FEDERAL REPUBLIC OF NIGERIA

OVERVIEW OF THE 2014 BUDGET PROPOSAL

“A Budget for Jobs and Inclusive Growth”

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PROTOCOLS

1. It is my honor to welcome you all to this public presentation of the 2014 Federal Government Budget proposal. My profound appreciation goes to President Goodluck E. Jonathan and Vice President Namadi Sambo under whose guidance the 2014 Budget was prepared. I also thank the leadership of the National Assembly and Chairs of the Finance and Appropriation Committees. I commend the Chair and Deputy Chair of the House Appropriation Committee for taking the time to be here today. Let me also thank my Cabinet colleagues for their understanding, especially as they had to work with limited resources to draw up their budgets. The Budget is our collective statement, and it has benefited from many constructive contributions.

2. I acknowledge the efforts of all other relevant stakeholders and especially the staff of the Budget Office of the Federation for their hard work in preparing the Budget. My sincere thanks to them all. Before I discuss the contents of the Budget, please permit me to take a few minutes to make some introductory comments which I think will provide some context for the rest of the Budget speech today.

3. *First, what is the Budget all about?* Let me state that the Budget is not simply a set of revenue and expenditures plans by the Government. Rather, the Budget is a statement about a Government's fiscal policies and related policies which are intended to move the economy forward. So the Budget is not only about the resources being allocated to various sectors, but also about new fiscal policies which will stimulate growth across various parts of the economy. For example, in previous Budgets, we have announced

measures such as backward integration policies to support various agricultural value chains (such as, rice and sugar) or industrial value chains (like cement), policies to support development of the solid minerals sector, and so on. In most cases, it is not simply the amount of money which we allocate to sectors, but rather the supportive policies which can have an impact and unleash the job creation which all Nigerians want to see. So in today's Budget speech, I hope you will appreciate not only our expenditure and revenue plans, but also our overall package of policies designed to grow the Nigerian economy. At this juncture, it is important to highlight that Government gives various incentives to the private sector to expand and create more jobs. For example, in the manufacturing sector, these incentives take the form of waivers and exemptions to bring in machinery and equipment at reduced duty rates. This is a deliberate Government policy that has yielded fruits in the cement and other industries. Unfortunately, so many people misunderstand this industrial policy instrument, and call it fraud. It is not.

4. *The second point I want to point out is the level of transparency and detail of the Nigerian Federal Government Budget*. In all my years working across developing countries, I think the Nigerian Budget is one of the most detailed which I have come across. It is so detailed that all Nigerians can actually see the catering budget for the State House and so on. This is a huge advantage of our budget process and I should commend the Budget Office and all MDAs for this effort. It is this level of transparency that has enabled civil society organizations and those interested in the Budget to make their independent reviews and critiques. I think this constructive engagement and dialogue is commendable.

5. *My third brief comment concerns our current Budget Process*. In preparing the Budget each year, we make every effort to be consultative by ensuring all stakeholders are carried along. But increasingly, our budget process is becoming difficult and it has become challenging for the Executive and Legislature to agree on key parameters for the Budget. For example, it is often hard to agree on a benchmark oil price for the Budget (*incidentally, this topic came up in responses to 5 out of the 50 Questions I recently submitted to the National Assembly*). In the future, I think we should consider moving to a system where we have an objective and de-politicized process to set this benchmark price like they have in Chile, where they use an independent panel of experts; or as is done in Mexico and Ghana where they have a pre-determined formula underpinned by law.

6. This challenging budget process often leads to slippages in our budget timetables, and that means we have a reduced time period for implementing the Budget. And on this occasion of the Budget Day, I would like to appeal to the National Assembly to review the 2014 Budget promptly so the Executive can implement it expeditiously for the benefit of Nigerians.

7. *The fourth general point I want to highlight concerns the structure of our budget*. Distinguished guests, the high share of recurrent expenditures in the budget is of great concern as it reduces the size of funds available for investments in capital projects. We worked hard to reduce this ratio from 74.4% in 2011, to 71.5% in 2012, and further to 67.5% in 2013, but it has risen back to 74% in 2014. There are also additional pension arrears which will need to be

incorporated in our recurrent budgets in the future, so the size of this spending will increase further if we do not take any action.

