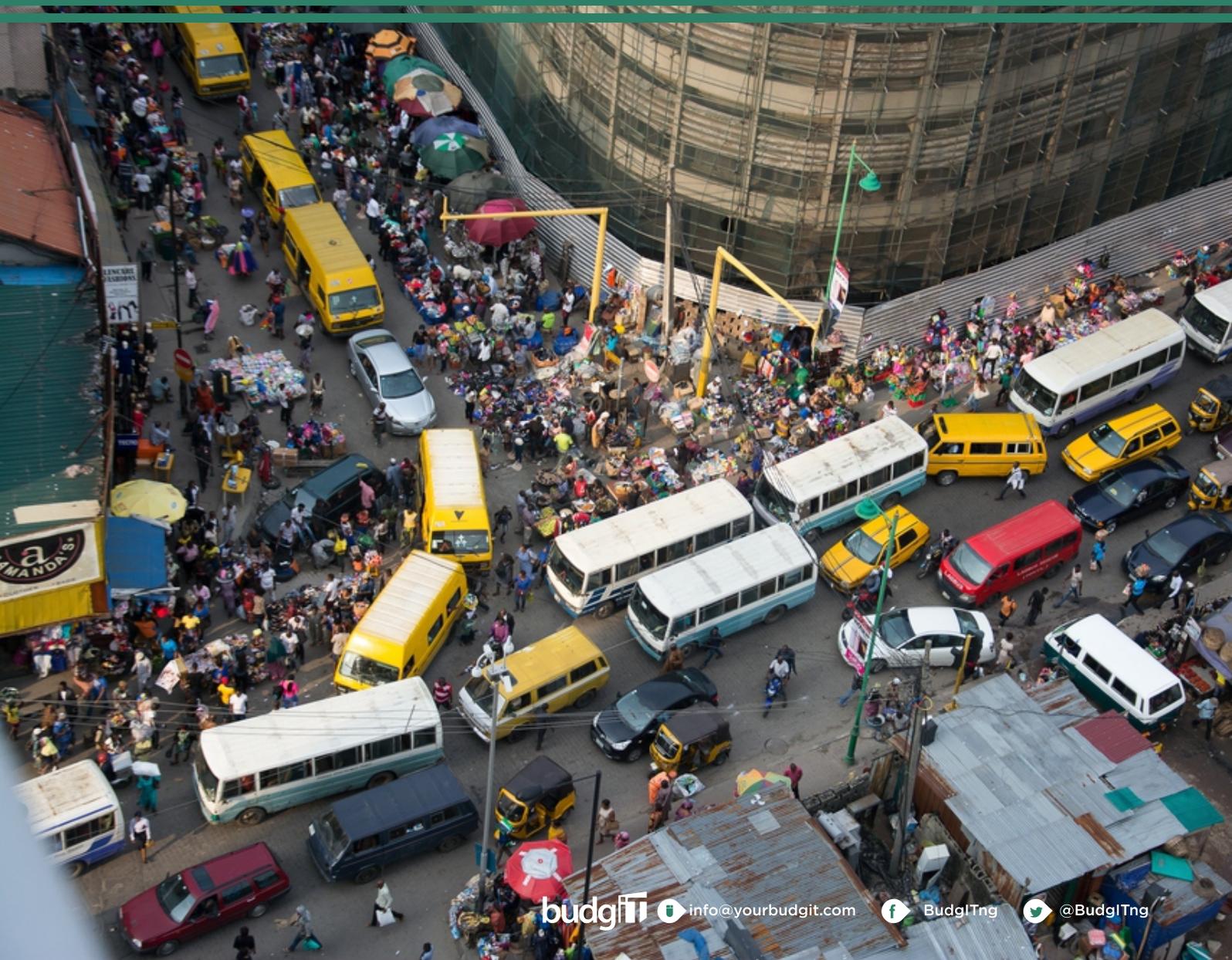




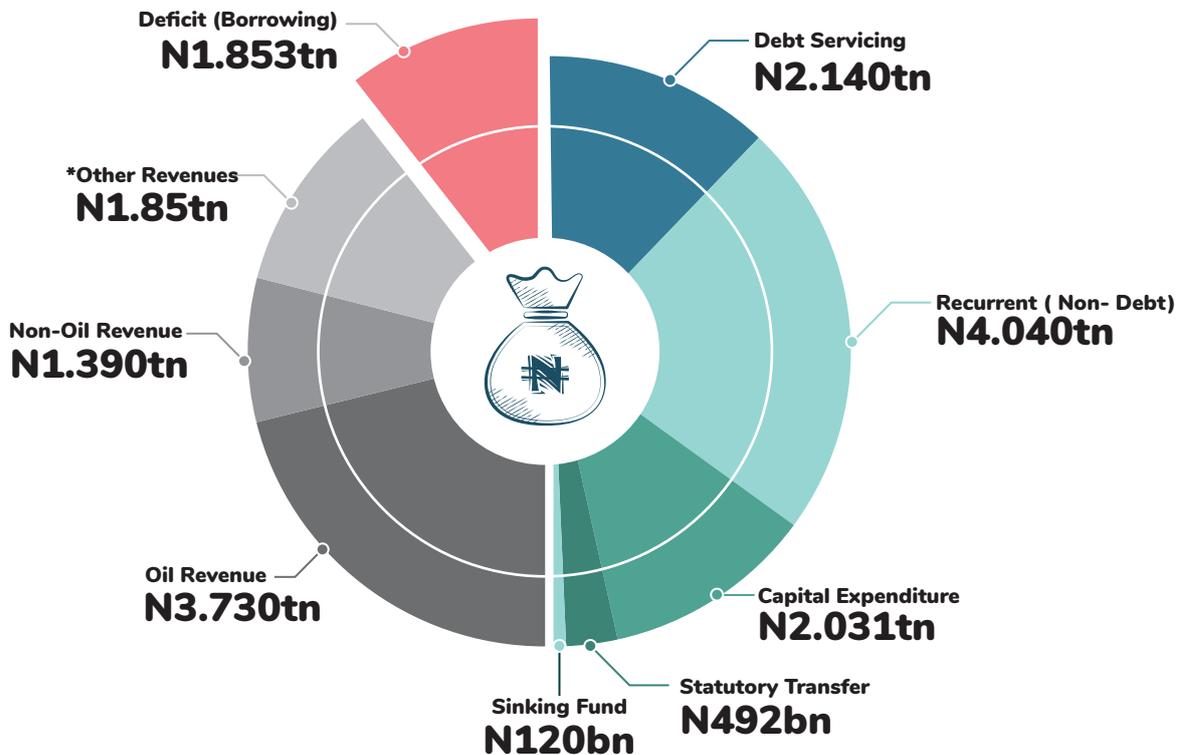
Proposed

2019 BUDGET ANALYSIS



2019 PROPOSED BUDGET

FISCAL FRAMEWORK



N6.97tn | **N8.83tn**
TOTAL REVENUE | **TOTAL EXPENDITURE**

*Other Revenues include

Independent Revenue	Recoveries	Other Sundry Income
N624.6bn	N203.4bn	N104.1bn
Proceeds of Govt Equity in Joint Ventures		
N710bn		

Source: President Buhari's 2019 Budget Speech

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ABOUT BUDGIT

BudgIT is a civic organisation driven to make the Nigerian budget and public data more understandable and accessible across every literacy span. BudgIT's innovation within the public circle comes with a creative use of government data by either presenting these in simple tweets, interactive formats or infographic displays. Our primary goal is to use creative technology to intersect civic engagement and institutional reform.

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N8. 83tn



The federal government proposes to spend a total of N8.83 trillion in 2019

Here Comes the Post-election Budget

On December 12, 2018, the President of the Federal Republic of Nigeria, Muhammadu Buhari presented the proposed budget of the Federal Government of Nigeria for the fiscal year of 2019 to a joint session of the National Assembly.

The federal government proposes to spend a total of N8.83 trillion; a figure lower than the current fiscal year's budget by N300 billion. In 2018, the president signed into law a budget of N9.12 trillion, which was a 6% (N508 billion) increase from the N8.61 trillion proposed to lawmakers in 2017.

Also, the amount allocated for statutory authorities including the National Assembly was put at N492.36 billion, which is lower than the N530 billion figure set aside in 2018. The figure earmarked for the sinking funds component of the proposed budget was set as N120 billion; a figure which according to the president will be used in retiring maturing bonds to local

contractors.

With regards to servicing of debt, the federal government is proposing to spend N2.14 trillion for debt servicing with 80% of this amount set aside for servicing its domestic debt component which overall accounts for about 70% of its total debt portfolio.

FG Expects N710bn from Sale of Equity in Joint Ventures

The proposed federal government budget is anchored around revenue projections of N6.97 trillion for the 2019 fiscal year.

From the oil sector, the federal government is expecting a revenue of about N3.73 trillion, while N710 billion will come from the proceeds of government equity in Joint Ventures.

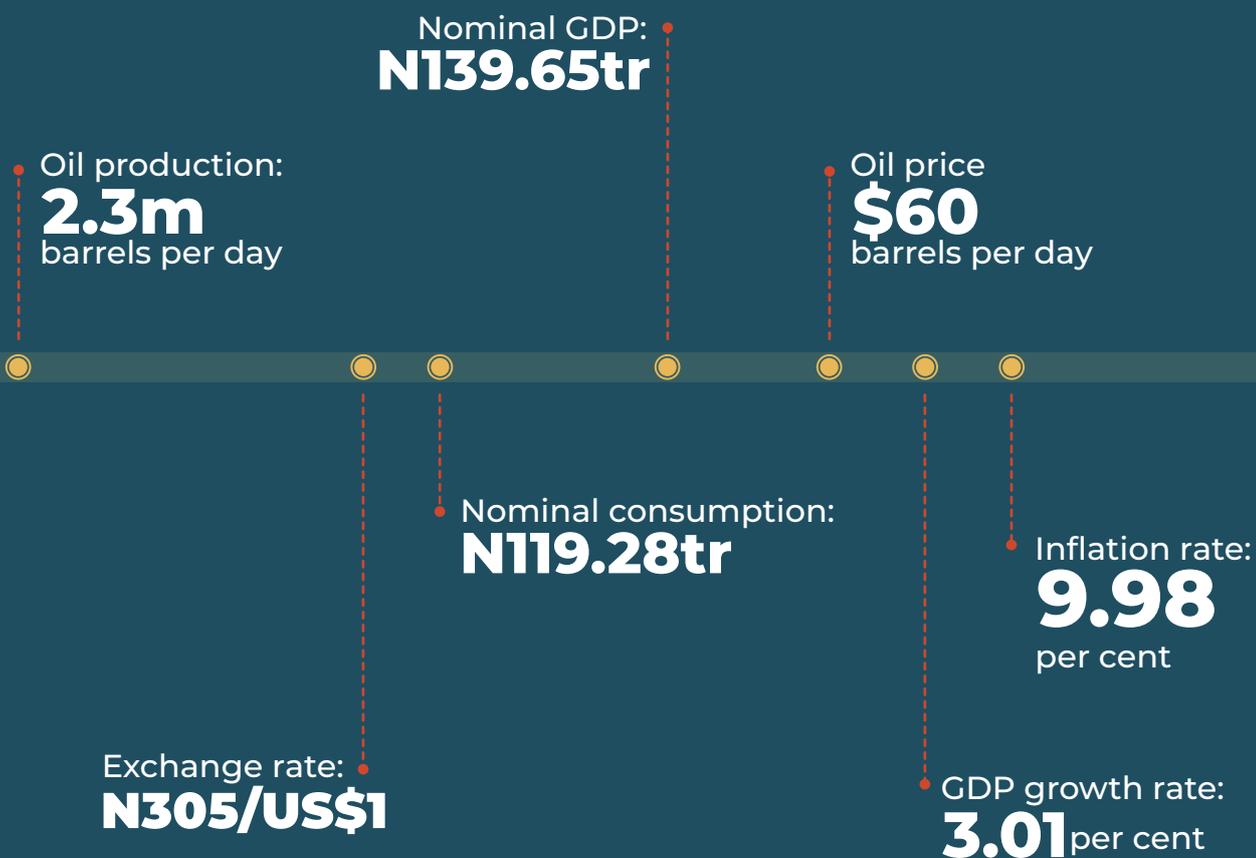
As part of the government's non-oil revenue push, it anticipates to receive about N799.52 billion from businesses as part of its own share of company income tax receipt. Also, the federal government's share of revenue from custom duties and Value Added Tax(VAT) is estimated to come to a region of N302.5 billion and N229.34 billion respectively.

