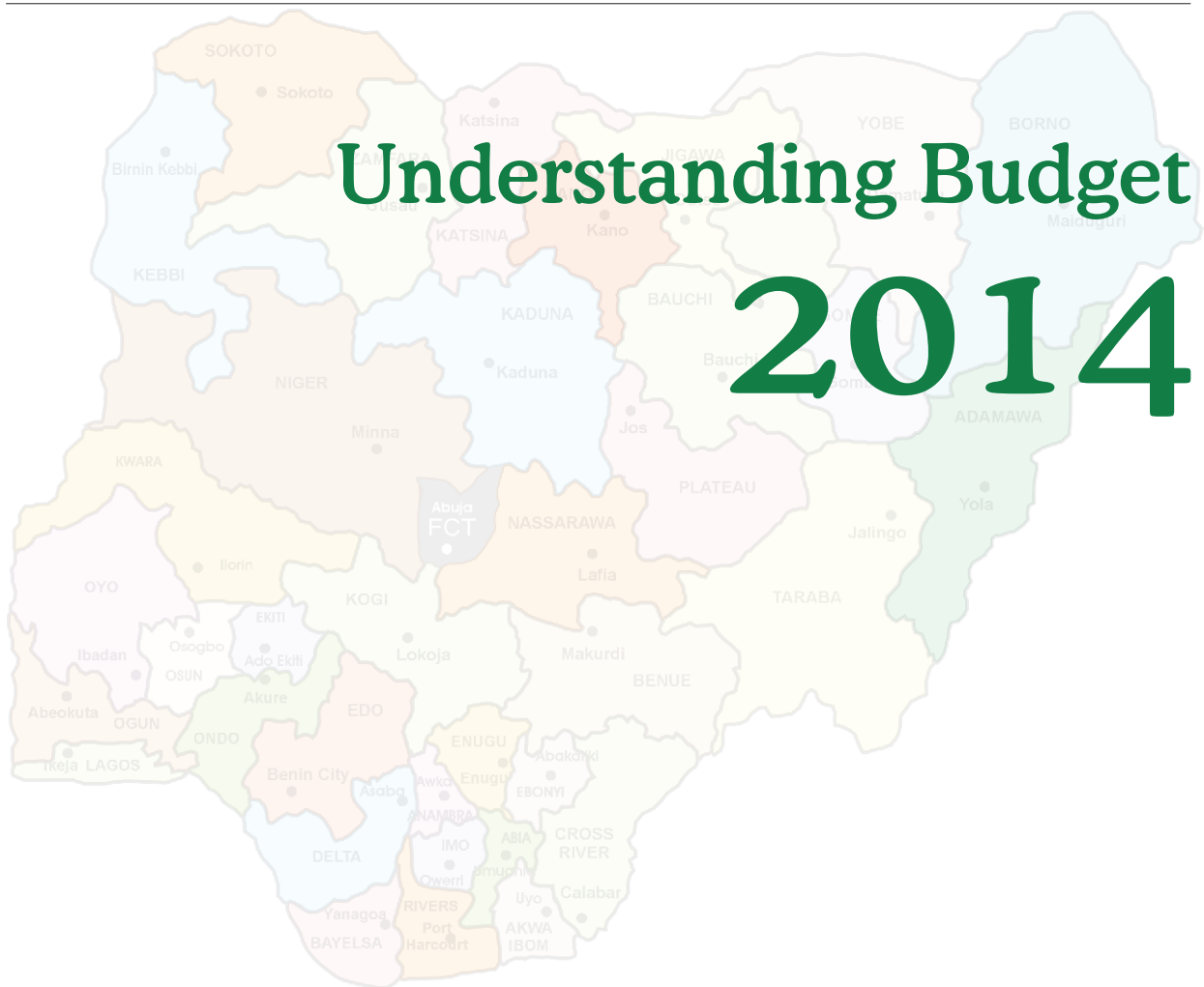




2014 FISCAL YEAR



Budget Office of the Federation
Federal Ministry of Finance

■ The 2014 Budget

The 2014 Budget was designed with a view to sustaining the robust growth that the Nigerian economy has achieved in the last couple of years through the Administration's four transformational pillars - to maintain macroeconomic stability; to strengthen governance and institutions; to sustain ongoing structural reforms of key growth drivers; and to invest in priority sectors. To reinforce this, the investment of savings from the partial removal of subsidy on petrol on social safety nets programmes and on the development of key infrastructure projects will continue in 2014 through the SURE-P Budget. These programmes and projects are designed to take care of the poor and vulnerable so that they too can share in our growth and prosperity.