8. Ladies and Gentlemen, we will need to make some tough choices in the future about the structure of our budget. We need to strike a balance between a growing wage bill for the public sector and investing more of our resources in infrastructure projects. In 2013, we reviewed the recommendations of the Oronsaye Report. However, we have had difficulty in streamlining redundant agencies because most are underpinned by law. We are therefore looking to the National Assembly to assist us in reviewing and repealing these laws to enable us rationalize some of these duplicative agencies.

9. *My fifth and final comment is on the subject of budget revenues.* Let me be upfront in stating that the role of the Federal Ministry of Finance is to ensure that the maximum amount of revenues flow into our national coffers – whether from oil or from non-oil sources. Let me clarify some issues.

    a. <u>Oil revenues</u>: Following initial reports by the Central Bank of Nigeria, there have been discussions in the media about monies not remitted by NNPC to the Government coffers. After our initial reconciliation, we now have a revised amount of $10.8 billion which still needs to be accounted for. Let me remind everyone that this revised $10.8 billion outstanding is the amount put forward by the Federal Ministry of Finance, following ongoing reconciliation exercises with NNPC at FAAC meetings over the past two years. The Federal Ministry of Finance has played its role in bringing all parties to the table to agree and discuss the outstanding funds that should be remitted to the Government. The next stage of this discussion is to ensure that these funds are paid into the Federation Account. Unfortunately, newspaper headlines will not bring money into the government coffers. What will actually bring in the money is the hard work of completing the reconciliation exercises to find out what NNPC has spent on its operations (with supporting invoices and documentation) and what has to be remitted to the Treasury. This is the work we are actually doing now. It has not been completed, so claims by any parties in this exercise are premature. Let me be absolutely clear about this: the Ministry of Finance under my stewardship will always stand for accountability, and for ensuring that monies that belong to the Treasury are paid in or at least accounted for.

b. Non-oil revenues: Similarly, in recent months, our non-oil revenues have also decreased slightly due to our recent fiscal policies, and also because of goods smuggled across our borders. Let me assure you that we are reviewing these fiscal policies and also have tasked the Nigeria Customs and Immigration Services to increase their vigilance at our borders. In addition, FIRS is also working with leading international management consultants to further boost our non-oil revenue performance.

THE GLOBAL ECONOMIC ENVIRONMENT

10. The proposed 2014 Budget being presented to you today was prepared against the backdrop of a fragile global economic recovery and an uncertain outlook. The advanced economies are growing again albeit at a slow pace; and emerging market economies face the double challenge of slowing growth and tighter fiscal conditions especially with the anticipated tapering of quantitative easing by the

US Federal Reserve Bank. Overall, 2013 global growth was weak, with a preliminary estimate of 2.9% growth for the world economy.

11. Nigeria is well-integrated into the global economy and so we must remain vigilant about developments in the international economy. The USA and Europe together account for nearly 54% of our exports, while the BRICS economies also take up nearly 26% of our total exports. We will therefore need to manage our domestic affairs prudently in light of the continued global uncertainty.

12. Added to these dynamics, is the changing international natural resources map. The discovery of shale oil and gas in the US as well as the increased oil and gas output from new oil producers suggest that there could be lower demand for Nigeria's crude oil in the near future. The changes in the international oil map could result in a potential fall in oil prices, strongly implying that we should be even more prudent in managing our limited resources. And we should work harder, faster and smarter to diversify our economy.

BUDGET 2013 IMPLEMENTATION

13. Ladies and Gentlemen, you will agree that the essence of a budget is in the outturn of its implementation because this is how the impact is felt by Nigerians. So now, let me quickly highlight some key achievements of Budget 2013.