Furthermore, the independent revenue of the government is expected to contribute about N624.58 billion to the overall revenue projections for the 2019 fiscal year.

The federal government's proposed total expenditure for 2019 is projected to be close to N8.83 trillion, which includes donor funds and grants amounting to about N209.92 billion. The proposed budget is lower when compared to the total expenditure figure in the approved budget for the 2018 fiscal year of N9.12tn. The recurrent component of the proposed budget is projected to be about N6.18tn trillion while N2.03 trillion has been earmarked for capital expenditure and projects.

KEY ELEMENTS OF 2019 PROPOSED BUDGET

The proposed budget for the 2019 fiscal year as presented by the president for approval to the National Assembly is based on a number of key assumptions/projections. These key assumptions are;





OIL REVENUE

2019 Oil Revenue Projection: N3.73tn

Oil Contribution to the Revenue Matrix Expected to Swell

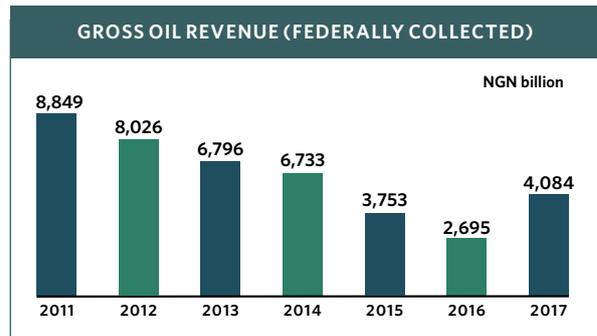
According to the proposed budget of the 2019 fiscal year, the federal government projects about N3.73 trillion as oil revenues. This figure was derived from two presumptions; first, that in the year, oil will sell at a projected US\$60 per barrel; second, that oil production will hit 2.3 million barrels per day. Daily crude oil production estimate of 2.3 million barrels per day is the same amount as budgeted for the 2018 fiscal year.

However, Nigeria currently produces about 1.8 million barrels per day, which according to some experts in the oil sector, is believed to be a more realistic production estimate. We see some of the projections as overly optimistic.

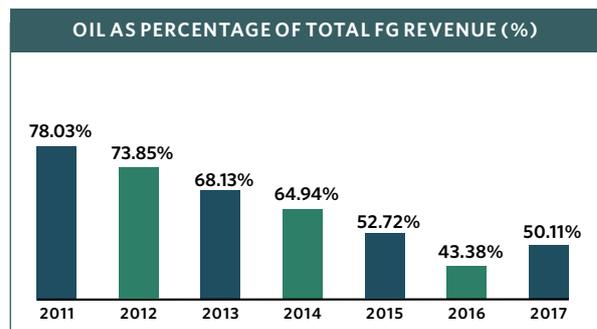
Due to the need to boost oil prices across the globe, the Organization of Petroleum Exporting Countries (OPEC) has capped Nigeria's oil output at 1.685 million barrels per day, a limit that Nigeria has breached in recent months. The on-boarded Egina oil platform meant to provide over 200,000 barrels per day at full production also makes this target nearly impossible for Nigeria.

Nigeria has long argued that its oil production includes a 400,000 barrels of condensate, a lighter version of oil that OPEC does not count among its cuts. A realistic target with the Egina oil production is that it might hit 2 million barrels per day in 2019, which includes condensate production.

The contribution of oil to government revenues has slipped from its peak in the early 2000's to the low price since 2014; this significantly weakened Nigeria's revenue position. Oil's contribution is expected to increase as Q3 2018 figure shows that oil revenues contributed 50% to the federation account. FG's share of oil receipts has grown from N1.13tn in FY2017 to N1.433tn as at Q3 2018.



Source: Budget Office, BudgetIT Research



Source: Budget Office, BudgetIT Research

The oil benchmark price has also been revised upward from the approved. With oil price pegged at US\$60, the crude oil benchmark price increased from US\$51 per barrel as contained in the approved 2018 budget.

This remains a key factor when considering the proposed budget due to the fact that the bulk of the revenue expected by the federal government is still derived from the oil sector.

Since the start of 2019, oil price has oscillated between \$61 to \$66 per barrel, showing that the current reference price might be on the edge, leaving almost nothing to add to the Excess Crude Account, now less than \$300m.

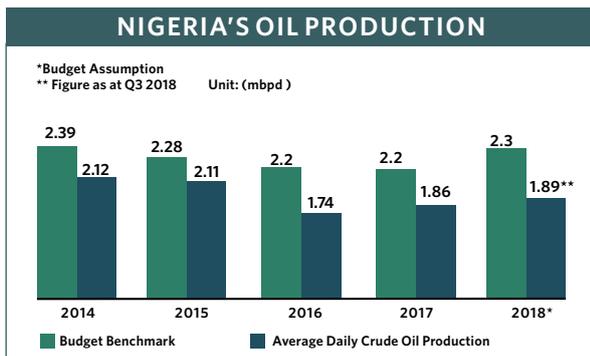
However, this huge reliance on the oil sector as the main revenue source will, on the long run, places a huge strain on economy due to fluctuating international oil prices and the gradual move away from fossil fuels by Europe and the rest of the world. As such, efforts should be made to shift Nigeria's



economy from its over-reliance on oil revenues.

In 2017, the average crude oil price was about US\$54.15 per barrel, which was higher than the approved budget benchmarked price of US\$44.5 per barrel; actual oil production also in the same fiscal year averaged 1.86 million barrels per day while the budget benchmark of 2.2 million barrels per day was lower by 15.45 per cent.

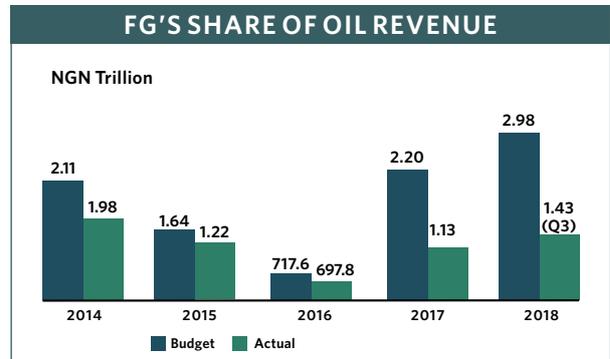
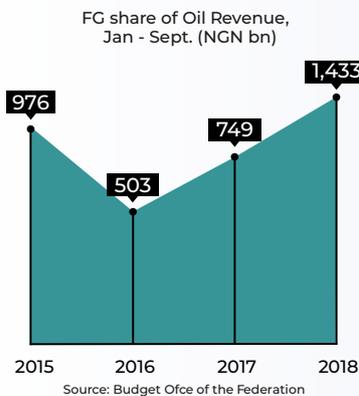
In 2018, particularly the second quarter of the fiscal year, price of crude oil at the international market averaged US\$74.35 per barrel which indicated an increase of about 45.78 per cent above the 2018 fiscal year budget benchmarked price set at US\$51.0 per barrel.



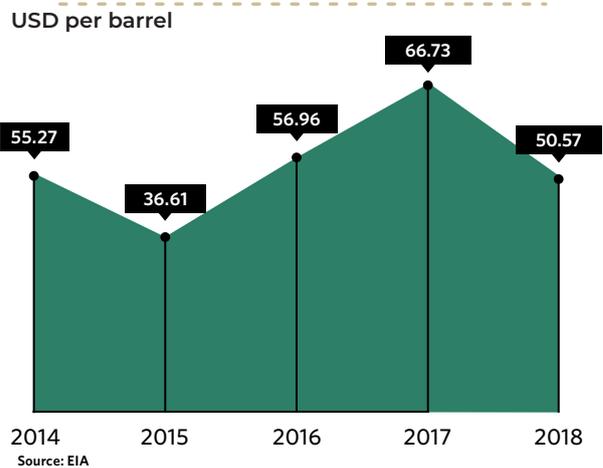
Snap shot of 2018 Budget Revenue as at Sept. 2018

After the 2016 drop due to prices, Oil revenue is growing

As at 3rd quarter of 2018, FG's share of oil revenue arrived at N1.43tn. The FG's budget for 2018 was anchored on oil revenue projections of N2.99tn, while actual oil revenue collected was only 48% of the total oil revenue target.



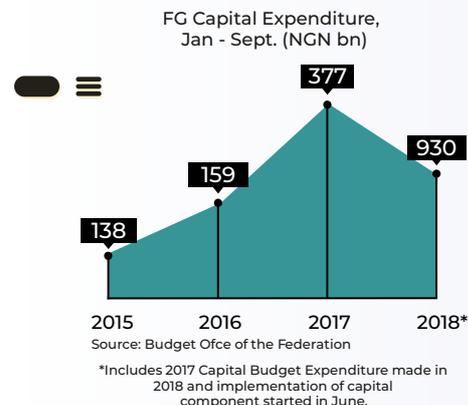
AVERAGE BRENT CRUDE OIL PRICE



Snap shot of 2018 Capital Expenditure as at Sept. 2018

Capital expenditure reaches N930bn

A total of N930.45bn was spent on Capital Expenditure in the first nine months of 2018. Government spending plans for the fiscal year under review is N2.86tn, meaning approximately 32% of the budget projections was spent as at September 2018.





NON-OIL REVENUE

48.5%

FG receives 14% of the Value Added Taxes, while other taxes are paid into the Federation Account, which FG is entitled to 48.5%.

Nigeria's non-oil revenue is mainly divided into Value Added Tax, Corporate Income Tax, customs duties and levies. FG receives 14% of the Value Added Taxes, while other taxes are paid into the Federation Account, which FG is entitled to 48.5%. Nigeria's non-oil revenue (excludes independent revenues

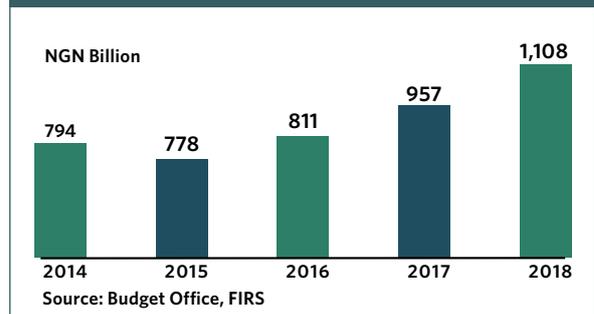
from agencies by classification) has usually followed the GDP growth and the economic health of the country.

As Oluseun Onigbinde notes¹ "As oil price and production swings have been critical to Nigeria's economic growth, foreign reserves and currency stability, non-oil revenue growth has also been strongly influenced by oil.

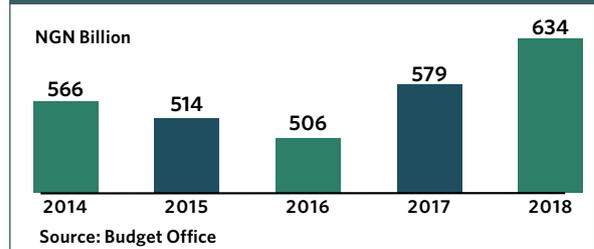
It is evident that when oil revenue declined in 2016 due to the oil price slump, the growth of non-oil revenue marginally reversed.

We see this in the change in Company Income Tax revenue—N1.2 trillion in 2014, N1.0 trillion in 2015, N0.9 trillion in 2016, and back to N1.2 trillion in 2017." After the slump in non-oil revenues in 2016, in the throes of the recession, non-oil revenues are on an upward swing from 2017.

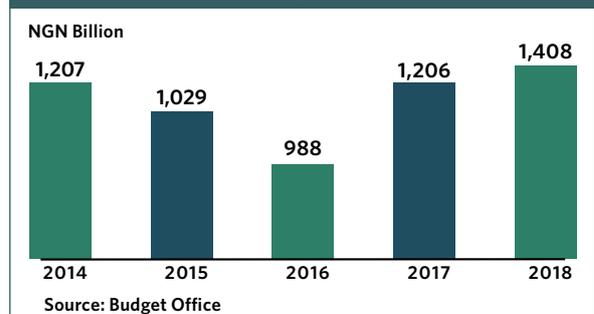
ACTUAL VAT (FEDERATION)



ACTUAL CUSTOMS REMITTANCE (FEDERATION)



ACTUAL CIT (FEDERATION)



Customs revenue was prorated based on Q3 2018 figures & 2018 figures are from FIRS website and might include cost of collections.