"... Our strong economic performance of the recent years is already being translated into increased job creation across various sectors ... this Administration is fully aware that more jobs are needed to support our growing population. This is my priority - and this is why the 2014 Budget is focused on Jobs and Inclusive Growth". To achieve this, we will continue our drive to create an environment conducive for our private sector to thrive..."

Dr. Goodluck E. Jonathan

The overriding goal of the Budget is to create jobs, improve the standard of living for Nigerians in a sustainable manner, and inclusive growth. To achieve this, it aims to continue to create an enabling business environment that would promote innovative entrepreneurship, and support domestic industry to thrive.

The Budget is based on Government's revenue estimates which are affected by global and domestic factors. These factors have been very challenging in the recent years. On the global front, are the challenges of a slowing world economic growth and the rising supply of our primary foreign exchange earner – oil – both from non-conventional (shale) oil and gas sources as well as the entry of some new regional oil producers to the international oil market. The combined implication of these is a gradual increase in supply, drop in world demand for our oil, a potential fall in price, and consequently, a relative drop in oil revenues. There are also other activities which impact on Government's revenues such as: the recent shocks to our oil production volumes due to oil pipeline vandalism and theft, some fiscal policy measures aimed at improving domestic food production

(e.g., rice) and the security challenges in some parts of the country which also affect the planning of the Budget.

The resultant assumptions underlying the Budget (See Box 1) led to lower revenue estimates to fund the Budget compared to the 2013 Budget. As such, Government has developed a tight 2014 Budget aimed at optimizing value for its spending and controlling the cost of governance.

The expenditure for 2014 comprises the regular budget of N4.643 trillion and the Subsidy Reinvestment and Empowerment Programme (SURE-P) Budget of N268.37 billion.

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

Box 1: Key Assumptions of the 2014 Budget

- ❖ Crude Oil (including condensates) production of 2.3883 million barrels per day
- ❖ Crude Oil price benchmark of US\$77.5 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 6.75%

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 to fund the Federal Government's spending comes from its oil and non-oil sources and also, some other finance sources. While the revenue sources are outlined in Box 2, some of the regular "other finance sources" are outlined in Table 3. The Government forecasts to receive N3.731 trillion in revenues in the 2014 fiscal year as shown in *Table 1*.

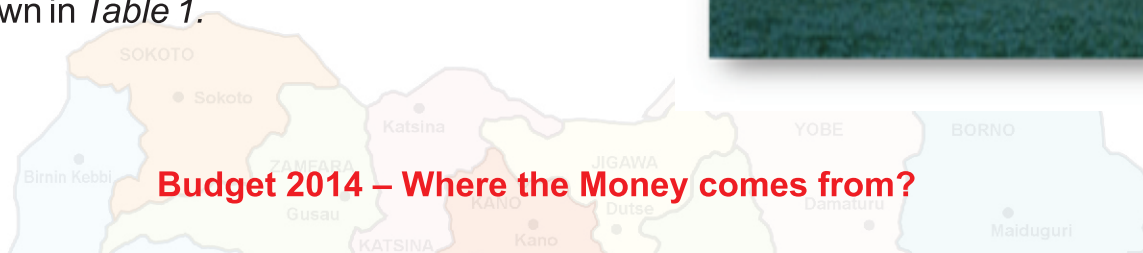
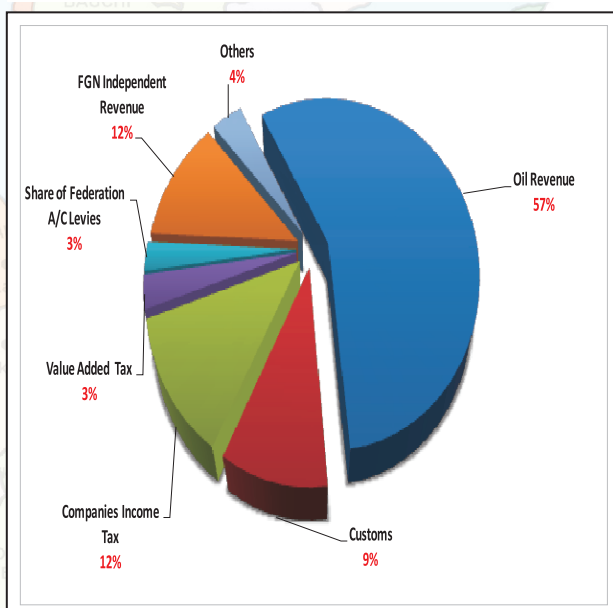