14. <u>Macroeconomic Achievements:</u> Despite the difficult global outlook, our economy has managed to remain resilient with a robust growth. In the third quarter of 2013, the Nigerian economy grew by 6.5%, driven by a 7.4% growth of the non-oil sectors such as agriculture,

housing and construction, as well as wholesale and retail trade. Inflation has remained at single digits of 8.0% as at December 2013 while the exchange rate has been relatively stable within the 155-160 Naira to the US Dollar range. The increased confidence of the international community in our economy was recently manifested as our one billion-dollar Eurobond was four times oversubscribed and the economy's BB^- sovereign credit rating was reaffirmed by our rating agencies.

15. *Job Creation*: Our strong economic performance across various sectors is creating jobs across our nation. According to the National Bureau of Statistics (NBS) a total of 1.6 million jobs were created in the past year. For example:
    - In agriculture: we provided inputs in 10 Northern States and enabled over 250,000 farmers and youths to be engaged in dry season farming;
    - In manufacturing: the Onne Oil and Gas Free Zone created an estimated 30,000 direct and indirect jobs.
    - For the Government's special intervention programs: YouWiN program has supported our young entrepreneurs and created over 18,000 jobs; SURE-P Community Services Scheme has also created 120,000 job opportunities across the country.

16. However, given the large number of new entrants into the labor force each year, and the pre-existing stock of people already looking for jobs, we will need to maintain our unrelenting focus on job creation for Nigerians. That is why Budget 2014 remains focused on job creation.

17. Transportation Infrastructure: **For roads**, we have made progress in the construction of various projects across the country, such as the Kano-Maiduguri road, the Abuja-Lokoja road, the Apapa-Oshodi road, the Onitsha-Enugu-Port-Harcourt road and the Benin-Ore-Shagamu road, among others. **For railways**: the Western line linking Lagos and Kano is now functional; and work is in progress on the Eastern line linking Port Harcourt to Maiduguri; the Abuja-Kaduna Standard Gauge line; and the Itakpe-Ajaokuta-Warri Line. **For inland waterways:** We have dredged about 72 km of the lower River Niger from Baro in Niger State to Warri in Delta State; and completed construction of the Onitsha inland port; while the Baro port is nearing completion. As a result, we have increased cargo volume on the inland waterways from 2.9 million metric tons in 2011 to over 5 million metric tons in 2013.

18. Water resources: In 2013, we completed construction of 9 dams thereby increasing the volume of the nation's water reservoir by 422MCM. We also made progress on major projects such as the South Chad Irrigation Project, the Bakolori Irrigation Project, and the Galma Dam. Overall, total irrigable area increased by over 31,000Ha and increased production of over 400,000Mt of various irrigated food crops.

19. Aviation: We completed the upgrade of 11 airport terminals and work on the remaining 11 terminals is in progress. In 2013, the Enugu Airport became operational as an international airport with a new terminal under construction. We also commenced work on the construction of three new international airport terminals: in Lagos, in Kano, and in Abuja.

20. Power: In 2013, we privatized 4 power generation companies and 10 power distribution companies. Some major cities obtained an average of 16-18 hours of electricity per day. In the past year, we also mobilized $1.5 billion in financing from multilateral sources to invest in the transmission network in 2014 and beyond. We have also strengthened power market intermediaries such as the Nigerian Bulk Electricity Trading Plc (NBET), which is backed with over N120 billion in financing. To promote clean energy, we also commenced construction of the 700MW Zungeru Hydro-Power project in 2013.

21. Communications Technology: We constructed 500km of fibre-optic cable to rural areas and total of 266 Public Access Venues were established in 2013. We also deployed a fibre-optic high-speed internet network to connect 27 Federal universities, and provided computing facilities to 74 tertiary institutions and 218 public schools across the country. Finally, we have established innovation centers to support entrepreneurs in the ICT sector, and launched a $15m Venture Capital fund for ICT businesses.