¹<https://www.stearsng.com/article/oil-can-no-longer-sustain-nigeria>



VALUE ADDED TAX

2019 VAT Projection: N229.34bn

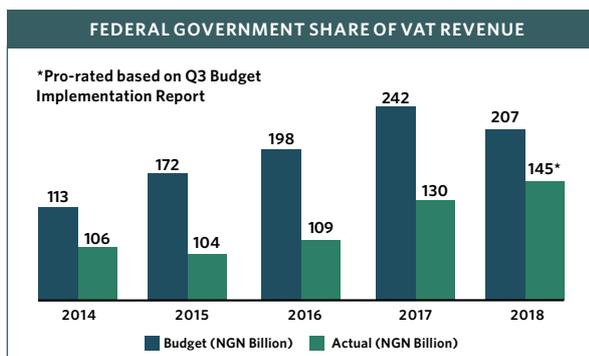
Value Added Tax is less than 1% of Nigeria's GDP

According to the proposed budget the president presented to the National Assembly, the federal government is projecting a total VAT uptake of around N229.34 billion. This amount is higher than the VAT uptake projections made for the 2018 fiscal year which came to around N207.51 billion.

In 2014 and 2015, the federal government's share of VAT was N106.74 billion and N104.66 billion respectively. For the 2017 fiscal year, the federal government's share of VAT came to about N130.05 billion.

Value Added Tax was introduced in France in 1968; since then, over 150 countries worldwide have adopted some form of VAT. On average, countries from the Organisation for Economic Co-operation and Development (OECD) collect about 32 per cent of their total revenue from VATs and 27 per cent from personal income taxes. In Bangladesh and China, VAT receipt accounts for 56 per cent and 33.9 per cent of government revenue respectively.

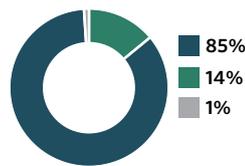
When comparing the federal government's VAT uptake projections over the years, it clearly shows that the expectations exceed the actual reality in Nigeria.



Source: Budget Office, BudgIT Research

Currently, Nigeria's general VAT rate is at 5 per cent, which also includes 0 (zero) per cent that in some cases applies to some particular transactions. In recent times, the basic household consumption patterns in Nigeria tilt towards items--already enjoying some sort of VAT exemption or the other--like food, transportation and accommodation.

This will likely result to a reduction in VAT revenue. Despite final consumption expenditure of households moving from N42 trillion in 2012 to N74 trillion in 2015 (a jump of about 76 per cent), VAT income for the government (national and sub-national level) moved up by just 12 per cent, from N710 billion in 2012 to N778.72 billion as at the end of 2015.



Nigeria's VAT revenue, which FG takes an effective 14% from (FCT: 1%, States/LGAs: 85%), is currently around N1.1tn (\$3bn) according to recent FIRS figures.

South Africa, a country with a GDP close to Nigeria's, takes in VAT of \$20bn yearly, equivalent to 25% of its total tax revenue as at 2017. Nigeria's

VAT revenue, which FG takes an effective 14% from (FCT: 1%, states/LGAs: 85%), is currently around N1.1tn (\$3bn) according to recent FIRS figures.

There have been arguments that Nigeria needs to review its exemption list especially with agriculture that accounts for a large part of its GDP and also raise its VAT rates, one of the lowest in Africa. Nigeria's VAT collection is less than 1% of its GDP. A Globalist article states that "Nigeria doesn't fare much better with value-added tax (VAT) and corporate tax. A paltry 9% of Nigerian companies pay corporate tax, while only 12% of registered businesses comply with VAT obligations. With some estimates finding as many as 99% of small businesses are unregistered, those percentages are even lower in reality."²

²<https://www.theglobalist.com/africa-tax-evasion-nigeria-togo-technology/>



COMPANY INCOME TAX

2019 CIT Projection: N799.5bn

Will Recent Reforms Make a Significant Shift in CIT Collections?

For the 2019 fiscal year, the federal government projects a CIT uptake of N799.51 billion which is an increase from the approved N658.55 billion figure for the 2018 fiscal year. FG's share of CIT rose from the 2015 level of N473.32 billion to an estimated N543.34 billion in 2017.

As at the third quarter of 2018, actual CIT uptake was at N500.37 billion, a N92.78 billion increase from the actuals of N407.59 billion in 2017, for a corresponding period. Considering the trends of the past five years, it will be overly optimistic to believe that the federal government will meet its 2019 CIT revenue projections.

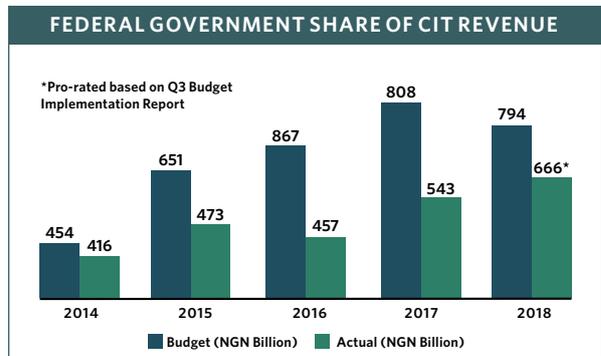
At 30 percent, Nigeria's CIT rate is higher than the average CIT rate in Africa which is at 28.53 per cent. In the European Union and Asia, CIT rates lie between 18.88 percent and 20.14 percent respectively.

With serial reforms to boost corporate taxes which include Voluntary Assets and Income Declaration Scheme (VAIDS), that failed to significantly boost taxes revenues, it is evident that Nigeria lacks the formal private sector depth to deliver huge corporate taxes.

In recent times, the FIRS fell short of its target, and with distraction of an election year, significant gains might not be expected. The recent approach of using bank as agent of tax collection has been heavily resisted but has a potential of increasing the number

of corporate organizations currently paying taxes.

Another N799bn target by FIRS is commendable but we do not expect magic in FIRS CIT collection which might reach N1.3tn in 2019, raising FG's share (48.5% after cost of collection) to around N650bn.



Source: Budget Office, Budget Research

N500.37bn

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As at the third quarter of 2018, actual CIT uptake was at N500.37 billion, a N92.78 billion increase from the actuals of N407.59 billion in 2017, for a corresponding period.



CUSTOMS AND EXCISE DUTIES

2019 CUSTOMS Projection: N325bn

Tariffs and custom duties revenue projections expected by the federal government for the 2019 fiscal year is pegged at N302.55 billion, down from the 2018 budget figures of N324.86 billion.

In 2012, 2013 and 2014, FG's share of customs and excise duties revenue projections was N323.25 billion, N412.42 billion and N453.24 billion respectively while actual collection in these periods came to about N214.21 billion, N195.11 billion and N255.40 billion respectively.

2015, 2016 and 2017 saw actual FG's customs revenue uptake of N232 billion, N228.61 billion and N261.41 billion against budget projections of N323.97 billion, N326.44 billion and N278 billion respectively.

While the Nigerian Customs Services (NCS) announces the collection of trillions in its press report, there is wide divergence when compared to what it remits to the Federation Account.

According to the Budget Office, Nigerian Customs Service's payments to the Federation Account stood at N579bn in 2017, a wide mark off the N1.37tn announced in the papers.³

We see a major reason that the NCS recognises VAT collections on imports among its items, which are paid into the Federal Inland Revenue Service and also the undeclared cost of operations. We will follow up to access more details on this.

While the full 2018 numbers have not been released, Nigeria Customs' payments to the Federation Account as at Q3 2017 stood at N476bn, with FG receiving N214bn as its share.

³<https://punchng.com/customs-2017-revenue-rises-to-n1-37tn/>

⁴<https://www.dynamar.com/publications/207>

⁵ <https://qz.com/africa/1486768/apapa-port-congestion-causing-traffic-costing-businesses/>

N1.37tn



Nigerian Customs Service's payments to the Federation Account stood at N579bn in 2017, a wide mark off the N1.37tn announced in the papers.

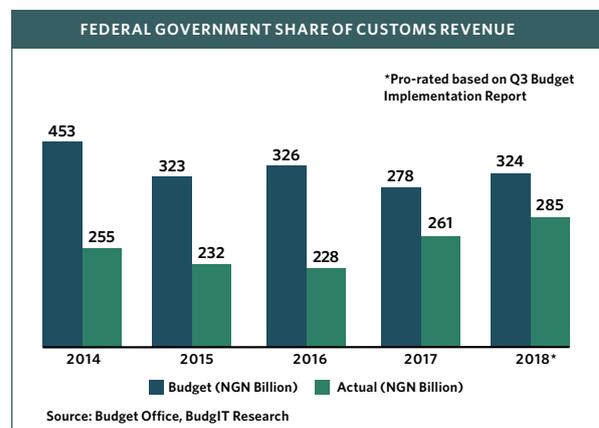
In a recent report by Dutch intelligence firm, Dyanmar, it was stated that Togo is marginally ahead of Nigeria in terms of the number of twenty-foot containers received at its ports.

Importing products through Nigeria is now a relatively more expensive due to under-investment in port infrastructure like scanning machines and poor access roads.

A report by Quartz Africa, states that "One measure of the cost of the inefficiency is reflected in the costs of shipping goods to Nigeria as analysis on overseas cargo and freight costs by MoverDB, an online resource for international shipping, shows the cost of shipping both 20-foot and 40-foot containers to Lagos ports from New York is the most expensive in the world, of the 47 major port destinations analyzed."

While port inefficiencies persist, policies such as the sharp levies on imported cars reduced demand and increased smuggling through Nigeria's borders.

The marked improvement in Warri Port and recently commissioned Baro Inland Port would also be watched to see how they improve port activities and revenues.





OTHER REVENUE SOURCES

Will Nigeria Sell Shares in its Oil Assets in the 2019 Fiscal Year?

Independent revenue from government agencies is expected to be N624bn for the 2019 fiscal year. There is a challenge because FG has budgeted huge sums for this revenue component which has failed to deliver a decent performance. FG budgeted N807.57bn in 2017 and only received N295.29bn showing a performance of 36.6%. 2018 figures are faring better as FG revenue agencies remitted N305.18bn, as at September 2018, but still off the huge N847.95bn target.

There have been series of reforms echoed by the Budget Office of the Federation on budgetary discipline, oversight on budget presentations and also coordinated remittance of operating surplus.

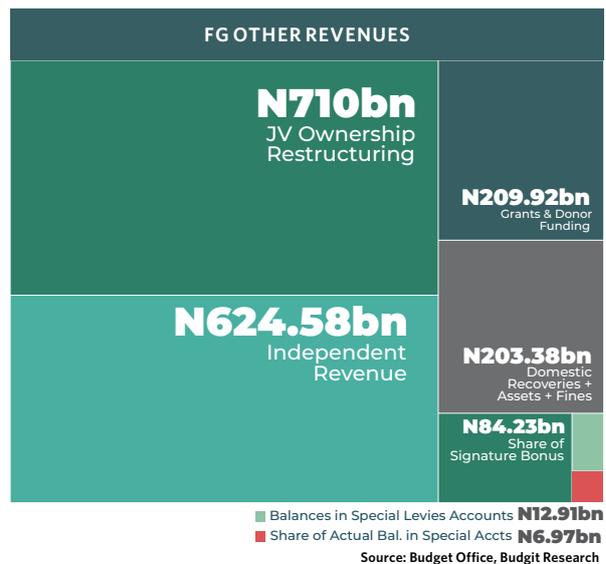
The federal government, based on information from the proposed budget for the 2019 fiscal year, plans to receive N6.97 billion as its share as actuals from special accounts and N12.91 billion from the federal government's balance in its special levies account.

Domestic recoveries, assets and fines collections come in at about N203.38 billion. Other revenues sources include grants and donor funding at N209.92 billion and federal government's share of signature bonus at N84.23 billion.

There is also plan to restructure the federal government's joint venture ownership which is expected to yield about N710 billion.

Despite the noise level that has attended the recoveries of stolen public funds, no amount has been added to the public treasury according to the Budget Office Implementation Reports.

Nigeria's FG has also been planning to sell shares in its JV but the lack of regulatory framework which has not been consummated in the Petroleum Industry Governance Bill (PIGB) might make this difficult. The other revenue lines have also been carried over to 2019, and with the distraction of re-election over, is this the time Nigeria puts recovered funds and also sells shares in its national oil assets?



