182.28	120.21	62.08	34.0%
iv	Presidential Amnesty	65.00	32.50	27.09	5.42	16.7%
v	Special Intervention Programme	350.00	175.00	121.19	53.81	30.8%
vi	SWW Power Sector Reform Programme (Transfers to NBET)	150.40	75.20	82.88	(7.68)	-10.2%
vii	Basic Health Care Fund (1% of CRF)	51.22	25.61		25.61	
viii	Payment from Special Accounts		-	313.07	(313.07)	
2	Debt Service	2,254.01	1,127.01	1,109.10	17.90	1.6%
i	Domestic Debt	1,710.22	855.11	800.73	54.38	6.4%
ii	Foreign Debt	433.80	216.90	202.16	14.73	6.8%
iii	Sinking Fund	110.00	55.00		55.00	100.0%
iv	Interest on Ways & Means		-	108.21	(108.21)	
C	Capital Expenditure *	2,094.95	1,047.475		1,047.48	100.0%



We have met our debt service obligations and have continued to pay salaries most pensions as and when due.

**Capital Expenditure as at September 2019 stood at N294.63bn*



Expenditure Performance

- Of the total appropriation of **N8.92 trillion**, **N3.39 trillion** had been spent by 30th June, 2019 against the prorated expenditure budget of **N4.58 trillion**. This represents **76% performance**.
- Debt service and the implementation of non-debt recurrent expenditure, notably payment of workers' salaries and pensions, are on track.
- Capital releases could only commence after the signing of the 2019 Budget on 27th May, 2019. As at 30th September 2019, a total of about **N294.63 billion** had been released for capital projects.
- Spending on capital has been prioritised in favour of critical ongoing infrastructural projects in the power, roads, rail and agriculture sectors.

OVERVIEW OF 2019 FISCAL OUTCOMES (JAN – JUN)



S/ N	Description	FY Budget	Actual
1	GDP Growth Rate (%)	3.01	* 2.02
2	Oil Production (mbpd)	2.3	** 1.86
3	Oil Price (US \$)	60	67.2
4	Inflation Rate (%)	9.98	11.4
5	Exchange Rate (N/ \$)	305	305.9

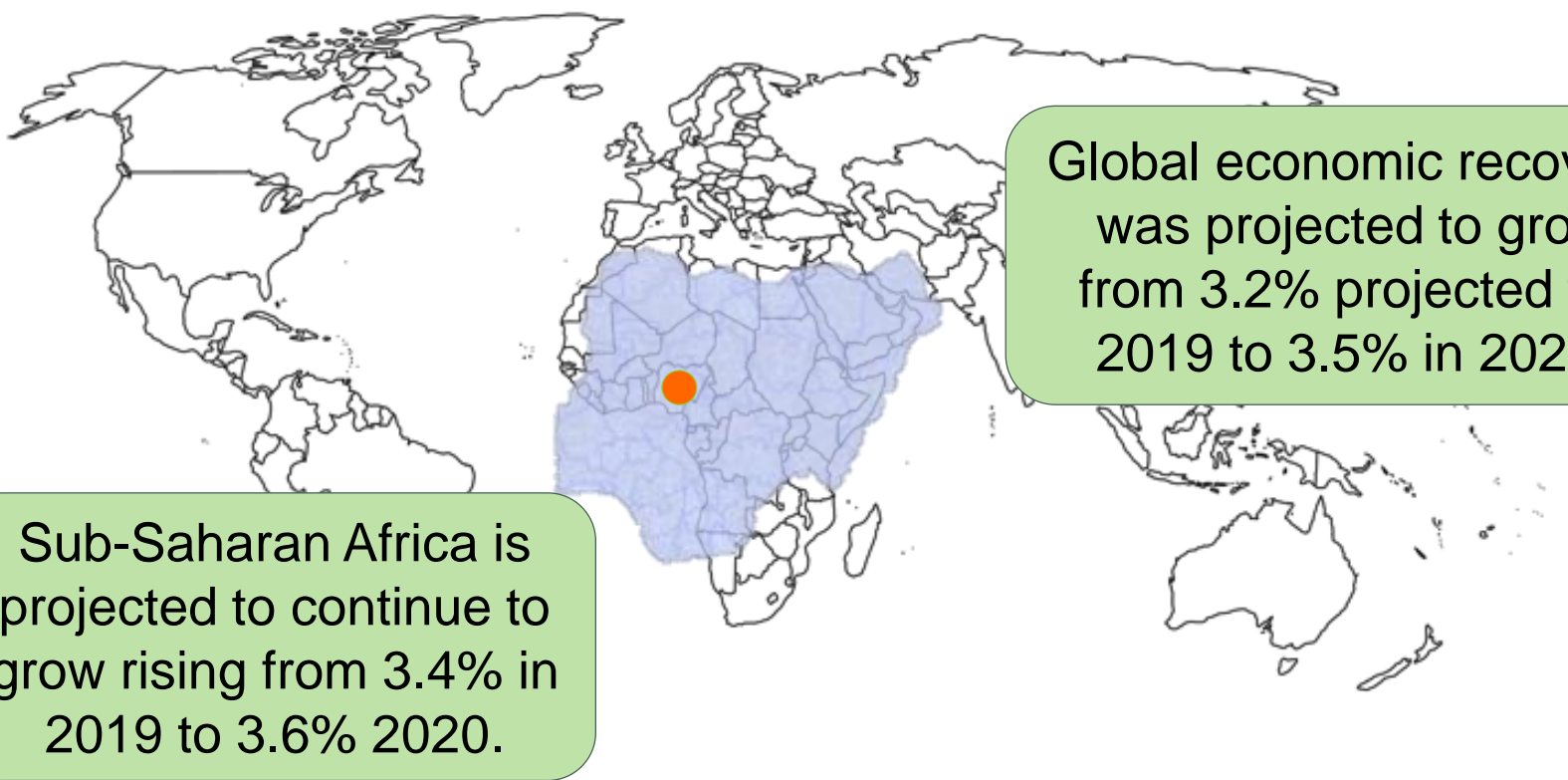
*This represents cumulative growth rate for half-year 2019. Growth for Q1 and Q2 2019 stood at 2.1% and 1.94% respectively.

**Including Incremental production for repayment of cash call arrears, actual oil production was 1.96 mbpd

Source: BOF, NBS, CBN, NNPC

GLOBAL OUTLOOK: RECENT DEVELOPMENTS

GLOBAL ECONOMIC OUTLOOK



Sub-Saharan Africa is projected to continue to grow rising from 3.4% in 2019 to 3.6% 2020.

Global economic recovery was projected to grow from 3.2% projected for 2019 to 3.5% in 2020.

GLOBAL ECONOMIC OUTLOOK .../2



- The global economic outlook has been revised downwards every quarter since last year due to factors including the trade tensions between the US and China; imposition of new rounds of sanctions on Iran with attendant implications for volatility in commodity prices; BREXIT; and tension in the Korean Peninsula.
- Growth in advanced economies was expected to further decline from 2.2% in 2018 to 1.9% in 2019 and 1.7% in 2020.
- In the Euro area, growth was projected to rebound from 1.3% projected for 2019 to 1.6% in 2020.
- The baseline projection of about 1.3% and 1.4% growth in the United Kingdom in 2019 and 2020 respectively was surrounded by prolonged uncertainty about the Brexit outcome.
- Emerging Market and Developing Economies (EMDES) in Asia were expected to maintain their robust performance, growing at 4.5% in 2018 to 4.1% in 2019 and 4.7% 2020.