Table 1: 2014 Budget Revenue

FISCAL ITEMS	2014 Executive Proposal
	N'bn
Gross Federation Account Inflows	10,453.39
Gross Oil & Gas Revenue	7,164.81
Gross Non-Oil Revenue	3,288.58
FGN Budget Revenue	3,731.00
Oil Revenue	2,114.53
Non-Oil Revenue	1,021.41
Customs	352.89
Companies Income Tax	454.54
Value Added Tax	113.63
Share of Federation A/C Levies	100.34
FGN Independent Revenue	452.04
Others (incdg. Unspent balance & share of Special A/Cs)	143.02

Chart 1: Composition of 2014 Budget Revenue



■ **Where is the Money Going?**

The 2014 Budget is crafted to accelerate attainment of the Administration's *Transformation Agenda* through the creation of jobs and engendering inclusive growth. To achieve this, Government will continue to channel the bulk of its finances to the structural reform of the economy and provision of critical infrastructure in the power, health, education,

roads, rail and aviation sectors, the provision of physical security and food security. *Table 2* and *Charts 2 – 4* indicate where the money is going in the 2014 Budget.

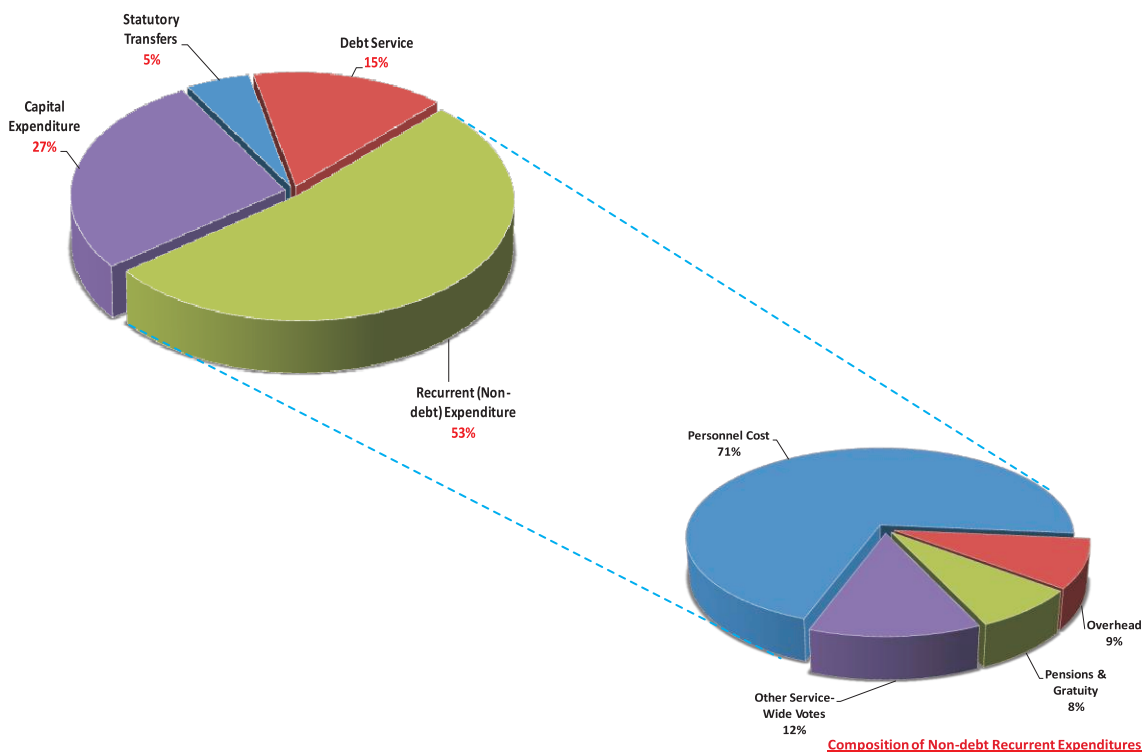


Where the Money is going (By Expenditure Category)

Table 2: 2014 Budget Expenditure

FISCAL ITEMS	2014 Executive Proposal
	N'bn
Proposed 2014 Budget (excluding SURE-P)	4,642.96
Statutory Transfers (inclgd. capital exp. components)	399.69
Debt Service	712.00
Recurrent (Non-debt) Expenditure	2,430.66
Capital Expenditure (exclgd. Stat. Trf components)	1,100.61

Chart 2: % Allocation by Exp. Category



Wage Bill

- *Following continued demands for wage increases by various labour unions, the federal wage bill has doubled from N857 billion in 2009 to about N1.72 trillion in 2013.*
 - *This is a key component of our recurrent expenditure.*
 - *But it is not easy to adjust this cost downward overnight as it cannot be done without sacking workers; and Government doesn't wish to retrench its workers.*
 - *Government has however instituted the Integrated Payroll & Personnel Information System (IPPIS) with a view to plugging leakages like payments to "ghost workers".*
 - *In a situation where revenue drops as with the 2014 Budget, items like salaries, debt service, etc. must be accommodated before any other expenditure item.*
- *The size of the country's spending on personnel costs has critical implications for our development because it reduces the amount available for other expenditure heads particularly, that on capital.*

Where the Money is going? (Expenditure Sub-Categories)

