

A CITIZENS' GUIDE TO UNDERSTANDING THE FGN

2017

BUDGET OF RECOVERY & GROWTH

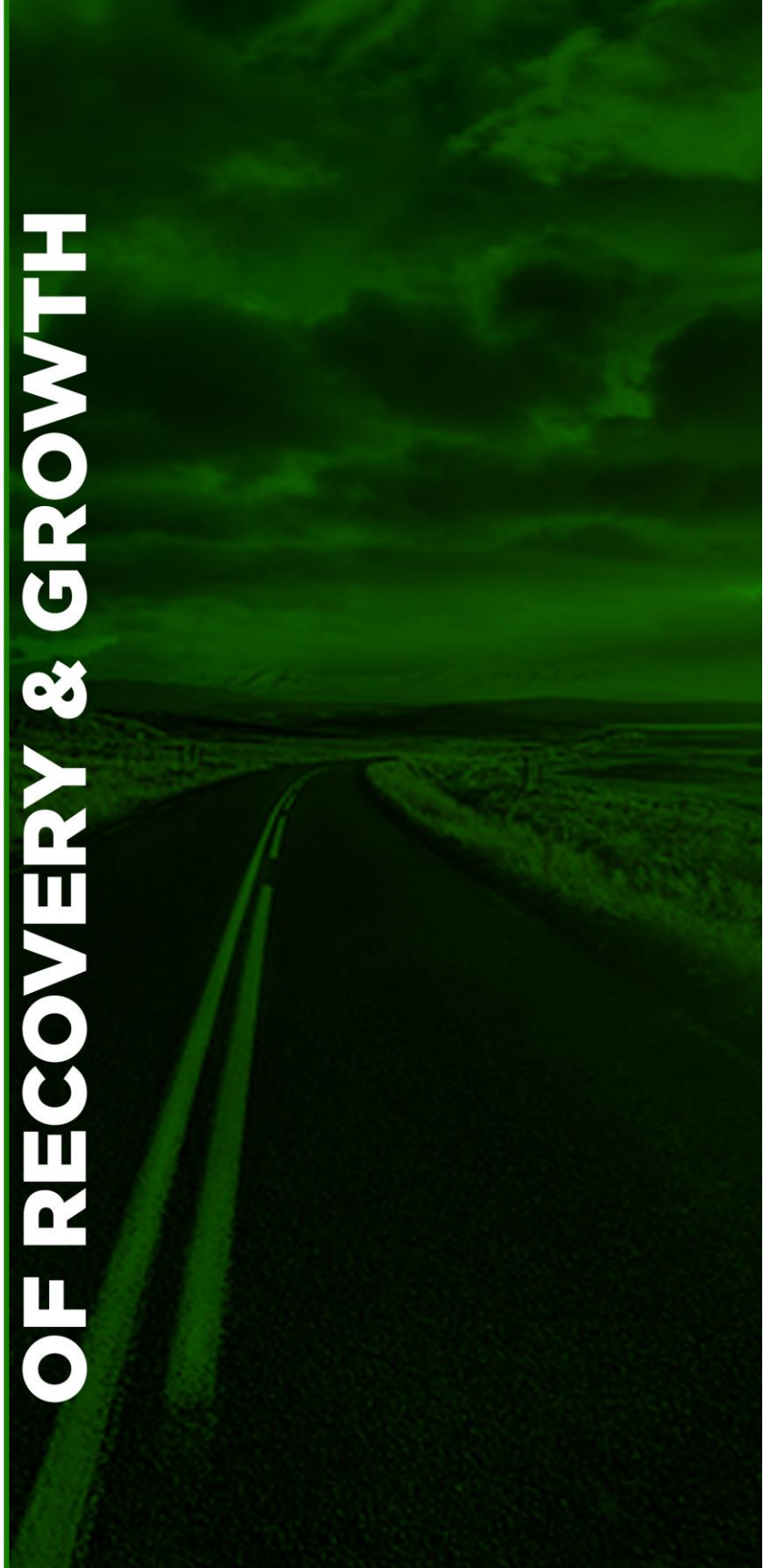


Budget Office of the Federation
Federal Ministry of Budget & National Planning
JUNE 2017

A CITIZENS' GUIDE

2017 BUDGET

OF RECOVERY & GROWTH





Foreword

Right from the inception of this Administration we have been focused on taking steps to fix the broken economy. An important instrument for achieving this is the annual budget. As a first step, we have ensured that our national budgets are articulated based on a Plan. We developed the Strategic Implementation Plan (SIP) for the 2016 Budget. This short-term plan was expanded into a medium term plan, the Economic Recovery and Growth Plan (ERGP) 2017-20 which was launched by President Muhammadu Buhari in April 2017. Even though the 2017 Budget was prepared prior to the finalisation of the ERGP it drew extensively from the policies set out in the ERGP

The ERGP focuses on three core objectives which are to: Restore and sustain growth; Invest in our people; and Build a globally competitive economy. The achievement of these objectives over the medium term will be driven by annual budgets designed to focus on the five key execution priorities. These are: Stabilizing the macroeconomic environment; Achieving agricultural and food security; Ensuring energy sufficiency in power and petroleum products; Improving transport infrastructure; and Driving industrialization with a strong focus on small and medium scale enterprises (SMEs). Many of the capital provisions in the 2017 Budget are directed towards achieving these key execution priorities.

