

2019 Budget of Continuity



Understanding the FGN 2019 Budget Proposal

“We have cause to be optimistic about the future. The economy has recovered from recession. We have done more work with less resources in Agriculture, Social Development and Infrastructure” – President Muhammadu Buhari

KEY INITIATIVES TO IMPROVE FGN REVENUES



40% Bureau for Public Enterprises commence immediate action to restructure the Joint Venture Oil Assets so as to reduce government shareholding to 40 percent and complete this exercise within the 2019 fiscal year.

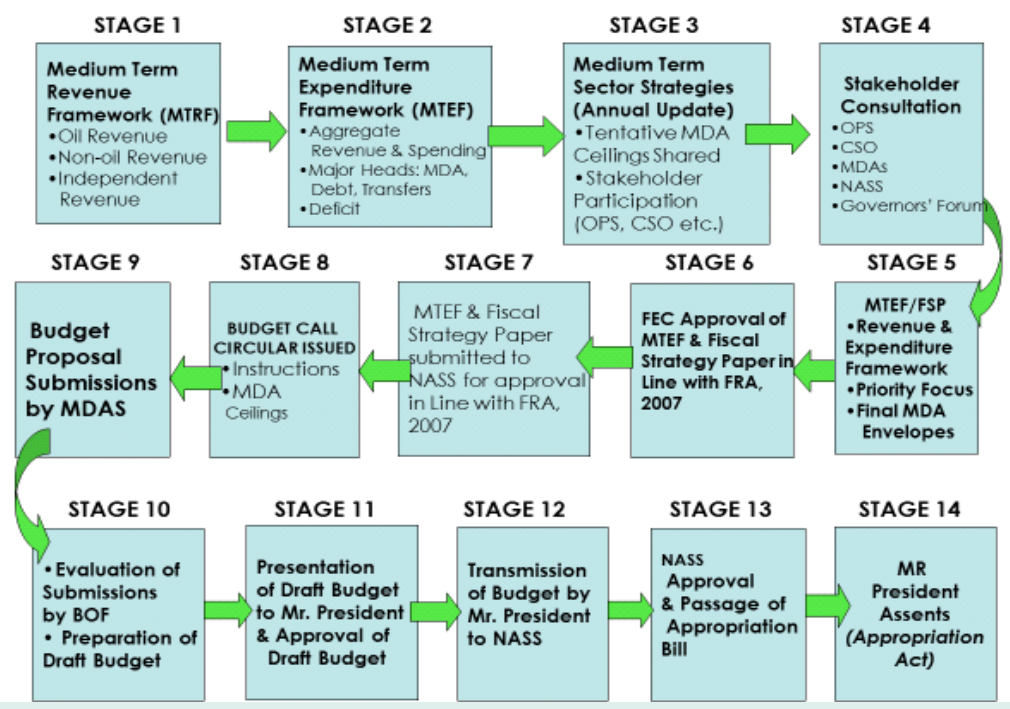
The Department of Petroleum Resource shall, within three months, complete the collection of past-due oil license and royalty charges.

Following Mr. President’s directive:

The Ministry of Finance, working with all the relevant authorities, has been authorized to take action to liquidate all recovered, unencumbered assets; within 6 months.

Given the improved oil prices and production levels, Nigerian National Petroleum Corporation (NNPC) is to immediately commence the recovery of all outstanding obligations, including those due from Nigerian Petroleum Development Company (NPDC) (a subsidiary of NNPC), which it had agreed to pay since 2017.

The Budget Preparation Process



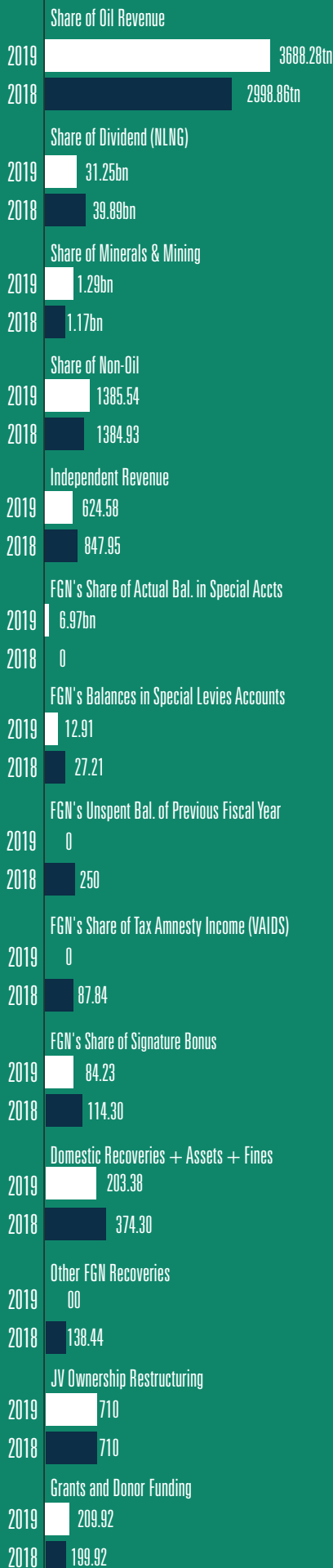
Key Assumptions & Macro-Framework of 2019 Budget