Chart 4: % Allocation to Statutory Transfer Beneficiaries

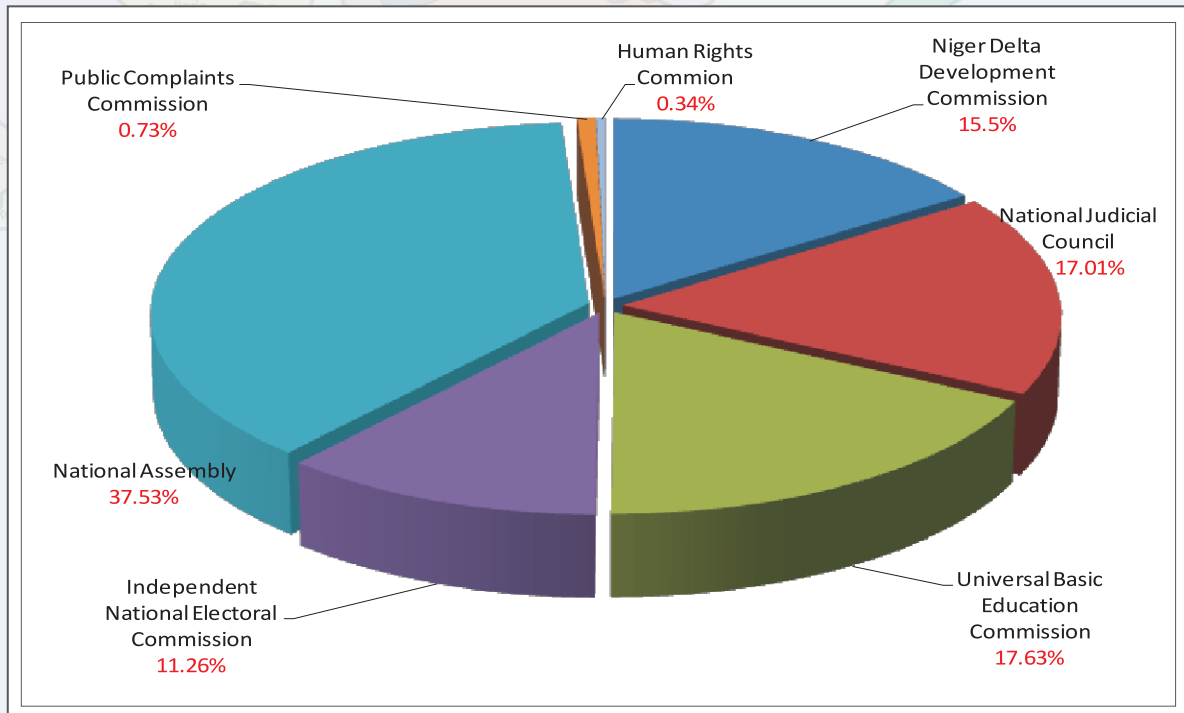
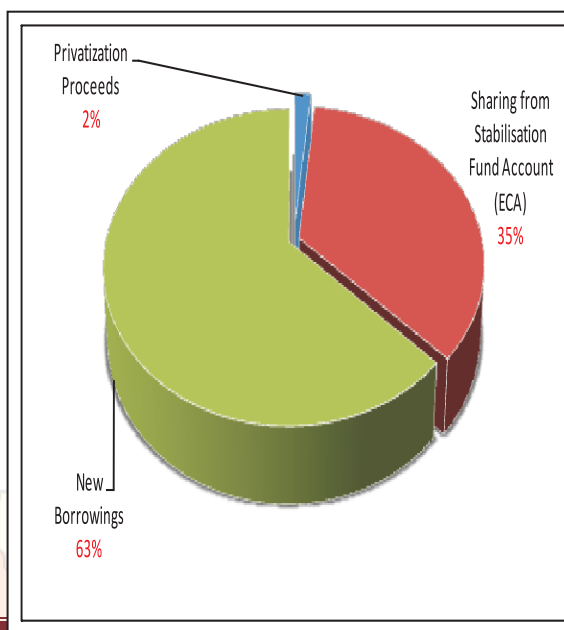


Table 3: Fiscal Balance & Financing Items

FISCAL ITEMS	2013 Budget	2014 Executive Proposal
	N'bn	N'bn
FGN retained revenue	4,100.18	3,731.00
Proposed Budget expenditure	4,987.24	4,642.96
Fiscal deficit	(887.07)	(911.96)
Deficit (as a % of GDP)	-1.85%	-1.90%
Financing sources:	887.07	911.96
Sales of Government Property*	-	-
Privatization Proceeds*	10.00	15.00
FGN's Share of Signature Bonus	75.00	-
Sharing from Stabilisation Fund Account (ECA)	225.00	324.97
New Borrowings	577.07	571.99

Chart 5: Contributions to Deficit Financing



■ **The Subsidy Reinvestment & Empowerment Programme (SURE-P) Budget**

The Government is committed to continue reinvesting the savings from the partial removal of subsidy on fuel to better the lives of ordinary Nigerians through the provision of social safety net programmes (such as access to healthcare, cheaper transportation, and job creation) and the provision of critical infrastructure (such as rail and roads). For instance, the SURE-P programme has provided resources to build social safety net schemes such as in the Saving One Million Lives Programme for pregnant women and children, skills acquisition, job creation, etc. In addition, several infrastructure projects across our nation – such as the Lagos-Kano railway and the Abuja-Lokoja road – have been completed or advanced in 2013 through SURE-P resources.

A total of N268.37 billion is set aside for the implementation of the SURE-P Budget in 2014. Table 4 below provides detailed information on the 2014 SURE-P Budget.