A major criticism of past efforts at development planning in Nigeria has been the weakness of implementation. We are determined to change the narrative around to one of strong focused implementation. We are currently working on the ERGP Implementation Plan (ERGP-IP), which will spell out the policies, programmes and projects required to deliver on the objectives of the ERGP, as well as set out key performance indicators (KPIs) by which achievement of the objectives will be measured. The 2017 budget substantially reflects the objectives of the ERGP, but the budgets for 2018-20 will be even more directly linked to the ERGP-IP.

It is my expectation that as we implement this Budget, as well as other budgets to come in the medium term, we will achieve the objectives set out in the ERGP.

Sen. Udoma Udo Udoma

Honourable Minister, Ministry of Budget and National Planning



Preface

The Federal Budget outlines how the Federal Government intends to raise funds, allocate resources and provide public goods and services to the citizenry. Being the instrument for translating government's development policies into action, it is important for citizens to understand the Budget, especially its key deliverables and their role in its implementation. When citizens do not fully understand the budget, it significantly limits their ability to engage with the budget process and to hold Government accountable for the prudent management of financial resources entrusted to it.

The Nigerian Government is committed to accountable governance. Hence, the President signed the Open Government Partnership (OGP) in July 2016, making Nigeria the 70th Member Country. Key thematic areas of the OGP include Fiscal transparency, Citizen engagement and empowerment, as well as Access to information and Anti-corruption.

We are determined to bridge the gap between citizens and government by the measures we are taking to promote greater transparency and accountability in the entire budget framework. Our membership of the OGP has strengthened our resolve to enhance stronger citizen engagement and improved public service delivery. To advance the quality of citizen-government engagements, we have taken a step further to provide this citizens' reader-friendly version of the 2017 Federal Budget.

The Citizens' Budget provides details of the Federal Budget in a non-technical manner. It explains what the Federal Budget is, how it is prepared, how Government intends to mobilize funds, and what the funds will be spent on. It also provides insights into the 2017 Budget – its context, priorities and contents – as well as plans towards exiting recession and furthering growth.

As we commit ourselves to improve governance, it is my hope that this Citizens' Budget as well as other tools we are deploying will enhance the public understanding of the 2017 Budget, promote transparency and engender accountability in the management of public resources.

To enhance citizens' participation across the entire budget cycle, the Budget Office is implementing a Citizens Portal on its website. In addition, a dedicated hotline for citizens with queries or questions on the budget is being activated. The Citizens' Budget and other pertinent information on the 2017 Budget are available on the Budget Office's website -<http://www.budgetoffice.gov.ng>.

Ben Akabueze
Director-General, Budget Office of the Federation



Strategic Focus of the 2017 Budget

The Thrust:

"To partner with private and development capital to leverage and catalyse resources for growth"

Much of the capital provision is directed at those projects which will facilitate:

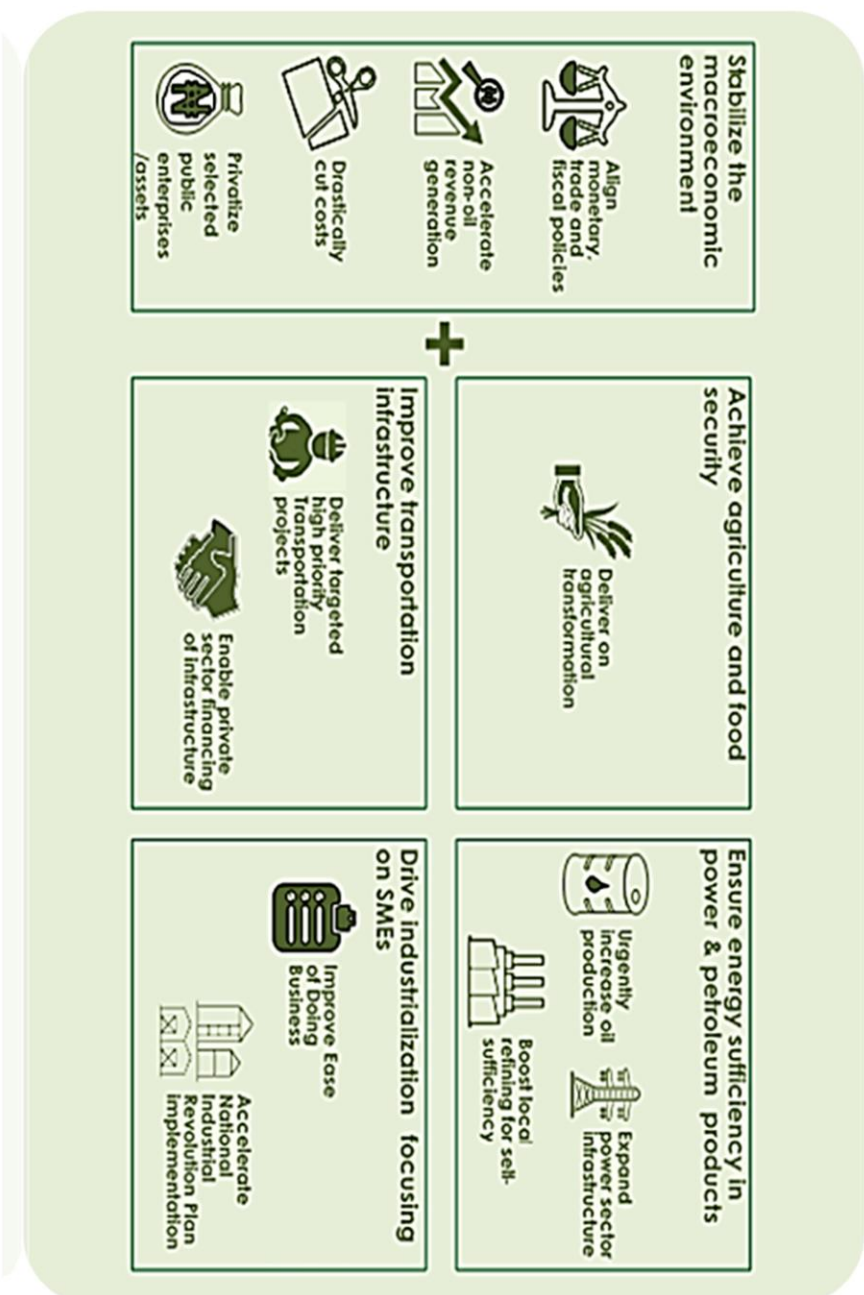
- economic growth
- diversification
- competitiveness
- ease of doing business
- jobs and social inclusion
- improved governance and security

Spending will be on critical economic sectors that have quick transformative potentials such as infrastructure, agriculture, manufacturing, solid minerals, services, and social development.

This completely alligns with the Economic Recovery and Growth Plan (ERGP) of the FGN key execution priorities, of which are outlined in the graphics following overleaf.