GLOBAL ECONOMIC OUTLOOK .../3



	Estimate	Projections	
	2018	2019	2020
World Output	3.6	3.2	3.5
Advanced Economies	2.2	1.9	1.7
United States	2.9	2.6	1.9
Euro Area	1.8	1.3	1.6
Emerging Market & Developing Economies	4.5	4.1	4.7
China	6.6	6.2	6.0
India	6.8	7.0	7.2
Brazil	1.1	0.8	2.4
Sub-Saharan Africa	3.1	3.4	3.6
South Africa	0.8	0.7	1.1

Source: IMF-WEO July, 2019

- Growth in China is expected to moderate while India's growth is projected to surge. However, there is tepid recovery in other EMDES like Nigeria and Brazil.

- Inflation is rising in some economies but moderating in others. In response, the financial markets witnessed the rebalancing of portfolios from equities to fixed income securities, with some stock markets posting losses.

- With Nigeria joining other African countries to sign the agreement establishing the African Continental Free Trade Area (AfCFTA), there could be tremendous opportunities for Nigeria in the medium term. However, the AfCFTA could also create a nightmare situation for the country unless the right policies and actions are implemented expeditiously to improve Nigeria's economic competitiveness.

THE NIGERIAN ECONOMY: IMPLICATIONS OF GLOBAL & DOMESTIC DEVELOPMENTS

DOMESTIC DEVELOPMENTS



- Macroeconomic stability has been largely achieved. We are still holding our 2019 growth projection at 3.01% pending end of Q3. Growth is however projected to be around 2.93% in 2020.
- Real GDP increased from 1.89% in Q1 of 2018 to 2.10% in the first quarter* of 2019, the strongest first quarter growth since 2015 and 1.94% in Q2 2019; Half year 2019 cumulative GDP growth rate is 2.02%.
- Significant growth in the non-oil sector of 2.47% was recorded in Q1 2019, up from 0.76% in Q1 2018. Growth in the sector however moderated to 1.64% in Q2 2019.
- The contribution of the non-oil sector to GDP increased from 90.4% in Q1 2018 to 90.9% in Q1 2019 and 91.18% in Q2 2019

DOMESTIC DEVELOPMENTS .../2



- Employment growth usually slows down during recession and takes some time to recover. Therefore, it is not surprising that the National Bureau of Statistics data shows that unemployment and underemployment remain high in Nigeria, at 23.1% and 20.1% respectively as at Q3 2018.
- We expect more diversified and inclusive growth over the medium-term, and reduction in the rate of unemployment, as we continue to implement the priority policies and programmes that will boost inclusive growth.
- Mr President has strongly indicated that in this second term, employment generation will remain a key focus. Hence, the 2020 Budget of Sustained growth & Job Creation

DOMESTIC DEVELOPMENTS .../3

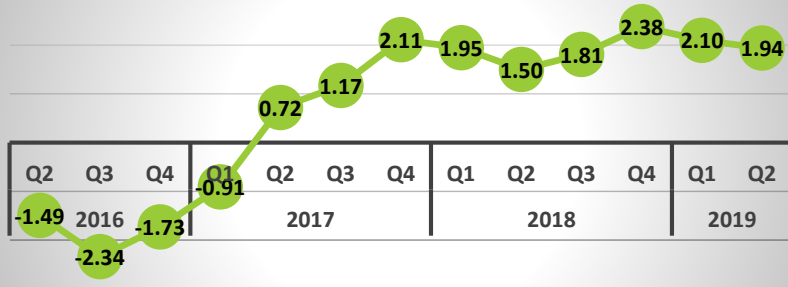


- Considerable success has been recorded in containing the insurgency in parts of the Northeast, with economic activities recovering.
- However, recurring conflicts between farmers and herdsmen in some parts of the country as well as incidences of flooding have affected agricultural production.
- Militancy in the Niger Delta has generally abated, although breaches of pipelines still regularly occur. This was partly responsible for the lower than projected oil production volume in the first half of the year.
- Except for a few months, inflation has continually declined since January 2017 from 18.72% to 11.02% in August 2019.

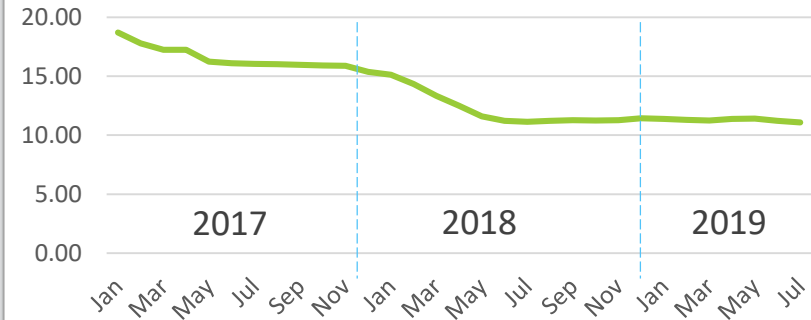
DOMESTIC DEVELOPMENTS .../4



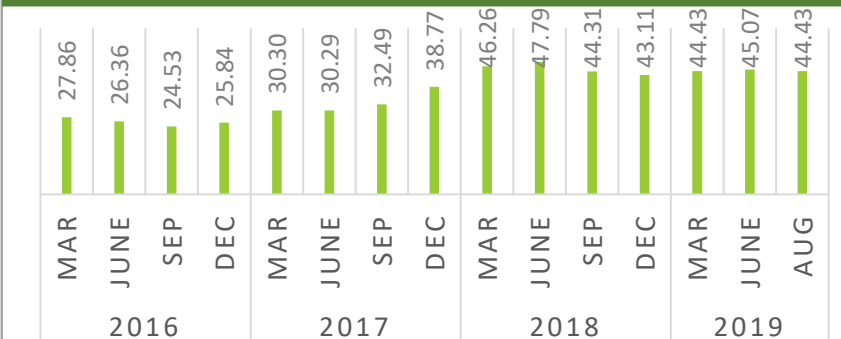
GDP growth (%)



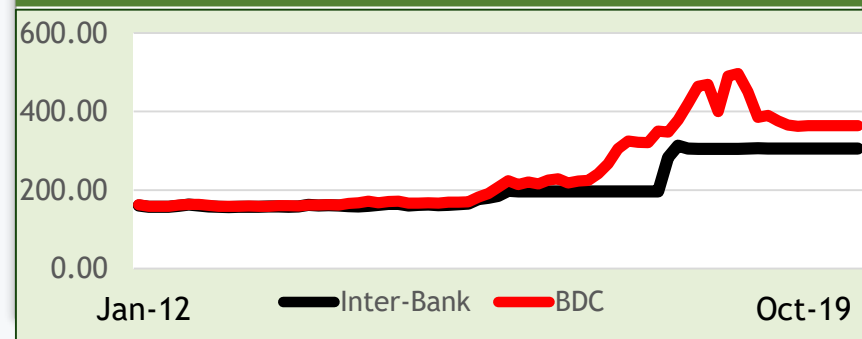
Inflation (%)