Table 4: Subsidy Reinvestment & Empowerment Programme – 2014 Budget

S/N	MDAs / PROJECTS	AMOUNT (N'bn)
A	MINISTRY OF NIGER DELTA	30.00
1	AUGMENTATION FOR EAST-WEST ROAD (SECTION I-IV)	30.00

Table 4: SURE-P Budget (Continued)

S/N	MDAs / PROJECTS	AMOUNT (N'bn)
A	MINISTRY OF NIGER DELTA	30.00
1	AUGMENTATION FOR EAST-WEST ROAD (SECTION I-IV)	30.00
B	FEDERAL MINISTRY OF WORKS	100.00
1	ABUJA-LOKOJA	12.50
2	BENIN-ORE-SHAGAMU	10.00
3	KANO-MAIDUGURI DUALISATION (SECTION I-V)	12.50
4	PORTHARCOURT-ENUGU-ONITSHA	11.00
5	SECOND NIGER BRIDGE (counterpart funding)	10.00
6	OWETO BRIDGE	7.00
7	SPECIAL PRESIDENTIAL INTERVENTION	12.00
8	CALABAR-IKOM-OGOJA-KATSINA ALA ROAD	5.00
9	LAGOS-IBADAN EXPRESSWAY	20.00
C	FEDERAL MINISTRY OF TRANSPORT (RAIL)	43.00
1	LAGOS-KANO	5.00
2	PORTHARCOURT-MAIDUGURI	16.00
3	ABUJA-KADUNA	
	(a) Main	12.00
	(b) Bridge/Interchange at ONEX	2.00
	(C) Right of way/Fencing work	4.00
	(D) ROLLING STOCK	2.00
4	Transport (Rail Rolling Stock)	2.00
D	SOCIAL SAFETY NETS	68.67
1	MATERNAL & CHILD HEALTH	12.05
2	NON COMMUNICABLE DISEASES (NCDS)-STROKE	0.45
3	PUBLIC WORKS FOR YOUTH	4.00
4	CSWYE (FML&P)	25.00
5	MASS TRANSIT	—
6	VOCATIONAL TRAINING CENTRES	4.00
7	CULTURE & TOURISM (Capacity Building)	0.35
8	COUNTERPART FUND FOR HIV/AIDS PROGRAMME	8.00
9	FMH-POLIO ERADICATION PROGRAMME	4.32
10	GRADUATE INTERNSHIP SCHEME (FMF)	8.00
11	NPHCDA-POLIO ERADICATION PROGRAMME	2.50
E	SURE-PROGRAMME BOARD: consultancy and Logistics	1.20
F	MONITORING AND EVALUATION (NPC)	0.50
G	FEDERAL MINISTRY OF INFORMATION-PUBLIC ENLIGHTMENT ON SURE-P	2.00
H	FEDERAL CAPITAL TERRITORY ALLOCATION	23.00
1	THE ABUJA RAIL MASS TRANSIT PROJECT	10.00
2	PROVISION OF INFRASTRUCTURE AND SERVICES TO GIDAN DAYA DISTRICT FOR RESETTLEMENT OF NYANYA LABOUR CAMP, WASA AND MAMUSA WEST DISTRICTS, AND OTHER CONSTRUCTION WORKS IN FCT	13.00
TOTAL REINVESTED FUND		268.37

Box 4: Some Features of the 2014 Budget

- ❖ *Theme* – It focuses on policies and investments to support the productive sectors of the economy to stimulate *job creation* and *inclusive growth*.
- ❖ *Cost of Governance* – The 2014 Budget reinforces Government's efforts at curbing the cost of governance through measures including:
 - All training programmes for personnel of MDAs and parastatals are to hold in Nigeria while training programmes outside the shores of the country will be only in exceptional cases.
 - Curtailing foreign travels by government officials and reduction of size of delegations.
 - Accelerate the extension of biometric verifications to all remaining MDAs and parastatals in order to check leakages through reduction in incidence of 'ghost workers'.
- ❖ *Infrastructure Development* – The Budget beefs up investments towards completion of critical infrastructure projects including those in the *Power, Rail, Roads* and *Aviation* sectors with augmentation from the SURE-P.
- ❖ *Reinforced Sectoral Initiatives* – In addition to the establishment of a Wholesale Development Finance Institution aimed at granting Nigerian entrepreneurs access to affordable financing, the Budget holds hope for productive sectors of the economy including Agriculture – *Fund for Agricultural Finance in Nigeria*; Manufacturing – the *Nigerian Enterprise Development Programme*; and Housing and Construction – access to mortgage facilities through the *Nigeria Mortgage Refinance Company*.
- ❖ *Peace and Security* – Establishment of a development programme, with cooperation of our Development Partners, in some pilot areas of the North East called *Federal Initiative for the North East* (FINE). It is aimed at helping to tackle food production, health and education challenges citizens in the region as a result of the recent security challenges.