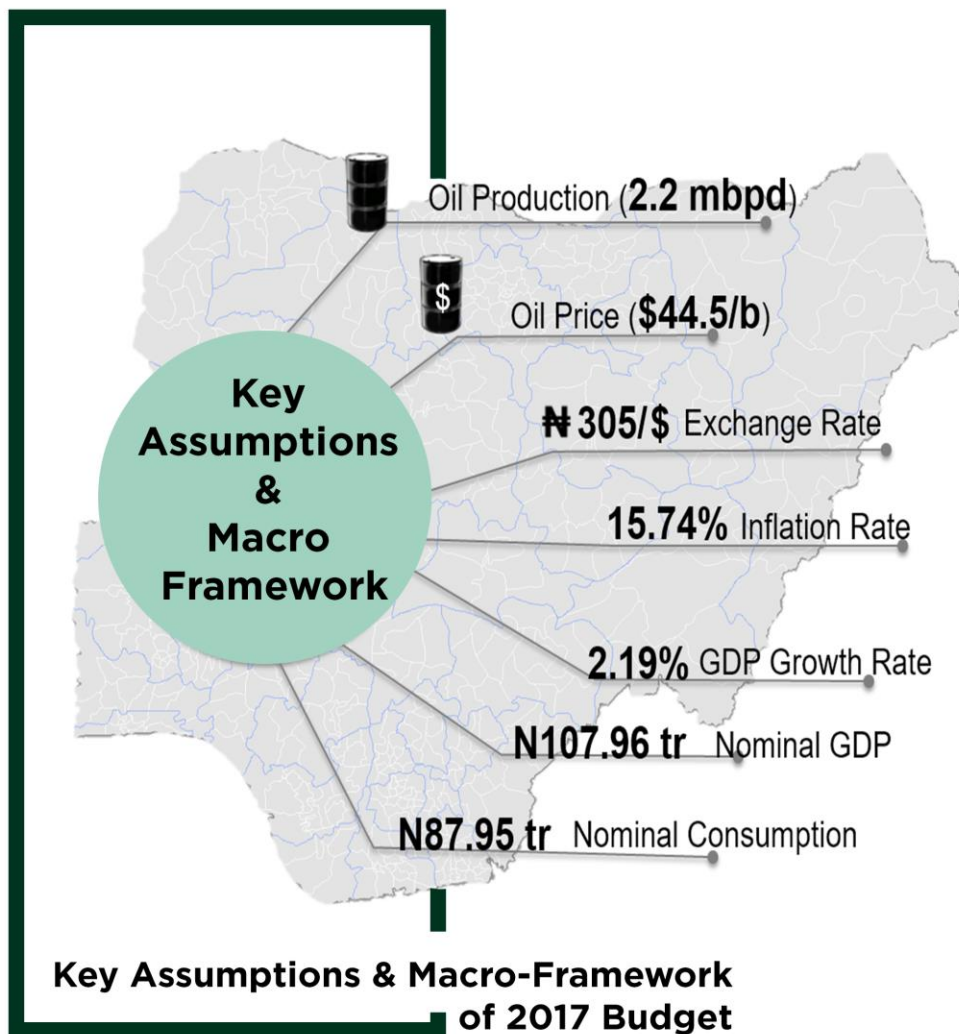


Execution Priorities of the ERGP





Key Assumptions & Macro-Framework of 2017 Budget





Revenue Projections for 2017 Budget - *Where the money is coming from*

Highlights

- Total FGN revenue in 2017 is projected at N5.08 trillion, exceeding FY2016 projection by 30.26%.
- Contribution of oil revenue projections (41.7%) compared to 19% in FY2016 driven mainly by JVCC cost reductions, higher price, exchange rate and additional oil related revenue.
- 11% of projected revenue expected from recoveries of looted/ misappropriated funds and fines.
- Independent revenue, Customs & CIT projections are adjusted downwards lower than 2016, reflecting current realities

DISTRIBUTION OF EXPECTED FGN REVENUE ARE AS FOLLOWS:

CIT - 15.9%
VAT - 4.8%
Customs - 5.5%
Indep. Rev. - 15.9%
Recoveries - 11%
Oil revenue - 41.7%
Others - 5.2%



Others Include:

Mining LNG dividends Federation Account levies FGN Share of Signature Bonus.

