



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

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

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INTRODUCTION & BACKGROUND

INTRODUCTION & BACKGROUND



Mr. President laid the FGN 2021 Budget Proposal on October 8, 2020 and sent the 2020 Finance Bill thereafter.

The 9th Assembly recently passed both Bills by December 21, and Mr President signed them into law on December 31, 2020.

This underscores the Administration's firm commitment to sustain the return to a predictable January – December fiscal year, as well enact annual finance acts to facilitate implementation of the budget.

The Budget of '**Economic Recovery and Resilience**' aims at accelerating our economic recovery process, promoting social inclusion and strengthening the resilience of the economy.



Finance Act 2020

- The Finance Act 2020 was signed into law on the 31st of December, 2020 by President Muhammed Buhari, GCFR.
- The Act supports the '2021 Budget of Economic Recovery & Resilience', and came into effect, with the 2021 Appropriation Act, on the 1st of January, 2021.
- The key guiding principle of the Finance Act 2020 is to ensure that there is a balance between broader macroeconomic strategies to attract investment, grow the economy, create jobs as well as providing immediate fiscal strategies for accelerated Domestic Revenue Mobilisation, in response to the COVID-19 Pandemic and the domestic / global economic downturn.
- Specifically, the Finance Act 2020:
 - Adopts counter-cyclical fiscal policies in response to the COVID19 pandemic by providing fiscal relief for taxpayers;
 - Reforms Fiscal incentive policies to prioritise job creation and accelerate economic recovery and growth; and
 - Fosters closer coordination of Monetary, Trade and Fiscal Policies.

INTRODUCTION & BACKGROUND .../2



Finance Act 2020 – Thematic Areas



Enacting counter cyclical measures and Crisis Intervention initiatives

- Creating a legal framework for the creation of a Crisis intervention fund;
- Introducing provisions to allow for the recovery of donations made towards the pandemic and other potential crises.



Fiscal Relief for Mass Transit

- Providing Fiscal Support for Mass Transit by reviewing the Duties Regime for the transportation sector (targeting motor vehicles, buses & trucks)



Procurement Reforms

- Amending the Public Procurement Act to implement key procurement reforms.

Tax & Fiscal Responsibility



- Amending key tax legislation to implement Tax Reforms;
- Amending aspects of the Fiscal Responsibility Act 2007;
- Amending financial reporting & other fiscal rules for companies in operating in Free Trade Zone

Ease of doing business (EODB) reforms



- Institutionalising EODB Reforms for Posterity;
- Introducing provisions in the tax laws that will ease tax compliance and in Nigeria.

INTRODUCTION & BACKGROUND .../3



Finance Act 2020 - Overview

The Finance Act 2020 consists of over 80 changes to over fourteen (14) laws:

1. Capital Gains Tax Act, Cap. C1;
2. Companies Income Tax Act, Cap C21;
3. Personnel Income Tax, Cap C49
4. Value Added Tax Act, Cap. VI
5. Nigeria Export Processing Zone Act, Cap N107
6. Oil and Gas Export free Zone Act, Cap 05;
7. Industrial Development (Income Tax Relief) Act, Cap. 177
8. Stamp Duties Act, Cap S3
9. Tertiary Education Trust Fund (Establishment) Act No.16, 2011;
10. Federal Inland Revenue Service (Establishment) Act No 13, 2007;
11. Fiscal Responsibility Act No. 31 , 2007 ;
12. Public Procurement Act No. 14, 2007
13. Companies and Allied Matters Act No. 3, 2020 and
14. The Establishment of the Crisis Intervention Fund & Unclaimed Fund Trust Fund.



Key Reforms Introduced in the Finance Act 2020 include:

1. Compensation for loss of office up to N10million is expired from Capital Gains Tax;
2. Cost of donation made in cash or kind to any fund set up by the Federal or any State Government in respect of any pandemic or natural disaster, shall be tax deductible subject to a maximum of 10% of assessment profit after deduction of other allowable donation;
3. 50% reduction in minimum tax, from 0.5% to 0.25% of gross turnover less franked investment income, for companies in respect of returns for years of assessments due to a period of two years (between 1st of January 2020 and 31st December 2021);
4. Exemption of all low income earners of minimum wage or less from Personal Income Tax;
5. Exemption of all micro & small companies earning N25million or less as annual turnover from Tertiary Education Tax;
6. Exemption of commercial airline tickets, commercial aircraft spare parts and components; interests in land and buildings; animal feed and hire, rental or lease of agriculture equipment for agricultural purposes from Value Added Tax at 7.5%;



Key Reforms Introduced in the Finance Act 2020 include:

7. Adjustment to incentives under the Finance Act, 2019 such that any small or medium sized company engaged in primary agricultural production may be granted pioneer status (tax relief) for an initial period of 4 years and an additional 2 years (making a total of 6 years);
8. For companies operating in the Free Trade Zones, exemption from taxes is subject to compliance with tax filing and returns obligation to the FIRS under section 55(1) of the Companies and Income Tax Act;
9. Reduction of import duty on Tractors from 35% to 5%; Mass transit vehicles for transport of more than 10 persons and Trucks from 35% to 10%, and reduction of import levy on Cars from 30% to 5%;
10. Goods liable to excise duties have been expanded to potentially include Services in the future as may be prescribed in the law or an Order issued by the President. However, no immediate changes due to FGN commitment to not introducing tax and tariff increases in 2020 Fiscal Year; and
11. Redesignation of electronic bank transfer duties as an Electronic Money Transfer Levy of N50 on electronic receipts/electronic transfers of N10,000 and above in any deposit money bank of financial institution. Revenue is to be shared 15% to FG & FCT and 85% to States based on derivation.

INTRODUCTION & BACKGROUND .../6



Key Reforms Introduced in the Finance Act 2020 include:

12. For the payment of tax refunds to be administered by the FIRS, the Accountant General of the Federation is to open dedicated accounts for each tax type and will be funded based on annual budgets for tax refund for each tax-type as may be approved by the National Assembly;
13. A non-resident person that makes a taxable supply to Nigeria is required to register for tax and obtain a Tax Identification Number, include VAT on its invoice, and may appoint a representative in Nigeria for the purpose of its tax obligations;
14. Service of notice of assessment and objections under CITA may be done via courier service, email or other electronic means as may be directed by the FIRS in a notice. The Tax Appeal Tribunal may conduct its hearing remotely via virtual means, using such technology or application as may be necessary to ensure fair hearing;
15. New 50% Cost-to-Revenue Ratio introduced for State-Owned and Government-Owned Enterprises. The balance of operating surplus of a corporation shall be paid to the Consolidated Revenue Fund (CRF) of the Federation on a quarterly basis. A direct deduction from TSA or other accounts of a corporation may be effected by the Minister of Finance to enforce compliance;



Key Reforms Introduced in the Finance Act 2020 include:

16. On Procurement, application of the Public Procurement Act to be extended to the National Assembly as well as the Judiciary. The reforms also provide for electronic and virtual procurement processes, as well as the increase in mobilisation fee thresholds from 15% to 30% & reduces timelines for procurement to accelerate the procurement process.
17. Establishment of a N500bn **Crisis Intervention Fund**, funding by Special Accounts, as well as other sources approved by the National Assembly. The Fund also comprises unclaimed dividends in a listed company and unutilized amounts in a dormant bank account outstanding for 6 years or more. The unclaimed dividends and bank balances are subject to a Perpetual Trust under management by the Debt Management Office, with Governing Council to be chaired by Finance Minister and Organised Private Sector Co-Chair of impeccable integrity and reputation. Genuine beneficiaries are able to claim their funds back from the Federal Government at any time. The Perpetual Trust is a special debt owed by the Federal Government of Nigeria, to genuine shareholders and bank customers, together with the relevant yield on the borrowed funds.

OVERVIEW OF 2020 FISCAL OUTCOMES & UPDATE ON 2020 BUDGET IMPLEMENTATION

**PROVISIONAL*

OVERVIEW OF 2020 FISCAL OUTCOMES



2020 Budget Parameters Performance

Relative to the revised 2020 budget parameters, the performance of key budget parameters reflected the effects of the COVID-19 pandemic.

Description	2020 Budget Revised	Jan - Dec 2020 Actual
Oil Price Benchmark (US\$/b)	*28.0	**43.02
Oil Production (mbpd)	^1.80	^^1.79
Exchange Rate (N/\$)	360.0	379.0
Inflation (%)	14.13	+14.89
GDP Growth Rate (%)	`(4.2)	``(2.48)

* 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, inclusive of volumes for repayment of pre-2016 cash call arrears.

+ Inflation rate as at December, 2020.

`Revised GDP growth rate post-covid-19 (initially 2.93%); ``Cumulative GDP growth rate up to Q3 2020.

Source: BOF, NBS, CBN, NNPC, OPEC

UPDATE ON 2020 BUDGET IMPLEMENTATION (JAN – DEC)



Revenue Performance

The FY 2020 fiscal numbers are preliminary and will be updated as the reconciliation process is concluded.