It is about improving the general wellbeing of Nigerians through profitable employment and comprehensive growth in a sustainable manner

Box 5: How may I contribute to the Federal Budget process?

- ❖ By contributing constructively to the discussions (like our public consultations) during the budget preparation process.
- ❖ By contributing to the monitoring of the implementation of projects financed through the federal budgets.
- ❖ By studying several Documents in the course of the budget cycle published by print or on the Budget Office/Federal Ministry of Finance's websites – www.budgetoffice.gov.ng / www.fmf.gov.ng and making relevant comments addressed to the Director-General, Budget Office of the Federation or by email to: info@budgetoffice.gov.ng.

SUMMARY OF 2014 FEDERAL BUDGET

(Excluding SURE-P Programmes & Projects)

MDA	TOTAL RECURRENT	CAPITAL ALLOCATION	TOTAL ALLOCATION
	Naira	Naira	Naira
PRESIDENCY	25,016,720,760	8,390,001,806	33,406,722,566
OFFICE OF THE SECRETARY TO THE GOVERNMENT OF THE FEDERATION	46,200,983,088	16,986,206,242	63,187,189,330
YOUTH DEVELOPMENT	75,957,608,331	4,926,186,656	80,883,794,987
POLICE AFFAIRS	4,479,751,900	2,789,131,188	7,268,883,088
POLICE FORMATION AND COMMANDS	285,561,812,085	6,790,000,000	292,351,812,085
WOMEN AFFAIRS	1,538,263,550	2,992,311,641	4,530,575,191
AGRICULTURE & RURAL DEVELOPMENT	31,493,503,356	35,151,172,583	66,644,675,939
WATER RESOURCES	7,707,230,646	30,673,743,742	38,380,974,388
AUDITOR-GENERAL FOR THE FEDERATION	3,195,286,304	1,943,134,021	5,138,420,325
INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION	4,542,989,874	132,897,643	4,675,887,517
DEFENCE/MOD/ARMY/AIR FORCE/NAVY	306,042,339,871	34,290,000,000	340,332,339,871
EDUCATION INCLUDING UBEC	373,452,095,037	49,536,035,231	422,988,130,268
FEDERAL CAPITAL TERRITORY ADMINISTRATION	0	30,410,000,000	30,410,000,000
FOREIGN AFFAIRS	46,595,745,004	16,081,563,540	62,677,308,544
FINANCE	13,719,299,274	2,531,276,268	16,250,575,543
HEALTH	216,402,967,168	46,339,384,706	262,742,351,874
TRADE AND INVESTMENT	12,848,993,782	2,209,994,962	15,058,988,744
INFORMATION	22,437,143,384	3,620,414,506	26,057,557,890
COMMUNICATION TECHNOLOGY	10,626,932,493	4,020,032,066	14,646,964,559
INTERIOR	144,721,228,363	6,299,311,467	151,020,539,830
OFFICE OF THE HEAD OF SERVICE OF THE FEDERATION	7,426,843,501	4,139,125,454	11,565,968,955
JUSTICE INCLUDING NHRC	19,494,780,899	1,073,500,135	20,568,281,033
LABOUR AND PRODUCTIVITY	8,569,176,624	1,551,548,597	10,120,725,221
POWER	3,397,810,244	59,051,290,389	62,449,100,632
SCIENCE AND TECHNOLOGY	24,059,509,868	6,787,308,701	30,846,818,569
TRANSPORT	8,167,406,260	29,334,108,913	37,501,515,172
PETROLEUM RESOURCES	55,706,174,457	6,221,948,219	61,928,122,676
WORKS	28,500,355,931	100,146,203,055	128,646,558,986
LANDS & HOUSING	5,624,655,406	12,888,821,003	18,513,476,409
MINES & STEEL DEVELOPMENT	10,579,956,791	2,026,868,615	12,606,825,405
AVIATION	6,150,858,752	26,157,892,040	32,308,750,792
NATIONAL SALARIES, INCOMES & WAGES COMMISSION	716,809,025	173,438,793	890,247,818
ENVIRONMENT	14,264,963,475	7,395,898,681	21,660,862,156