Key Assumptions

- Oil Production **2.3 mbpd** ERGP 2.4mbpd
- Oil Price **\$60/barrel** ERGP \$50/b
- Exchange Rate **\$305/barrel** ERGP N305/\$
- Inflation Rate **9.98%** ERGP 13.39%
- Nominal Consumption **N119.28trn** ERGP 106.03trn
- Nominal GDP **N119.28trn** ERGP 126.86trn
- GDP Growth Rate **3.01%** ERGP 4.5%



2019 Budget Revenue Proposals — Where the Money is coming from?



Highlights

- Overall **budget deficit** of N1.859 trillion in 2019 represents **1.33% of GDP**.
- Projected deficit within threshold stipulated in the Fiscal Responsibility Act (FRA) 2007.
- Budget deficit is to be financed mainly borrowing **N1.649 trillion**.
 - Domestic sources N824.82 billion
 - Foreign sources N824.82 billion

What is the Federal Budget?

Section 81 of the 1991 Constitution of the Federal Republic of Nigeria (as amended) requires Mr. President to 'cause to be prepared and laid before the National Assembly the annual budget of the Federal Government' for its passage into law.

The Federal budget is

A plan to how government raises revenue from different sources to pay for its activities.

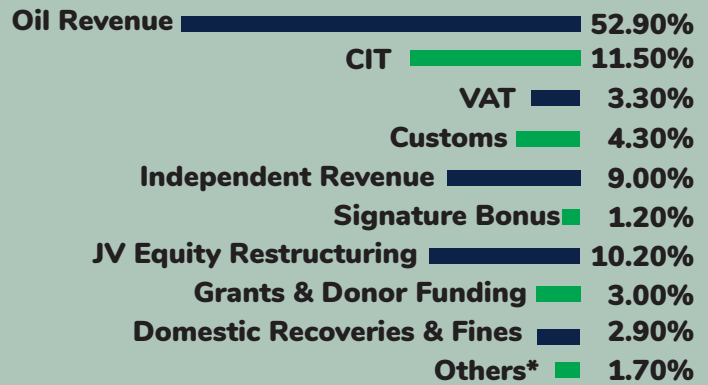
A plan for how the government spends taxpayers' money to implement policies and achieves set objectives.

A plan for government borrowing or the repayment of borrowed funds.

The budget gives details of expected revenue and expenditure; it presents the direction of government's policies and spending priorities for a govern fiscal year.

Budget Highlight

Distribution of expected FGN revenue are as follows:



* Balances in Special Accounts, FGN Share of NLNG Dividend, Share of Minerals & Mining

TOP 12 MDA CAPITAL EXPENDITURE ALLOCATIONS IN THE 2019 BUDGET

N408.3BN
FEDERAL MINISTRY OF POWER, WORKS & HOUSING

N158.12BN
MINISTRY OF DEFENCE

N80.29BN
FEDERAL MINISTRY OF AGRICULTURE & RURAL DEVELOPMENT

N73.58BN
FEDERAL MINISTRY OF WATER RESOURCES

N47.40BN
FEDERAL MINISTRY OF INTERIOR

N47.29BN
FEDERAL MINISTRY OF EDUCATION

N61.07BN
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT

N39.40BN
MINISTRY OF NIGER DELTA AFFAIRS

N31.97BN
OFFICE OF THE SECRETARY TO THE GOVERNMENT OF THE FEDERATION

N194.24BN
FEDERAL MINISTRY OF TRANSPORTATION

N50.15BN
FEDERAL MINISTRY HEALTH

N34.37BN
MINISTRY OF NIGER DELTA AFFAIRS

SOME PROJECTS IN THE 2019 BUDGET



Transportation



N80.22 billion Counterpart funding for Railway projects including:

Lagos-kano (Ongoing)

Calabar - Lagos (Ongoing)

Ajaokuta-Itakpe-Aladja (Warri) (Ongoing)

Port Harcourt- Maiduguri (New)

Kano-katsina-jibiya-maradi In Niger Republic (New)

Abuja-Itakpe and Aladja (Warri)-warri Port And Refinery Including Warri New Harbour (New)

Bonny Deep Sea Port & Port Harcourt and other Rail Projects

N1.008bn

Construction of Terminal Building at Enugu Airport

N13bn

Construction of Second Run-Way of Nnamdi Azikwe International Airport Abuja

N27.12bn

for various rehabilitation of railway tracks network across the nation



Power

- **N1.02 billion** set aside as fund for the Mambilla hydro power project
- **N400 million** Construction of 215MW LPFO/ Gas Power station Kaduna
- **N388.5 million** Kashimbilla transmission
- **N398 million** Fast Power Programme Accelerated Gas and Solar Power Generation