Revenue Comments

Nigeria's revenue is too low for the status and size of its GDP. Budget analysis shows that Nigeria's tax to GDP is less than 5%, way below average sub-Saharan Africa tax to GDP of 15%. Boosting Nigeria's revenues will require investment in growth enabling sectors, formalization of tax systems, deepening trust through accountability, easing the tax systems and also reviewing Nigeria's exemption list.

Nigeria's federal government has profited from the modest rise in oil prices after the 2016 slump. It cannot achieve sustainable development by depending on the swings of oil prices; this has remained an existential issue for Nigeria, especially how it links the structure of its economic activity (GDP) to taxes and also reduces the heavy influence of oil in its public revenues.



EXPENDITURE ANALYSIS

The federal government has proposed to spend a total of N8.83 trillion on its expenditure obligations for the 2019 fiscal year, which includes grants and donor funds in the region of N209.92 billion subject to the National Assembly's review and approval.

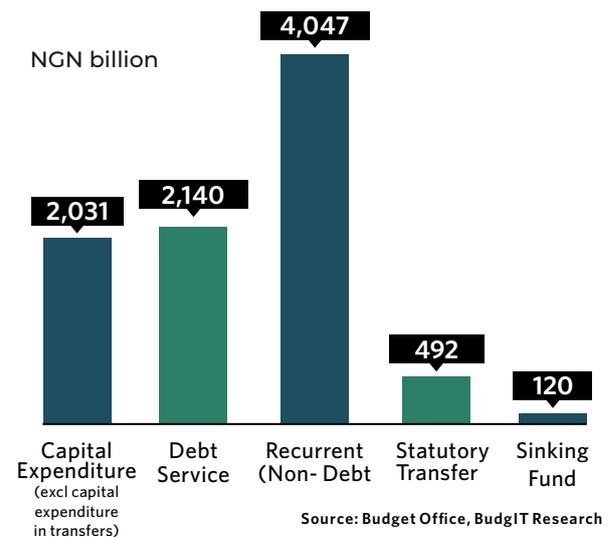
Of this total figure for expenditure, 77% has been designated for recurrent expenditure while 23% has been earmarked for capital expenditures/projects (excluding capital projects in statutory transfers).

The total expenditure figure for 2019 at N8.83 trillion represents a 3.17% decrease from the approved total expenditure of N9.12 trillion for 2018 fiscal year. Actual spending of the federal government in 2015, 2016 and 2017 was N4.76tn, N4.4tn and N6.46tn respectively.

The approved expenditure for the 2018 fiscal year at N9.21 trillion in nominal terms remains the largest so far. Records show that government spending might stay within the N6tn bracket as total expenditure as at Q3 2018 (budget was signed in June 2018) stands at N4.59tn.

The 2019 election is already reducing the capital spending as virement was made on critical capital expenditure to fund the elections. It is instructive to note that the late passage of the budget mainly affects the capital expenditure as recurrent bills such as salaries and overheads still follow the calendar year (January to December).

2019 EXPENDITURE BREAKDOWN



In 2019, the federal government projects that its debt servicing costs will come to about N2.14 trillion which is expected to take up a huge chunk of the projected revenue for the fiscal year. To meet up with its debt servicing obligation(s), Nigeria will need to improve its overall revenue uptake especially from its non-oil sectors.

The cost of servicing debt is increasingly a challenge for Nigeria. A total of N1.64 trillion was spent in 2017 on servicing debt, against the N1.06 trillion spent in 2015. President Buhari's recent haste in boosting infrastructure is leading to rapid expansion in debt but it is expected that there will be a more conservative signature approach to debt in its second term.

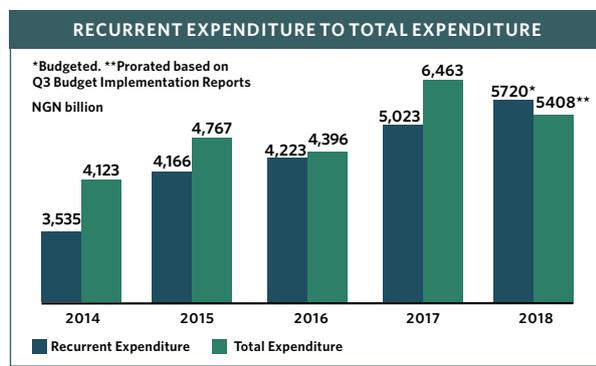
Recurrent Expenditure is Rising on a Yearly Basis

Nigeria's recurrent expenditure is made up of debt recurrent (mainly used in servicing debts) and non-debt recurrent expenditure (personnel costs, overheads, pensions, etc.) The amount set out for the



federal government's non-debt recurrent activity is about N4.04 trillion, which shows a significant increase from the 2018 fiscal year figure of N3.51 trillion.

Recurrent expenditure from 2016 up till 2018 has been on an upward trajectory, and with the recent approved minimum wage, it will see a sharp rise. While the current government has greatly expanded the budget size, the recurrent expenditure has also been on the rise in nominal terms.

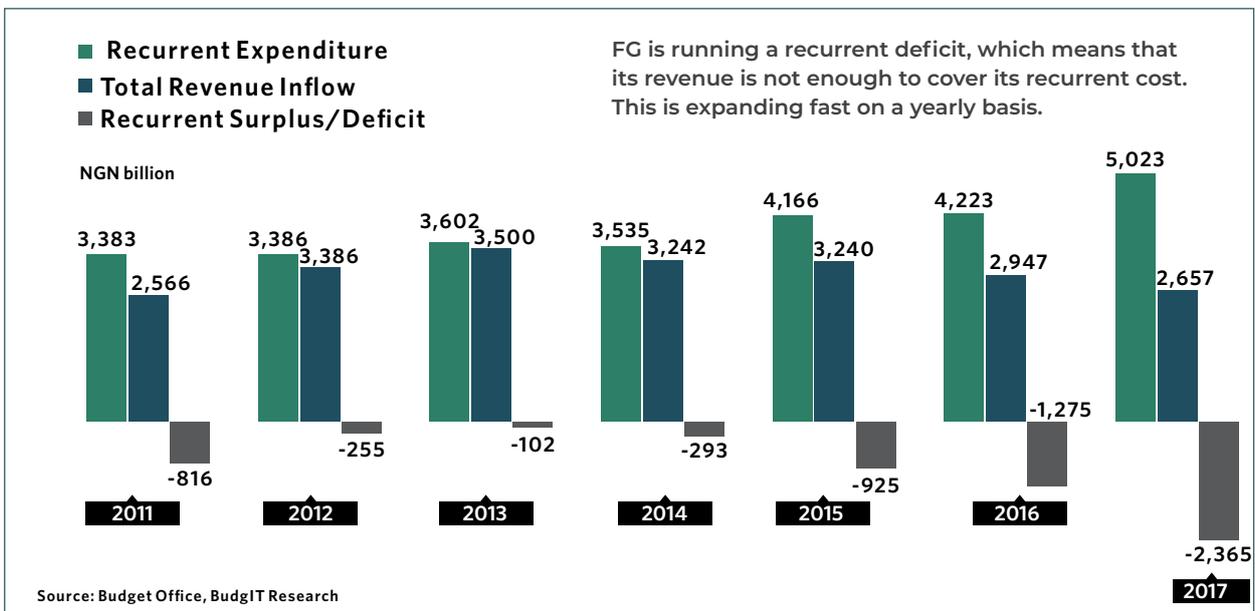


Source: Budget Office, Budget Research

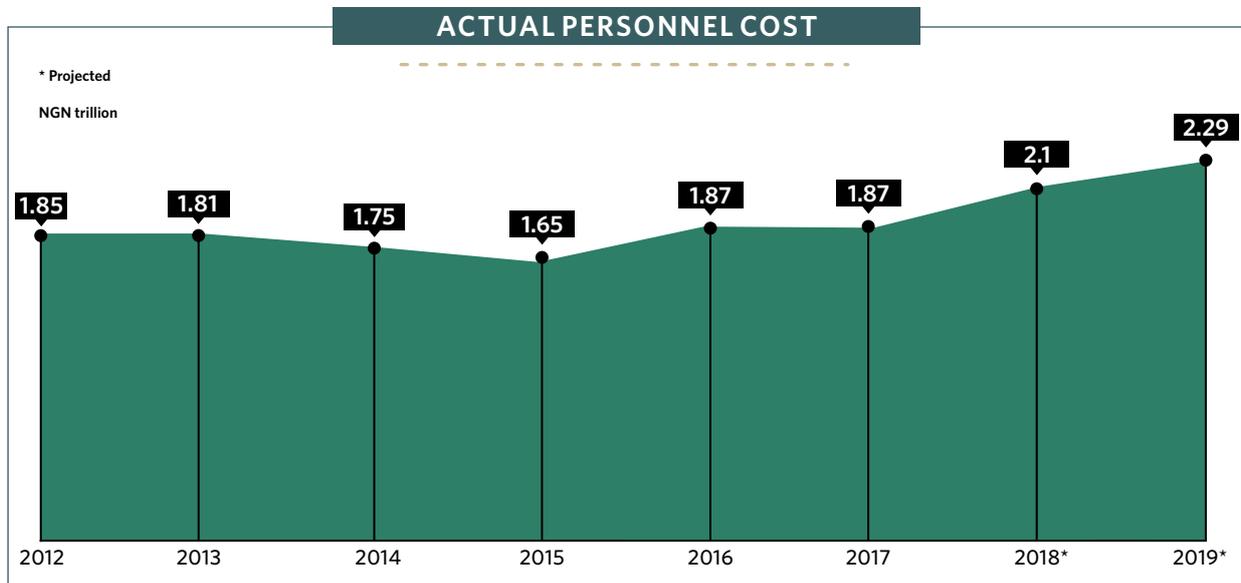
Recurrent expenditure vis-a-vis the federal government's total spend has been on an upward trajectory which means that the bulk of the government's spending is fed into recurrent items.

In 2016, spending on recurrent items relative to the federal government's total spending was as high as 96.06 per cent. However, this percentage reduced to 71% in 2017 due to the huge capital expenditure boost in the fiscal year.

This continuous hike of its recurrent obligations may further push the country into a debt trap since the federal government may have to borrow more funds to fulfill its recurrent obligations. To prevent this, the federal government would have to reduce its recurrent expenditure and associated costs, so it can mirror the reality of its revenue.



Source: Budget Office, Budget Research



Source: Budget Office, Budget Research

Personnel Cost

According to President Muhammadu Buhari, for the 2018 fiscal year, FG has projected to spend an estimated total of N2.29 trillion for its personnel cost obligation. This is an increase from the 2018 budget figure of N2.1 trillion.

The continuous rise of the federal government's personnel cost obligation has been the subject of criticism in recent years. In 2017, actual personnel cost was N1.87 trillion, about N175.68 billion increase from the 2016 actual personnel cost spending of N1.69 trillion.

Looking back from 2014, personnel cost came to N1.66 trillion, and in the following year 2015, it saw a significant increase to about N1.87 trillion. Although the government cited the introduction of a central payroll management system to checkmate the issues surrounding ghost workers and other associated ills, this has not made any considerable change in the reduction of the growing personnel cost.

The huge leap in the personnel costs in 2019 projection is connected to the increase in the minimum monthly wage from N18,000 to N30,000. This is expected to add N400bn to the federal personnel cost. It is also important to note that 78% of personnel costs by FG is borne by just four MDAs- Defence, Education, Health and Interior.

Structural reforms in right-sizing Nigeria's civil services would have to involve the military, police, paramilitary units, teachers and doctors. As seen in the personnel cost data, there has been a relative freeze in personnel costs from 2012 to 2017, FG does not have a personnel cost challenge but the main problem lies in poor productivity of its personnel, relative weak remuneration and sub-optimal service output.



62.8%

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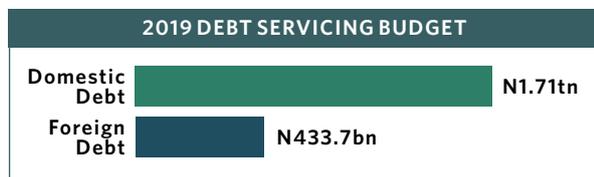
As at the third quarter of 2018, actual debt service to revenue ratio stands at 62.8%

Debt Servicing

Nigeria's debt service cost is rising on an annual basis. It is mainly responsible for the tripling of Nigeria's recurrent expenditure in just seven years. As at Q3 2017, Nigeria spent N1.77tn on debt servicing and would possibly hit the N2tn mark at full year, making it higher than entire personnel cost of MDAs.