As at year end 2020, FGN's retained revenue was N3.94 trillion, 73% of target:

- FGN share of oil revenues was N1.52 trillion (representing 157% performance, over and above the prorated sum in the revised 2020 budget) while non-oil tax revenues totalled N1.28 trillion (79% of revised target).
- Companies Income Tax (CIT) and Value Added Tax (VAT) collections were N673.22 billion and N192.66 billion, representing 82% and 68% respectively of the prorata revised targets for the period.
- Customs collections was N410.21 billion (79% of revised target).

Other revenues amounted to N993.73 billion, of which Independent revenues was N519.36 billion.

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



Revenue Performance

		2020 Revised Budget	Actuals (Jan-Dec)	Variance	
		Billions of Naira		Billions of Naira	%
S/N	FEDERAL RETAINED REVENUES (excl. GOEs)	5,365.42	3,937.34	(1,428.08)	-27%
A					
1	Oil Revenue	1,013.77	1,521.44	507.67	50%
2	Share of Dividend (NLNG)	80.38	144.00	63.62	79%
3	Minerals & Mining Revenue	1.90	2.09	0.19	10%
4	Non-Oil Revenue:	1,624.93	1,276.09	(348.85)	-21%
i	CIT	821.67	673.22	(148.45)	-18%
ii	VAT	284.11	192.66	(91.45)	-32%
iv	Customs Revenues	450.70	396.37	(54.33)	-12%
v	Federation Account Levies	68.46	13.84	(54.61)	-80%
B		2,644.45	993.73	(1,650.72)	-62%
1	FGN Independent Revenue	932.84	519.36	(413.48)	-44%
2	FGN Drawdowns from Special Accounts/Levies	645.00	384.11	(260.89)	-40%
3	Signature Bonus / Renewals / Early Renewals	350.52	78.72	(271.80)	-78%
4	Domestic Recoveries + Assets + Fines*	237.01	11.54	(225.47)	-95%
5	Stamp Duty*	200.00		(200.00)	-100%
6	Grants and Donor Funding	42.70		(42.70)	-100%
7	Transfers from Special Accounts for COVID-19 Intervention Across the Federation	186.37		(186.37)	-100%
8	Grants and Donations for COVID-19 Crisis Intervention Fund	50.00		(50.00)	-100%



Expenditure Performance

On the expenditure side, **N9.97 trillion** was appropriated (excluding GOEs and Project tied loans), while **N10.08 trillion** (representing 101%) was spent.

Of the expenditure,

N3.27 trillion was for debt service, and

N3.19 trillion for Personnel cost, including Pensions.

As at year end 2020, **N1.80 trillion** had been released for capital expenditure (that is, about 89% of the provision for capital).

Out of this, up to **N118.37 billion** was released for COVID-19 capital expenditure.

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



Expenditure Performance

	Fiscal Items	2020 Revised Budget	Actuals (Jan-Dec)	Variance	
		Billions of Naira		Billions of Naira	%
S/N	FGN EXPENDITURE (excl. GOEs and Project-tied Loans)	9,973.67	10,083.17	(109.50)	1.1%
A	Statutory Transfers	428.03	428.03	0.00	0.0%
B	Recurrent Expenditure	7,585.57	7,910.68	(325.11)	4.3%
1	Non-Debt Recurrent Expenditure	4,633.86	4,645.21	(11.35)	0.2%
a	Personnel Costs	2,827.65	2,827.65	0.00	0.0%
b	Pensions & Gratuities including Service wide pension	536.72	359.60	177.12	-33.0%
ii	Overheads	243.18	243.18	(0.00)	0.0%
iii	Other Service Wide Votes	397.33	262.18	135.15	-34.0%
	Other Service Wide Votes (COVID-19)	213.98	213.98	(0.00)	0.0%
iv	Presidential Amnesty	65.00	65.00	-	0.0%
v	Special Intervention Programme	350.00	303.87	46.13	-13.2%
vi	Payment from Special Accounts		369.75	(369.75)	
2	Debt Service	2,951.71	3,265.47	(313.76)	10.6%
i	Domestic Debt	1,873.34	1,795.15	78.19	-4.2%
ii	Foreign Debt	805.47	553.18	252.29	-31.3%
iii	Sinking Fund	272.90	4.58	268.32	-98.3%
iv	Interest on Ways & Means		912.57	(912.57)	
C	Capital Expenditure	1,960.07	1,744.46	215.61	-11.0%

UPDATE ON 2020 BUDGET IMPLEMENTATION (JAN – DEC) .../5



Deficit and Deficit Financing

Fiscal Items	2020 Approved Budget	Actuals (Jan-Dec)	Variance
	Billions of Naira		Billions of Naira
FISCAL BALANCE	(4,608.24)	(6,145.83)	(1,288.44)
FINANCING ITEMS	1,847.07	3,281.543	(1,277.08)
Sales of Government Property			-
Privatisation Proceeds	126.04		(252.08)
Borrowing from Special Accounts	263.63		
New Borrowings	4,198.57	3,281.54	(1,025.00)
Domestic Borrowing	2,213.89	2,057.54	(175.00)
Foreign Borrowing	1,984.68	1,224.00	(850.00)
DEFICIT FINANCING VIA CBN	-	(2,864.29)	

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 4.4 percent in 2020**, but to gradually recover and grow by **5.2 percent in 2021**

Growth in Emerging Market and Developing Economies (EMDEs) is projected to contract **by 3.3% in 2020** but rebound to **6.0% 2021**.