Foreign Reserves

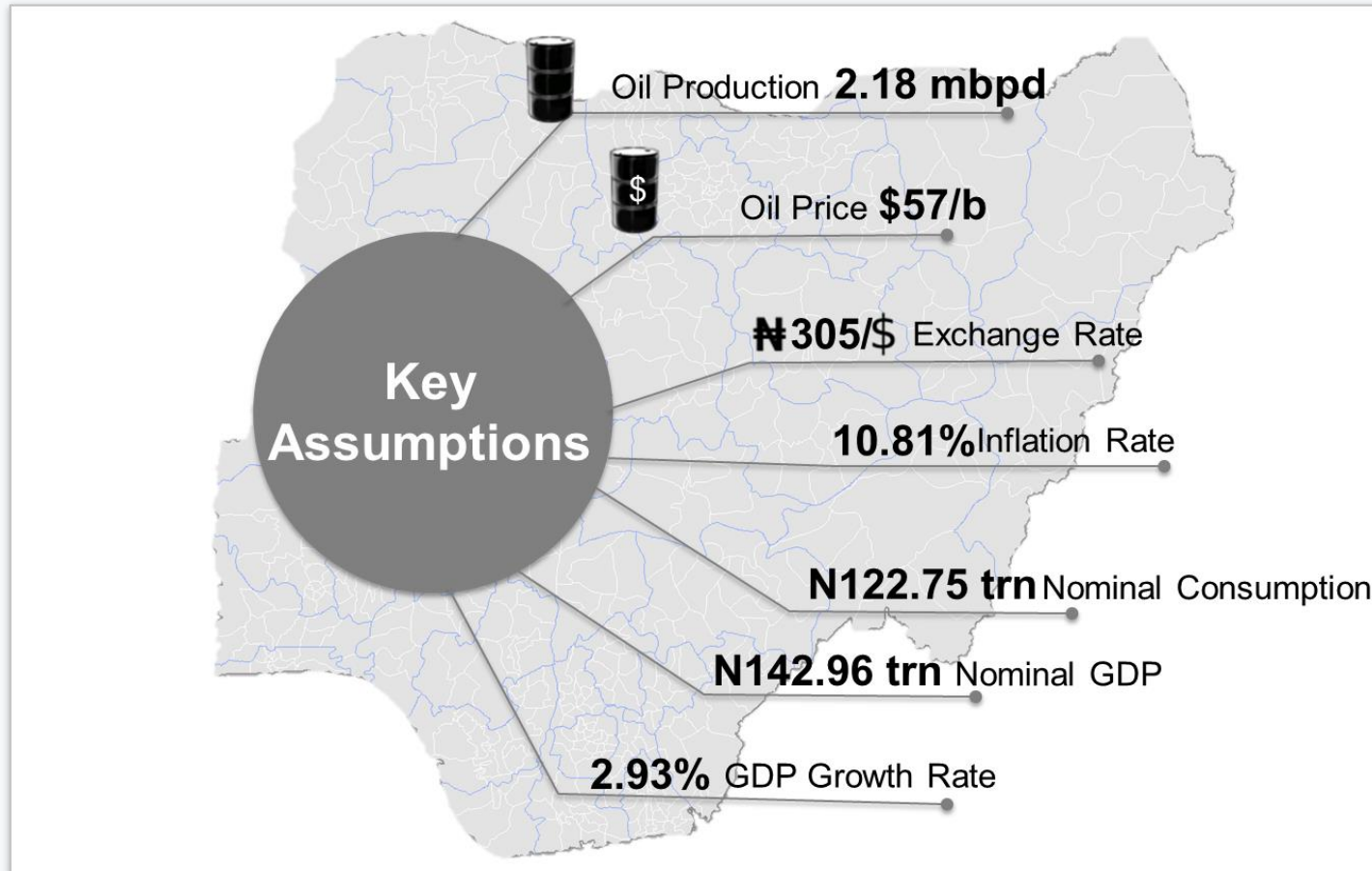


Exchange rates



UNDERLYING ASSUMPTIONS
DRIVING THE MACROECONOMIC
PARAMETERS & TARGETS FOR THE 2020
BUDGET

KEY ASSUMPTIONS OF THE 2020 BUDGET FRAMEWORK





Oil Revenue (NNPC)

- ❑ **Oil production volume** is projected to be **average 2.18mbpd* for 2020**. Although this is lower than the projected oil production volume of 2.3mbpd for 2019, we believe that this is a more realistic projection. For 2021 and 2022, the projections are 2.22mbpd and 2.36mbpd respectively
 - Actual daily crude oil production and exports have been below budget projections since 2013, despite installed capacity of up to 2.5mbpd, for a number of reasons.
 - For 2018, actual production was 1.84mbpd and for the first half of 2019 it was 1.86mbpd (base production).

- ❑ **A lower benchmark oil price of \$57/b** (against \$60/b for 2019) is assumed considering the expected oil glut in 2020, as well as the need to cushion against unexpected price shock.
 - There are strong indications of an oversupplied market in 2020.
 - All three of the major forecasters – Organization of the Petroleum Exporting Countries (OPEC), International Energy Association (IEA) and the U.S Energy Information Administration (EIA) generally see non-OPEC production growing by around 2mbpd this year, and by even more next year.
 - U.S. shale oil accounts for most of the total supply increase, but new projects in Norway, Brazil and Australia will also contribute to the increase in non-OPEC supply.
 - Also, market sentiments do not support an expansion in demand. In fact, the growth in demand for OPEC oil specifically is projected to slow down next year.

**Inclusive of condensates*



- ❑ Our **Real GDP growth** projections are rates of **2.93%**, **3.35%** and **3.85%** for **2020**, **2021** and **2022**, respectively. Even though this falls short of the ERGP projection, the trajectory remains in the right direction.
- ❑ **Personnel cost** (inclusive of Pension Costs) at well over **N3.0 trillion** has **continued to rise**. The FGN is however taking steps to contain the rising personnel costs, including an **October 2019 deadline by Mr. President** for all MDAs to implement **IPPIS**