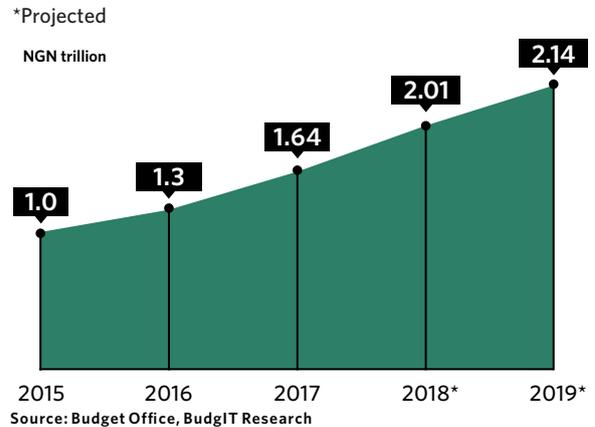
The debt servicing cost implication for the federal government, especially when put vis-a-vis its revenue, continues to remain a huge challenge as it seems to be on a constant upward trajectory.

Nigeria's debt debacle, if not properly dealt with, could end up plunging the country into a debt trap, especially if its debt servicing rises to unsustainable levels.



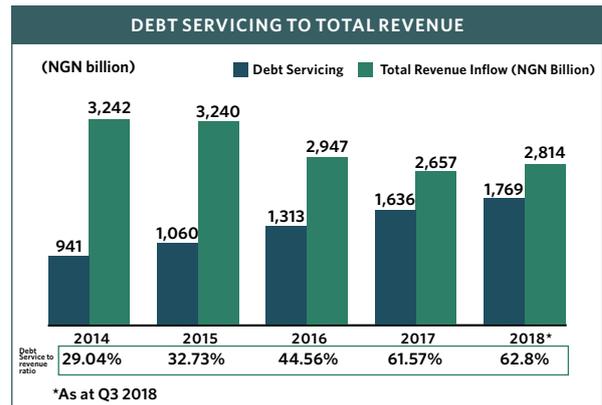
Source: Budget Office, BudgIT Research

RISING DEBT SERVICING COST



Growing recurrent expenditure obligations seems to be forcing the federal government's hand in taking in more debt so as to meet its obligations. If this is not checked, especially with dwindling revenue, rising personnel costs and debt servicing commitments are projected to overtake the federal government's revenue uptake.

To check this, the federal government needs to ensure that its budget reflects a stringent plan that shows two things. First, how borrowed monies and incurred debt will be used; second, how debt obligations, including previous ones, will be financed.



Source: Budget Office, BudgIT Research



Capital Expenditure

Capital expenditure, as provided for in the proposed budget for the 2019 fiscal year, constitutes 22.98% of the aggregate expenditure at N2.03 trillion, exclusive of those embedded in statutory transfers. This amount earmarked for capital expenses falls lower than both the proposed and approved figure for the 2018 fiscal year.

In 2018, The Federal Government initially proposed a sum of N2.43 trillion for capital expenditure to the National Assembly for approval, but this figure was jacked up to N2.87 trillion by the National Assembly upon approval.

Expenditure plans for government-owned enterprises as well as bilateral and multilateral project-tied loans have been integrated into the

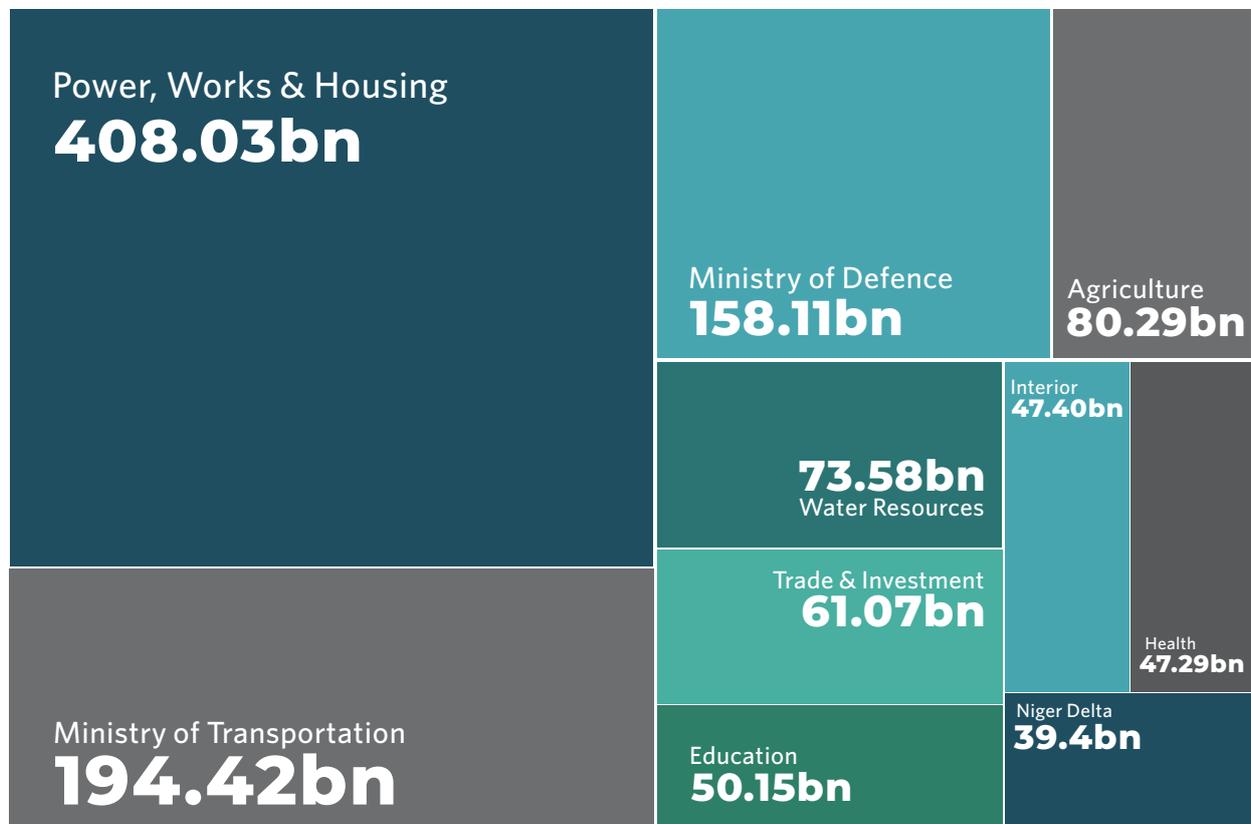
medium-term expenditure framework for 2019 to 2021 which, according to the president, will foster comprehensiveness and transparency.

As at the end of September 2018, N191bn had been spent on capital expenditure under the fiscal plan for the year according to figures from the Ministry of Budget and Planning.

Allocation for Social Intervention Projects (SIP) has been retained at N500 billion; the same figure approved for the 2018 fiscal year. Out of the proposed figure, N150 billion will be set aside for capital expenses.

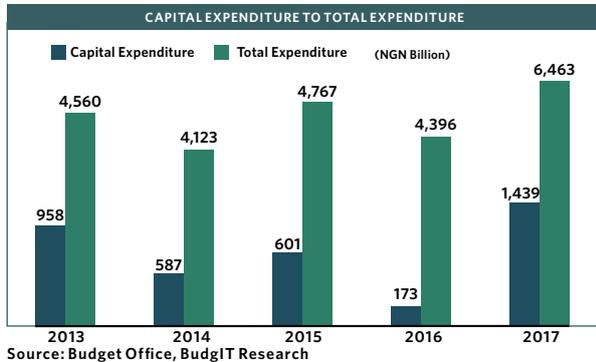
As observed with the current administration, capital allocation has been mainly provided to the Ministry of Power, Works and Housing, Ministry of Transportation and Defence. The three ministries account for one-third of Nigeria's capital allocations.

MAJOR CAPITAL ALLOCATIONS



Source: Budget Office, Budget Research

We recognised FG 2017 capital expenditure spent in 2018 as part of the 2017 expenditure. We saw that the Budget Office counted the expenditure twice in the 2017 and 2018 Budget Implementation Reports.



The Ministry of Power, Works and Housing takes up the bulk of capital allocation with a budget of N408.03 billion, which falls lower than the approved allocation for the 2018 fiscal year of N682.96 billion, followed by the Ministry of Transportation with N194.24 billion which also is lower than the approved allocation for 2018 at N251.92 billion.

Other capital allocations include N158.12 billion for the Ministry of Defense, N47.29 billion for Education, N50.15 for Health and N47.40 billion for Interior.

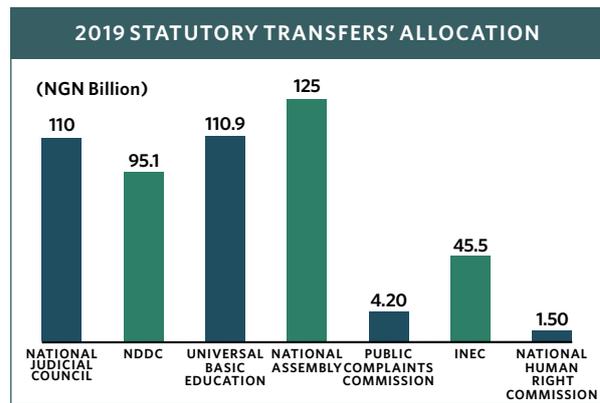
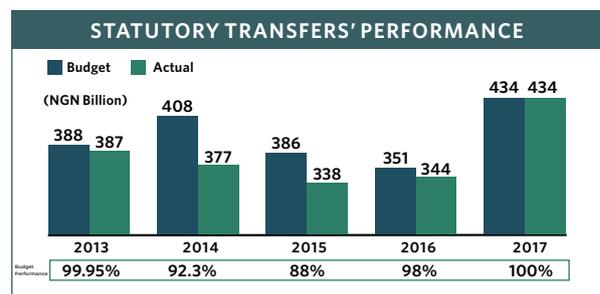
Statutory Transfers

Statutory transfers are payments made to government agencies which are meant to receive funding outside direct control of executive agencies based on their functions.

A budget of N492bn was provided for these agencies

and this includes capital and recurrent components that are not known to the public. BudgIT and its partners have advocated for more transparency of these agencies' budgets.

The National Assembly published its detailed budgets only once, in 2017. Transfers to statutory agencies have high degree of implementation irrespective of revenue performance. The table below shows performance of statutory transfers over the years:





MAIN SERVICE WIDE VOTES ALLOCATIONS (CAPITAL AND RECURRENT)

MDAs	Amount (NGN)
FGN SPECIAL INTERVENTION PROGRAMME (CAPITAL)	500,000,000,000
PAYMENT OF LOCAL CONTRACTORS' DEBTS/OTHER LIABILITIES	15,000,000,000
OSSAP - SDGs: SDG PROJECTS/CONDITIONAL GRANTS	45,500,000,000
RECAPITALISATION OF DEVELOPMENT FINANCE INSTITUTIONS	15,000,000,000
NORTH EAST INTERVENTION FUND	45,000,000,000
ZONAL INTERVENTION PROJECTS	100,000,000,000
SUBSCRIPTION TO SHARES IN INTERNATIONAL ORGANISATIONS	30,000,000,000
GRANTS AND DONOR FUNDED PROJECTS	209,915,780,857
GRANTS TO BOI TO SUPPORT LOW INTEREST LENDING TO SMES	10,000,000,000
MILITARY OPERATIONS: LAFIYA DOLE & OTHER OPERATIONS OF THE ARMED FORCES	75,000,000,000
PRESIDENTIAL AMNESTY PROGRAMME: REINTEGRATION OF TRANSFORMED EX-MILITANTS	65,000,000,000
POWER SECTOR REFORM PROGRAM (TRANSFER TO NBET)	151,402,049,347
GAVI/IMMUNISATION	21,250,424,823
BASIC HEALTH CARE FUND	51,219,751,964
ADDITIONAL SUPPORT FOR UNIVERSITIES	20,000,000,000



FEDERAL MINISTRY OF EDUCATION: KEY CAPITAL PROJECTS

The total allocation for the 2019 education budget is about N620.50bn which includes Universal Basic Education Commission budget of N113.92bn, an agency committed to the coordination of improved access to high qualitative basic education across states in Nigeria.

There was a decrease in total allocation to this sector when compared to approved 2018 education budget of N651.22bn. The capital expenditure in the ministry fell rapidly from N102.90bn in 2018 to N47.29bn in 2019. This is a decrease of N55.6bn and a percentage decrease of 54%.

