



2013 FISCAL YEAR

Understanding Budget

“... the 2013 Budget is a budget that gives priority to our concerns for security, infrastructure, food security and human development sectors. It is a Budget that introduces a series of innovative features. ... This is a budget for every Nigerian. It belongs to the farmer, the investor, the entrepreneur, the youth and the elderly. Yes, we have challenges, but also incredible opportunities. ... We need the cooperation of everyone to make it work, to grow the economy, and to create jobs for our people. I continue to call on all Nigerians to act. Making Nigeria work begins with you and me”.

Dr. Goodluck E. Jonathan

Budget Office of the Federation
Federal Ministry of Finance

2013

■ The 2013 Budget

In continued implementation of the Government's *Transformation Agenda* and the long-term national objective of becoming one of the top twenty economies in the world as documented in the *Nigeria Vision 20:2020*, the 2013 Budget was designed to further enhance the country's macro-economic gains of the recent years and create an atmosphere for Nigerians to benefit from these gains through programmes to improve living standards and job creation. Like the 2012 Budget, it is built on the foundation of *Macroeconomic stability, Structural reforms, Governance and institutions, and Investing in priority sectors* and with an overall theme – *Fiscal Consolidation with Growth*.

To this end, the Budget was put together with the objective of minimizing the impact of external shocks on our economy particularly in respect of the price of our main revenue earner – oil, eliminating waste in Government expenditure, diversifying Government's revenue base, and reducing Government's borrowing profile while making provision for payment of maturing obligations. The proportion of financial resources allocated for capital expenditure (such as developmental projects and programmes) was also increased in order to improve the prospects for sustained growth. The 2013 Budget is also designed to make Nigeria more business-friendly by reducing the cost of doing business through ongoing structural reforms which can assist in attracting private sector investments.

The aggregate expenditure for 2013 is comprised of the regular budget of N4.987 trillion and the Subsidy Reinvestment and Empowerment Programme (SURE-P) Budget of N273.5 billion.

The 2013 Budget is based on a prudent set of assumptions (see *Box 1*) which guide the revenue and expenditure projections.

BOX 1: KEY PARAMETERS OF THE 2013 BUDGET

The under-listed key assumptions form the basis for computation of revenues for the 2013 Budget:

- ❖ Crude Oil (including condensates) production of 2.526 million barrels per day
- ❖ Crude Oil price of US\$79 per barrel
- ❖ Joint-Venture Cash Call (Government contribution to oil production) of N858.588 billion
- Exchange rate of N160 to the United States Dollar
- ❖ Gross Domestic Product (GDP) target growth rate of 6.5%
- ❖ Target inflation rate* of no more than 12.9%

* Recent data released by the National Bureau of Statistics indicate that inflation in January was 9%.

Box 2 presents the main sources of revenue which accrue to the Federal budget according to the revenue sharing formula.

Box 2: What makes up the Federal Budget revenue?

The revenue for the Federal Budget is derived from three primary sources:

- ❖ Share of Federation Account revenues (Oil and gas revenues, Customs & Excise revenue, and Corporate Income Tax): *A share of 48.5% accrues to the Federal Government's budget.*
- ❖ Share of the Value Added Tax (VAT) Pool: *A share of 14% of the VAT Pool accrues to the Federal Government's budget.*
- ❖ Federal Government's Independent Revenues (*i.e., revenues such as dividends from its exclusive investments, revenue generated by Agencies of Government, etc.*). 100% of these revenues go to the federal budget.