22. Industry, Trade and Investments: In 2013, we launched the National Industrial Revolution Plan (NIRP) which has a strategic plan for Nigeria's industrialization. Nigeria also attracted over $7 billion in FDI and was named the #1 destination for investments in Africa by UNCTAD (the UN Conference on Trade and Development). Some important investments include: $250m investments by Procter and Gamble in Ogun State; $40 million in agricultural projects by Dominion Farms in Taraba State; $1.2 billion in fertilizer and petrochemicals by Indorama; a $200 million steel plant by Kam Industries in Ilorin; and a $9 billion investment in a petrochemicals and refinery complex by the Dangote Group. The Government also

successfully negotiated a strong Common External Tariff (CET) agreement with our ECOWAS partners which would enable us to protect our strategic industries where necessary. As a result of our backward integration policies, Nigeria is now a net exporter of cement and expanded cement output capacity from 2 million metric tonnes in 2002 to 28.5 million metric tonnes in 2013.

23. Oil and gas: In 2013, work was completed on important projects such as the 136km gas pipeline from Oben to Geregu, the 31km pipeline from Itoki to Olorunshogo and the acquisition of 250 square kilometers of 3D-seismic data for the Chad basin. The government also initiated the Ogidigben Gas Industrialization Project which will provide a petrochemicals complex in Delta State.

24. Agriculture: In agriculture, the Government's Growth Enhancement Scheme (GES) is providing subsidized inputs to farmers via an e-Wallet program. In 2013, an estimated 4.2 million farmers received subsidized inputs via the Government's Growth Enhancement Scheme. In the past dry season, we also engaged over 250,000 farmers producing 1.1 million metric tonnes of dry season rice.

25. Health: As part of the *Saving One Million Lives* programme, we recruited 11,300 frontline health workers who were deployed to under-served communities across the country. We have reached over 10,000 women and children with conditional cash transfer programmes across 8 States (Anambra, Bauchi, Bayelsa, Ebonyi, Kaduna, Niger, Ogun, Zamfara) and the FCT. Today, over 400,000 lives have been saved through our various interventions and Nigeria's national immunization coverage has now exceeded 80%.

The Type-3 Wild Polio virus has been contained in 2013, with no recorded transmissions for more than one year; and Guinea worm that previously affected the lives of over 800,000 Nigerians yearly has been eradicated.

26. Education: In 2013, we constructed 125 Almajiri schools and established 3 additional Federal Universities. In addition, special girls' schools were constructed in 13 States of the Federation. In fiscal year 2013, we rehabilitated 352 science and technical laboratories while 72 new libraries have been constructed in the Federal Unity Schools. The laboratories of all 51 Federal and State Polytechnics have been rehabilitated and micro-teaching laboratories are being constructed in 58 Federal and State Colleges of Education. Finally, the Federal Government also committed N200 billion to the upgrade and reconstruction of infrastructure for our tertiary institutions.

27. Sports: This Administration has taken concrete steps to restore the glory of Nigerian sports through strong financial backing, capacity building and moral support. In 2013, our sportsmen and women continued to make us proud. The Golden Eaglets won the FIFA U-17 World Cup in the United Arab Emirates; the Super Eagles won the African Nations Cup in January 2013; and we know the Eagles will make us proud again in the 2014 FIFA World Cup Finals in Brazil.

28. Creative Industries: This Administration is also working to fully harness the potential of our creative industries. In 2013, we launched the *Project Advancing Creativity and Technology* (PACT) in Nollywood, which is a N3 billion grant programme for Nollywood. In

2013, the Fund already supported capacity building and film production in the industry.

29. Women Empowerment: To empower girls and women, we are working with the Ministry of Women Affairs and 5 pilot MDAs (agriculture, works, health, communications technology, and water resources) on an innovative approach to mainstreaming gender called the *Growing Girls and Women in Nigeria* (G-WIN). In 2013, G-WiN yielded some strong results:

- In agriculture, the Ministry of Agriculture trained over 2000 young women across the country, and provided them with farming starter kits for fishery, snail keeping, cassava, rice and animal rearing;
- In health, the Ministry of Health has undertaken about 2000 repairs of VVF patients in its various national centers across the country;
- For the Ministry of Works, FERMA has specifically targeted and rehabilitated three major *Trunk A* roads which target areas of high market activity by women.