Africa

Sub-Saharan Africa is projected to contract **by -3.0% in 2020** and **recover to 3.1% 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 4.3% in 2020** and **grow by 1.7% in 2021**. NBS however projects -4.2% for 2020 and 3.0% for 2021

Nigeria's Q2 2020 GDP growth contracted **by 6.1 %** and performed considerably better than expected in Q3 2020; contracting only by -3.62% . This represents an improvement of 2.48% points over Q2 level.

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



	Estimate	Projections	
<i>real GDP annual percent change</i>	2019	2020	2021
World Output	2.8	-4.4	5.2
Advanced Economies	1.7	-5.8	3.9
United States	2.2	-4.3	3.1
Euro Area	0.6	-6.0	4.2
Emerging Market & Developing Countries	3.7	-3.3	6.0
China	6.1	1.9	8.2
India	4.2	-10.3	8.8
Brazil	1.1	-5.8	2.8
Sub-Saharan Africa	3.2	-3.0	3.1
Nigeria	2.2	-4.3	1.7
South Africa	0.2	-8.0	3.0
Low- Income Developing Countries	5.3	-1.2	4.9
Source: IMF-WEO October, 2020			

Source: IMF, World Economic Outlook Update, October 2020

- The IMF expects that the **Advanced economies** will be hard hit by the COVID-19 pandemic. Growth is projected at **-5.8% in 2020 & + 3.9% in 2021**.
- **Low income developing countries** is projected to contract by **1.2% in 2020, but to grow by 4.9% in 2021**.
- These estimates suggest that the current global economic downturn will be generally short-lived.

UNDERLYING MACROECONOMIC ASSUMPTIONS, 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 are presented in the table below.

Description	2019 Actual	2020 Actual	2021	2022	2023
Oil Price Benchmark (US\$/b)	67.2	43.0	40.0	40.0	40.0
Oil Production (mbpd)	1.96	1.79	1.86	2.09	2.38
Exchange Rate (N/\$)	305.0	379.0	379.0	379.0	379.0
Inflation (%)	11.98	14.89	11.95	10.94	11.02
Non-Oil GDP (N'bn)	131,810.1	*101,892	132,592.2	134,154.5	139,304.9
Oil GDP (N'bn)	12,400.4	*8,129.5	10,102.2	12,640.0	12,159.5
Nominal GDP (N'bn)	144,210.5	*110,021.5	142,694.4	146,794.6	151,496.4
GDP Growth Rate (%)	2.27	** -3.62	3.00	4.68	3.86
***Nominal Consumption (N'bn)	119,281.6	^84,801.57	118,887.3	120,835.4	125,157.3
* These represent January to September actuals					
** Figure is for Q3 2020					
^The Nominal Consumption figure represent an estimated value for Q3 2020					

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



Projections

Crude oil price benchmark was retained at US\$40 per barrel.

World Bank forecasts US\$44 pb average crude oil price in 2021.

Energy Information Administration (EIA) projects \$48.53 pb average Brent crude oil price in 2021.

Crude oil production is projected to increase from 1.80mbpd in 2020 to 1.86mbpd in 2021, as economies recover from recession, and moderated by OPEC+ quota agreements.

Although Nigeria's total production capacity is 2.5mbpd, current crude production is about 1.7mbpd, including about 300,000bpd of condensates, which indicates compliance with OPEC quota.



Projections

Oil GDP is projected to rise by 16.23% in 2021, year on year, resulting in about 1.1% increase in non-oil GDP. Based on this, real GDP is expected to rise by 3.0% in 2021.

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 rise from N117.91 trillion in 2020 to N118.89 trillion in 2021, reflecting gradual economy recovery.

Inflation is expected to remain above single digit in 2021, given structural issues impacting cost of doing business, including high food distribution cost.

2021 BUDGET: OVERVIEW OF REVENUE, EXPENDITURE & DEFICIT FINANCING

2021 BUDGET: REVENUE – *WHERE THE MONEY IS COMING FROM?*



An Overview of the Revenue Framework

The aggregate revenue available to fund the 2021 budget is projected at **N7.99 trillion** (*36.9% higher than the 2020 projection 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, 30% of projected revenues is to come from oil-related sources while 70% 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 – WHERE THE MONEY IS COMING FROM?