■ **Where does the money come from?**

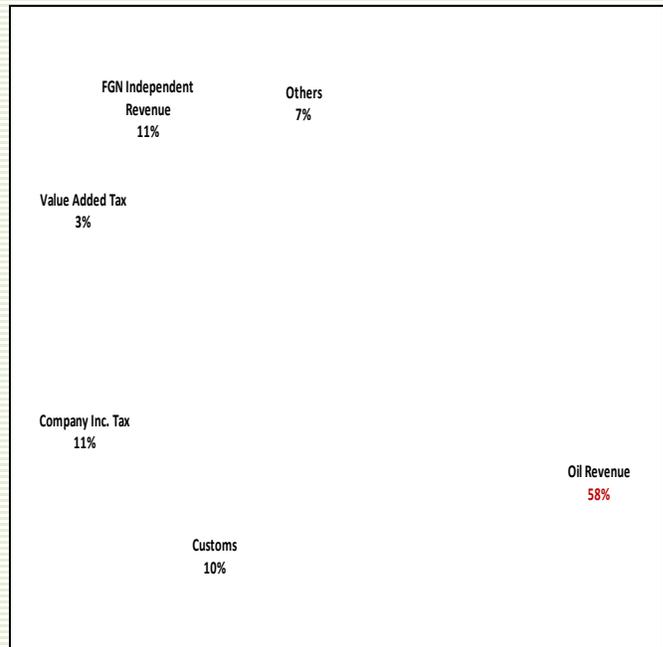
The money that the federal government spends --its revenues come mostly from sources outlined in *Box 2*. For the fiscal year 2013, the federal government forecasts that it would receive N4.1 trillion in revenues as shown in *Table 1*.



BUDGET 2013 – WHERE THE MONEY COMES FROM

TABLE 1: 2013 BUDGET REV.

CHART 1: COMPOSITION OF 2013 BUDGET REV.



Where is the Money Going?

The 2013 Budget is designed to promote the goals of the Government’s *Transformation Agenda*. As such, the capital expenditure is strategically geared towards sectors that are of priority to the economy. Investments in these sectors are

targeted to improve the standard of living of Nigerians. With a focus on creating employment and creating a business friendly environment, the bulk of Government's revenue is to be spent for the provision of key infrastructure (like power supply, transportation – roads, rail and air), physical security and food security. It would also cater for healthcare and education among others. The planned expenditure for 2013 are summarized in *Table 2* and further illustrated in *Charts 2 - 5*.



WHERE THE MONEY IS GOING (BY EXPENDITURE CATEGORY)

TABLE 2: 2013 BUDGET EXPENDITURE

CHART 2: % ALLOC. BY EXP. CATEGORY

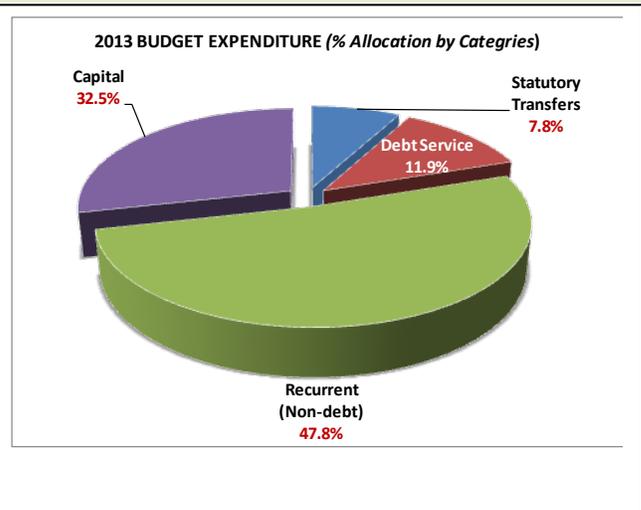
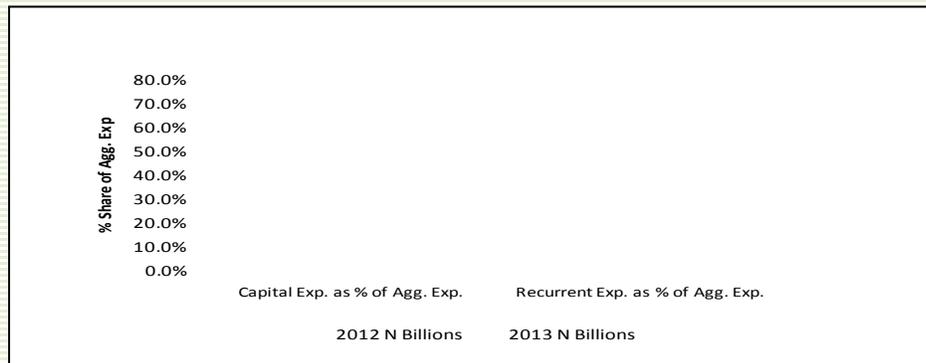


