



PUBLIC PRESENTATION OF 2021 FGN BUDGET PROPOSAL– *BREAKDOWN & HIGHLIGHTS*

Presented by Mrs. (Dr.) Zainab Shamsuna Ahmed
Honorable Minister of Finance, Budget & National Planning,
Federal Government of Nigeria
13th October, 2020

OUTLINE

- I. Introduction & Background***
- II. Overview of 2020 Fiscal outcomes & Budget implementation***
- III. Updates on Global Outlook and Domestic Developments***
- IV. Underlying Assumptions / Macroeconomic Parameters for the 2021 Budget***
- V. Overview of the 2021 Budget Proposal***
- VI. Selected Projects in the 2021 Budget***
- VII. Conclusion***

INTRODUCTION & BACKGROUND

INTRODUCTION & BACKGROUND



- It would be recalled that Mr. President laid the initial 2020 Budget proposal on the 8th of October, 2019 at a joint session of the National Assembly. However, the macroeconomic environment was significantly disrupted by the Covid-19 pandemic, necessitating Mr. President's presentation of a revised 2020 budget on 28th May, 2020 which was signed into law on 10th July, 2020.
- Interestingly, the 2021 FGN Budget Proposal was also laid on the 8th of October, 2020. This underscores the Buhari Administration's commitment to firmly return the country to a January – December Budget cycle.
- The FGN 2021 Budget of '***Economic Recovery and Resilience***' is expected to reposition the Nigerian economy on the path of recovery, growth and resilience.
- Nigeria is exposed to spikes in risk aversion in the global capital markets, which will put further pressure on the foreign exchange market as foreign portfolio investors exit the Nigerian market.

INTRODUCTION & BACKGROUND .../2



- Nigeria's GDP growth was -6.1 percent in Q2 2020. This ended the 3-year trend of positive, but modest, real GDP growth recorded since the second quarter of 2017.
- Q3 2020 GDP growth is projected to be negative, which means the Nigerian economy is likely to lapse into a second recession in four years, with significant adverse consequences
- In response to the developments affecting the supply of foreign exchange to the economy, the Central Bank of Nigeria **(CBN) adjusted the official exchange rate to N360/US\$1, and more recently to N379/US\$.**
- The COVID-19 inspired disruptions to global economic activities cut crude oil demand and prices; similarly, disruptions in global trade/logistics have negatively affected custom duty collections. The COVID-19 containment measures, though necessary, further inhibited economic activities, with consequential negative impact on taxation and other government revenues. Consequently, projections for non oil revenues were reviewed slightly downwards in the 2021 budget, while slight recovery is projected for crude oil revenues.

OVERVIEW OF 2020 FISCAL OUTCOMES & UPDATE ON 2020 BUDGET IMPLEMENTATION

OVERVIEW OF 2020 FISCAL OUTCOMES



2020 Budget Parameters Performance

- Relative to the revised 2020 budget parameters, the H1 performance numbers are all positive; H2 performance is however generally expected to be worse than H1:

Description	2020 Budget Revised	Jan - Jul 2020 Actual
Oil Price Benchmark (US\$/b)	*28.0	**38.64
Oil Production (mbpd)	^1.80	^^1.88
Exchange Rate (N/\$)	360.0	379.0
Inflation (%)	14.13	+12.82
GDP Growth Rate (%)	`(4.2)	``(2.18)

* Revised average crude oil benchmark price for 2020, initially set at \$57/b; **Average price of Nigerian crude for the period.

^Revised oil production target (initially 2.18mbpd); ^^Average production, exclusive of volumes for repayment of pre-2016 cash call arrears.

+ Inflation rate as at July, 2020.

`Revised GDP growth rate post-covid-19 (initially 2.93%); ``H1 2020 GDP growth rate.

Source: BOF, NBS, CBN, NNPC, OPEC

UPDATE ON 2020 BUDGET IMPLEMENTATION (JAN – AUG)



Revenue Performance

- As at end of August 2020, FGN's revenue available for budget funding (excluding GOEs) was N2.52 trillion, 71% of target:
 - FGN share of oil revenues was N1.105 trillion (representing 164% performance, over and above the prorated sum in the revised 2020 budget) while non-oil tax revenues totaled N831.41 bn (77% of revised target).
 - Companies Income Tax (CIT) and Value Added Tax (VAT) collections were N447.52 billion and N117.75 billion, representing 82% and 62% respectively of the prorata revised targets for the period.
 - Customs collections was N266.14 billion (77% of revised target).

- Other revenues amounted to N583.82 billion, of which Independent revenues was N281.81 billion.

UPDATE ON 2020 BUDGET IMPLEMENTATION (JAN – AUG) .../2



Revenue Performance

		2020 Revised Budget	Pro Rata (Jan-Aug)	Actuals (Jan-Aug)	Variance	
		Billions of Naira			Billions of Naira	%
S/N	FEDERAL RETAINED REVENUES (excl. GOEs)	5,365.42	3,576.95	2,522.08	(1,054.87)	-29%
A						
1	Oil Revenue	1,013.77	675.84	1,105.40	429.55	64%
2	Share of Dividend (NLNG)*	80.38	53.58		(53.58)	-100%
3	Minerals & Mining Revenue	1.90	1.26	1.45	0.19	15%
4	Non-Oil Revenue:	1,624.93	1,083.29	831.41	(251.88)	-23%
i	CIT	821.67	547.78	447.52	(100.26)	-18%
ii	VAT	284.11	189.41	117.75	(71.66)	-38%
iv	Customs Revenues	450.70	300.46	251.48	(48.98)	-16%
v	Federation Account Levies	68.46	45.64	14.65	(30.98)	-68%
B		2,644.45	1,762.97	583.82	(1,179.14)	-67%
1	FGN Independent Revenue	932.84	621.89	281.81	(340.08)	-55%
2	FGN Drawdowns from Special Accounts/Levies	645.00	430.00	223.29	(206.71)	-48%
3	Signature Bonus / Renewals / Early Renewals	350.52	233.68	78.72	(154.96)	-66%
4	Domestic Recoveries + Assets + Fines*	237.01	158.01		(158.01)	-100%
5	Stamp Duty*	200.00	133.33		(133.33)	-100%
6	Grants and Donor Funding	42.70	28.47		(28.47)	-100%
7	Grants and Donations for COVID-19 Crisis Intervention Fund	186.37	124.25		(124.25)	-100%
8	Grants and Donor Funding	50.00	33.33		(33.33)	-100%