OVERVIEW OF THE 2020 BUDGET

2020 BUDGET REVENUE PROPOSALS – WHERE THE MONEY IS COMING FROM?



An Overview of the Revenue Framework



FISCAL ITEMS		2019 as Passed NASS	2020 Proj.	Variance	
		N'Billion	N'Billion	N'Billion	%
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)		2.30	2.18	(0.12)	-5%
Projected Budget Benchmark Price (US\$ per barrel)		60	57.00	(3.00)	-5%
Average Exchange Rate (N/US\$)		305.0	305.0	-	-
AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs)		6,998,489,049,631	7,602,043,679,650	603,554,630,019	9%
a	Share of Oil Revenue	3,688,282,600,552	2,637,609,314,988	(1,050,673,285,565)	-28%
b	Share of Dividend (NLNG)	39,889,887,640	124,269,200,000	84,379,312,360	212%
c	Share of Minerals & Mining	1,288,084,234	1,895,673,251	607,589,017	47%
d	Share of Non-Oil	1,409,186,629,523	1,805,115,823,875	395,929,194,353	28%
	Share of CIT	813,365,752,583	839,306,973,052	25,941,220,469	3%
	Share of VAT	229,339,263,648	292,573,424,131	63,234,160,482	28%
	Share of Customs	310,866,122,279	618,647,203,735	307,781,081,456	99%
	Share of Federation Acct. Levies	55,615,491,012	54,588,222,958	(1,027,268,054)	-2%
e	Revenue from GOEs (Top 10 GOEs excluding NNPC)	955,361,046,920	990,113,888,722	34,752,841,802	4%
	Top 10 GOEs Operating Surplus (80% of which is captured in Independent Revenue)	(359,831,060,380)	(436,938,846,257)	(77,107,785,877)	21%
f	Independent Revenue	631,079,910,674	849,968,442,768	218,888,532,094	35%
g	FGN's Balances in Special Levies Accounts	12,910,083,472	300,000,000,000	287,089,916,528	2224%
h	FGN's Share of Actual Bal. in Special Accts	8,327,994,472	345,000,000,000	336,672,005,528	4043%
i	Signature Bonus / Renewals / Early Renewals	84,228,494,867	939,300,022,585	855,071,527,718	1015%
j	Domestic Recoveries + Assets + Fines	203,379,583,341	237,012,653,161	33,633,069,820	17%
k	Earmarked Funds (Proceeds of Oil Assets Ownership Restructuring)	710,000,000,000	-	(710,000,000,000)	-100%
l	Stamp Duty	-	200,000,000,000	200,000,000,000	-
m	Exchange Rate Differentials (Non-FAAC)	-	125,479,949,022	125,479,949,022	-
n	Grants and Donor Funding	209,915,780,857	36,392,600,000	(173,523,180,857)	-83%
AMOUNT AVAILABLE FOR FGN BUDGET (including GOEs)		7,594,019,036,171	8,155,218,722,115	561,199,685,944	7%

The aggregate revenue available to fund the 2020 budget is projected at N8.155 trillion (7% or N561.2 billion more than the 2019 Budget of N7.59 trillion).

To promote fiscal transparency, accountability & comprehensiveness, the budget of 10 major GOEs are integrated in the FGNs budget w.e.f 2020



An Overview of the Revenue Framework

Highlights

□ Distribution of expected FGN revenue are as follows:

Share of Oil Revenue	32.34%
Share of Dividend (NLNG)	1.52%
Share of Minerals & Mining	0.02%
Share of Non-Oil	
<i>Share of CIT</i>	10.29%
<i>Share of VAT</i>	3.59%
<i>Share of Customs</i>	7.59%
<i>Share of Federation Acct. Levies</i>	0.67%
Revenue from GOEs (Top 10 GOEs excluding NNPC)	12.14%
Top 10 GOEs Operating Surplus (80% of which is captured in Independent Revenue)	-5.36%
Independent Revenue	10.42%
FGN's Balances in Special Levies Accounts	3.68%
FGN's Share of Actual Bal. in Special Accts	4.23%
Signature Bonus / Renewals / Early Renewals	11.52%
Domestic Recoveries + Assets + Fines	2.91%
Stamp Duty	2.45%
Exchange Rate Differentials (Non-FAAC)	1.54%
Grants and Donor Funding	0.45%



In aggregate, 43.86% of projected revenues is to come from oil sources while the balance is to be earned from non oil sources.

Overall, size of the budget has been constrained by our relatively low revenues.

2020 BUDGET EXPENDITURE PROPOSALS – WHERE THE MONEY IS GOING..



An Overview of the Expenditure Framework

FISCAL ITEMS	2019 as Passed NASS	2020 Proj.	Variance	
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbarrel)	2.30	2.18	(0.12)	-5%
Projected Budget Benchmark Price (US\$ per barrel)	60	57.00	(3.00)	-5%
Average Exchange Rate (N/US\$)	305.0	305.0	-	-
STATUTORY TRANSFER	502,058,892,965	556,700,827,235	54,641,934,270	10.88%
DEBT SERVICE	2,144,014,113,092	2,452,598,930,000	308,584,816,908	14.39%
SINKING FUND	110,000,000,000	296,000,000,000	186,000,000,000	169.09%
RECURRENT (NON-DEBT)	4,385,591,096,996	4,880,309,549,778	494,718,452,783	11.28%
a Personnel Costs (MDAs)	2,288,574,783,657	2,841,908,409,100	553,333,625,443	24.18%
b Personnel Costs (GOEs)	160,504,766,016	218,805,923,102	58,301,157,086	36.32%
c Overheads (MDAs)	268,125,856,604	280,501,016,581	12,375,159,977	4.62%
d Overheads (GOEs)	159,145,947,296	146,142,338,283	(13,003,609,013)	-8.17%
e Pensions, Gratuities & Retirees Benefits	528,067,517,289	536,717,450,127	8,649,932,838	1.64%
f SWV Power Sector Reform Programme**	150,402,049,347	-	-	-
g Other Service Wide Votes (including GAVI/Immunization)	364,550,424,823	441,234,412,586	76,683,987,763	21.04%
h Presidential Amnesty Programme	65,000,000,000	65,000,000,000	-	-
i Basic Health Care Fund (1% of CRF)	51,219,751,964	-	-	-
SPECIAL INTERVENTIONS (Recurrent)	350,000,000,000	350,000,000,000	-	-
AGGREGATE CAPITAL EXPENDITURE	3,184,195,688,124	2,462,869,296,587	(721,326,391,537)	-22.65%
a Capital Supplementation	289,300,000,000	291,572,762,500	2,272,762,500	0.79%
b Capital Expenditure in Statutory Transfers	257,349,565,015	318,061,996,254	60,712,431,239	23.59%
c Special Intervention Programme (Capital)	150,000,000,000	30,000,000,000	(120,000,000,000)	-80%
d Amount Available for MDAs Capital Expenditure	1,445,734,928,775	1,270,487,006,753	(175,247,922,022)	-12.12%
e Top 10 GOEs Capital Expenditure	275,879,273,229	188,226,781,081	(87,652,492,148)	-31.77%
f Grants and Donor Funded Projects	209,915,780,857	36,392,600,000	(173,523,180,857)	-82.66%
g Multi-lateral / Bi-lateral Project-tied Loans	556,016,140,249	328,128,150,000	(227,887,990,249)	-40.99%
Capital Expenditure (Exclusive of Transfers)	2,926,846,123,109	2,144,807,300,333	(782,038,822,775)	-26.72%
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)	8,916,964,099,373	9,449,113,414,882	532,149,315,509	5.97%
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)	10,068,510,226,161	10,330,416,607,347	261,906,381,185	2.60%

- 2020 FGN spending (inclusive of GOEs/PT Loans) is projected to be **N10.33 trillion**.
- Recurrent (non-debt) spending expected to total **N4.88 trillion** (reflecting increases in salaries & pensions including provisions for implementation of the new minimum wage)
- Capital Expenditure (Inclusive of Transfers, GOEs Capital & Project-tied loans) as % of FGN Expenditure is 24%
- At N2.45 trillion, debt service is 23.74% of target expenditure
- Provision to retire maturing bond to local contractors increased by 169.09% from N110 billion in FY2019 to N296 billion.