CHART 3: SHARE OF AGG. EXPENDITURE



WHERE THE MONEY IS GOING
(EXPENDITURE SUB-CATEGORIES)

CHART 4: CAPITAL BUDGET - % MDA ALLOCATIONS

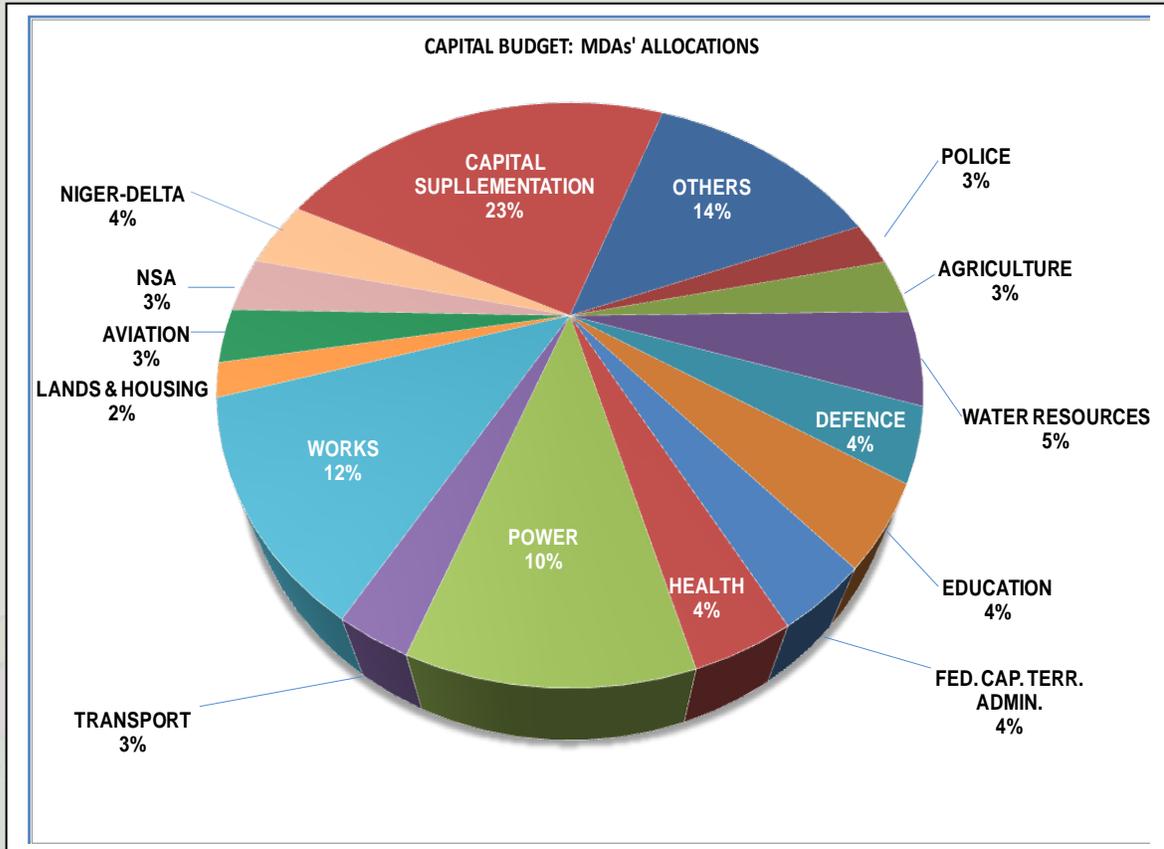
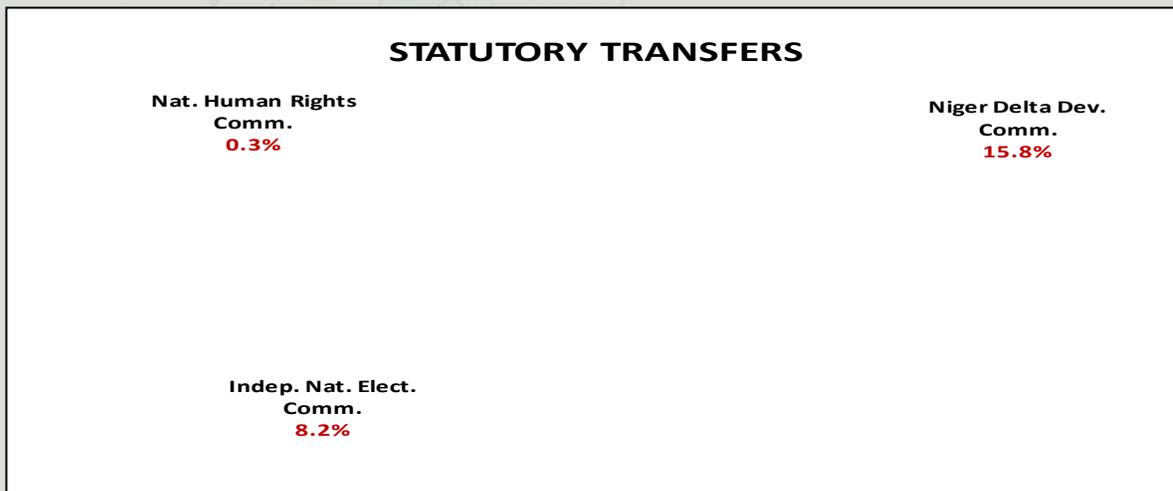
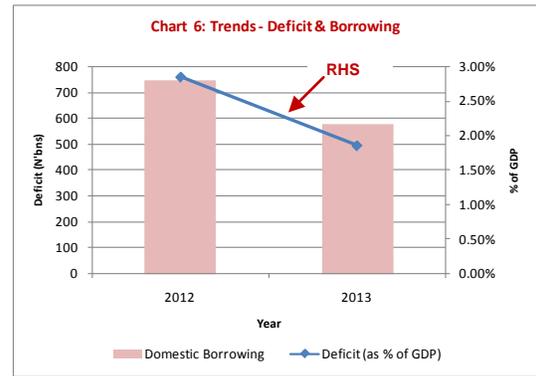