An Overview of the Revenue Framework

FISCAL ITEMS		2020 Revised Budget	2021 Proj. (Passed by NASS)
AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs retained revenue)		5,365,422,722,620	6,637,575,467,981
a	Share of Oil Revenue	1,013,766,299,265	2,011,017,892,674
b	Share of Dividend (NLNG)	80,377,200,000	208,540,960,000
c	Share of Minerals & Mining	1,895,673,251	2,650,393,903
d	Share of Non-Oil	1,624,934,376,103	1,488,924,372,031
	<i>Share of CIT</i>	<i>821,667,401,957</i>	<i>681,718,292,330</i>
	<i>Share of VAT</i>	<i>284,114,080,739</i>	<i>238,426,227,556</i>
	<i>Share of Customs</i>	<i>450,697,323,386</i>	<i>508,269,596,837</i>
	<i>Share of Federation Acct. Levies</i>	<i>68,455,570,020</i>	<i>60,510,255,308</i>
e	Revenue from GOEs	990,113,888,722	2,173,860,133,098
f	GOEs Operating Surplus (80% of which is captured in Independent Revenue)	(520,531,126,098)	(825,023,025,138)
g	Independent Revenue	932,842,266,640	1,061,898,590,939
h	Transfers from Special Levies Accounts	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
k	Domestic Recoveries + Assets + Fines	237,012,653,161	32,675,085,307
l	Stamp Duty	200,000,000,000	500,000,000,000
n	Grants and Donor Funding	42,703,200,000	354,852,661,650
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	7,986,412,575,941

2021 BUDGET: EXPENDITURE – *WHERE THE MONEY IS GOING?*



An Overview of the Expenditure Framework

- 2021 aggregate FGN expenditure (inclusive of GOEs and project-tied Loans) is projected to be **N13.59 tn**, which is 25.7% higher than revised 2020 Budget.
- Recurrent (non-debt) spending, estimated to amount to **N5.99tn**, is 44.1% of total expenditure, and 13.3% higher than 2020 revised estimates (mainly reflecting increases in salaries & pensions).
- Aggregate Capital Expenditure of **N4.37tn** is 32.2% of total expenditure; and 62.9% higher than the 2020 Revised Budget (inclusive of Capital component of Statutory Transfers, GOEs Capital & Project-tied loans expenditures).
- At **N3.32tn**, debt service is 24.5% of total expenditure, and 12.6% higher than 2020 revised Budget.
- Provision to retire maturing bonds to local contractors / suppliers of **N200 bn** is 1.68% of total expenditure. This reflects FGN's continuing 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. (Passed by NASS)
STATUTORY TRANSFER		428,032,186,792	496,528,471,273
DEBT SERVICE		2,678,810,000,000	3,124,380,000,000
SINKING FUND		272,900,000,000	200,000,000,000
RECURRENT (NON-DEBT)		4,942,269,251,935	5,641,970,060,680
a	Personnel Costs (MDAs)	2,827,648,399,908	3,046,464,689,489
b	Personnel Costs (GOEs)	218,805,923,102	701,162,016,535
c	Overheads (MDAs)	243,178,783,662	325,878,658,542
d	Overheads (GOEs)	89,606,753,712	312,081,710,125
e	Pensions, Gratuities & Retirees Benefits	536,717,450,127	504,191,130,679
f	Other Service Wide Votes (including GAVI/Immunization)	397,334,060,757	337,191,855,311
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
SPECIAL INTERVENTIONS (Recurrent)		350,000,000,000	350,000,000,000
AGGREGATE CAPITAL EXPENDITURE		2,685,307,684,387	4,374,199,343,849
a	Capital Supplementation	261,354,210,000	695,898,390,000
b	Capital Expenditure in Statutory Transfers	196,770,251,042	249,049,989,627
c	Special Intervention Programme (Capital)	20,000,000,000	10,000,000,000
d	Amount Available for MDAs Capital Expenditure (Including N100bn reallocation of existing capital for COVID-19)	1,349,989,018,202	2,019,119,204,546
e	COVID-19 Crisis Intervention Fund- Incremental Capital	99,652,119,333	
f	COVID-19 Intervention Across the Federation	186,370,000,000	
g	GOEs Capital Expenditure	141,170,085,810	335,593,381,300
h	Grants and Donor Funded Projects	42,703,200,000	354,852,661,650
i	Multi-lateral / Bi-lateral Project-tied Loans	387,298,800,000	709,685,716,725
Capital Expenditure (Exclusive of Transfers)		2,488,537,433,345	4,125,149,354,222
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)		9,973,667,309,448	11,529,505,061,490
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)		10,810,548,872,072	13,588,027,886,175