** NLNG Dividends, Recoveries and Stamp duty collected during the period are yet to be booked in the fiscal accounts.*



Expenditure Performance

- On the expenditure side, **N9.97 trillion** was appropriated (excluding GOEs and Project tied loans), while **N6.25 trillion** (representing **93.9% of the prorata N6.65 trillion**) was spent.
- Of the expenditure,
 - **N2.14 trillion** was for debt service, and
 - **N2.18 trillion** for Personnel cost, including Pensions.
- As at end of August 2020, **N761.79 billion** had been released for capital expenditure, *rising to N1.2 trillion by end of September 2020.*

UPDATE ON 2020 BUDGET IMPLEMENTATION (JAN – AUG) .../4



Expenditure Performance



S/N	Fiscal Items	2020 Revised Budget	Pro Rata (Jan-Aug)	Actuals (Jan-Aug)	Variance	
		Billions of Naira			Billions of Naira	%
	FGN EXPENDITURE (excl. GOEs and Project-tied Loans)	9,973.67	6,649.11	6,245.59	403.53	-6.1%
A	Statutory Transfers	428.03	285.35	349.91	(64.55)	22.6%
B	Recurrent Expenditure	7,585.57	5,057.04	5,133.89	(76.84)	1.5%
1	Non-Debt Recurrent Expenditure	4,633.86	3,089.24	2,996.89	92.35	-3.0%
a	Personnel Costs	2,827.65	1,885.10	1,937.36	(52.26)	2.8%
b	Pensions & Gratuities including Service wide pension	536.72	357.81	240.02	117.80	-32.9%
ii	Overheads	243.18	162.12	280.03	(117.91)	72.7%
iii	Other Service Wide Votes	397.33	264.89	75.63	189.26	-71.4%
	Other Service Wide Votes (COVID-19)	213.98	142.65	206.83	(64.18)	45.0%
iv	Presidential Amnesty	65.00	43.33	37.92	5.42	-12.5%
v	Special Intervention Programme	350.00	233.33		233.33	-100.0%
vi	Payment from Special Accounts		-	219.11	(219.11)	
2	Debt Service	2,951.71	1,967.81	2,137.00	(169.19)	8.6%
i	Domestic Debt	1,873.34	1,248.89	1,180.85	68.04	-5.4%
ii	Foreign Debt	805.47	536.98	333.37	203.62	-37.9%
iii	Sinking Fund	272.90	181.93		181.93	-100.0%
iv	Interest on Ways & Means		-	622.78	(622.78)	
C	Capital Expenditure	1,960.07	1,306.71	761.79	544.92	-41.7%

UPDATES ON GLOBAL OUTLOOK AND DOMESTIC DEVELOPMENTS

BUDGET 2021: GLOBAL, REGIONAL & DOMESTIC DEVELOPMENTS



Global

- The International Monetary Fund (IMF) expects the **global economy to contract by 4.9 percent in 2020**, but to gradually recover and grow by **5.4 percent in 2021**
- Growth in Emerging Market and Developing Economies (EMDEs) is projected to contract **by 0.3% in 2020** but rebound to **5.9% 2021**.



Africa

- Sub-Saharan Africa is projected to contract **by -3.2% in 2020** and **recover to 3.4%** in 2021
- South Africa is projected to **decline by -8.0% in 2020** and **recover steeply to 3.0%** in 2021
- Egypt is projected to be stable - projected to grow by **2.0% in 2020** and also **2.0% in 2021**



Nigeria

- The IMF projects the Nigeria to contract **by 5.4% in 2020** and **grow by 2.6% in 2021**. NBS however projects -4.2% for 2020 and 3.0% for 2021
- Nigeria's Q2 GDP growth contracted **by 6.1 percent** in the second quarter of 2020. This ended the 3-year trend of positive, but modest, real GDP growth recorded since the second quarter of 2017.

BUDGET 2021: GLOBAL, REGIONAL & DOMESTIC DEVELOPMENTS.../2



(real GDP, annual percent change)	PROJECTIONS		
	2019	2020	2021
World Output	2.9	-4.9	5.4
Advanced Economies	1.7	-8.0	4.8
United States	2.3	-8.0	4.5
Euro Area	1.3	-10.2	6.0
Germany	0.6	-7.8	5.4
Other Advanced Economies	1.7	-4.8	4.2
Emerging Markets and Developing Economies	3.7	-3.0	5.9
Emerging and Developing Asia	5.5	-0.8	7.4
China	6.1	1.0	8.2
India	4.2	-4.5	6.0
Middle East and Central Asia	1.0	-4.7	3.3
Saudi Arabia	0.3	-6.8	3.1
Sub-Saharan Africa	3.1	-3.2	3.4
Nigeria	2.2	-5.4	2.6
South Africa	0.2	-8.0	3.5
Low-Income Developing Countries	5.2	-1.0	5.2

- The IMF expects that the **Advanced economies** will be hard hit by the COVID-19 pandemic. Growth is projected at **-8.0% in 2020 & +4.8% in 2021**.
- **Middle East & Central Asia region** is projected to contract by **4.7% in 2020, but to grow by 3.3% in 2021**.
- These estimates suggest that the current global economic downturn will be generally short-lived.

Source: IMF, World Economic Outlook Update, June 2020

**UNDERLYING ASSUMPTIONS
DRIVING THE MACROECONOMIC
PARAMETERS & TARGETS FOR THE
2021 BUDGET**

KEY ASSUMPTIONS & BUDGET-FRAMEWORK



Projections

- The key parameters, as well as other macroeconomic projections, driving the medium-term revenue and expenditure framework have been revised in line with the emergent realities. The new figures are presented in the table below.

Description	2019 Actual	2020 Budget	2021	2022	2023
Oil Price Benchmark (US\$/b)	67.2	28.0	40.0	40.0	40.0
Oil Production (mbpd)	1.96	1.80	1.86	2.09	2.38
Exchange Rate (N/\$)	305.0	360.0	379.0	379.0	379.0
Inflation (%)	11.98	14.15	11.95	10.94	11.02
Non-Oil GDP (N'bn)	131,810.1	131,155.5	132,592.2	134,154.5	139,304.9
Oil GDP (N'bn)	12,400.4	8,691.9	10,102.2	12,640.0	12,159.5
Nominal GDP (N'bn)	144,210.5	139,517.5	142,694.4	146,794.6	151,496.4
GDP Growth Rate (%)	2.27	(4.20)	3.00	4.68	3.86
Nominal Consumption (N'bn)	119,281.6	117,913.7	118,887.3	120,835.4	125,157.3

Source: Ministry of Finance, Budget & National Planning; NNPC; CBN, BOF; NBS

- Oil GDP growth rate has a strong positive correlation with real GDP growth in Nigeria, reflecting the sector's dominance as a major contributor to government revenues and export earnings in a highly import dependent economy.