30. Ladies and gentlemen, in 2013, we realized all these achievements despite revenue shortfalls, which resulted largely from oil production shocks arising mainly from oil pipeline vandalism and oil theft. Nevertheless, we have managed to implement the budget quite well: we met our obligations for the wage bill, debt service, and overhead expenditures. We also managed to release over N1 trillion in capital expenditure out of the approximately N1.6 trillion

appropriated. Of the released and cash-backed amount, MDAs utilized N646.88 billion as at end 2013.

31. The implementation of the 2013 SURE-P Budget also progressed well with about N180 billion (or 66% of the SURE-P Budget) expended on various programmes and projects out of the 2013 SURE-P Budget of N273.52 billion.

THE 2014 BUDGET

32. Distinguished Ladies and Gentlemen, let me now turn to the primary reason for this gathering. The 2014 Federal Budget Proposal, which I have the honour to present here today, builds on the pillars of macroeconomic stability, structural reforms, governance and institutions, and investing in priority sectors upon which the 2012 and 2013 Budgets were founded. While responding to our fast changing economic world, our primary goal remains the restructuring and development of our economy and the progressive *building of a shared future which we can all be proud of*.

33. In preparing this Budget, we have been guided by two main considerations. First, in appreciation of the potential impact of the global economic uncertainty and domestic challenges, we have maintained a prudent approach to estimating revenues for the 2014 fiscal year so as to cushion possible fiscal shocks that may arise. Also, the capital spending proposal has been geared towards critical infrastructure that would aid the development of the private sector, reduce the cost of doing business in the country and ultimately, reduce unemployment and poverty. Second, we have continued with fiscal policies that promote domestic industry and improve the

competitiveness of our economy. The overall story is that: we can have fiscal consolidation but still with growth because we will target our resources and policies to address bottlenecks in priority areas which can unlock growth and create jobs.

34. In tandem with this goal, the 2014 Budget Proposal builds on the goals of the 2013 Budget with a focus on creating ***Jobs and Inclusive Growth***. It is underpinned by the following parameters:
    - Oil production of 2.3883 million barrels per day compared to 2.526 million barrels per day in 2013.
    - Benchmark oil price of $77.5 per barrel.
    - Projected real GDP growth rate of 6.75 per cent.
    - Average Exchange Rate of N160/$.

Revenue projections in the 2014 Budget Proposal

35. Based on these assumptions, the 2014 Budget envisages a net federally collectible revenue of N7.50 trillion. Of this, N3.73 trillion is projected to fund the Federal Government's Budget representing about 9% reduction from the N4.1 trillion for 2013.

Expenditure provision

36. A total expenditure of N4.642 trillion - representing a decline by about 7% from the 2013 Budget level of N4.987 trillion - is proposed for the 2014 Budget. This is made up of: N399 billion for Statutory Transfers, N712 billion for Debt Service, N2.41 trillion for Recurrent (non-debt) expenditure, and N1.245 trillion for Capital expenditure.

37. Government's investments remain focused on priority sectors of the economy that would support its goal of Jobs and Inclusive Growth. While some of these sectors are largely driven by private sector activity and require only Government's policy support, some others require a great deal of Government's spending.

38. Some key allocations are as follows: Federal Ministry of Education, UBEC and TETFUND – N655.47 billion; Defence – N340.33 billion; Ministry of Police Affairs, Police Formations and Command, and the Police Service Commission – N301.42 billion; Health – N262.74 billion; Works – N128.65 billion; Power – N102.45 billion; and Agriculture & Rural Development – N66.64 billion. Other allocations include: the Ministry of Foreign Affairs – N62.68 billion; Niger Delta Affairs – N49.19 billion; Water Resources – N38.38 billion; Transport – N37.50 billion; FCTA – N30.41 billion; and Communication Technology – N14.65 billion. In all, MDG projects have been allocated N120 billion.

39. The sum of N268.37 billion – made up of the Federal Government's share of the savings from the partial removal of subsidy on fuel of N180 billion, augmented by the 2013 projected unspent balances of about N88.37 billion – is proposed for the 2014 SURE-P Budget. This amount will be used to make further progress in the provision of social safety net schemes, and to boost the development of critical infrastructure projects. The Federal Government's aggregate spending in 2014 is estimated to rise to N4.91 trillion (of which a total of N1.53 trillion is for capital expenditure) when N268.37 billion provisioned for the Subsidy Reinvestment (SURE-P) programme is added.