REVENUE PROJECTIONS FOR 2017 BUDGET

Total FGN revenue in 2017 is projected at N5.08 trillion



Contribution of oil revenue projections (41.7%) compared to 19% in FY2016



Projected revenue expected from recoveries 11%



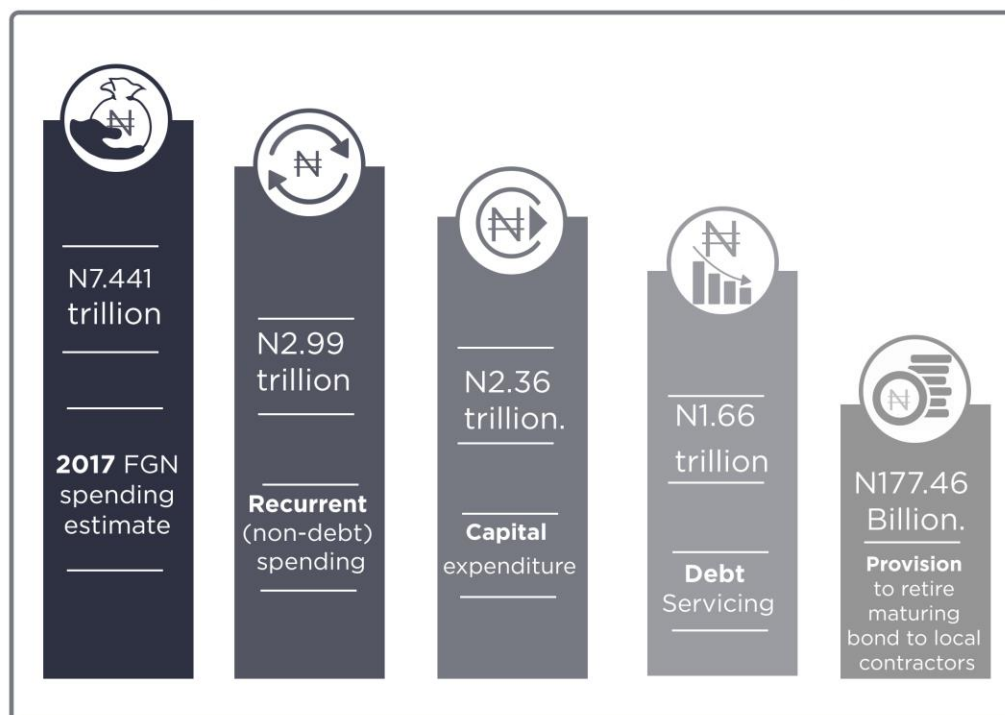


Expenditure Estimates for 2017 Budget

- *Where the money is going.*

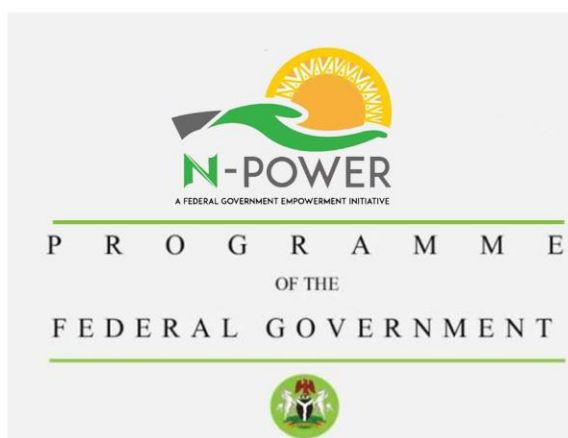
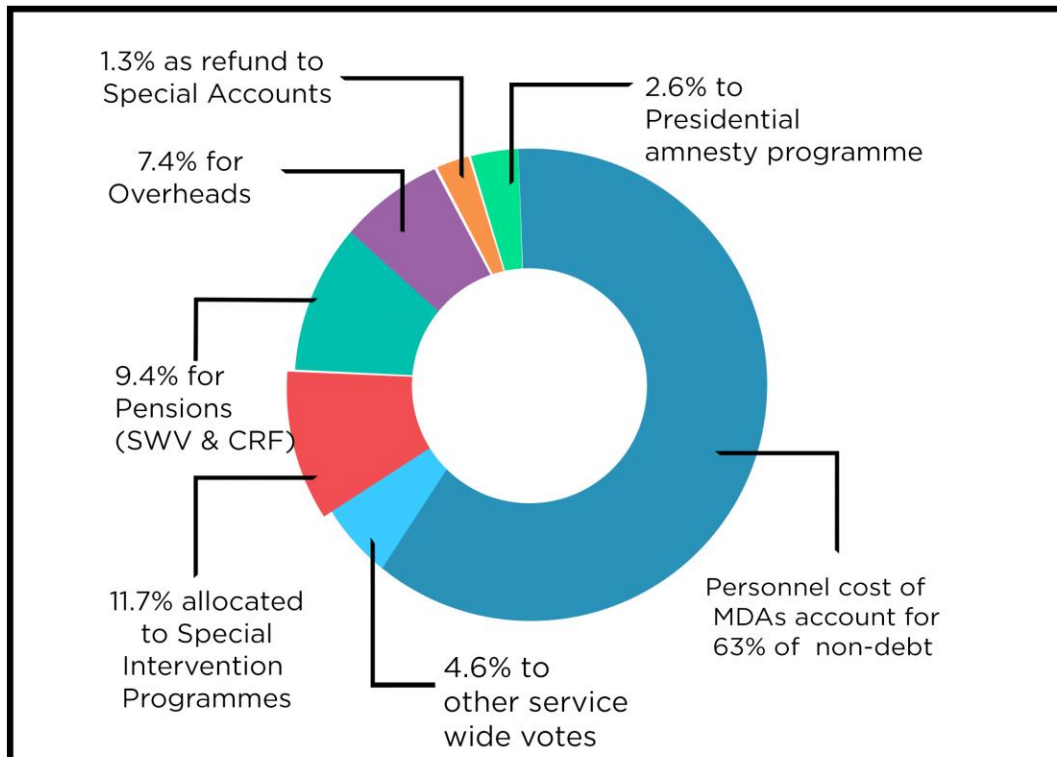
- **2017 FGN** spending estimated at N7.441 trillion, exceeding the proposal by 2.9%.
- **Recurrent**(non-debt) spending now N2.99 trillion
- **Debt** Service and Provision to retire maturing bond to local contractors were retained at N1.66 trillion and N177.46 billion, respectively
- **Capital** expenditure (including transfers) is estimated N2.36 trillion (31.7%)
- **Provision** to retire maturing bond to local contractors increased by 56% from N113.4 billion in FY2016 to N177.46 billion.
- **Capital** spending is 31.7% of total FGN expenditure in 2017.