KEY ASSUMPTIONS & BUDGET-FRAMEWORK .../2



Projections

- Although Nigeria's total production capacity is 2.5 mbpd, current crude production is about 1.7mbpd; This includes about 300,000bpd of condensates, which means there is still compliance with the OPEC quota.
- World Bank forecasts that crude oil prices will rise gradually from an average of US\$42 pb in 2021 to \$44.5 pb in 2022, and US\$47 pb in 2023.
- EIA expects Brent crude oil prices to average \$41 pb during the second half of 2020 and \$50 pb during 2021, reaching \$53 pb by the end of 2021
- With oil price projected to remain low and volatile in 2020, and Nigeria's compliance with the OPEC+ cuts by reducing base production to between 1.412 mbpd and 1.579 mbpd from June to end of the year, growth in Oil GDP is expected to decline in 2020.

KEY ASSUMPTIONS & BUDGET-FRAMEWORK .../3



Projections

- Oil GDP is expected to contract by 12.96% in 2020, year on year, causing an economy-wide drag resulting in slower growth in non-oil GDP by -3.6%, year on year. Based on this, real GDP is expected to decline by 4.2% in 2020.
- The nominal GDP is expected to increase from N139,517.5 billion in 2020 to N142,694.4 billion in 2021 and then up to N151,464.4 billion in 2023. Similarly, consumption expenditure is projected to stay flat at N117,913.7 billion in 2020 and N118,887.3 billion in 2021 and grow to N125,157.3 billion by 2023, reflecting a gradual steadiness in the recovery.
- Inflation, however, is expected to remain above single digit over the medium term, given the structural issues impacting on cost of doing business, including high cost of food distribution

2021 BUDGET PROPOSAL OVERVIEW OF REVENUE, EXPENDITURE & DEFICIT FINANCING



An Overview of the Revenue Framework

- The aggregate revenue available to fund the 2021 budget is projected at **N7.89 trillion** (*35% more than the 2020 Revised Budget of N5.84 trillion*).
- To promote fiscal transparency, accountability & comprehensiveness, the budgets of 60 GOEs are integrated in the FGN's 2021 Budget proposal.
- In aggregate, 31% of projected revenues is to come from oil related sources while 69% is to be earned from non-oil sources.
- Overall, the size of the budget has been constrained by our relatively low revenues.

2021 BUDGET REVENUE PROPOSALS – WHERE THE MONEY IS COMING FROM?



An Overview of the Revenue Framework

FISCAL ITEMS		2020 Revised Budget	2021 Proj.	2022 Proj.	2023 Proj.
AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs retained revenue)		5,365,422,722,620	6,537,575,467,981	6,450,323,113,013	6,907,546,497,855
a	Share of Oil Revenue	1,013,766,299,265	2,011,017,892,674	2,291,915,636,760	2,611,265,104,742
b	Share of Dividend (NLNG)	80,377,200,000	208,540,960,000	173,165,100,000	178,463,520,000
c	Share of Minerals & Mining	1,895,673,251	2,650,393,903	2,915,433,293	3,206,976,622
d	Share of Non-Oil	1,624,934,376,103	1,488,924,372,031	1,780,323,104,557	1,838,332,105,977
	<i>Share of CIT</i>	821,667,401,957	681,718,292,330	862,157,372,903	889,952,986,408
	<i>Share of VAT</i>	284,114,080,739	238,426,227,556	253,985,331,189	263,069,642,739
	<i>Share of Customs</i>	450,697,323,386	508,269,596,837	595,509,820,054	614,454,330,394
	<i>Share of Federation Acct. Levies</i>	68,455,570,020	60,510,255,308	68,670,580,411	70,855,146,437
e	Revenue from GOEs	990,113,888,722	2,173,860,133,098	2,377,065,648,677	2,471,678,354,010
f	GOEs Operating Surplus (80% of which is captured in Independent Revenue)	(520,531,126,098)	(825,023,025,138)	(902,637,079,581)	(979,770,761,775)
g	Independent Revenue	932,842,266,640	961,898,590,939	1,054,984,221,846	1,186,634,579,635
h	Transfers from Special Levies Accounts	300,000,000,000	300,000,000,000	300,000,000,000	300,000,000,000
i	Transfers from Special Accounts	345,000,000,000			
j	Signature Bonus / Renewals / Early Renewals	350,521,054,200	677,015,511,478	35,876,085,192	-
k	Domestic Recoveries + Assets + Fines	237,012,653,161	32,675,085,307	26,933,139,822	33,587,644,833
l	Stamp Duty	200,000,000,000	500,000,000,000	500,000,000,000	500,000,000,000
n	Grants and Donor Funding	42,703,200,000	354,852,661,650	284,210,391,544	256,056,566,044
o	Transfers from Special Accounts for COVID-19 Intervention Across the Federation	186,370,000,000			
p	Grants and Donations for COVID-19 Crisis Intervention Fund	50,000,000,000			
AMOUNT AVAILABLE FOR FGN BUDGET (including GOEs)		5,835,005,485,245	7,886,412,575,941	7,924,751,682,109	8,399,454,090,089



An Overview of the Expenditure Framework

- 2021 aggregate FGN expenditure inclusive of GOEs and project-tied Loans) is projected to be **N13.08 tn**, which is 21% higher than revised-2020 Budget.
- Recurrent (non-debt) spending, estimated to amount to **N5.93 tn**, is 43.19% of total expenditure, and 14.32% higher than 2020 revised estimates (reflecting increases in salaries & pensions).
- Aggregate Capital Expenditure of **N3.85 tn** is 29.43% of total expenditure; and 43.4% higher than the 2020 Revised Budget (inclusive of Capital component of Statutory Transfers, GOEs Capital & Project-tied loans expenditures).
- At **N3.12 tn**, debt service is 23.88% of total expenditure, and is 16.63% higher than 2020 revised Budget.
- Provision to retire maturing bonds to local contractors / suppliers of **N220 bn** is 1.68% of total expenditure. This reflects FGN's commitment to offset accumulated arrears of contractual obligations dating back over 10 years.