2021 BUDGET - DEFICIT, FINANCING & CRITICAL RATIOS



An Overview of the Deficit, Financing & Critical ratios

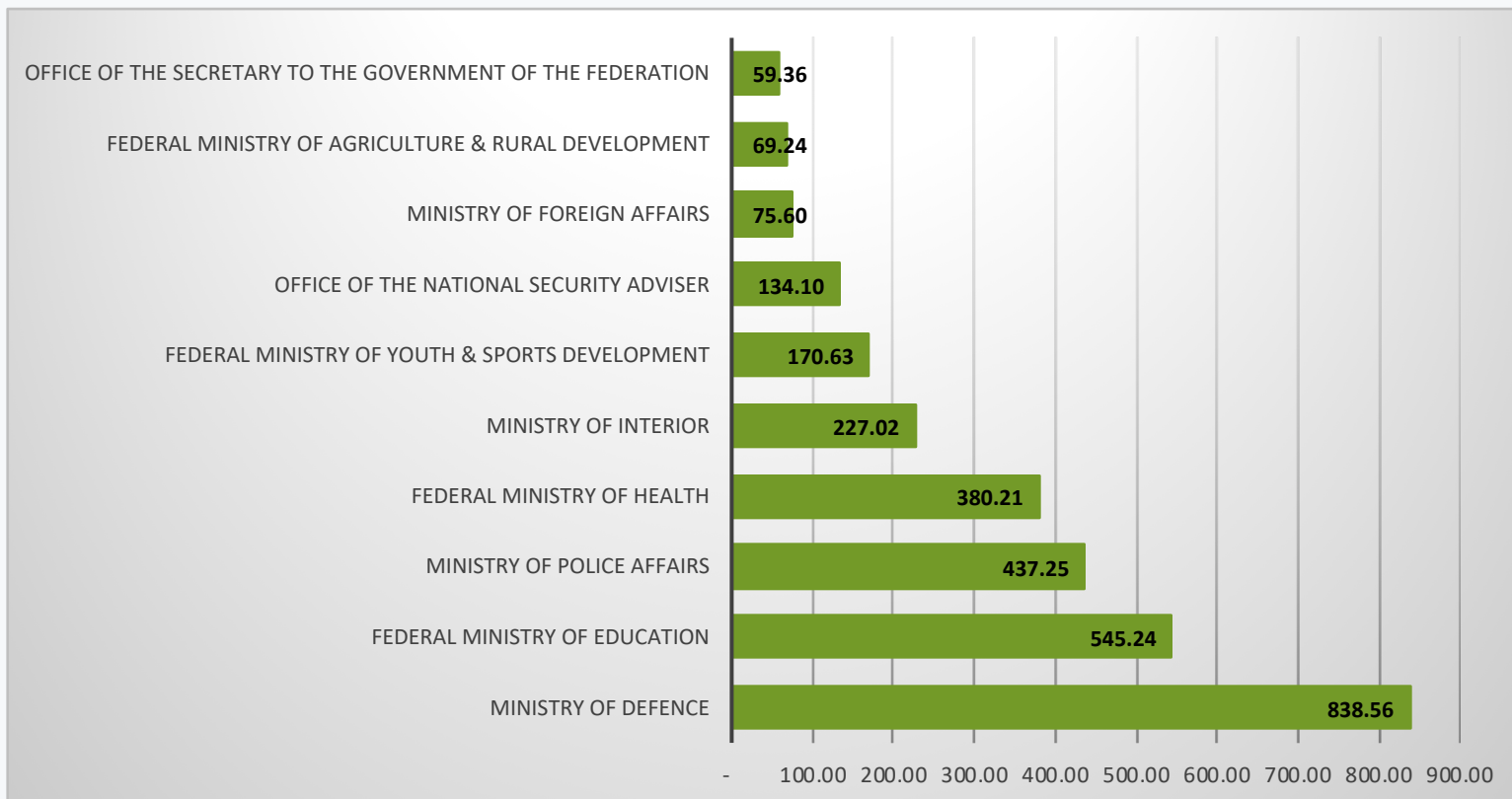
FISCAL ITEMS	2020 Revised Budget	2021 Proj. (Passed by NASS)
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)	9,973,667,309,448	11,529,505,061,490
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)	10,810,548,872,072	13,588,027,886,175
Fiscal Deficit (excluding GOEs and Project-tied Loans)	(4,608,244,586,828)	(4,891,929,593,509)
Total Fiscal Deficit (including GOEs and Project-tied Loans)	(4,975,543,386,828)	(5,601,615,310,234)
GDP	139,517,515,936,044	142,694,417,135,112
DEFICIT/GDP (excluding GOEs and Project-tied Loans)	(3.30%)	(3.43%)
DEFICIT/GDP (including GOEs and Project-tied Loans)	(3.57%)	(3.93%)
TOTAL FGN EXPENDITURE	10,810,548,872,072	13,588,027,886,175
Total Non-Debt Expenditure	7,858,838,872,072	10,263,647,886,175
Capital Expenditure as % of Non-Debt Expenditure	34%	43%
Capital Expenditure as % of total FGN Expenditure	25%	32%
Capital Expenditure (Inclusive of Transfers, but exclusive of GOEs Capital & Project-tied loans) as % of FGN Expenditure	22%	29%
Recurrent Expenditure as % of total FGN Exp (incl. GOEs + Project-tied Loans)	75%	68%
Debt Service to Revenue Ratio (incl. GOEs + Project-tied Loans)	46%	39%
Deficit as % of FGN Revenue (incl. GOEs + Project-tied Loans)	85%	70%
ADDITIONAL FINANCING		
a Sales of Government Property	-	-
b Privatization Proceeds	126,041,863,844	205,153,707,813
c Non-Oil Asset Sales	-	-
d Multi-lateral / Bi-lateral Project-tied Loans	387,298,800,000	709,685,716,725
f Borrowing from Special Accounts	263,630,000,000	
g New Borrowings	4,198,572,722,984	4,686,775,885,696
Domestic Borrowing	2,213,892,722,984	2,343,387,942,848
Foreign Borrowing	1,984,680,000,000	2,343,387,942,848