Expenditure Estimates for 2017 Budget



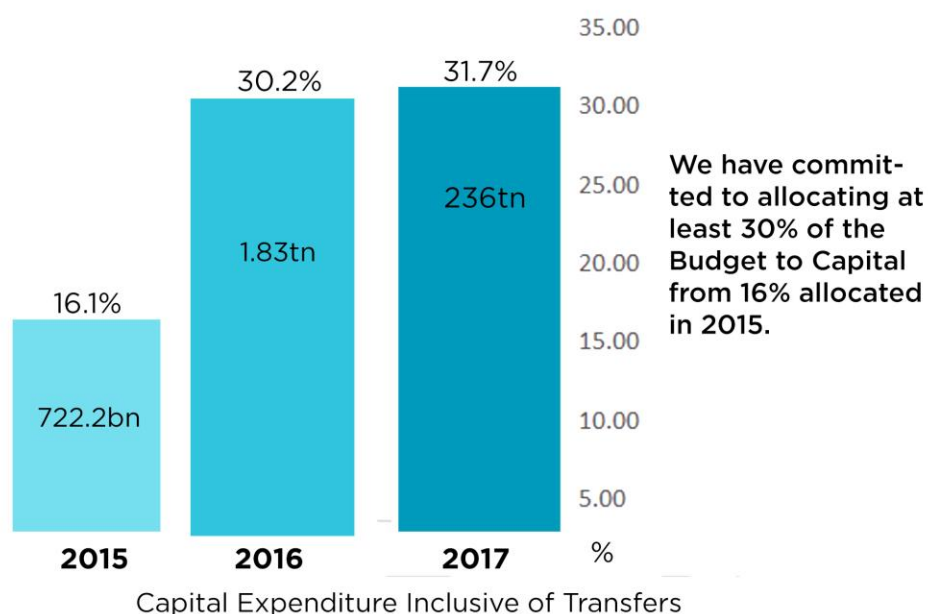


Non-Debt Recurrent Expenditure for 2017 Budget - *Where the money is going.*





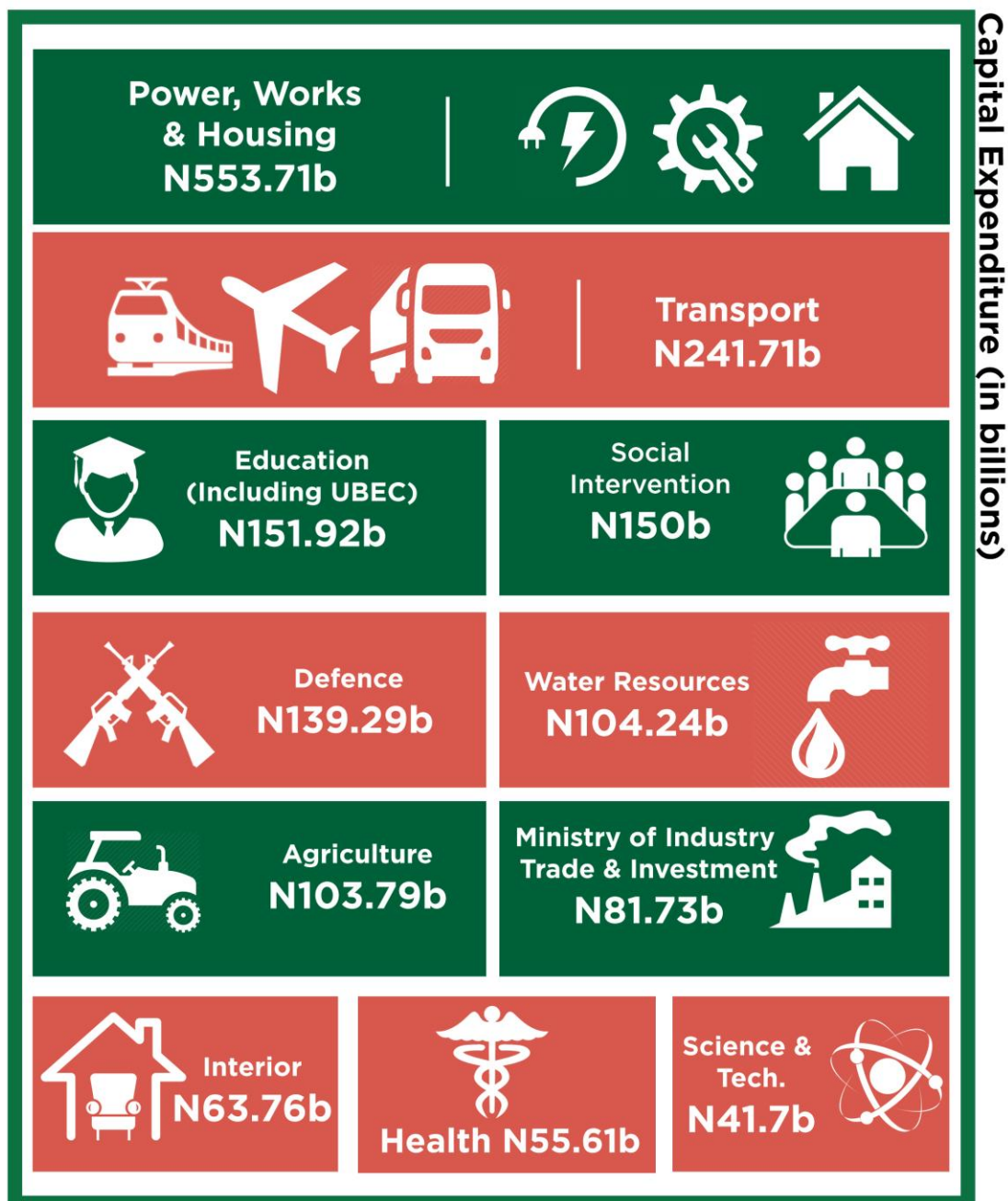
Capital Expenditure in the 2017 Budget



- **As** a % of GDP, we have grown the size of the Budget from 4.7% in 2015 to 5.9% in 2016 and to 6.7% in 2017.
- Compared with South Africa (20.7%) and Ghana (19.2%) as at 2015, this is very low .
- **Ratio** of capital spending in total budget increased from 16% in 2015 to 30% in 2016 and 31% in 2017.
- **Increasing** infrastructure spending will increase revenue generation opportunities and over time significantly reduce deficit.