Fiscal Balance

40. Coming on the back of the downward projection of the revenue estimates for 2014, the fiscal deficit is projected to rise marginally to about 1.9% of GDP in the 2014 Budget compared to 1.85% in 2013 which is clearly within the 3% of GDP threshold stipulated in the

Fiscal Responsibility Act, 2007 and clearly highlights our commitment to fiscal prudence.

PRIORITY AREAS OF THE 2014 BUDGET AND RELATED FISCAL POLICIES

41. Ladies and Gentlemen, let me now speak on some of the key priorities and policies of the 2014 Budget Proposal. Budget 2014 will continue to place emphasis on critical sectors of the economy with the goal of creating jobs and achieving inclusive growth. Critical sectors such as education, health, roads, rail, power and aviation continue to be given priority in resource allocation. To supplement Government's efforts, the private sector will be brought in through Public Private Partnerships, while other funding sources including but not limited to concessional credits will also be explored.

42. Housing and Construction: This Administration is fully aware that investing in the housing sector in Nigeria will address a fundamental social need for Nigerian families by giving them a roof over their heads. Nigeria's housing demand is estimated at 17 million, with an additional 2 million units needed each year. A booming housing sector will also create jobs. We know from various studies that every new home can create at least 5.62 direct jobs, and 2.48 indirect jobs in housing-related expenditures.

43. So in this respect, I am pleased to announce that just last week, Mr. President launched the Nigeria Mortgage Refinancing Company (NMRC) to invigorate Nigeria's housing sector. The NMRC will improve liquidity in the housing sector and provide cheaper mortgages for Nigerians. It is a public-private partnership, managed by the private sector, but with concessional credits from the World Bank. The Federal Government will also support the institution to

float a N50 billion bond to further stimulate the market. Government also intends to restructure the Federal Mortgage Bank and other relevant institutions in the sector to provide support for the provision of mass housing schemes to Nigerians at the lower end of the economic ladder.

44. Let me comment here that, when you look at the capital budget for the Ministry of Housing, you will only see a budgeted amount of N12.9 billion. But as you can see, the Government's supportive policies for this sector will catalyze much greater impact than this amount stated in the Budget – in fact, 8 times more!

45. <u>Agriculture</u>: Government is also focused on achieving the twin goals of job creation and inclusive growth through some ***sectoral initiatives***. For instance, in the *Agricultural sector*, we aim to attract over 750,000 young Nigerians into agribusiness through the *Youth Employment in Agriculture (or Nagropreneur)* initiative; collaborate with the private sector to improve financing for the sector through Funds like the $100 million *Fund for Agricultural Finance in Nigeria* (FAFIN) which would serve as an agriculture focused private equity fund; and establish new agro-industrial clusters across the country.

46. <u>SMEs</u>: In view of the role that small and medium enterprises (SMEs) play in the employment and industrialization of emerging economies, Government, in 2014, will boost *manufacturing* by implementing the *Nigeria Enterprise Development Programme* (NEDEP) to help SMEs with business development support, provision of access to finance and support their training needs. Our interventions will include helping SMEs with access to affordable finance, business development services, and youth training.

47. <u>Establishment of a Wholesale Development Finance Institution:</u> Distinguished guests, Nigerian entrepreneurs still lack access to affordable financing, with medium- to long-term tenors. To address this gap, a new wholesale development finance institution will be established by end-2014 to provide medium-to long-term financing for Nigerian businesses. We are working with partners such as the World Bank, the Africa Development Bank, the BNDES Bank in Brazil, and KfW in Germany, to realize this project. Our existing Bank of Agriculture and Bank of Industry will be re-structured as specialized institutions to retail financing from this new wholesale development bank.