2021 BUDGET REVENUE PROPOSALS – WHERE THE MONEY IS GOING?



An Overview of the Expenditure Framework

FISCAL ITEMS		2020 Revised Budget	2021 Proj.	2022 Proj.	2023 Proj.
STATUTORY TRANSFER		428,032,186,792	484,488,471,273	517,570,933,434	539,425,100,557
DEBT SERVICE		2,678,810,000,000	3,124,380,000,000	3,496,510,000,000	3,496,510,000,000
RECURRENT (NON-DEBT)		4,942,269,251,935	5,649,872,137,889	5,925,973,889,898	6,106,155,964,810
a	Personnel Costs (MDAs)	2,827,648,399,908	3,063,825,348,605	3,145,476,080,058	3,239,840,362,459
b	Personnel Costs (GOEs)	218,805,923,102	701,162,016,535	745,547,741,391	784,918,705,581
c	Overheads (MDAs)	243,178,783,662	313,420,076,635	302,426,076,635	302,426,076,635
d	Overheads (GOEs)	89,606,753,712	312,081,710,125	332,949,169,853	354,254,491,131
e	Pensions, Gratuities & Retirees Benefits	536,717,450,127	501,191,130,679	569,403,542,840	586,485,649,125
f	Other Service Wide Votes (including GAVI/Immunization)	397,334,060,757	343,191,855,311	415,171,279,123	423,230,679,878
g	Other Service Wide Votes (COVID-19 Crisis Intervention Fund-	213,977,880,667			
h	Presidential Amnesty Programme	65,000,000,000	65,000,000,000	65,000,000,000	65,000,000,000
SPECIAL INTERVENTIONS (Recurrent)		350,000,000,000	350,000,000,000	350,000,000,000	350,000,000,000
AGGREGATE CAPITAL EXPENDITURE		2,685,307,684,387	3,850,601,948,697	3,382,777,654,436	3,293,160,502,483
a	Capital Supplementation	261,354,210,000	370,585,938,288	234,196,000,000	234,196,000,000
b	Capital Expenditure in Statutory Transfers	196,770,251,042	246,921,989,627	278,573,047,997	299,483,090,089
c	Special Intervention Programme (Capital)	20,000,000,000	20,000,000,000	30,000,000,000	30,000,000,000
d	Amount Available for MDAs Capital Expenditure (Including N100bn reallocation of existing capital for COVID-19)	1,349,989,018,202	1,812,962,261,106	1,559,237,316,023	1,637,199,181,825
e	COVID-19 Crisis Intervention Fund- Incremental Capital	99,652,119,333			
f	COVID-19 Intervention Across the Federation	186,370,000,000			
g	Top 10 GOEs Capital Expenditure	141,170,085,810	335,593,381,300	395,931,657,853	352,734,395,522
h	Grants and Donor Funded Projects	42,703,200,000	354,852,661,650	284,210,391,544	256,056,566,044
i	Multi-lateral / Bi-lateral Project-tied Loans	387,298,800,000	709,685,716,725	600,629,241,019	483,491,269,004
Capital Expenditure (Exclusive of Transfers)		2,488,537,433,345	3,603,679,959,070	3,104,204,606,439	2,993,677,412,394
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)		9,973,667,309,448	11,023,897,743,548	11,255,871,619,656	11,447,039,616,523
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)		10,810,548,872,072	13,082,420,568,233	13,330,929,429,771	13,422,438,477,761

2021 BUDGET - DEFICIT, FINANCING & CRITICAL RATIOS



An Overview of the Deficit, Financing & Critical ratios

FISCAL ITEMS	2020 Revised Budget	2021 Proj.	2022 Proj.	2023 Proj.
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)	9,973,667,309,448	11,023,897,743,548	11,255,871,619,656	11,447,039,616,523
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)	10,810,548,872,072	13,082,420,568,233	13,330,929,429,771	13,422,438,477,761
Fiscal Deficit (excluding GOEs and Project-tied Loans)	(4,608,244,586,828)	(4,486,322,275,567)	(4,805,548,506,643)	(4,539,493,118,668)
Total Fiscal Deficit (including GOEs and Project-tied Loans)	(4,975,543,386,828)	(5,196,007,992,292)	(5,406,177,747,662)	(5,022,984,387,672)
GDP	139,517,515,936,044	142,694,417,135,112	146,794,565,467,177	151,464,431,638,719
DEFICIT/GDP (excluding GOEs and Project-tied Loans)	(3.30%)	(3.14%)	(3.27%)	(3.00%)
DEFICIT/GDP (including GOEs and Project-tied Loans)	(3.57%)	(3.64%)	(3.68%)	(3.32%)
TOTAL FGN EXPENDITURE	10,810,548,872,072	13,082,420,568,233	13,330,929,429,771	13,422,438,477,761
Total Non-Debt Expenditure	7,858,838,872,072	9,738,040,568,233	9,547,749,429,771	9,639,258,477,761
Capital Expenditure as % of Non-Debt Expenditure	34%	40%	35%	34%
Capital Expenditure as % of total FGN Expenditure	25%	29%	25%	25%
Capital Expenditure (Inclusive of Transfers, but exclusive of GOEs Capital & Project-tied loans) as % of FGN Expenditure	22%	25%	21%	21%
Recurrent Expenditure as % of total FGN Exp (incl. GOEs + Project-tied Loans)	75%	71%	75%	75%
Debt Service to Revenue Ratio (incl. GOEs + Project-tied Loans)	46%	40%	44%	42%
Deficit as % of FGN Revenue (incl. GOEs + Project-tied Loans)	85%	66%	68%	60%
ADDITIONAL FINANCING				
a Sales of Government Property	-	-	-	-
b Privatization Proceeds	126,041,863,844	205,153,707,813	83,562,450,000	164,933,750,000
c Non-Oil Asset Sales	-	-	-	-
d Multi-lateral / Bi-lateral Project-tied Loans	387,298,800,000	709,685,716,725	600,629,241,019	483,491,269,004
f Borrowing from Special Accounts	263,630,000,000			
g New Borrowings	4,198,572,722,984	4,281,168,567,753	4,721,986,056,643	4,374,559,368,668
Domestic Borrowing	2,213,892,722,984	2,140,584,283,877	2,360,993,028,321	2,187,279,684,334
Foreign Borrowing	1,984,680,000,000	2,140,584,283,877	2,360,993,028,321	2,187,279,684,334

• Overall budget deficit is **N5.196 tn** for 2021. This represents **3.64%** of GDP.

• Budget deficit is to be financed mainly by borrowings:

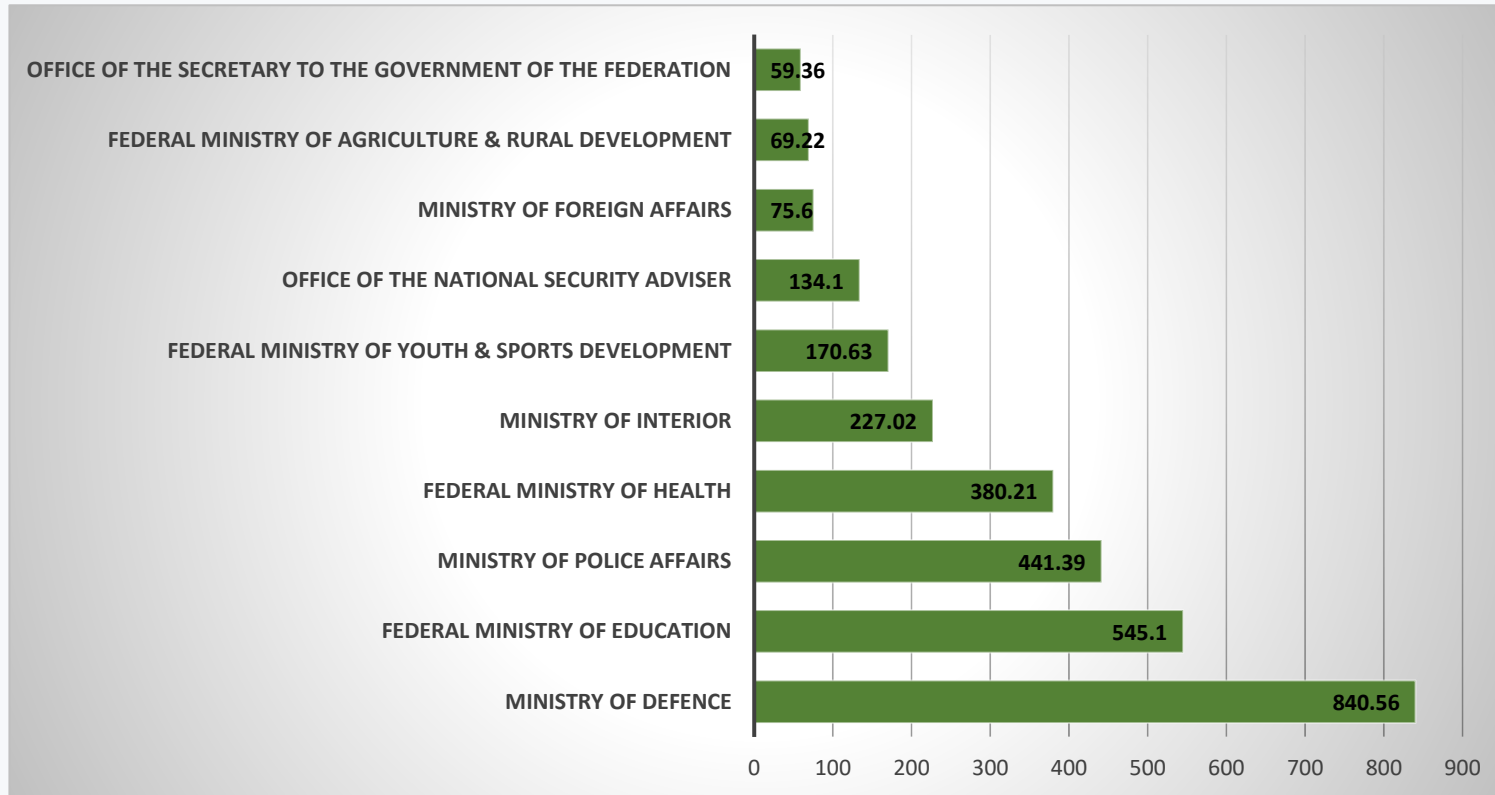
- *Domestic sources: N2.14 tn*
- *Foreign sources: N2.14 tn*
- *Multi-lateral /bi-lateral loan drawdowns: N709.69 bn*

• And Privatisation Proceeds – **N205.15 bn**

TOP 10 RECURRENT ALLOCATIONS IN THE 2021 BUDGET



Recurrent Expenditure (N billions)

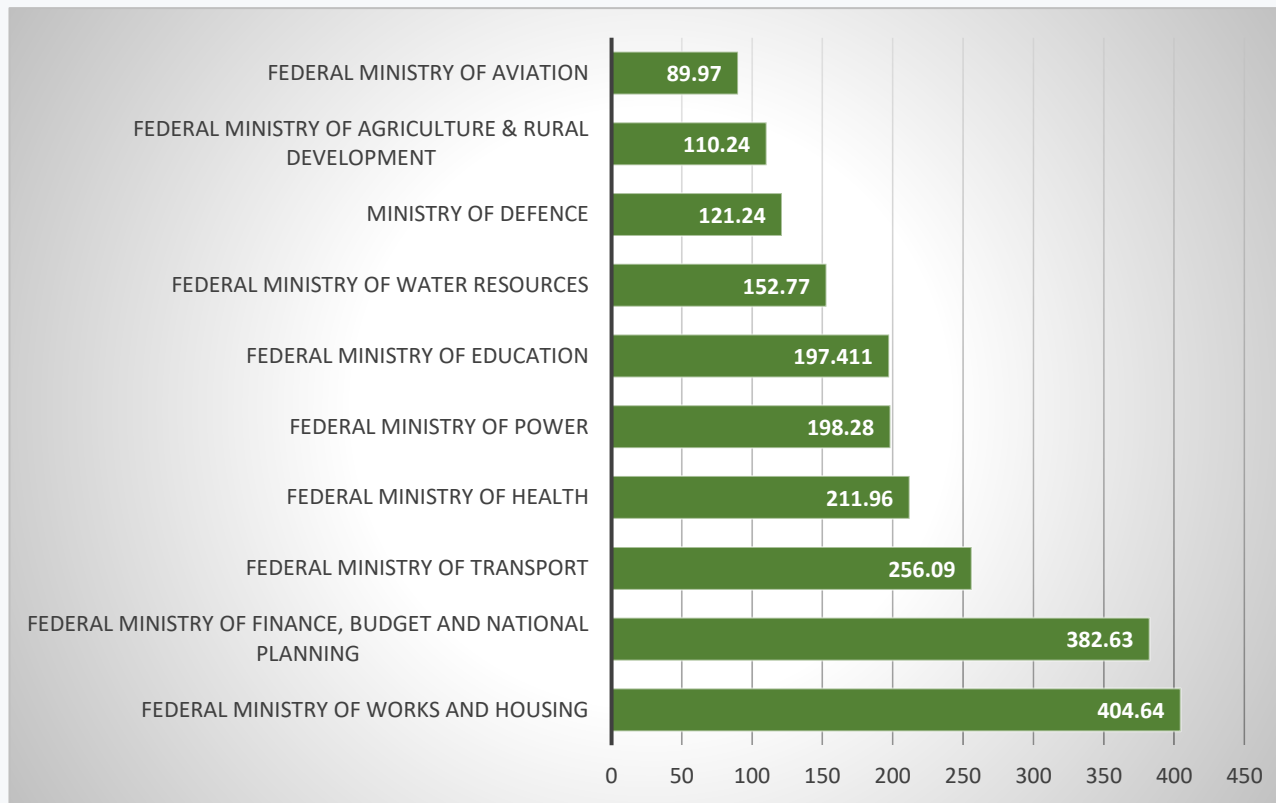


- Allocations underscore our commitment to increase investment in **national security and human capital development**

TOP 10 CAPITAL ALLOCATIONS IN THE 2021 BUDGET



Capital Expenditure (N billions)