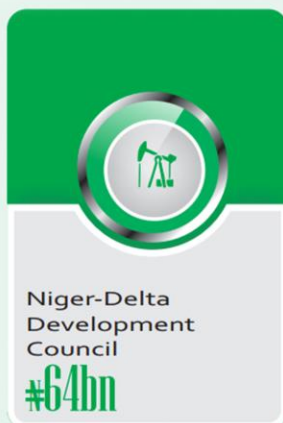


Major MDA Capital Allocations





Statutory Transfers



2017 BUDGET

RECOVERY & GROWTH

Some Key Projects/Initiatives

■ A NEW SOCIAL HOUSING PROGRAMME

N100 billion provisioned for a new Social Housing Programme towards a N1 trillion fund

■ SPECIAL ECONOMIC ZONE PROJECTS

N46 billion for Special Economic Zone Projects to be set up in each of the geo-political zones to drive manufacturing / exports.

■ EXPORT-EXPANSION GRANT (EEG)

N16 billion voted for the revival of EEG in the form of tax credits

■ RECAPITALISATION OF BANK OF INDUSTRY (BOI) AND BANK OF AGRICULTURE (BOA)

N15 billion provisioned to support these development finance institutions to support Micro, Small and Medium Scale Enterprises (MSMEs)





Some Key Projects/Initiatives



■ Health

N4.1 billion for procurement of routine vaccines and devices.
N4.8 billion for Global Fund and GAVI counterpart funding
N4.8 billion Polio Eradication Initiative.

■ Programme to reverse outbound medical tourism

N9 billion for joint venture investments in tertiary institutions with Nigeria Sovereign Investment Authority.

■ Transportation

N2.03bn for the construction of terminal building at Enugu airport.
N2.08bn for airside rehabilitation of Abuja airport.
N2.47bn for the construction of an inland river port and supply of cargo handling equipment at Baro, Niger state.

■ Power

N9.5bn Rural Electrification projects in Federal Universities
N10bn for the construction of 3,050mw Mambilla hydropower project
N10.02bn for the completion of power evacuation facility for 400mw Kas-himbila hydropower plant.

■ Housing

N28 bn Federal Government National Housing Programme nation-wide.



Some Key Projects/Initiatives

■ Water Resources

Over N100 billion for water supply, rehabilitation of dams, and irrigation projects nationwide

■ Agriculture & Rural Development

N6.5bn for Rural Roads and Water Sanitation programme

Over N20bn for Promotion and Development of Value Chain across different commodities

N4.13bn Guaranteed Minimum Price payment.

■ Mines & Steel Development

N2.1 billion for concessioning of Ajaokuta Steel Company

N450 million for the establishment of mega regulatory agency for the sector

■ Rail Modernization Programme

N148bn mostly for counterpart funds on projects to be financed by China for various railway projects (Lagos-Kano, Calabar-Lagos, Kano- Kaduna, Ajaokuta-Itakpe-Warri, Kaduna-Idu) and other rail projects

■ Settlement of MDAs Electricity Bills

N40 billion service-wide provision to settle reconciled outstanding electricity bills of FGN institutions as part of strategy to revamp the ailing power sector





Some Key Projects/Initiatives

■ Works

Over 65 roads & bridges construction and rehabilitation projects across the 6 geo-political zones of the country.

N10bn for the rehabilitation/reconstruction and expansion of Lagos - Shagamu - Ibadan dual carriageway sections I & II in Lagos and Oyo states.

N13.19bn Dualization of Kano-Maiduguri Road, Sections I-V

N10.63bn Rehabilitation of Enugu-Port Harcourt Dual Carriageway, Sections I - IV

N7bn for the Construction of 2nd Niger Bridge including access roads phases 2A & 2B

N7.12bn for the Dualization of Abuja-Abaji-Lokoja Road

N9.25bn for the Dualization of Obajana Junction to Benin Road Phase 2 Sections I - IV



N7.5bn for the Rehabilitation of Onitsha-Enugu Dual Carriageway

N7bn for the Construction of Bodo-Bonny Road with a Bridge Across the Opobo Channel

N3.3bn for the Rehabilitation of Ilorin-Jebba-Mokwa-Bokani road

N3.5bn for the Dualization of Odukpani-Itu-(SPUR IDIDEP - ITAM) - Ikot Ekpene Federal Highway Lot 1: Odukpani - Itu Bridgehead

N1.5bn for the Dualization of Kano-Katsina Road Phase 1

N2.24bn for the Dualization of Suleja-Minna Road, Sections I & II

N2.3bn for Gombe-Numan-Yola Phase II (Gombe - Kaltungo)

N2.7bn for Construction of Kano Western Bypass



Some Key Projects / Programmes



■ Niger Delta

N6.55 billion for dualization of East-West Road {Sections 1 to 5 covering Warri – Kiama – Ahaoda – Port Harcourt – Eket – Oron – Calabar}.

N3 billion counterpart fund contribution for East-West road

■ Social Intervention Programmes

N500 billion for FGN Special Intervention Programme (including Home Grown School Feeding Programme, Government Economic Empowerment Programme, N-Power Job Creation Programme and Conditional Cash Transfers and Social Housing Programme fund).