Housing

N30.04bn

For the Federal Government National Housing Programme



Works

N280.44bn

for the construction and rehabilitation of several roads nationwide



Health

- **N51.22 billion** Provisioned for the implementation of the National Health Act
- **N21.25 billion** provided for GAVI/Immunization
- **N1.26 billion** for the procurement Of Non Polio SIA Vaccine
- **N1.12 Billion** for the procurement Of Kits And Commodities For Community Health Influencers
- **N780 million** for the establishment Of Chemotherapy centres in UBTH, UITH, ABUTH, UMTB, OAUTH, UNTH, UPTH, FMC Owerri, FMC Abeokuta
- **N7.63 billion** for procurement of RI vaccines and devices
- **N3.5 billion** for counterpart funding including global fund/health



Water Resources

- **N1.8 billion** provisioned for the Zobe Water Supply Project - Phase I & II
- **N1 billion** for Partnership for Expanded Water, Sanitation and Hygiene (PEWASH)
- **N1 billion** for Special Intervention for North East and IDPs - Potable of Portable Water
- **Over N53 billion** for water supply, rehabilitation of dams, and irrigation projects nationwide



Education

- **N3 billion** PROVISION OF SECURITY INFRASTRUCTURE IN 104 COLLEGES
- **N1.8 billion** for Payment of 5000 Federal Teachers Scheme Allowance
- **N6.8 billion** for various Scholarship allowances



SDG

- **N40 billion** for SDGs Intervention Programmes/Conditional Grants
- **N5.5 billion** for other SDGs Projects

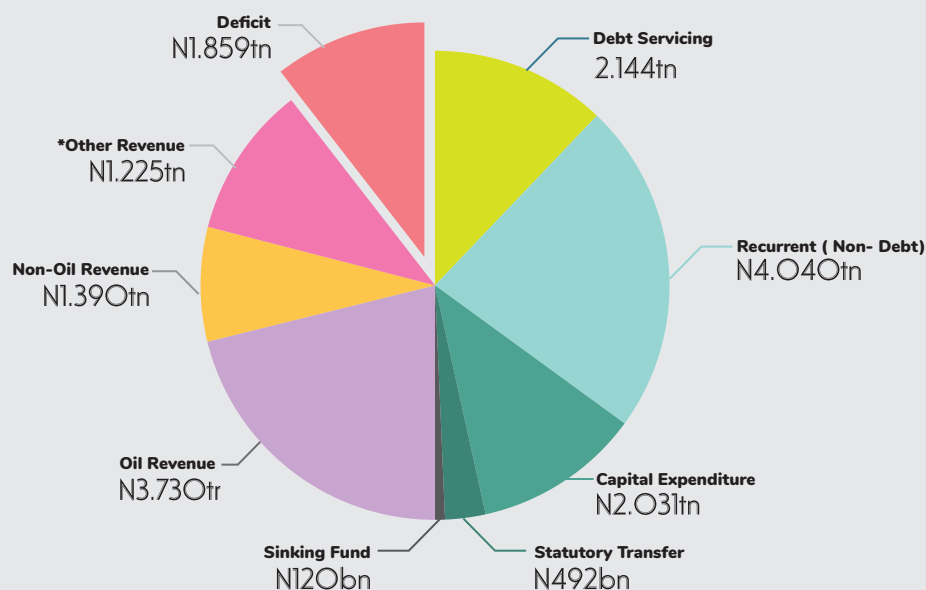


Regional Intervention

- **N65 billion** for reintegration of transformed ex-militants under the Presidential Amnesty Programme.
- **N45 billion** for Federal Initiative for North-East (Pilot Counterpart funding contribution)
- **N6.8 billion** for various Scholarship allowances

N8.83tn

2019 Proposed Budget



Approach to the 2019 Budget

The 2019 Budget proposal seeks to continue the reflationary & consolidation policies of the 2017 and 2018 Budgets respectively, which helped put the economy back on the path of growth

On the expenditure side, allocations to Ministries, Departments and Agencies (MDAs) of Government were guided by the 3 core objectives of the ERGP, which are, (i) Restoring and Sustaining Growth; (ii) Investing in our People and (iii) Building a Globally Competitive Economy.

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The 2019-2021 Medium Term Fiscal Framework (MTFF), Medium Term Sector Strategies and proposed 2019 Budget reflect many of the reforms and initiatives in the ERGP, which is our roadmap to economic recovery and a more sustainable growth.

Projects are linked to government policies and overarching strategic priorities.

The 2019 Budget Proposal is intended to further reposition the economy on the path of higher, inclusive, diversified and sustainable growth, and to continue to lift significant numbers of our citizens out of poverty.

The Budget also reflects the key execution priorities of the ERGP, namely Restoring Macroeconomic Stability; Agriculture and Food Security; Energy Sufficiency (in Power and Petroleum Products); Transportation Infrastructure; and Industrialization (focusing on SMEs).

Government will continue to create the enabling environment for private sector to increase their investment and contribute significantly to job creation and economic growth.

Already, diversification efforts are yielding positive results with significant growth in the non-oil sector (2.32% growth in Q3 2018, up from 2.05% in Q2 2018).

Nigeria faces significant challenge with respect to revenue generation and this would be tackled vigorously. Therefore, Key reforms will be implemented with increased vigour to improve revenue collection and expenditure management.

Achieving fiscal sustainability and macro-fiscal objectives of government will require bold, decisive and urgent action.