2020 BUDGET: DEFICIT, FINANCING & CRITICAL RATIOS



An Overview of Deficit, Financing & Critical Ratios

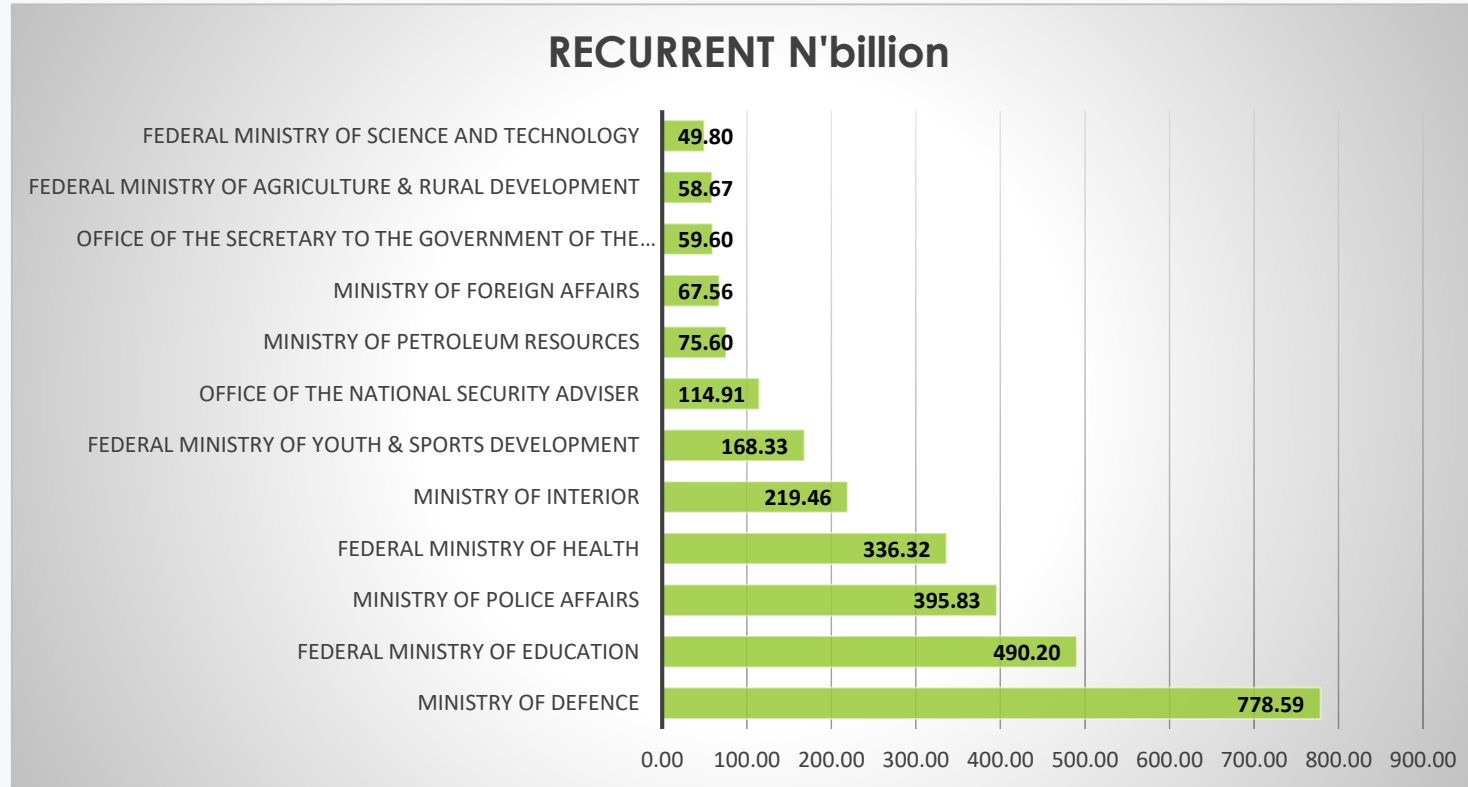
FISCAL ITEMS	2019 as Passed NASS	2020 Proj.
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)	2.30	2.18
Projected Budget Benchmark Price (US\$ per barrel)	60	57.00
Average Exchange Rate (N/US\$)	305.0	305.0
Capital Expenditure (Exclusive of Transfers)	2,926,846,123,109	2,144,807,300,333
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)	8,916,964,099,373	9,449,113,414,882
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)	10,068,510,226,161	10,330,416,607,347
Fiscal Deficit (excluding GOEs and Project-tied Loans)	(1,918,475,049,741)	(1,847,069,735,232)
Total Fiscal Deficit (including GOEs and Project-tied Loans)	(2,474,491,189,990)	(2,175,197,885,232)
GDP	139,811,509,172,405	142,960,529,369,007
DEFICIT/GDP (excluding GOEs and Project-tied Loans)	(1.37%)	(1.29%)
DEFICIT/GDP (including GOEs and Project-tied Loans)	(1.77%)	(1.52%)
TOTAL FGN EXPENDITURE	10,068,510,226,161	10,330,416,607,347
Total Non-Debt Expenditure	7,814,496,113,069	7,581,817,677,347
Capital Expenditure as % of Non-Debt Expenditure	41%	32%
Capital Expenditure as % of total FGN Expenditure	32%	24%
Capital Expenditure (Inclusive of Transfers, but exclusive of GOEs Capital & Project-tied loans) as % of FGN Expenditure	26%	21%
Recurrent Expenditure as % of total FGN Exp (incl. GOEs + Project-tied)	68%	76%
Debt Service to Revenue Ratio (incl. GOEs + Project-tied Loans)	28%	30%
Deficit as % of FGN Revenue (incl. GOEs + Project-tied Loans)	33%	27%
ADDITIONAL FINANCING		
a Sales of Government Property		-
b Privatization Proceeds	210,000,000,000	252,083,727,688
c Non-Oil Asset Sales		-
d Multi-lateral / Bi-lateral Project-tied Loans	92,836,081,493	328,128,150,000
e New Borrowings	1,605,638,968,248	1,594,986,007,544
Domestic Borrowing	802,819,484,124	744,986,007,544
Foreign Borrowing	802,819,484,124	850,000,000,000

- Overall **budget deficit** of N2.175 trillion in 2020 represents **1.52% of GDP**.
- Projected deficit within threshold stipulated in the Fiscal Responsibility Act (FRA) 2007.
- Budget deficit is to be financed mainly by borrowing **N1.594 trillion**.
 - Domestic sources
N744.99 billion
 - Foreign sources (gradual shift away from commercial to more concessionary financing)
N850 billion

TOP 12 RECURRENT ALLOCATIONS IN THE 2020 BUDGET



Recurrent Expenditure (N billions)