- The Capital of **FMFBNP is inclusive of N221.43b** multilateral/bilateral project tied loans domiciled in IER as well as **N152.4bn transfers to NBET; of which 150bn is for the Power Sector Recovery Programme (PSRP)**
- Allocations to Health also include the provision for the **BHCPF, GAVI/ Immunisation & Counterpart funding for Health programmes.**
- **UBEC is also included in the Education Allocation.**

OTHER CRITICAL ALLOCATIONS IN 2021



Education Sector (N billions)



N742.52bn

Amount provisioned for
**Federal Ministry of
Education and its
agencies (Recurrent
& Capital
expenditure)**



N70.05bn

Amount
provisioned for
**Universal
Basic
Education
Commission
(UBEC)**



N318bn

Transfers to the
Tertiary Education
Trust Fund
(TETFUND) for
infrastructure
projects in
Tertiary
institutions

The above key spending in the Education Sector in the proposed FGN 2021 Budget

OTHER CRITICAL ALLOCATIONS IN 2021 .../2



Health Sector (N billions)



N546.98bn

Amount provisioned for
Federal Ministry of Health and its agencies (Recurrent & Capital expenditure)



N45.19bn

Gavi/ Immunization funds



N5.5bn

Counterpart funding for donor supported programmes, including
Global Fund



N35.03bn

Transfer to Basic Healthcare Provision Fund (BHCPF)
1% of CRF

The above key spending in the Health Sector in the proposed FGN 2021 Budget

FMFBNP & AGENCY ALLOCATIONS IN 2021



MDA Breakdown

MINISTRY OF FINANCE, BUDGET AND NATIONAL PLANNING				
EXECUTIVE PROPOSAL				
MDA	PERSONNEL	OVERHEAD	CAPITAL	TOTAL ALLOCATION
FEDERAL MINISTRY OF FINANCE, BUDGET AND NATIONAL PLANNING - HQTRS	2,364,437,626	2,448,418,586	225,584,345,885	230,397,202,097
DEBT MANAGEMENT OFFICE	651,176,920	156,845,951	180,487,407	988,510,278
BUDGET OFFICE OF THE FEDERATION	705,699,609	909,765,346	528,639,529	2,144,104,484
INVESTMENT AND SECURITIES TRIBUNAL	447,921,492	133,106,114	37,295,035	618,322,641
OFFICE OF THE ACCOUNTANT-GENERAL OF THE FEDERATION	3,711,484,876	654,551,030	483,429,726	4,849,465,632
37 FPOs, 6 ZONAL OFFICES AND 2 SUB TREASURIES	0	98,280,000	0	98,280,000
PENSION TRANSITIONAL ARRANGEMENT DEPARTMENT (PTAD) HQTRS	1,637,464,477	783,493,567	396,599,277	2,817,557,321
CENTRE FOR MANAGEMENT DEVELOPMENT	1,006,421,062	300,110,465	930,077,547	2,236,609,074
NATIONAL BUREAU OF STATISTICS	4,656,768,614	672,012,795	1,356,183,662	6,684,965,071
NIGERIA INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH	682,810,533	148,285,169	720,601,429	1,551,697,131
NIGERIAN BULK ELECTRICITY TRADING PLC.	0	0	152,416,800,000	152,416,800,000
	15,864,185,209	6,304,869,023	382,634,459,497	404,803,513,729

OTHER CRITICAL ALLOCATIONS IN 2021



MDA Breakdown

PRESIDENCY				
2021 FGN EXECUTIVE PROPOSAL				
NO	MDA	RECURRENT	CAPITAL	TOTAL ALLOCATION
1	STATE HOUSE - HQTRS	4,577,884,333	7,728,185,497	12,306,069,830
2	STATE HOUSE OPERATIONS - PRESIDENT	2,761,041,923	1,374,416,489	4,135,458,412
3	STATE HOUSE OPERATIONS - VICE PRESIDENT	948,618,094	131,045,771	1,079,663,865
4	OFFICE OF THE CHIEF OF STAFF TO THE PRESIDENT	20,391,700	56,162,473	76,554,173
5	OFFICE OF THE CHIEF SECURITY OFFICER TO THE PRESIDENT	111,359,316	280,812,366	392,171,682
6	STATE HOUSE MEDICAL CENTRE	331,730,212	355,695,664	687,425,876
7	STATE HOUSE LAGOS LIAISON OFFICE	95,280,402	236,115,792	331,396,194
8	NIPSS, KURU	1,577,157,985	318,254,015	1,895,412,000
9	BUREAU OF PUBLIC ENTERPRISES (BPE)	1,665,105,539	168,487,419	1,833,592,958
10	ECONOMIC AND FINANCIAL CRIMES COMMISSION (EFCC)	28,008,333,327	1,853,361,618	29,861,694,945
11	NIGERIAN FINANCIAL INTELLIGENCE UNIT (NFIU)	3,795,181,238	384,556,531	4,179,737,769
12	BUREAU OF PUBLIC PROCUREMENT (BPP)	1,229,958,847	205,929,069	1,435,887,916
13	NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (NEITI)	1,143,642,579	374,416,489	1,518,059,068
14	NIGERIA ATOMIC ENERGY COMMISSION & ITS CENTRES	1,652,856,413	1,310,457,710	2,963,314,123
15	OFFICE OF THE CHIEF ECONOMIC ADVISER TO THE PRESIDENT	46,864,446	0	46,864,446
16	NATIONAL AGRICULTURAL LAND DEVELOPMENT AUTHORITY (NALDA)	1,093,146,482	9,082,000,000	10,175,146,482
	TOTAL	49,058,552,836	23,859,896,903	72,918,449,739

INITIATIVES TO IMPROVE REVENUES

INITIATIVES TO IMPROVE REVENUES



- Several measures are being instituted to improve government revenue and entrench a regime of prudence with emphasis on achieving value for money. The goal of fiscal interventions will be to keep the economy active through carefully calibrated regulatory/policy measures designed to boost domestic value-addition, de-risk the enterprise environment, attract external investment and sources of funding, etc.
- Improving the tax administration framework to optimize government revenue is a major thrust of the Administration's **Strategic Revenue Growth Initiative (SRGI)**.
- We have included a **Tax Expenditure Statement (TES)** as part of documents accompanying the 2021 Budget to the National Assembly which seeks to dimension the cost of tax waivers/concessions, and evaluate their policy effectiveness. Tax expenditures (TEs) are currently estimated to **(1) CIT N1.18tr, (2) VAT N3.1tr, (3) Customs Duties N347bn (4) VAT on Imports 64bn**. Going forward, we will set annual ceilings on TEs to better manage their impact on already constrained government revenues.