CHART 5: % ALLOCATION TO STATUTORY TRANSFER BENEFICIARIES



FISCAL BALANCE & BORROWING



- Subsidy Reinvestment & Empowerment Programme (SURE-P) Budget:**
 The SURE-P will continue with the estimated resources of N180 billion in 2013 augmented by the projected unspent balances of N93.5 billion from 2012. This sums up to about N273.5 billion in projected expenditure for 2013. We hope to make further progress in the programme, providing additional infrastructure investments and social safety net schemes for Nigerians. *Table 4* below provides additional information on the 2013 SURE-P Budget.

TABLE 4: SURE-P BUDGET

S/N	EXPENDITURE ITEMS	AMOUNT N' Bns
A	SOCIAL SAFETY NETS	40.83
1	Maternal & Child Health	16.91
2	Public Works for Youth Empowerment	9.00
3	Mass Transit	6.10
4	Vocational Training Centres	8.60
5	Culture & Tourism (Capacity Building)	0.22
B	NIGER DELTA	42.27
	Augmentation for East-West Road (Sections 1-4)	42.27
C	WORKS	111.50
1	Abuja-Lokoja Road	25.00
2	Benin-Ore-Shagamu Road	13.00
3	Kano-Maiduguri Road Dualisation (Section 1-5)	31.50
4	Portharcourt-Enugu-Onitsha Road	7.00
5	Second Niger Bridge (Counterpart Funding)	7.00
6	Oweto Bridge	10.00
7	Other Road Projects (Accross the 6 Zones)	18.00
D	TRANSPORT (RAIL)	77.42
1	Lagos-Kano	2.20
2	Porthacourt-Maiduguri	35.00
3	Kaduna-Abuja	
	a. Main	32.22
	b. Bridge/Interchange at ONEX	4.00
	c. Right of Way/Compensation	2.00
4	Transport (Rail Rolling Stock)	2.00
E	SURE-P BOARD	1.00
	Consultancy & Logistics	1.00
F	Monitoring & Evaluation	0.50
TOTAL REINVESTED FUND		273.52

BOX 3: WHAT MAKES THE 2013 BUDGET DIFFERENT?