48. <u>Manufacturing:</u> Our new Common External Tariff (CET) policy will enable us to support our emerging industries. As a result we can continue to provide support to our private sector in targeted sectors such as the rice and sugar value chains, and in the automobile sector. As you may know, we are introducing new policies to support the automobile sector, which are being discussed with the various stakeholders at present. We will also intensify our investment promotion efforts abroad, to ensure we bring the biggest and best companies from around the world to invest in Nigeria.

49. <u>Infrastructure:</u> The Federal Government shall continue to focus on the completion of ***critical infrastructure*** projects. Government has advanced the implementation of the *Power Road Map* with the successful privatization of 4 power generating companies and 10 power distribution companies. In 2014, we shall focus on completing the privatization of the NIPP projects, speed up work on our gas pipeline infrastructure and investment in hydro-electric power; and efficient transmission of power. In addition, we will also accelerate

work on ongoing road and rail projects across the country – in particular, the Lagos-Ibadan Road and the Second Niger Bridge. We will also speed up upgrading of our aviation infrastructure especially the construction of our five new airport terminals and 13 perishable air cargo terminals.

50. Creative Arts: As a priority, the **Creative/Nollywood Industry** will continue to enjoy the attention of Government. In 2014, we will build on the N3 billion *PACT Nollywood* programme, with a focus on improving the intellectual property and distribution challenges that the industry is facing.

51. Social Safety Nets: This administration acknowledges that our economic growth has come with increasing inequality and vulnerability. To this end, the Administration is working to tackle this problem through job creation and building a more comprehensive social safety net for poorer members of our society. We have piloted a number of social safety net programs such as the maternal and child health programs under the *Saving One Million Lives* programme; routine immunization programmes; the conditional cash transfer programmes in 8 States and the FCT; and various community-driven development programs. I am pleased to announce that starting in February 2014, we will work with the World Bank to design of a comprehensive social protection scheme for Nigeria. This comprehensive scheme will build on the successes of the various programmes which are being piloted across the country.

52. Cost of Governance: Government is continuing with efforts to reduce the ***cost of governance***. Specific measures to be taken in line with Mr. President's directive include holding the training of MDAs' and

parastatals' personnel in Nigeria while overseas training programmes will only be approved in exceptional cases. Moreover, the number of overseas trips by government officials will be curtailed while the size of delegations accompanying key government officials on foreign trips will also be reduced. Even Mr. President's office has already begun trimming down the size of the delegations which accompany him for foreign visits. The Head of Service and the Director-General of the Budget Office will develop new guidelines for foreign travel by government officials which will be circulated to all MDAs. We anticipate to save about N3 billion from the introduction of this new policy.

53. To further reduce the cost of governance, we have also introduced various public expenditure management systems such as the *Treasury Single Account* (TSA), the *Government Integrated Financial Management Information System* (GIFMIS) and the *Integrated Payroll and Personnel Information System* (IPPIS). In 2014, we will extend these systems to all MDAs that are not yet on the platforms.

54. <u>Security</u>: Lastly, the ***security*** of lives and property of all Nigerians will continue to be a priority of the Federal Government. In collaboration with our development partners, Mr. President will introduce a N5 billion intervention programme, the *Federal Initiative for the North East* (FINE). Through this intervention, Government intends to restore hope in the North East starting with some pilot areas through by rehabilitating local schools and health clinics as well as provide additional assistance for farmers in the region to help restore their livelihoods.

CONCLUSION

55. Distinguished Ladies and Gentlemen, Nigeria has made a lot of progress in the recent years. I am pleased to reiterate that the 2014 Budget is designed to sustain and consolidate the gains that we have been recording. I am hopeful that Government's policies will help achieve our cardinal goal of economic growth that results in jobs and improved livelihood for our citizens.

56. Again, I thank my colleagues at the Budget Office of the Federation for the tremendous work they put into the preparation of the 2014 Budget. Their efforts have made it possible for me, today, to also hand out copies of the "*Citizens' Guide to Understanding the Federal Budget*" as well as the "*Understanding Budget 2014*" which provide our citizens with insights into the Federal Government Budget.

57. Ladies and gentlemen, I have given you a broad rendition of the 2014 Budget; the DG Budget will now present a comprehensive breakdown. Thank you for your kind attention.