AGENCY	LINE ITEM	AMOUNT (NGN)
FEDERAL MINISTRY OF EDUCATION - HQTRS	LOGISTICS, VERIFICATION AND SERVICING OF SCHOLARSHIP ALLOWANCES TO 224 FOR PRESIDENTIAL SPECIAL SCHOLARSHIP FOR INNOVATION AND DEVELOPMENT (PRESSID) AND NYSC PRESIDENTIAL SCHOLARSHIP AWARD SCHEME (EX-CORPS)	3,574,484,362
FEDERAL MINISTRY OF EDUCATION - HQTRS	PROVISION OF SECURITY INFRASTRUCTURE IN 104 COLLEGES : PERIMETER FENCING, SOLAR STREET LIGHTS, SOLAR POWERED MOTORIZED BOREHOLE AND CCTV	3,000,000,000
FEDERAL MINISTRY OF EDUCATION - HQTRS	OUTSTANDING LIABILITY ON EXCHANGE RATE DIFFERENTIAL FOR 2016 AND 2017 BEA ONGOING REMITTANCES TO 12 BEA COUNTRIES (SCHOLARSHIP)	903,000,000



NATIONAL UNIVERSITIES COMMISSION SECRETARIAT	UNIVERSITY SYSTEM QUALITY ASSURANCE	836,591,160
FEDERAL MINISTRY OF EDUCATION - HQTRS	REHABILITATION OF CLASSROOMS LABORATORIES AND HOSTELS IN FUCs	573,389,940
FEDERAL MINISTRY OF EDUCATION - HQTRS	REHABILITATION AND EQUIPPING OF LABORATORIES IN 104 FUCs	473,389,940
NATIONAL LIBRARY OF NIGERIA	CONSTRUCTION OF NATIONAL LIBRARY OF NIGERIA HEADQUARTERS BUILDING	332,078,149
FEDERAL MINISTRY OF EDUCATION - HQTRS	IMPLEMENTATION OF FRESH 272 SCHOLARSHIPS TO NIGERIANS TO STUDY IN COUNTRIES THAT HAVE BILATERAL EDUCATION AGREEMENT (BEA) WITH NIGERIA, MONITORING ACHIEVEMENT LEVEL OF SCHOLARS IN UKRAINE, RUSSIA AND TURKEY AND ANNUAL COORDINATING COMMITTEE MEETING (CCM) OF THE SECRETARIES OF FEDERAL AND STATE SCHOLARSHIP BOARDS	268,059,878
NIGERIAN INSTITUTE FOR EDUCATION PLANNERS & ADMINISTRATION	SUPPLY OF PUPILS' CHAIRS AND DESKS IN SELECTED SCHOOLS IN THE SIX GEOPOLITICAL ZONES	250,000,000
NIGERIAN INSTITUTE FOR EDUCATION PLANNERS & ADMINISTRATION	SUPPLY OF INSTRUCTIONAL MATERIALS IN SOME PRIMARY AND SECONDARY SCHOOLS IN THE NORTH EAST	250,000,000



FEDERAL MINISTRY OF POWER, WORKS & HOUSING: KEY CAPITAL PROJECTS

The Ministry of Power, Works and Housing manages Nigeria's largest capital fund allocation, responsible for 17% of the total capital budget and 30% of capital budget directly managed by ministries. With a total capital budget of N408bn, the ministry has the capacity to make a mark in closing the infrastructure gap in Nigeria.

There is immense interest in funding a second runway for Abuja Airport, transmission lines to boost the current capacity at approximately 7,000MW, road projects such as Kano-Maiduguri Road, Abuja-Abaji Road, Obajana-Benin Road, Enugu-Port Harcourt Road, Ibadan-Ilorin Road, Ilorin-Jebba Road and Abuja-Keffi Road.

AGENCY	LINE ITEM	AMOUNT (NGN)
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	EXPANSION AND REINFORCEMENT OF INFRASTRUCTURE IN 11 DISTRIBUTION COMPANIES TO REDUCE STRANDED GENERATION CAPACITY	1,000,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	SETTLEMENT OF OUTSTANDING LIABILITIES (POWER)	1,492,075,805
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	COUNTERPART FUNDING OF EARMARKED TRANSMISSION LINES AND SUBSTATIONS PROJECTS FUNDED UNDER DONOR AGENCIES (WORLD BANK, AFDB, AFD, JICA AND ISDB) (JICA,WB,AFDB,IDB,AFD,CHINA EXIM BANK,EU, ETC.)	5,181,312,847



FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	GENERATION OF 700MW FROM ZUNGERU HYDROPOWER PROJECT CONSULTANCY SERVICES FOR PROJECT SUPERVISION AND MANAGEMENT	1,280,191,208
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	PROJECT MANAGEMENT SERVICES	1,030,014,236
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	CONSTRUCTION OF BODO-BONNY ROAD WITH A BRIDGE ACROSS THE OPOBO CHANNEL. IN RIVERS STATE C/NO. 6247	2,500,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	OUTSTANDING PORTION OF DUALISATION OF ODUKPANI - ITU (SPUR IDIDEP ITAM) ITU - IKOT EKPENE: LOT 2. ITU - IKOT EKPENE	2,250,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	ABAJI-ABUJA-LOKOJA ROAD SECTION I, II & III	5,000,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	KANO-MAIDUGURI ROAD (SECTION I-V)	10,024,651,848



FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	DUALISATION OF OBAJANA JUNCTION TO BENIN PHASE 2: SECTION 1-IV	6,000,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	REHABILITATION OF ENUGU-PORT HARCOURT DUAL CARRIAGEWAY (I-IV)	8,000,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	EARLY WORKS IV FOR THE CONSTRUCTION OF 2ND NIGER BRIDGE IN ANAMBRA/DELTA STATES	2,000,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	RECONSTRUCTION OF THE OUTSTANDING SECTIONS OF BENIN- OFOSU-OREAJEBANDELE-SAGAMU EXPRESSWAY	5,600,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	CONSTRUCTION OF OJU/LOKO-OWETO BRIDGE TO LINK LOKO AND OWETO WITH APPROACH ROADS C/NO.6108	2,100,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	EMERGENCY ON ROADS AND BRIDGES NATIONWIDE	1,000,000,000

FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	DUALISATION OF IBADAN-ILORIN SECTION II IN OYO STATE CONTRACT NO.1793A	2,624,259,426
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	REHABILITATION OF ILORIN-JEBBA- MOKWA-BOKANI ROAD IN KWARA STATE C/NO. 6210	4,100,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	FEDERAL GOVERNMENT NATIONAL HOUSING PROGRAMME NATIONWIDE	30,040,265,292
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	PROVISION OF INFRASTRUCTURES(ROADS, ELECTRICITY AND WATER) BY SPECIAL INTERVENTION PROGRAM	2,014,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	SETTLEMENT OF LIABILITIES IN MDGS, SDGS AND DIRECT MANDATE PROJECTS	11,651,105,864
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	COUNTERPART FUNDING FOR THE DUALIZATION OF MAKURDI-ENUGU ROAD IN BENUE AND ENUGU STATES	3,000,000,000
FEDERAL MINISTRY OF POWER WORKS & HOUSING - HQTRS	COUNTERPART FUNDING FOR THE DUALIZATION OF AKWANGA-JOS- BAUCHI-GOMBE ROAD IN NASARAWA, PLATEAU, BAUCHI AND GOMBE STATES	3,000,000,000



FEDERAL MINISTRY OF HEALTH: KEY CAPITAL PROJECTS

Allocations in the 2019 budget for the Ministry of Health come to N365.76bn; up from 2018 levels of N356.45bn. Of the total, N315,61bn or 86.28% of the budget will be spent on recurrent items, including payment of salaries and emolument of workers, while 13.71% will be spent on capital items.

The capital items within the approved budget include the provision of vaccines, rehabilitation of hospitals and primary health centres, the purchase of medical equipment, establishment of chemotherapy centre in major teaching hospitals and Federal Medical Centres across the country, as well as procurement of kits and commodities for community health servicers in Nigeria's health sector.

AGENCY	LINE ITEM	AMOUNT (NGN)
FEDERAL MINISTRY OF HEALTH - HQTRS	ESTABLISHMENT OF CHEMOTHERAPY CENTRES IN UBTH, UITH, ZARIA, MAIDUGURI, OAU, UNTH, UPTH, FMC OWERRI, FMC ABEOKUTA	780,000,000
FEDERAL MINISTRY OF HEALTH - HQTRS	ESTABLISHMENT AND OPERATIONALIZATION OF DIASPORA PROFESSIONAL HEALTHCARE INITIATIVE, PROVISION OF LOGISTICS AND IMPLEMENTATION OF DIASPORA PROFESSIONAL HEALTHCARE ACTIVITIES	586,000,000
FEDERAL MINISTRY OF HEALTH - HQTRS	TRAINING/CENTRAL PROCUREMENT OF 300,000 UNITS DIALYSIS CONSUMABLES (DHS/566/T1)	200,000,000
NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY	PROCUREMENT OF KITS AND COMMODITIES FOR COMMUNITY HEALTH INFLUENCERS, PROMOTERS AND SERVICERS (CHIPS)	1,122,850,000
NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY	PROCUREMENT OF RI VACCINES, DEVICES AND OPERATIONAL COST	7,630,956,878



NATIONAL AGENCY FOR FOOD AND DRUG ADMINISTRATION AND CONTROL	CONSTRUCTION OF NAFDAC OFFICES IN 36 STATES AND FCT	229,364,058
NATIONAL AGENCY FOR FOOD AND DRUG ADMINISTRATION AND CONTROL	VACCINE DISTRIBUTION AND TRANSPORT (NATIONAL TO STATES & HEALTH FACILITIES)	381,060,200
NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY	PROCUREMENT OF NON POLIO SIA VACCINE, DEVICE AND OPERATION COST	1,263,720,002
LAGOS UNIVERSITY TEACHING HOSPITAL	PROCUREMENT AND INSTALLATION OF 3NOS. ELEVATORS (PHASE 1)	150,000,000
UNIVERSITY COLLEGE HOSPITAL IBADAN	EXTENSION OF EMERGENCY CLINIC (PHASE 1)	150,000,000



MINISTRY OF DEFENCE & NATIONAL SECURITY ADVISER: KEY CAPITAL PROJECTS

Nigeria's Federal Government is planning to spend N158.12bn on capital expenditure & N435.6bn on recurrent expenditure in the Ministry of Defence 2019 budget; while it proposes N34.4bn for capital expenditure and N75.4bn for recurrent expenditure in Office of the National Security Adviser.

In 2018, N418.7bn of recurrent expenditure & N157.7bn capital expenditure was spent on the Ministry of Defence while N76bn and N46.7bn was spent for recurrent Expenditure and capital

expenditure respectively for the National Security Adviser.

Over the years, Nigeria has a long-standing issue of security. With high crime rate in the Northern part, this needs urgent government attention. Nigeria's Ministry of Defence needs sufficient funds for the procurement of ammunition, construction of barracks and renovation of dilapidated structures to increase the efficiency of security officers.