- ❖ Investing in Priorities - Higher share of the Budget devoted to capital projects than in 2012.
- ❖ Public Debt Management - It embodies a stronger strategy for managing the country's domestic debt – progressively scales down both new borrowing and makes provision to meet maturing obligations:
- ❖ Fiscal policies to support development of local industry – The 2013 Budget reinforces the fiscal policies instituted in the 2012 Budget through additional policies to:
 - Promote economic diversification through fiscal support for the production of rice, sugar and solid minerals.
 - Boost socio-economic activities and safety through mass road and air travel.
 - Duty-free import of agro-industry equipments and mass transit vehicle parts.
 - Boost economic activities and create jobs.
- ❖ Tackling the Impact of Flood and boosting food production – It makes provision for dry season farming.
- ❖ Gender Empowerment and Sports – The 2013 Budget makes various provisions to empower women and promote sports.

It is about creating the Nigeria we all long for.

BOX 6: HOW MAY I CONTRIBUTE TO THE PREPARATION OF NATIONAL BUDGETS IN THE FUTURE?

- ❖ By studying several published documents like this *Citizens' Guide* published periodically on the Budget Office's website - www.budgetoffice.gov.ng or that of the Federal Ministry of Finance - www.fmf.gov.ng and making relevant comments through the address indicated below.
- ❖ By contributing to discussions during the budget preparation process.
- ❖ By contributing to the monitoring of budget financed projects and programmes in your local community – individually or as part of a team – and reporting your findings.
- ❖ By communicating your comments and inputs to: The Director-General, Budget Office of the Federation, Federal Ministry of Finance, Central Area, PMB 251, Garki, Abuja, Nigeria or by electronic mail through or by email: info@budgetoffice.gov.ng.

SUMMARY OF 2013 FGN BUDGET

(Excluding SURE-P Programmes & Projects)

MDA	TOTAL RECURRENT	CAPITAL	TOTAL ALLOCATION
STATUTORY TRANSFERS	387,976,000,000		387,976,000,000
NATIONAL JUDICIAL COUNCIL	67,000,000,000		67,000,000,000
NIGER-DELTA DEVELOPMENT COMMISSION	61,347,000,000		61,347,000,000
UNIVERSAL BASIC EDUCATION	76,279,000,000		76,279,000,000
NATIONAL ASSEMBLY	150,000,000,000		150,000,000,000
INEC	32,000,000,000		32,000,000,000
NATIONAL HUMAN RIGHT COMMISSION	1,350,000,000		1,350,000,000
DEBT SERVICE	591,764,000,000		591,764,000,000
DOMESTIC DEBTS	543,376,000,000		543,376,000,000
FOREIGN DEBTS	48,388,000,000		48,388,000,000
MINISTRIES, DEPARTMENTS & AGENCIES (MDAs)	1,908,415,718,423	1,072,574,500,177	2,980,990,218,599
PRESIDENCY	22,831,383,605	14,431,000,000	37,262,383,605
OFFICE OF THE SECRETARY TO THE GOVERNMENT OF THE FEDERATION (SGF)	45,905,747,338	33,673,731,529	79,579,478,867
YOUTH DEVELOPMENT	79,084,295,951	7,860,500,000	86,944,795,951
POLICE AFFAIRS	5,234,953,320	4,434,000,000	9,668,953,320
POLICE FORMATION AND COMMANDS	295,011,366,221	16,140,000,000	311,151,366,221
WOMEN AFFAIRS	1,568,251,835	3,891,000,000	5,459,251,835
AGRICULTURE & RURAL DEVELOPMENT	32,395,973,211	50,808,871,428	83,204,844,639
WATER RESOURCES	7,813,043,018	84,228,166,366	92,041,209,384
AUDITOR-GENERAL FOR THE FEDERATION	2,674,320,810	647,620,000	3,321,940,810
INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION	4,245,276,495	160,000,000	4,405,276,495
DEFENCE/MOD/ARMY/AIR FORCE/NAVY	300,402,146,886	64,013,000,000	364,415,146,885
EDUCATION	360,822,928,272	71,937,785,489	432,760,713,762
FEDERAL CAPITAL TERRITORY ADMINISTRATION	0	57,000,000,000	57,000,000,000
FOREIGN AFFAIRS	47,390,729,600	24,211,948,470	71,602,678,070
FINANCE	11,373,252,402	3,523,615,980	14,896,868,382
HEALTH	219,737,084,655	60,082,469,275	279,819,553,930
TRADE AND INVESTMENT	12,795,415,241	7,946,056,834	20,741,472,075
INFORMATION	22,153,138,189	5,998,492,294	28,151,630,483
COMMUNICATION TECHNOLOGY	10,254,746,506	5,488,133,573	15,742,880,079
INTERIOR	142,645,153,298	12,086,540,679	154,731,693,977
OFFICE OF THE HEAD OF SERVICE OF THE FEDERATION	7,509,243,185	5,700,275,000	13,209,518,185
JUSTICE	20,653,960,120	1,510,801,961	22,164,762,080
LABOUR AND PRODUCTIVITY	8,048,708,190	4,669,866,667	12,718,574,857
POWER	4,204,008,698	73,159,378,866	77,363,387,564
SCIENCE AND TECHNOLOGY	22,532,044,944	18,849,748,247	41,381,793,191
TRANSPORT	8,211,018,611	44,527,673,725	52,738,692,336
PETROLEUM RESOURCES	51,391,667,170	8,583,000,000	59,974,667,170
WORKS	26,607,882,742	168,173,800,000	194,781,682,742