INITIATIVES TO IMPROVE REVENUES .../2



- To enhance Independent Revenue generation and collection, Government will aim to optimize the potentials, operational and collection efficiency of GOEs with a view to generating significantly higher revenues required to fund the FGN budget from this source.
- Current sub-optimal revenue performance of most GOEs will be addressed through the effective implementation of the enhanced **Performance Management Framework**.
- The key elements of the reform initiative include **Performance Contracts** for Chief Executive Officers (CEOs) and key management staff, which will set financial indicators and targets for each GOE.
- The cost-to-revenue ratio of GOEs has by a Presidential directive been limited to a maximum of 60%-70%, while regular monitoring and reporting of revenue and expenditure performance of GOEs will be undertaken by both the Budget Office of the Federation and the Office of the Accountant General of the Federation..
- The **Finance Bill 2020**, which will accompany the 2021 Budget Proposal, will contain measures to advance the SRGI. We shall also work closely with the National Assembly to amend relevant laws that need to be amended to help with the SRGI.

INITIATIVES TO IMPROVE REVENUES (IN SUMMARY) .../3



Introduced to drive revenue generation and mobilization to enhance Nigeria's fiscal stability based on 4 areas:

- Sustainability in revenue generation
- Enhancing existing & creating new revenue streams
- Cohesion in the revenue ecosystem
- Cost optimization and liquidity enhancement

Integrated Revenue Monitoring System (IRMS) to ease revenue recognition

E-Customs approved by FEC and ITAS under post implementation review

TSA implementation adjudged by the World Bank as the best in Africa

Has specific provisions that help

- Promote social inclusion with the exemption of small businesses from certain tax obligations
- Increase revenue with the additional 2.5% on VAT rate
- Expand focus on digital businesses



Leveraging technology and Automation



Strategic Revenue Growth Initiatives (SRGI)



Passing the Finance Act Of 2019



Independent revenue monitoring



Plugging Fiscal Drainers



Fiscal stimulus and concessionary loans

Presidential directive:

- Ensuring automatic deduction at source of past due operating surplus remittances from GOEs
- Capping cost-to-revenue ratio of GOEs to a maximum of 60%-70%
- Ongoing Presidential Revenue Monitoring & Reconciliation Committee

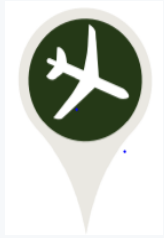
Deregulation of the price of petroleum
Ongoing verification exercise with IPPIS
Implementation of service-based tariffs
Introduction of Tax Expenditure Statement in 2021-2023 MTEF to dimension the cost of tax waivers

Supported the NESP developed under the leadership of the Vice-President
Introduced a N2.3 trillion stimulus focused on job-intensive projects
US\$3.4 billion IMF Emergency Support to mitigate the effects of COVID-19

SELECTED PROJECTS IN THE **2021 BUDGET**

*(INVESTING FOR A RESILIENT FUTURE: CRITICAL INFRASTRUCTURE
& HUMAN CAPITAL)*

SELECTED PROJECTS IN THE 2021 BUDGET



AVIATION

- **N5 billion** for safety & Security critical projects and airport certification Nationwide
- **N14 billion** for construction of Second Run-Way at Nnamdi Azikiwe International Airport Abuja.
- **N1.6 billion** Extension & asphalt overlay of MMIA runway
- **N1 billion** Construction of new terminal building in Enugu
- **N1 billion** Construction of Abeokuta airstrip



RAIL

- **N71.15 billion** for counterpart funding for Railway projects including:
 1. Lagos-Kano (Ongoing)
 2. Calabar-Lagos (Ongoing)
 3. Ajaokuta-Itakpe-Aladja (Warri) (Ongoing)
 4. Port Harcourt- Maiduguri
 5. Kano-Katsina-Jibiya-Maradi In Niger Republic (New)
 6. Abuja-Itakpe and Aladja (Warri)-Warri Port And Refinery /Warri New Harbour



POWER

- **N3 billion** for Rural Electrification access program in federal universities
- **N160.83 billion** for multilateral and bilateral funded projects (*Zungeru, NEP, Abuja Power Feeding scheme, Transmission Access Project etc*)
- **N200 million** counterpart-fund for the Mambilla Hydro Power project

SELECTED PROJECTS IN THE 2021 BUDGET .../2



RAIL (Cont'd)

- **Over N10 billion** for rehabilitation of various railway tracks including
- **N128.22 billion** for Nigeria Railway modernization project Lagos – Ibadan – Kano
- **N4.59 billion** for the construction of Outreach centres including supply of equipment.
- **N1.51 billion** for the development of National Transport Databank
- **N2.95 billion** Construction & equipping of Driver Development & Training Centres in 6 geo-political zones



POWER (Cont'd)

- **N1.5 billion** for the Distribution expansion programme projects to utilise the stranded power from the grid
- **N500 million** for the completion of renewable energy micro utility (REMU) projects nationwide
- **N717 million** for construction of 2x60MVA 132/33KV substation at
- **N700 million** for construction of 215MW LPFO/ Gas Power station Kaduna
- **N5 billion** for Kashambilla Transmission.

SELECTED PROJECTS IN THE 2021 BUDGET .../3



HOUSING

- **N2.65 billion** for provision of Infrastructure & services for Housing Programmes Nationwide
- **N20 billion** for Social Housing Scheme (Family Homes Fund)
- **N2.14 billion** for Prototype Housing scheme in Niger & Lagos states
- **N17.13 billion** for FGN National Housing Programme Nationwide



INDUSTRY TRADE & INVESTMENT

- **N5 billion** Conditional Grant Scheme
- **N1bn** for Presidential Enabling Business Environment Council
- **N1 billion** for Export Expansion Grant
- **Over N10 billion** for Special Economic Zones Development
- **N1.5 billion** Revitalisation of 6No Industrial Development Centres.
- **N1.7 billion** National Business Skills Development Initiative (NBSDI)
- **N1.69bn** for One Local Government One Product scheme (OLOP)



NIGER DELTA

- **N15bn** Dualization of East-West Rd (Section I-IV)
- **Over 6 billion** provided for the other critical infrastructure, Agriculture and Health systems projects in the Niger Delta.