AGENCY	LINE ITEM	AMOUNT (NGN)
FEDERAL MINISTRY OF DEFENCE- MOD HQTRS	Construction of New Military Barrack for Guards Brigade and AHQ Garrison in Abuja	1,215,000,000
FEDERAL MINISTRY OF DEFENCE- MOD HQTRS	CONSTRUCTION OF NEW MILITARY BARRACK IN 5 GEO POLITICAL ZONES	1,000,000,000
NIGERIAN ARMY	Kitting of Nigerian Army Personnel	1,000,000,000
NIGERIAN ARMY	Purchase of Ammunitions/Pyrotechnics	4,000,000,000
NIGERIAN ARMY	Purchase of A Vehicles: Mine-Resistant Ambush Protected (MRAP)	5,782,031,898



NIGERIAN ARMY	GENERAL RENOVATION OF NIGERIAN ARMY BARRACKS	2,000,000,000
NIGERIAN NAVY	CONSTRUCTION/PROVISION OF MILITARY BARRACKS	4,328,233,575
NIGERIAN NAVY	PROCUREMENT OF 8 X 17M INSHORE PATROL CRAFT	1,294,812,530
NIGERIAN NAVY	CONSTRUCTION OF JETTIES IN 6 X FORWARD OPERATING BASES AND SHORELINE PROTECTION AT NIGERIAN NAVY SHIP BEECROFT	2,000,000,000
NIGERIAN NAVY	CONSTRUCTION/PROVISION OF DEFENCE EQUIPMENTS	2,300,000,000
NIGERIAN NAVY	PROCUREMENT OF HELICOPTERS	1,200,000,000
NIGERIAN NAVY	CONSTRUCTION OF BARRACKS ACCOMMODATION	1,000,000,000
NIGERIAN AIRFORCE	PART PAYMENT FOR PROCUREMENT OF 3 X JF - 17 THUNDER AIRCRAFT, SUPPORT EQUIPMENT AND SPARES	27,364,822,616
NIGERIAN AIRFORCE	PROCUREMENT OF VARIOUS AIRCRAFT SPARES	2,389,010,947
NIGERIAN AIRFORCE	PROCUREMENT OF VARIOUS ARMS AND AMMO, INCLUDING AIRCRAFT AMMUNITION	2,568,670,000



AGENCY	LINE ITEM	AMOUNT (NGN)
National Security Adviser	CONSTRUCTION/PROVISION OF DEFENCE EQUIPMENTS	11,611,739,723
National Security Adviser	STRAVINSKY PROJECT 2	4,000,000,000
National Security Adviser	CONSTRUCT OPERATION DEFENCE EQUIPMENT	3,970,157,498
National Security Adviser	ONSA FUSION CENTRE	7,026,500,000
National Security Adviser	ONSA VANTAGE X PROJECT	4,582,500,000





MINISTRY OF SCIENCE, COMMUNICATION & TECHNOLOGY: KEY CAPITAL PROJECTS

For the 2019 fiscal year, the Ministry of Communication and Technology has projected N12.6bn and N5.6bn for its recurrent and capital obligations respectively. In 2018, N32.4bn was projected for recurrent expenditure and N43.2bn, for capital expenditure for the same ministry.

Nigeria's communication and technology ministry needs advanced development in order to create the infrastructure and knowledge base to facilitate impactful Research and Development results in the Nigerian economy through indigenous research.

AGENCY	LINE ITEM	AMOUNT (NGN)
FEDERAL MINISTRY OF COMMUNICATION TECHNOLOGY	ESTABLISHMENT OF INCUBATION HUB IN (6) GEO-POLITICAL ZONE IN NIGERIA.	347,027,101
FEDERAL MINISTRY OF COMMUNICATION TECHNOLOGY	ICT CADRE MANAGEMENT: PROVISION OF ICT WORKING TOOLS AND CAPACITY BUILDING	200,000,000
FEDERAL MINISTRY OF COMMUNICATION TECHNOLOGY	REHABILITATION/CONSTRUCTION OF WALKWAYS, 2 BLOCKS OF 4 FLAT EACH AT AZARE, 2 UNCOMPLETED BLOCKS OF 4 FLATS EACH AT OGOJA, 830 METERS OF UNCOMPLETED FENCE AT OGOJA AND 2 BLOCK OF 4 FLATS EACH AT IPAJA, OGOJA, AZARE AND GUSAU	183,681,203



FEDERAL MINISTRY OF COMMUNICATION TECHNOLOGY	ESTABLISHMENT OF ZONAL MARKETING OFFICES	103,100,000
FEDERAL MINISTRY OF COMMUNICATION TECHNOLOGY	SUPPLY AND INSTALLATION OF SOLAR POWER SYSTEM FOR SECURITY LIGHT ALONG 4KM PERIMETER FENCE AT FOUR INTERNATIONAL RADIO MONITORING STATIONS	100,500,000

AGENCY	LINE ITEM	AMOUNT
NATIONAL AGENCY FOR SCIENCE AND ENGINEERING INFRASTRUCTURES HQTRS	SOLAR CELLS PRODUCTION FACILITY PHASE III	756,173,242
FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY - HQTRS	UTILIZATION OF INDIGENOUS TECHNOLOGIES IN SALT PRODUCTION, INTERMEDIATE CHEMICALS AND ELECTROLYSIS OF BRINE FOR THE PRODUCTION OF CHLORINE GAS AND SODIUM HYDROXIDE	223,160,820
NATIONAL AGENCY FOR SCIENCE AND ENGINEERING INFRASTRUCTURES HQTRS	UPGRADING AND STANDARDIZATION OF NASENI TECHNOLOGY IN UAV DEVELOPMENT	112,135,493



NATIONAL AGENCY FOR SCIENCE AND ENGINEERING INFRASTRUCTURES HQTRS	RESEARCH DEVELOPMENT FOR NASENI AND INTERVENTION IN MARITIME SECTOR	106,262,968
SHEDA SCIENCE AND TECHNOLOGY COMPLEX - ABUJA	CLINICAL TRIALS OUTGROWERS OF PLANTS FOR SUSTAINABILITY(DEVELOPMENT AND PRODUCTION OF ANTI-EPILEPSY DRUGS TO PROVIDE PRO POOR HEALTH CARE SERVICES	120,000,000



FEDERAL MINISTRY OF TRANSPORTATION: KEY CAPITAL PROJECTS

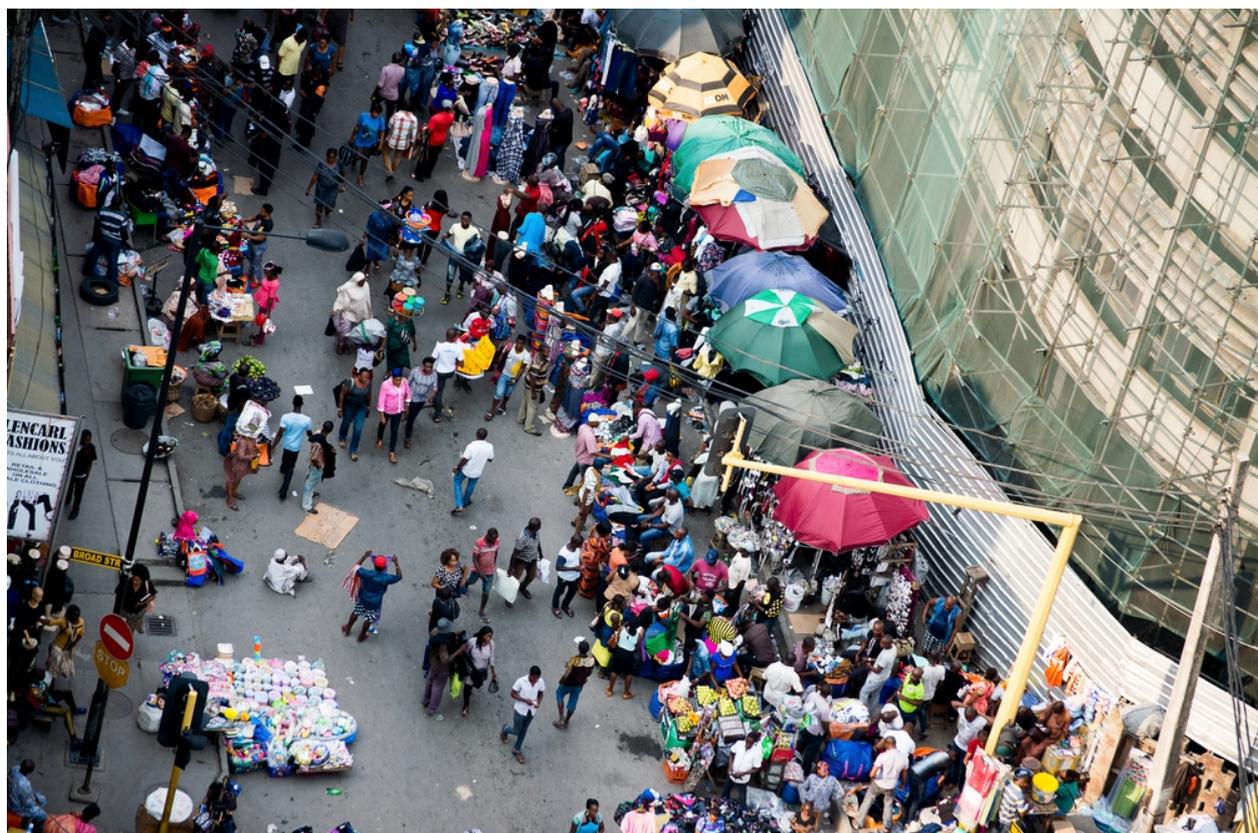
The Ministry of Transportation proposes to spend a total allocation in the region of N213.4 billion for both its recurrent and capital activities. Total recurrent expenditure is projected to be N19.2 billion with personnel cost accounting for N17.7 billion and N1.6

billion earmarked for overhead expenses. Capital expenditure is expected to gulp about 91% of the total allocation with a figure of N194.2 billion. In 2018, total approved allocation for the ministry was N267.14 billion, higher than 2019 figures by N53.74 billion.

Ministry	Line Item	Amount (NGN)
Ministry of Transport	Construction of Terminal Building at Enugu Airport	1,008,722,145
Ministry of Transport	Construction of Second Run-Way of Nnamdi Azikwe International Airport Abuja	13,000,000,000
Ministry of Transport	PROVISION OF ELECTRICAL POWER SUPPLY AND WATER SUPPLY, CONSTRUCTION OF PROTECTIVE FENCES ALONG THE CORRIDOR IN ABRAKA, ORIA, ORUWHORUM, FOR ITAKPE-AJAKUTA-ALADJA RAILWAY SYSTEM	2,081,988,022
Ministry of Transport	RAILWAY PROJECTS (COUNTERPART FUNDS): 1. LAGOS - KANO (ONGOING) 2. CALABAR-LAGOS (ONGOING) 3. AJAKUTA-ITAKPE-ALADJA (WARRI) (ONGOING) 4. PORT HARCOURT- MAIDUGURI (NEW) 5. KANO-KATSINA-JIBIYA-MARADI IN NIGER REPUBLIC (NEW) 6. ABUJA-ITAKPE AND ALADJA (WARRI)-WARRI PORT AND REFINERY INCLUDING WARRI NEW HARBOUR (NEW) 7. BONNY DEEP SEA PORT & PORT HARCOURT AND OTHER RAIL PROJECTS.	80,217,035,252
Ministry of Transport	EXTENSION AND ASPHALT OVERLAY OF MMIA RUNWAY 18L/36R AT LAGOS AIRPORT. (COMPLETION OF OUTSTANDING TAXIWAY 'B')	1,200,000,000
Ministry of Transport	WORKING CAPITAL FOR NATIONAL CARRIER ; EC (2018) 30TH MEETING LINE 836. WEDNESDAY, 19 SEPT, 2018 LINE 826 & 155M	8,000,000,000



Ministry of Transport	CONSTRUCTION OF CARGO TERMINAL AT NAIA, ABUJA AIRPORT	711,451,846
Ministry of Transport	Procurement & Installation of Conveyor Belt at Calabar, Enugu and Ibadan Airports. (Completion)	706,949,803
Ministry of Transport	Upgrade and Remodelling of Terminal Building at Port Harcourt (Phase 1) Airport	807,007,139
Ministry of Transport	Remodelling and Upgrade of Terminal Wing D, NAIA, Abuja(Phase 2-5)	603,447,268
Ministry of Transport	CONSTRUCTION OF GAT CARGO BUILDING AND OFFICES AT MMIA LAGOS	508,737,621





FEDERAL MINISTRY OF AGRICULTURE & RURAL DEVELOPMENT: KEY CAPITAL PROJECTS

The Federal Ministry of Agriculture and Rural Development's total expenditure activities has called for a projected allocation of about N138 billion for the 2019 fiscal year. Total recurrent expenditure is expected to garner about N57.7bn with personnel cost and overhead cost accounting for N55.7 billion and N1.99 billion respectively.

Capital expenditure comes in at a total of N80.3 billion with projects like rural roads and water sanitation estimated to gulp about N7.9 billion. Agriculture is seen as a viable revenue alternative in response to the the Federal Government's over-reliance on the oil sector.