MDA	TOTAL RECURRENT	CAPITAL	TOTAL ALLOCATION
LANDS & HOUSING	5,553,337,756	30,399,298,518	35,952,636,274
MINES & STEEL DEVELOPMENT	10,295,934,635	3,400,000,000	13,695,934,635
AVIATION	6,395,293,520	48,500,000,000	54,895,293,520
NATIONAL SALARIES, INCOMES & WAGES COMMISSION	709,425,076	250,000,000	959,425,076
ENVIRONMENT	10,792,762,738	13,661,903,055	24,454,665,792
CULTURE & NOA	18,037,290,757	5,151,600,000	23,188,890,757
NATIONAL PLANNING COMMISSION	6,368,991,000	2,800,000,000	9,168,991,000
NATIONAL SPORTS COMMISSION	7,241,294,243	2,013,000,000	9,254,294,243
OFFICE OF THE NATIONAL SECURITY ADVISER	65,512,690,505	50,000,000,000	115,512,690,506
NIGER-DELTA	2,375,251,096	62,331,222,222	64,706,473,318
SPECIAL DUTIES	316,645,735	200,000,000	516,645,735
FISCAL RESPONSIBILITY COMMISSION	517,758,844	70,000,000	587,758,844
INFRASTRUCTURAL CONCESSION REGULATORY COMMISSION	801,302,001	60,000,000	861,302,001
FEDERAL EXECUTIVE BODIES	17,570,314,143	9,215,460,295	26,785,774,438
NATIONAL POPULATION COMMISSION	5,360,366,421	1,500,000,000	6,860,366,421
CODE OF CONDUCT BUREAU	1,488,030,273	1,500,000,096	2,988,030,369
CODE OF CONDUCT TRIBUNAL	437,120,589	80,000,000	517,120,589
PUBLIC COMPLAINTS COMMISSION	4,271,150,703	2,325,460,199	6,596,610,902
REVENUE MOBILISATION ALLOCATION & FISCAL COMMISSION	1,911,644,848	1,890,000,000	3,801,644,848
FEDERAL CIVIL SERVICE COMMISSION	1,238,540,784	380,000,000	1,618,540,784
POLICE SERVICE COMMISSION	751,296,278	1,470,000,000	2,221,296,278
FEDERAL CHARACTER COMMISSION	2,112,164,246	70,000,000	2,182,164,246
SERVICE WIDE VOTES	460,038,737,783		460,038,737,783
CAPITAL SUPPLEMENTATION		539,665,694,780	539,665,694,780
AGGREGATE BUDGET	3,365,764,770,349	1,621,455,655,252	4,987,220,425,601



“... the 2013 Budget continues our efforts at fiscal consolidation with growth and job creation. It will maintain Government’s efforts to reduce the fiscal deficit, to increase the share of capital spending in total expenditure and to target growth in the real sectors of the economy”.

Dr. Ngozi Okonjo-Iweala