SUMMARY OF 2014 FEDERAL BUDGET

(Excluding SURE-P Programmes & Projects)

CULTURE & NOA	17,720,095,306	3,708,941,052	21,429,036,358
NATIONAL PLANNING COMMISSION	6,319,131,820	1,868,068,871	8,187,200,691
NATIONAL SPORTS COMMISSION	6,076,107,773	1,534,028,442	7,610,136,215
OFFICE OF THE NATIONAL SECURITY ADVISER	66,625,072,907	44,100,000,000	110,725,072,907
NIGER-DELTA INCLUDING NDDC	2,289,614,937	46,903,704,194	49,193,319,131
SPECIAL DUTIES	104,591,265	53,212,473	157,803,738
SPECIAL DUTIES AND INTERGOVERNMENTAL AFFAIRS	575,656,604	200,405,367	776,061,971
FISCAL RESPONSIBILITY COMMISSION	541,226,521	53,835,005	595,061,526
INFRASTRUCTURAL CONCESSION REGULATORY COMMISSION	862,270,565	47,878,526	910,149,091
SUB-TOTAL: EXECUTIVE	1,926,313,963,201	661,530,824,792	2,587,844,787,993
FEDERAL EXECUTIVE BODIES			
NATIONAL POPULATION COMMISSION	5,291,205,798	1,003,588,087	6,294,793,885
CODE OF CONDUCT BUREAU	1,856,158,560	1,006,147,091	2,862,305,651
CODE OF CONDUCT TRIBUNAL	460,229,424	52,440,642	512,670,066
REVENUE MOBILISATION ALLOCATION & FISCAL COMMISSION	1,959,705,303	1,100,722,408	3,060,427,711
FEDERAL CIVIL SERVICE COMMISSION	1,239,087,404	254,136,819	1,493,224,223
POLICE SERVICE COMMISSION	782,623,151	1,013,220,850	1,795,844,001
FEDERAL CHARACTER COMMISSION	2,173,429,715	61,143,466	2,234,573,181
SUB-TOTAL: FEDERAL EXECUTIVE	13,762,439,355	4,491,399,363	18,253,838,719
MDAs EXPENDITURE	1,940,076,402,557	666,022,224,155	2,606,098,626,712
STATUTORY TRANSFERS			
NATIONAL JUDICIAL COUNCIL	68,000,000,000		68,000,000,000
NIGER-DELTA DEVELOPMENT COMMISSION	61,940,000,000		61,940,000,000
UNIVERSAL BASIC EDUCATION	70,470,000,000		70,470,000,000
NATIONAL ASSEMBLY	150,000,000,000		150,000,000,000
PUBLIC COMPLAINTS COMMISSION	2,927,801,891		2,927,801,891
INEC	45,000,000,000		45,000,000,000
NATIONAL HUMAN RIGHT COMMISSION	1,350,000,000		1,350,000,000
TOTAL - STATUTORY TRANSFER	399,687,801,891		399,687,801,891
DEBT SERVICE			
DOMESTIC DEBTS	663,610,000,000		663,610,000,000
FOREIGN DEBTS	48,390,000,000		48,390,000,000
TOTAL - DEBT SERVICE	712,000,000,000		712,000,000,000
SERVICE-WIDE VOTES, PENSIONS & GRATUITY	490,588,959,040		490,588,959,040
CAPITAL SUPPLEMENTATION		434,584,612,357	434,584,612,357
AGGREGATE BUDGET	3,542,353,163,488	1,100,606,836,512	4,642,960,000,000

NOTES