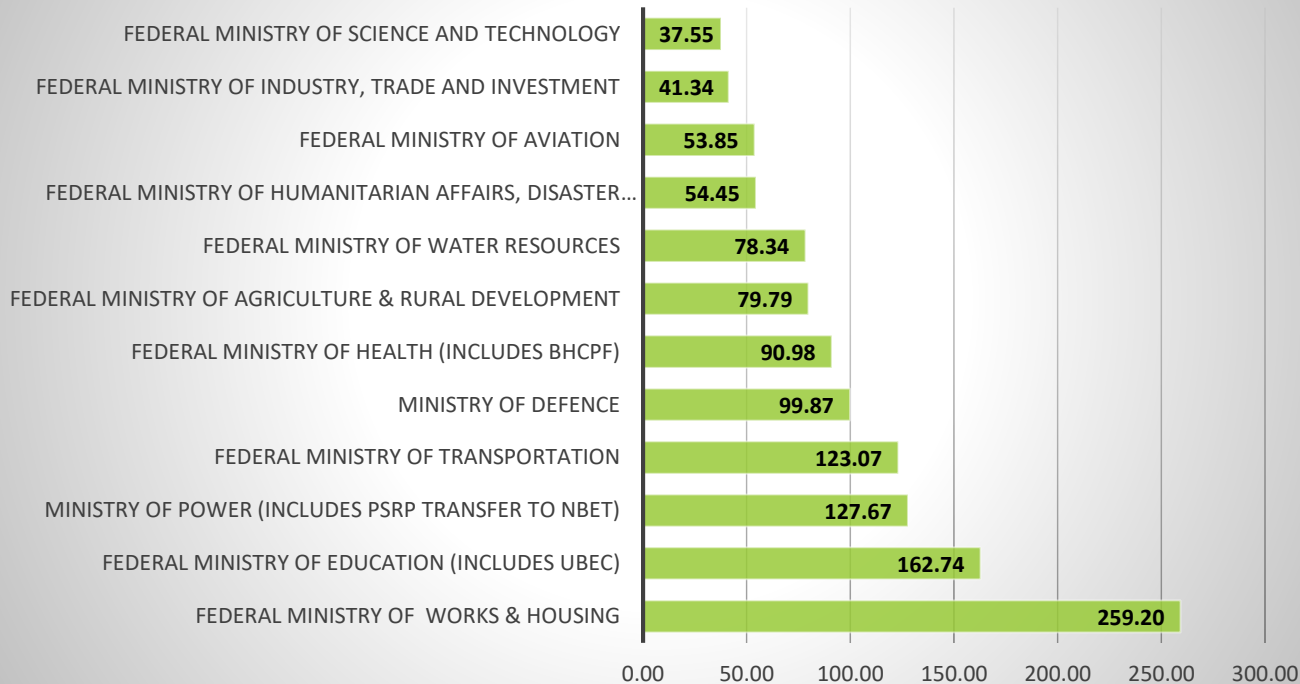
- Allocations underscores our commitment to increase investment in **national security** and **human capital development**

TOP 12 CAPITAL ALLOCATIONS IN THE 2020 BUDGET



Capital Expenditure (N billions)

Capital Expenditure N'bn



- The **Social Investment allocations (NSIO)** are included in the **FMHADM&SD**
- **FMoH** allocations also includes the provision for the **BHCPF**.
- **UBEC** is also included in the **FME** capex.
- The **PSRP** transfer to NBET is also included in the **Power sector** capital allocation

KEY EXPENDITURES CAPTURED IN MTEF & NOT IN FGN'S BUDGET



Investing for a sustainable future: critical infrastructure & human capital



N61bn

Amount
provisioned
for
**Presidential
Power
Initiative**



N1.22tn

**Federally
funded projects
in the Oil & Gas**
sector to be
undertaken by
NNPC on behalf
of the
federation



N272bn

Transfers to the
Tertiary
Education Trust
Fund (**TETFUND**)
for infrastructure
projects in
Tertiary
institutions



N82.35bn

Transfer to Nigeria
Sovereign Wealth
Investment
Authority (NSIA) for
Public Private
Partnership (**PPP**)/
Presidential
Infrastructure
Development Fund
(**PIDF**)

As Mr President Stated in his Budget Speech, **Investing** in critical infrastructure, human capital development and enabling institutions, especially in key job creating sectors, **Incentivising** private sector investment essential to complement the FGN's development plans, policies and programmes remain the key focus in FY2020

**IMPROVED REVENUE
GENERATION FOR SUSTAINABLE ECONOMIC
GROWTH**

REVENUE PERFORMANCE REVIEW

Peer comparison analysis...



ECOWAS Average

Type	%
Total Tax to GDP	14.6
VAT to GDP (excl. Nigeria, 2015)	6.7
Excise to GDP	-

Benin

Type	%
Total Tax to GDP (2015)	14.5
VAT to GDP (2013)	6.6
Excise to GDP	-

Kenya

Type	%
Total Tax to GDP (2015)	16.3
VAT to GDP (2015)	4.2
Excise to GDP (2014)	2.9

Ghana

Type	%
Total Tax to GDP (2015)	15.5
VAT to GDP (2011)	4.6
Excise to GDP (2014)	1.7

Nigeria

Type	%
Total Tax to GDP (2016)	5.3
VAT to GDP (2015)	0.8
Excise to GDP (2016)	0.1

South Africa

Type	%
Total Tax to GDP (2016)	25
VAT to GDP (2015)	7.0
Excise to GDP (2014)	3.5

Source: International Monetary Fund

Peer comparison in relation to total taxes to GDP, Value Added Tax (VAT) to GDP and excise to GDP indicate a capacity to do a lot more to improve our fiscal space.



THE STRATEGIC REVENUE GROWTH INITIATIVES

Recently, I launched the Strategic Revenue Growth Initiatives (SRGI) that aim to boost revenue generation in order to meet our targeted revenue to GDP ratio of 15% as set out in the ERGP...

3 Thematic Areas



1

Achieve sustainability in revenue generation

Build a sustainable revenue generation ecosystem by ensuring resilient and optimal performing revenue streams whilst applying the right incentives, safeguards, accountability and performance management systems

2

Identify new and enhance enforcement of existing revenue streams

Grow revenues by implementing new taxes, broadening the tax base and enabling strategic investments that spur economic growth

3

Achieve cohesion (people and tools)

Implement a revenue generation operating model that enhances collaboration, synergies, capacity building, use of data, celebrates meritocracy and eliminates leakages

Cross-cutting

Initiatives that provide the legal enablers & other enablers for effective implementation & performance management of SRGI

THE STRATEGIC REVENUE GROWTH INITIATIVES



Thematic Area One

1

Achieve Sustainability in Revenue Generation

Build a sustainable revenue generation ecosystem by ensuring resilient and optimal performing revenue streams whilst applying the right incentives, safeguards, accountability and performance management systems

Close legal Loopholes

- Close legal loopholes to update our tax laws in line with best practices & also counter tax evasion

Improve Collections

- Leverage data & technology to modernize our ports & improve tax administration
- Closure of outstanding cases by the inaugurated Tax Appeal Tribunal (TAT)

Collaborate with Trading Partners

- Improve data sharing & collaboration with data partners
- Assess the fiscal implication of impending regional collaboration agenda including the Africa Continental Free Trade Agreement

Manage Performance

- Proactively track the actualization of budgeted revenues
- Reconstituted the Presidential Revenue Reconciliation & Monitoring Committee (PRMRC) to proactively monitor oil & non-oil revenues
- Enhanced scrutiny of operating surpluses by BOF & OAGF

Achieve Sustainable Funding for the Energy Sector

- In the long term, seek to find a lasting solution for self-sufficiency in the energy sector, especially with regards to power and fuel

THE STRATEGIC REVENUE GROWTH INITIATIVES



Thematic Area Two

2

Identify new and enhance enforcement of existing revenue streams

Grow revenues by implementing new taxes, broadening the tax base and enabling strategic investments that spur economic growth

New Taxes

- Consider new excise on specific beverages, tax on digital economy, revisit VAT on airline tickets, etc.