SELECTED PROJECTS IN THE 2021 BUDGET .../4



HEALTH

- **35.03 billion** Provisioned for the implementation of the National Health Act (**BHCPF**)
- **N45.19 billion** provided for GAVI/Immunization
- **N2.32 billion** for Polio Eradication Initiatives
- **N4.17 billion** for the procurement RI & non-Polio Vaccine & operational cost
- **N2.65 billion** for expanded midwives service scheme



SOCIAL INVESTMENTS

- **N400 billion** for FGN Special Intervention Programme (including Home Grown School Feeding Programme, Government Economic Empowerment Programme, N-Power Job Creation Programme, Conditional Cash Transfers, etc)
 - *The NSIO is now domiciled in the Ministry of Humanitarian Affairs and Disaster Management & Social Development*



REGIONAL INTERVENTIONS

- **N65 billion** for reintegration of transformed ex-militants under the Presidential Amnesty Programme.
- **N29.70 billion** for the North East Development Commission (NEDC) – Statutory Transfer
- **N63.51 billion** for the Niger Delta Development Commission (NDDC)

SELECTED PROJECTS IN THE 2021 BUDGET .../5



WORKS



ROADS

- **Over N190 billion for the construction and rehabilitation of roads in every geo-political zone of the country, such as:**

- Counterpart Funding for the Dualization of Makurdi - Enugu Road
- Counterpart Funding for the Dualization of Akwanga – Jos - Bauchi - Gombe Road
- Reconstruction of the Outstanding Sections of Benin – Ofosu – Ore – Ajebandele - Shagamu Expressway
- Construction of Bodo - Bonny Road
- Rehabilitation of Yola-Hong-Mubi Road

ROADS (Cont'd)

- Dualization of Ilorin – Jebba - Mokwa/Bokani Junction Road
- Rehabilitation Of Nguru-Gashua-Bayamari Road, Section I (Nguru-gashua) Phase II
- Dualization of Ilorin-Kabba-Obajana Junction to Benin (Various Sections)
- Rehabilitation of 9th Mile-Enugu-Port Harcourt Dual Carriageway Including 9th mile bypass
- Upgrading & Rehabilitation of Keffi – Akwanga - Lafia Road Project
- Rehabilitation of Zaria-Funtua-Gusau-Sokoto-Birnin Kebbi C/No. 6029a
- Dualisation of Suleja-Minna Road, Niger State C/No.6077

BRIDGES

- **N4.7 billion** Construction of Langtang-Wase Bridge
- **N1bn** counterpart funding for construction of joint border bridge at Mfum/Ekok under the Nigeria/Cameroun International highway and transport facilitation programme
- **N14bn** Emergency rehabilitation & maintenance of 3rd mainland bridge.

SELECTED PROJECTS IN THE 2021 BUDGET .../6



EDUCATION

- **N70.1 billion** Provided for Universal Basic Education (UBEC)
- **N3 billion** Provision of Security Infrastructure in 104 Colleges and **N1.43bn** for classroom/hostel rehabilitation & furnishing.
- **N1.3 billion** for take off grant for the establishment of 6 Federal Science & Technical Colleges (FSTCs)
- **About N4.47 billion** for various Scholarship allowances
- **N2 billion** for payment of 5,000 Federal Teachers Scheme Allowance



WATER RESOURCES

- **N43.35 billion** Transforming irrigation in Nigeria project (TRIMING) (multilateral/bilateral funded loan)
- **Over N10 billion** provisioned for Rehabilitation and completion of ongoing dam projects nationwide including Itisi, Mangu, Auna-Kotangora, and several earth dams
- **N1.5 billion for** Partnership for Expanded Water, Sanitation and Hygiene (PEWASH)
- **Over N10 billion** for various water supply schemes & Irrigation projects nationwide viz – *Gushwa town, Zungeru/Wushishi, Gurara II, Hawul, Damaturu, North East IDP water supply projects and Middle Rima Irrigation project etc*



SELECTED PROJECTS IN THE 2021 BUDGET .../7



DEFENCE

- **N22.43 billion** Balance payment for procurement of 3 X JF - 17 Thunder Aircraft, support equipment and spares including targeting Pod for JF - 17, complete with aircraft arms & ammunition
- **N7.42 billion** Procurement of 30/32/35 metre hydro survey ship & Landing ship tank
- **N11.45 billion** Procurement of 3 X AW109 Helicopters and part payment for procurement of 1 X AW139 Helicopter.
- **N3.4bn** for the Completion of Naval War College Nigeria complex.
- **N2.15 billion** Upgrade of Nigerian Navy Reference Hospital Ojo



OTHERS

- **N700 million** Provisioned for capital projects for **National Commission for Persons with Disability** (NCPD). This follows Mr. Presidents assent to the Discrimination Against Persons with Disabilities (Prohibition) Act, 2018.
- **N25 Billion** provided for Nigeria Youth Investment Fund
- **N10 billion** for Grants to BOI to support low interest lending to SMEs
- **N2.58 billion** for the Procurement Of 331,000 Cylinders With Burners (6kg), For Distribution To Women In 15 States As Follows: *Gombe, Bauchi, Kwara, Plateau, Niger, Sokoto, Kebbi, Jigawa, Oyo, Osun Enugu Imo, Delta, Bayelsa And Akwa-ibom.*

CONCLUSION

CONCLUSION



- We have accelerated the revised 2020 Budget implementation to maintain budget credibility, enhance GDP growth and promote social inclusion.
- Further to laying the 2021 Budget Proposal, Mr President shall forward the **Finance Bill 2020 to NASS** for consideration and passage into law.
- In producing the Finance Bill 2020, we are further reviewing current tax and fiscal laws and consulting widely. The objectives of the incremental, but necessary, changes in the Finance Bill include:
 - a) supporting the realization of the revenue projections in the 2021 Budget;
 - b) mitigating regressive taxation;
 - c) integrating international taxation trends to domestic tax laws;
 - d) better targeting of tax incentives; and
 - e) supporting Micro, Small and Medium-sized businesses.

CONCLUSION .../2



- The Federal Government is already implementing several measures to overcome our fiscal constraints.
- In addition to the **Strategic Revenue Growth Initiatives**, we are leveraging technology and automation, plugging fiscal drainers and ensuring more effective Independent revenue monitoring. Efforts aimed at addressing revenue leakages include:
 - Deregulation of the price of petroleum products;
 - Ongoing verification exercise with IPPIS;
 - Implementation of service-based electricity tariffs; and
 - As previously mentioned, we have introduced Tax Expenditure Statement (TES) which will help to dimension the cost of tax waivers and promote transparency and policy dialogue around the tax waiver regime.

CONCLUSION .../3



- Achieving fiscal sustainability and macro-fiscal objectives of government will require bold, decisive and urgent action. Government is determined to act as may be required,
- Thus, **key reforms will be implemented** with increased vigour to improve revenue collection and expenditure management. Government will however remain mindful of the need to provide safety nets to cushion the impact of any reform measures on the vulnerable segments of the population.
- We welcome **citizens' input and participation throughout the budget process**. As you may have noticed, we have reflected **several of your feedback comments from our public consultation on the MTEF/FSP 2021-23, and prioritised allocations to the critical sectors identified during the online poll**.
- The 2021 proposed budget details is currently available on the website of the Budget Office of the Federation.

THANK YOU!