- Overall budget deficit is **N5.60tn** for 2021. This represents **3.93% of GDP**.
- Budget deficit is to be financed mainly by borrowings:
 - Domestic sources: **N2.34 tn**
 - Foreign sources: **N2.34 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)

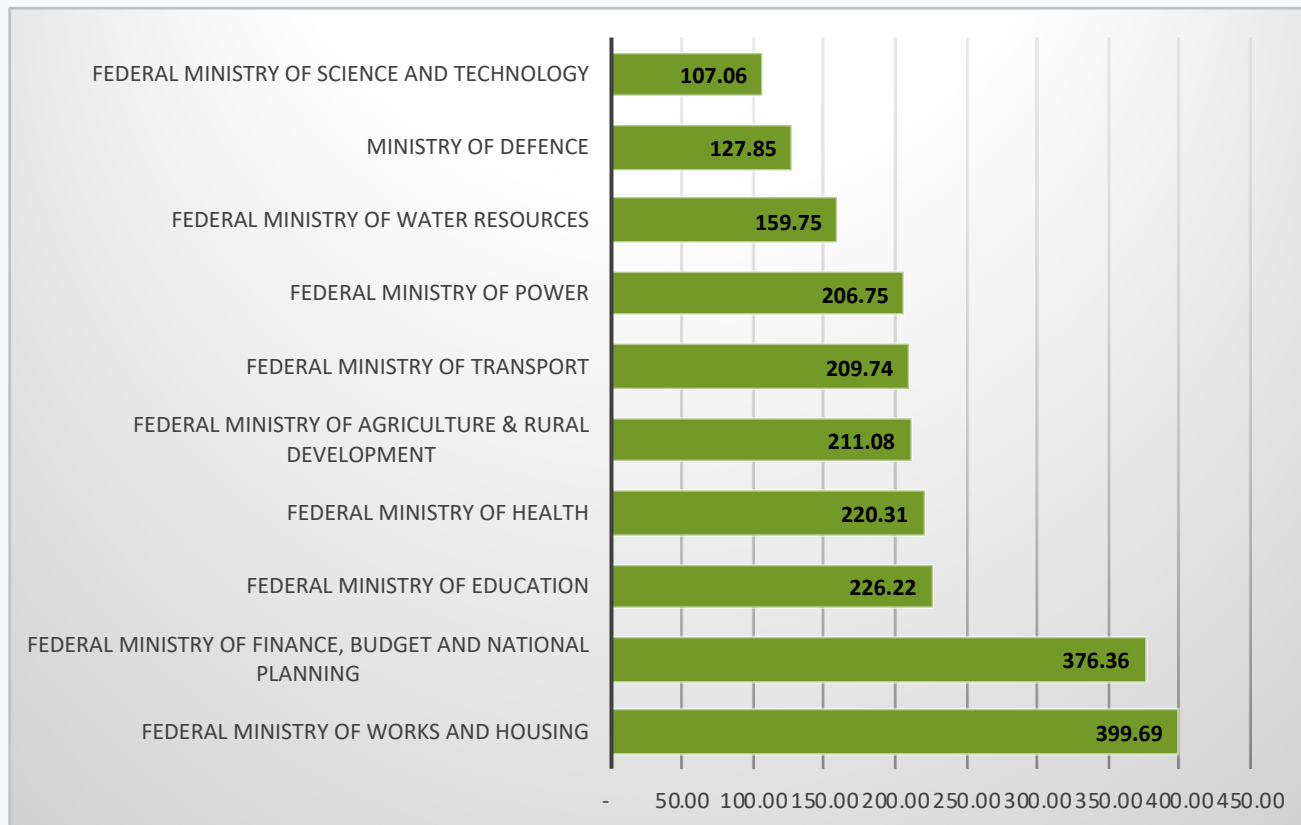


- Allocations underscore our commitment to increase investment in **national security and human capital development**

TOP 10 CAPITAL ALLOCATIONS IN THE 2021 BUDGET



Capital Expenditure (N billions)



- The Capital of **FMFBNP** is **inclusive** of **N221.4b** multilateral/bilateral project tied loans oversight by IERD, as well as **N142.05bn** transfers to NBET; *of which N131.5bn is for the Power Sector Recovery Programme (PSRP)*
- Allocation to Health includes provisions for the **BHCPF, GAVI/Immunisation & Counterpart funding for Health programmes.**
- Allocation to **Education** includes transfers to **UBEC of N70.1bn**, but excludes transfers of **N323.3bn** to **TETFUND.**

CRITICAL SECTORAL ALLOCATIONS IN 2021 BUDGET



Education Sector (N1,146.8 billion)



N771.46bn

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



N70.05bn

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



N323.29bn

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

CRITICAL SECTORAL ALLOCATIONS IN 2021 BUDGET.../2



Health Sector (N600.52 billion)



N514.80bn

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

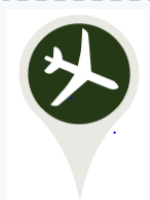
Transfer to Basic
Healthcare
Provision Fund
(**BHCPF**)
1% of CRF

CRITICAL SECTORAL ALLOCATIONS IN 2021 BUDGET .../3



Defence & Security Sector (N1.967 trillion)

Amount provisioned for the Military, Police, Intelligence & Para-Military (Recurrent & Capital expenditure)



Infrastructure (N1.114 trillion)

This include provisions for Works, Power, Transport, Water Resources, Housing, Aviation



Youth, Women & Social Development (N1.024 trillion)

Amount provisioned for Youth, Women, Humanitarian and Social Development

STRATEGIC REVENUE GROWTH INITIATIVES

INITIATIVES TO IMPROVE REVENUES