Broaden the Tax Base & Improve Enforcement

- TIN database expansion
- TIN unification across States via the JTB
- Migration to ITAS
- Incorporate informal & shadow economy into the tax & duties net

Expand & Improve VAT

- Deepen the VAT database
- Extend VAT automation at source where possible
- Extend withholding VAT to include Public Interest Entities (PIEs)
- VAT reforms (input/output VAT)
- Reverse/self charge VAT

Deploy a National Single Window

- Deploy a single trade platform aimed at easing trade through trade touchpoints, whilst at the same time boost government revenues

Enhance Liquidity Management

- Optimize TSA implementation
- Optimize the payment gateway system for government revenues
- Move to a system of quarterly remittances of operating surpluses by Government Owned Enterprise (GOEs)
- Optimize GIFMIS for real time revenue reporting

THE STRATEGIC REVENUE GROWTH INITIATIVES



Thematic Area Three

3

Identify new and enhance enforcement of existing revenue streams

Implement a revenue generation operating model that enhances collaboration, synergies, capacity building, use of data, celebrates meritocracy and eliminates leakages

Align Stakeholders on a Single Platform/Purpose

- Revenue campaigns both within the government & to citizens
- Change budget philosophy for execution to be multi-dimensional including revenue

Improve Compliance

- Incentive scheme based on behavioral economics
- Automate tax expenditure processes e.g. IDEC

Data Collection & Analytics

- Real time revenue monitoring at the Federal Ministry of finance

Performance Culture

- Reward & recognition
- Revenue campaigns

Eliminate Corruption, Inefficiency & Waste

- Trade mirror analysis to counter trade mis-invoicing
- Fast-tracking the deployment/repairs of scanners at our ports

THE STRATEGIC REVENUE GROWTH INITIATIVES



Cross Cutting

Cross-cutting areas

Initiatives that provide the legal enablers & other enablers for effective implementation and performance management of SGRI

Information, Communication & Technology (ICT)

- Revenue reporting in key offices via the use of dashboards that will provide an integrated view

Law & Regulatory

- Review of all extant laws in relation to SRGI and recommend amendment thereof

Performance Management

- Performance based contracts with Heads of Government Owned Enterprises

Monitoring & Evaluation

- Performance monitoring & evaluation of the revenue growth program

THE STRATEGIC REVENUE GROWTH INITIATIVES



- Nigeria must mobilize significant resources to invest in human capital development & critical infrastructure
- Given the low revenue to GDP ratio (currently at about 7%), we must pursue optimal revenue generation
- I would like to seize this opportunity to call on Nigerians/Prospective Investors to support this Administration in solving Nigeria's revenue generation problem
- Indeed, some reforms will be tough but it must be done if we will look at the facts and be frank to ourselves
- However, we will engage the public in whatever we do, including any changes in taxes with regards to rates or administration methods
- We will have town hall meetings, stakeholder fora, etc. to discuss matters that will affect your businesses

SELECTED PROJECTS IN THE **2020 BUDGET**

SOME PROJECTS IN THE 2020 BUDGET



Investing for a sustainable future: critical infrastructure & human capital

☐ Aviation

- **N1 billion** for construction of Terminal Building at Enugu Airport
- **N10 billion** for construction of Second Run-Way at Nnamdi Azikiwe International Airport Abuja.

☐ Transport

- **N67.17 billion** for counterpart funding for Railway projects including:
 1. Lagos-Kano (Ongoing)
 2. Calabar-Lagos (Ongoing)
 3. Ajaokuta-Itakpe-Aladja (Warri) (Ongoing)
 4. Port Harcourt- Maiduguri
 5. Kano-Katsina-Jibiya-Maradi In Niger Republic (New)
 6. Abuja-Itakpe and Aladja (Warri)-Warri Port And Refinery Including Warri New Harbour
 7. Bonny Deep Sea Port & Port Harcourt and other Rail Projects

SOME PROJECTS IN THE 2020 BUDGET .../2

Investing for a sustainable future: critical infrastructure & human capital



☐ **Transportcont'd**

- **N10.86 billion** for various **rehabilitation of railway tracks** including
 - Rehabilitation of track from Port-Harcourt to Makurdi
 - Maintenance of track (including emergency recovery, bridge and culverts repair)
 - Procurement of spare parts (including lubricants) for the locomotives, coaches and wagons.
 - Kuru to Maiduguri narrow gauge track rehabilitation project
 - Track rehabilitation from Makurdi to Jos to Kafanchan to Kaduna junction
 - Procurement and rehabilitation of locomotives and rolling stock
 - Procurement of workshop equipment and rolling stocks
 - Design, manufacture, supply, installation, testing and commissioning of electric overhead travelling cranes for carriage and wagons workshop
 - Upgrading of signaling & telecom system on Eastern Line (Port Harcourt, Maiduguri, etc) including revised estimated total cost for extension to Western Line

SOME PROJECTS IN THE 2020 BUDGET .../3



Investing for a sustainable future: critical infrastructure & human capital

☐ Power

- N2 billion set aside as fund for the Mambilla Hydro Power project
- N200 million for construction of 215MW LPFO/ Gas Power station Kaduna
- N150 million for Afam Fast Power Programme Accelerated Gas and Solar Power Generation

☐ Housing

- **N17.5 billion** for Federal Government National Housing Programme
- **N30 billion** for Social Housing Scheme (Family Homes Fund)

SOME PROJECTS IN THE 2020 BUDGET .../4



Investing for a sustainable future: critical infrastructure & human capital

■ Works

- Over **N210 billion** for the construction and rehabilitation of roads in every geo-political zone of the country, such as:
 - Counterpart Funding for the Dualization of Makurdi - Enugu Road
 - Counterpart Funding for the Dualization of Akwanga – Jos - Bauchi - Gombe Road
 - Reconstruction of the Outstanding Sections of Benin – Ofosu – Ore – Ajebandele - Shagamu Expressway
 - Construction of Bodo - Bonny Road
 - Pavement Strengthening and Asphalt Overlay of Ajebandele - Ijebu Ode - Shagamu Road
 - Construction of Oju/Loko - Oweto Bridge to link Loko and Oweto
 - Dualization of Ilorin – Jebba - Mokwa/Bokani Junction Road
 - Kano - Maiduguri Road (Various Sections)
 - Abuja - Lokoja Road (Various Sections)
 - Dualization of Obajana Junction to Benin (Various Sections)
 - Lagos – Shagamu - Ibadan Dual Carriageway
 - Early Works for the Construction of 2nd Niger Bridge in Anambra/Delta State.