■ Regional Interventions.

N76.7 billion for reintegration of transformed ex-militants under the Presidential Amnesty Programme.

N45 billion North East intervention fund.

■ SDGs

N25.9 billion for SDGs conditional grants and social safety nets.

N9 billion for SDGs Special Projects

N12 billion for SDGs Special Intervention Project 1

N8 billion for SDGs Special Intervention Project 2



Conclusion

As a Government, we are determined to bring succor to our people by taking strong action to change the current trajectory of the Nigerian economy.

To get out of this recession and back on the path of growth, Government must find the resources to spend on infrastructure, and to spend to reflate the economy

We must, and we can, find the resources to fund the 2017 budget. We will challenge our revenue generating agencies, particularly the FIRS and Customs to improve their efficiencies and broaden their reach so as to achieve the targets set for them in the 2017 Budget.

We must maximize the revenues we can generate from the oil and gas sector and also introduce creative measures to improve on the efficiencies in that sector so as to increase the Government take.

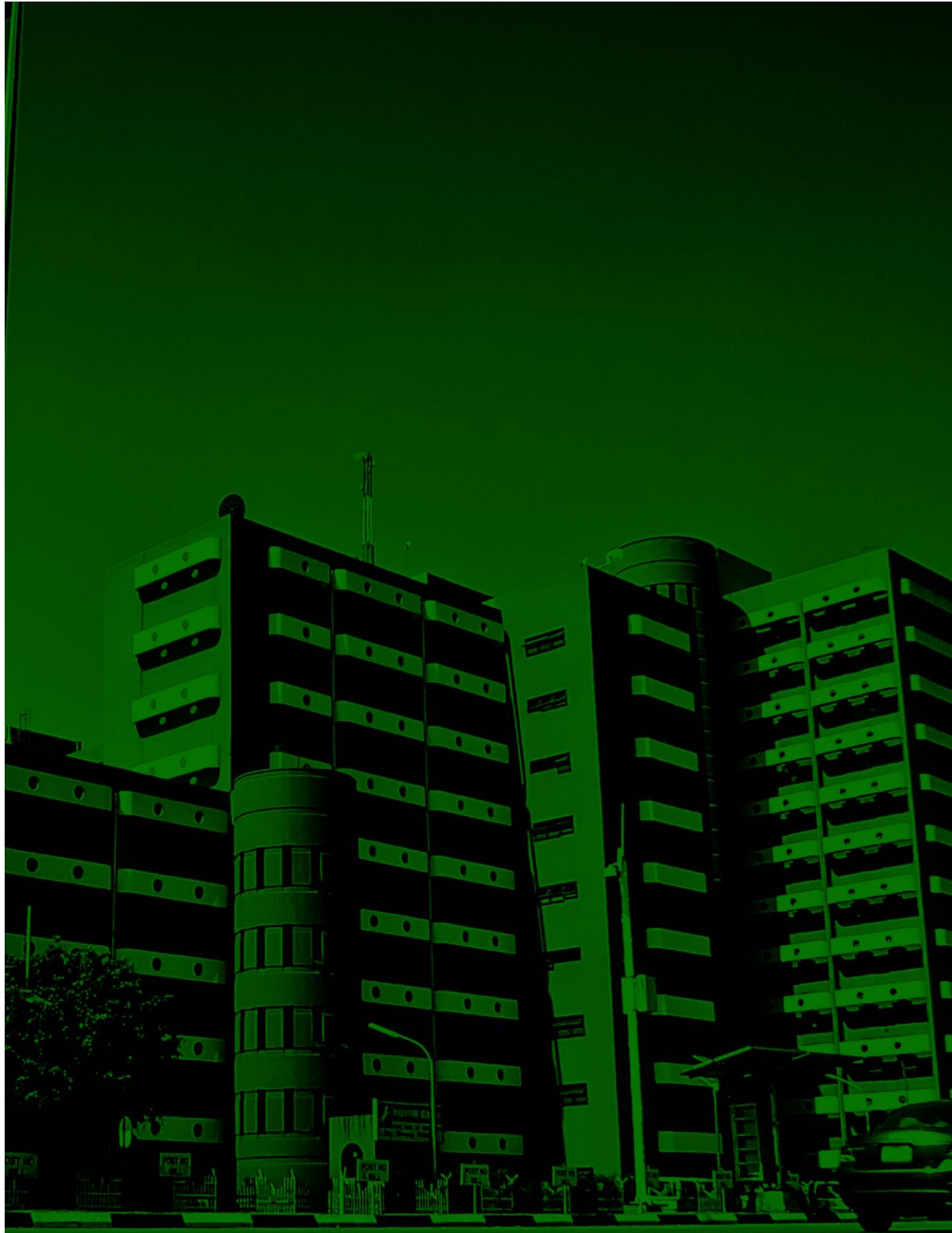


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