Ministry	Line Item	Amount (NGN)
Ministry of Agriculture	SUPPORT FOR INFRASTRUCTURE, PROJECTS AND COORDINATION SERVICES	3,641,061,050
Ministry of Agriculture	RURAL ROADS AND WATER SANITATION	7,903,882,142
Ministry of Agriculture	PROMOTION AND DEVELOPMENT OF RICE VALUE CHAIN	1,265,091,775
Ministry of Agriculture	PROMOTION AND DEVELOPMENT OF WHEAT VALUE CHAIN	1,609,532,938
Ministry of Agriculture	AGRIBUSINESS AND MARKET DEVELOPMENT	2,493,402,546
Ministry of Agriculture	FOOD AND STRATEGIC RESERVES	2,519,491,902
Ministry of Agriculture	GES - DELIVERY PLATFORM, ROLL-OUT AND MANAGEMENT	1,033,688,313
Ministry of Agriculture	NATIONAL GRAZING RESERVES DEVELOPMENT	3,268,180,809
Ministry of Agriculture	VETERINARY AND PEST CONTROL SERVICES	5,455,408,473
Ministry of Agriculture	PROMOTION AND DEVELOPMENT OF CASHEW VALUE CHAIN	908,064,458



FEDERAL MINISTRY OF INDUSTRY, TRADE & INVESTMENT: KEY CAPITAL PROJECTS

The Ministry of Industry, Trade and Investment is putting more funds towards the expansion of exports in Nigeria. Recently, a deal up to \$30bn was signed with Nigeria's federal government on export financing with different investment partners.

The partners include the African Export-Import Bank, Africa Finance Corporation, the African Development Bank, the Bank of Industry, and the Nigerian Sovereign Investment Authority. We have also seen increased interest to fund initiatives on the ease of doing business with a N1bn allocation. Another N500m is earmarked for this purpose in the service wide votes.

Ministry	Line Item	Amount (NGN)
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	EXPORT EXPANSION GRANT (EEG)	5,196,013,520
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	INDUSTRIAL POLICY REFORMS AND ENABLING BUSINESS ENVIRONMENT	1,000,000,000
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	REHABILITATION OF BLOCK C, D, G & H AT THE HEADQUARTER AND LAGOS STATE OFFICE	1,202,942,116
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	PURCHASE OF 3 STAFF BUSES	200,000,000
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	PURCHASE OF HELUX VEHICLES FOR MONITORING AND INSPECTING OF OIL AND GAS INSTALLATIONS IN THE COUNTRY	150,000,000
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	STRATEGIC NEGOTIATION AND ENGAGEMENT	250,000,000
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	PURCHASE OF 3 STAFF BUSES	200,000,000
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	DEVELOPMENT OF NEW COMMODITY PRIORITY PRODUCTS FOR INTERNATIONAL MARKET	240,000,000



FEDERAL MINISTRY OF NIGER DELTA: KEY CAPITAL PROJECTS

Maintaining peace in the Niger Delta is crucial to sustaining Nigeria's oil production output. The Ministry of Niger Delta has a capital budget of N39.4bn and the construction of the East-West Road is expected to gulp N7bn. Other projects include

investments in shoreline protection and empowerment programmes through skill acquisition centres. This will require more oversight and demand for accountability.

AGENCY	LINE ITEM	AMOUNT(NG N)
FEDERAL MINISTRY OF NIGER DELTA	SUPPLY OF TRICYCLE	500,000,000
FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION AND SURPERSION OF GBREGOLOR-OGRIAGBENE ROAD,DELTA STATE (18.7KM)	1,000,000,000
FEDERAL MINISTRY OF NIGER DELTA	REHABILITATION OF OKPUALA-IGURUTA ROAD PHASE I , IMO STATE	736,545,556
FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION FOR INTERNAL ROAD NETWORK NKO,YAKURR LGA,CROSS RIVER	600,000,000
FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION/FLOOD CONTROL OF OKOYONG-USANG-ABASI CITY OF LIBERTY ROAD,ODUKPANI LGA, CROSS RIVER-7KM	400,000,000
FEDERAL MINISTRY OF NIGER DELTA	LAND RECLAMATION AND EROSION CONTROL PROJECT AT OGUDU ASA, PHASE 1, ABIA STATE	250,000,000
FEDERAL MINISTRY OF NIGER DELTA	SHORELINE PROTECTION /LAND RECLAMATION OF THE BOATYARD MARINE SHORELINE AT IKOT ABASI VILLAGE IN AKWA IBOM STATE	2,011,000,000

FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION OF PALM OIL MILL PROCESSING PLANT WITH COMPLETE ACCESSORIES AT EGBELU IKEDURU L.G.A., IMO EAS	100,000,000
FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION/EQUIPPING OF ONE BLOCK OF 6 CLASSROOMS EACH IN ABIA , AKWA IBOM, BAYELSA,CROSS-RIVERS, DELTA, EDO, IMO, ONDO & RIVERS STATES	200,000,000
FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION/EQUIPPING OF HEALTH CENTRES IN ABIA , AKWA-IBOM, BAYELSA, CROSS-RIVERS, DELTA, EDO, IMO, ONDO & RIVERS STATES	200,000,000
FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION OF AGADAGBA-AKOTOGBO-IYASAN-OVIA RIVER BRIDGE. IRELE LGA. ONDO STATE OKITIPUPA/IRELE FEDERAL CONSTITUENCY,ONDO STATE	2,000,000,000
FEDERAL MINISTRY OF NIGER DELTA	COMPLETE REHABILITATION AND RECONSTRUCTION OF OTUO-AFUZE RD WITH A SPUR TO ANCHORAGE ROAD,OTUO,OWAN EAST LGA, EDO STATE.PHASE 2	608,281,165
FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION FOR INTERNAL ROAD NETWORK NKO,YAKURR LGA,CROSS RIVER	600,000,000
FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION AND SUPERVISION OF OGRIAGEME - TORUGBENE ROAD, DELTA STATE PHASES I &II (15.20KM)	619,025,000
FEDERAL MINISTRY OF NIGER DELTA	DUALIZATION OF EAST-WEST ROAD (SECTION V) - ORON TO CALABAR :23.05KM	7,000,000,000
FEDERAL MINISTRY OF NIGER DELTA	CONSTRUCTION OF SKILLS ACQUISITION CENTRES WITH RESIDENT SUPERVISION AND FURNISHING/EQUIPPING IN NINE STATES OF THE NIGER DELTA REGION	2,000,000,000



KEY TALKING POINTS

Nigeria's High Deficit Levels will Impact Future Debt Servicing

Nigeria' budget deficit reach N3.8tn, which means that the Nigerian government is borrowing at a faster rate and the CBN has been augmenting its position with unfunded deficits. In the Q3 Budget Implementation Report, 2018 deficit already stood at N2.514tn as at September 2018.

However, a more worrisome trend is the rising scale of unfunded deficits (N1.61tn), which means the CBN is likely producing budgetary support to the FG without a corresponding asset base.

Nigeria's Revenue still Relatively Small

It has been stated that Nigeria's revenue is heavily dependent on oil and oil price hovering above the \$50 per barrel mark might be new spark, swelling Nigeria's revenues. However, due to the woes of currency depreciation, Nigeria's revenue feels smaller.

Current trends in the oil and non-oil sector shows that Nigeria might struggle to pass the N4tn revenue mark in 2018 and this is still put at \$13bn, increasingly not enough to meet rising personnel costs, debt service costs and resources required for capital expenditure. Nigeria's revenue to GDP still stands at less than 8% while its tax to GDP is less than 5%. Nigeria is a major laggard in Africa as regards domestic mobilization of resources relative to its GDP.

Oil Remains the Main trigger for Nigeria's Public Sector Revenues

Nigeria's exports grew by 41% from N13.59tn in 2017 to N19.09tn in 2018. However, oil is responsible for

90% of export growth and accounts for 94% of Nigerian exports. From its lowly figures of N2.66tn in 2017, FG revenue in 2018 is expected to reach N3.3tn.

However, FG share of oil revenue has grown from N697bn in 2016 to N1.13tn 2017. As at Q3 2017, FG share of oil revenue has also reached N1.43tn, expected to reach N1.9tn as at end of 2018. Oil price and production is still the main swing of the Nigeria's revenue as non-oil revenues are still relatively small, though it saw a steady growth in 2018.

Diversifying Nigeria's public revenue from oil is a big task as it will take investments in infrastructure and other allied initiatives that makes taxable wealth abound.

Increased Infrastructure Spending yet Education and Health Need Urgent Attention

FG has increased spending for infrastructure with focus on two ministries - Power, Works and Housing and Transportation. The two ministries utilised N393bn for capital expenditure as seen in the 2017 implementation budget and N117bn was spent on defence.

However, Nigeria is still massively under investing in health and education as its capital budgets of N47bn and N50bn in the line ministries cannot deliver the human capital development that Nigeria needs. The Basic Healthcare Provision Fund, which gives 1% of Nigeria's Consolidated Revenue Fund to health is a welcome development.

However, we are yet to experience the large scale deployment of capital budget funds in the 2018 budget cycle. We also notice that apart from TETFUND



payments, another N20bn has been budgeted as support for Universities. Investment in these critical sectors should also be focused on clear outcomes and not another contract vending opportunity without strategy.

According to the World Bank "Education is at the center of building human capital. Research shows that the productivity of 56 percent of the world's children will be less than half of what it could be if they enjoyed complete education and full health."

To transform Nigeria, it is critical today more than ever that the country begins to pay attention to sectors like education and health. For that is only when Nigerians can be equipped with the right skills, be in the right state of mind to contribute to national development.

Weak Accountability for Service-wide Votes

Apart from the personnel and overhead costs managed by Nigerian ministries, there is a huge fund captured under the service wide votes and capital supplementation items which are grossly nebulous items such as the Niger Delta Amnesty Programme (N65bn), Social Investment Programme (N500bn), Power Sector Fund (N151bn), SDGs Programmes (N45bn), North East Intervention (N45bn) and grants to SMEs (N10bn), among others.

It is imperative that government provides clear details of these funds which are more than N1tn. These funds are not always fully accounted for in government reports and such iron cast opacity is a symptom for abuse and corruption.





RECOMMENDATIONS

The Budget Should Follow the Defined Medium-term National Plan

In 2016, the Federal Government of Nigeria presented the Economic Growth and Recovery Plan (EGRP) meant to provide a medium-term guide to the current government's agenda. There is need for an appraisal of the document and the government should also provide an update to the EGRP. It is comforting to note that there is a budget of N1.5bn for the development of new national plans. The Nigerian government needs to invest more in planning and also adopt a programme-based budgeting approach which directly links allocation of funds in MDAs to the national plan.

A More Coherent National Strategy on Revenue Growth

It is obvious that there is a growing concern on the need to boost Nigeria's revenue, which is relatively low when compared to our GDP. We notice the plan to include the budgets of Government Owned Entities and Independent Revenue Agency into the FG's Budget. We also commend the new approach to place more oversight and budgetary discipline on the independent revenue agencies.

Nigeria needs a deeper interrogation of its revenue profile especially on the efficiency of tax collections. This needs to include review of the national VAT policy, crafting incentive structure for states to seek investments, rigorous data mining on its citizens, informal-formal entities transitions and also strengthening collection efficiency.

Linking Debt to Projects through Sustainable Risk Analysis

In the last three years, debt has risen and it does not match the total capital expenditure as released by the Budget Office. Domestic debt of FG as at June 2015 was N8.39tn and it has risen to N12.15tn as at June 2018, an increase of N3.76tn. Debt Management

Office figures showed that FG external debt alone grew from \$7.34bn in June 2015 to \$17.83bn in June 2018, that is an additional \$10.49bn in 3 years. This puts Nigeria's new FG debt in 3 years at approximately N6tn.

The total capital expenditure by FG during the period as published by Budget Office stands at N2.2tn. We notice there is a big mismatch if debt is meant to solely fund capital projects as stated in the Fiscal Responsibility Act. New debts either in government local bonds, treasury bills or Eurobonds should be directly linked to self-liquidating projects.

Spending Data should be Published

While the Federal Government of Nigeria has shown progress through timely publication of the budget and its implementation reports, it needs to take its transparency a notch higher through the publication of actual spending data on projects.

There is always a potential for misinformation if citizens are not aware if funds have been released for a project. BudgIT's Tracka (a service delivery monitoring platform) has been persistent in demanding the status of constituency projects from lawmakers and they have been responses on the poor release of funds.

The lack of comprehensive spending data has not made it easy for civil society groups and active citizens to demand more accountability and quality service. We also believe access to spending data will also improve Nigeria's Open Budget Survey score.

Statutory Agencies should Publish Budget Details

BudgIT, EIE Nigeria and other groups built a massive campaign to ensure that National Assembly opens its budget to the public. The 2017 National Assembly budget was published but this has not occurred again.

There is need for the Budget Office to implore statutory agencies who spend more than N400bn on



an annual basis to open up their budgets. These agencies include the National Assembly, National Judicial Council, Independent National Electoral Commission, Niger Delta Development Commission and others. It is also crucial that audited statements of these entities be made public. This is a critical way in deepening public sector efficiency in these iron-cast public institutions.





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