SOME PROJECTS IN THE 2020 BUDGET .../5



Investing for a sustainable future: critical infrastructure & human capital

■ Works Cont'd

- Over **N210 billion** for the construction and rehabilitation of roads in every geo-political zone of the country, such as:
 - Construction of Kaduna Eastern By-pass
 - Abuja – Kano Dual Carriageway
 - Dualization of Odukpani – Itu – Ikot Ekpene Road
 - Construction of Kano Western Bye Pass
 - Abuja – Abaji
 - Suleja – Minna Road
 - Rehabilitation & Expansion of Lagos - Badagry Expressway
 - Rehabilitation of Vandeikya – Obudu - Obudu Cattle Ranch Road
 - Rehabilitation of Ilorin – Kabba - Obajana Road In Kwara/Kogi
 - Reconstruction of Nasarawa - Loko Road

SOME PROJECTS IN THE 2020 BUDGET .../6



Investing for a sustainable future: critical infrastructure & human capital

■ Works Cont'd

- Over **N210 billion** for the construction and rehabilitation of roads in every geo-political zone of the country, such as:
 - Dualisation of Sapele - Ewu Road (various sections)
 - Reconstruction of Bida - Lambata Road in Niger State
 - Rehabilitation of Ikorodu - Shagamu Road
 - Rehabilitation of 9th Mile - Orokam Road In Enugu State
 - Re-construction of Sokoto - Tambuwal – Jega – Kontagora - Makera
 - Design and Construction of Bridge Across the Cross River at Uwana (Ebony State) to Nkomoro (Cross River State)
 - Construction of Road Falali, Birni, Bako to Furoja Town (Ningilga), Bauchi State
 - Dualization of Obajana Junction – Benin Phase II, Sections I-IV
 - Dualization of Sapele – Ewu Road Sections I&II

SOME PROJECTS IN THE 2020 BUDGET .../7



Investing for a sustainable future: critical infrastructure & human capital

▪ Health

- **44.50 billion** Provisioned for the implementation of the National Health Act
- **N22.73 billion** provided for GAVI/Immunization
- **N4.8 billion** Polio Eradication Initiatives
- **N815 million** for the procurement Of Non Polio SIA Vaccine
- **N655 million** for the procurement Of Kits And Commodities For Community Health Influencers
- **N2 billion** for expanded midwives service scheme
- **N5.5 billion** for counterpart funding including global fund/health
- **N4 billion** for Procurement of RI Vaccines & devices

▪ Water Resources

- **N1.67 billion** provisioned for the Hawul inter basin water transfer dam project
- **N700 million** for Zungeru Wushishi Water Supply
- **N1.6 billion** for Partnership for Expanded Water, Sanitation and Hygiene (PEWASH)
- **N1 billion** for Special Intervention for North East and IDPs - Potable Water
- Over **N30 billion** for water supply, rehabilitation of dams, and irrigation projects nationwide

SOME PROJECTS IN THE 2020 BUDGET .../8



Investing for a sustainable future: critical infrastructure & human capital

□ **Agriculture & Rural Development**

- Over **N11 billion** for Promotion and Development of Value Chain across in more than 30 different commodities
- **N3.97 billion** for Veterinary and Pest Control Services
- **N8.20 billion** for Rural Roads And Water Sanitation
- **N2.01 billion** for National Grazing Reserve Development
- **N813 million** for Mechanization
- **N1.48 billion** for Livelihood Improvement Family Enterprise (Life) Programme
- **N2.86 billion** for Food and Strategic Reserves
- **N1.81 Billion** for Agribusiness and Market Development
- **N1.96 billion** for Extension Services
- **N1.28 billion** for Land and Climate Management
- **N771.65 billion** for GES - Delivery Platform, Roll-out and Management

SOME PROJECTS IN THE 2020 BUDGET .../9



Investing for a sustainable future: critical infrastructure & human capital

□ Industry, Trade & Investment

- Special Economic Zone Projects
 - **N14 billion** for ongoing and planned Special Economic Zone Projects across the geopolitical zones to drive manufacturing/exports.
 - Construction/Provision of Road for Ikpokri Energy City Project
 - Completion of **Lekki Model Textile and Garment Industrial Park**
 - Provision of Infrastructure at Brass Free Zone, Bayelsa State
 - Construction of Textile & Garment Park, Lekki
 - Construction of Special Economic Zone (SEZ) Sokoto
 - Construction of Special Economic Zone (SEZ), Makurdi
 - Completion of Consultancy Works On Ebonyi, Edo, Adamawa, Rivers, Bauchi, Enugu, Gombe, Nnewi, Abuja
 - FGN investment in Enyimba Industrial Park, and Ibom Deep Sea Port and City
 - **N950 million** for Industrial Policy Reforms and Enabling Business Environment
 - Export-Expansion Grant (**EEG**)
 - **N2.5 billion** in the form of tax credit to support export via the Export Expansion Grant

SOME PROJECTS IN THE 2020 BUDGET .../10



Investing for a sustainable future: critical infrastructure & human capital

■ Education

- **N3 billion** Provision of Security Infrastructure in 104 Colleges
- **N2 billion** for take off grant for the establishment of 6 Federal Science & Technical Colleges (FSTCs)
- **About N4.83 billion** for various Scholarship allowances
- **N1.61 billion** for the payment of over 5,000 Federal Teachers Scheme Allowance

■ Niger Delta

- **N500 million** for the construction and supervision of Gberegolor - Ogrigbene Road, Delta State
- **N1.5 billion** for the Construction of Elele – Owerri Road Rivers/Imo States
- **N5.67 billion** for various sections of the East-West Road
- **N1.46 billion** for the construction of various skills acquisition centres with resident supervision and furnishing/equipping in nine states of the Niger Delta Region

SOME PROJECTS IN THE 2020 BUDGET .../11



Investing for a sustainable future: critical infrastructure & human capital

▪ **Regional Interventions**

- **N65 billion** for reintegration of transformed ex-militants under the Presidential Amnesty Programme.
- **N37.83 billion** for the North East Development Commission (NEDC) – Statutory Transfer
- **N80.88 billion** for the Niger Delta Development Commission (NDDC)

▪ **SDGs**

- **N40 billion** for SDGs Intervention Programmes/Conditional Grants
- **N8.37 billion** for other SDGs Projects

▪ **Special Intervention Programme**

- **N430 billion** for FGN Special Intervention Programme (including Social Housing – N30bn, Home Grown School Feeding Programme, Government Economic Empowerment Programme, N-Power Job Creation Programme, Conditional Cash Transfers, etc)
- The NSIO is now domiciled in the Ministry of Humanitarian Affairs and Disaster Management & Social Development

CONCLUSION

CONCLUSION



- As mentioned previously, key reforms such as the **Strategic Revenue Growth Initiative (SRGI)** will be implemented with increased vigour to improve revenue collection and expenditure management.
- In furtherance of our objective of greater comprehensiveness and transparency in the budget process, the FGN budget from 2020 will reflect the revenues & expenditures of GOEs and the multi-lateral/bi-lateral project-tied loans and related expenditures.
- Achieving fiscal sustainability and macro-fiscal objectives of government will require bold, decisive and urgent action. Government is determined to act as may be required.
- We welcome citizens input and participation throughout the budget implementation phase. The detail budget document is currently available on the websites of the Budget Office of the Federation and the Federal Ministry of Finance, Budget and National Planning

THANK YOU!

Any Questions?

www.budgetoffice.gov.ng
www.finance.gov.ng