Revenue generation remains the most critical fiscal issue over the medium term. Several measures are being instituted to improve government revenue and entrench a regime of prudence with emphasis on achieving value for money.

Improving the tax administration framework to optimize government revenue is a major thrust of the Administration's **Strategic Revenue Growth Initiatives (SRGI)**.

We included a section on **Tax Expenditure Statement (TES)** in the 2021-23 MTEF/FSP, which seeks to dimension the cost of tax waivers/concessions, and evaluate their policy effectiveness. Tax expenditures (TEs) are currently estimated to be **(1) CIT N1.18tr, (2) VAT N3.1tr, (3) Customs Duties N347bn (4) VAT on Imports 64bn**. Going forward, we propose to set annual ceilings on TEs to better manage their impact on already constrained government revenues.

INITIATIVES TO IMPROVE REVENUES .../2



To enhance Independent Revenue collection, Government will aim to optimize the operational and collection efficiencies of GOEs, with a view to their generating significantly higher revenues and controlling expenditures more tightly.

Current sub-optimal revenue performance of most GOEs will be addressed through the effective implementation of the enhanced **Performance Management Framework**, including possible sanctions should they default on their targets.

The cost-to-revenue ratio of GOEs has by Finance Act, 2020 been limited to a maximum of 50%, 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 ACT, 2020**, assented to by Mr. President contain measures to advance 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
- Defer tax rate Increases till domestic economy sufficiently recovers
- Reduce Compliance Burden on Tax Payers


**Strategic
Revenue Growth
Initiatives (SRGI)**


**Leveraging
technology and
Automation**



**Passing the
Finance Act
Of 2020**



**Independent
revenue
monitoring**



**Plugging
Fiscal
Drainers**



Fiscal stimulus

- Performance management framework
- Ensuring automatic deduction at source of past due operating surplus remittances from GOEs
- Capping cost-to-revenue ratio of GOEs
- 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 to dimension the cost of tax waivers

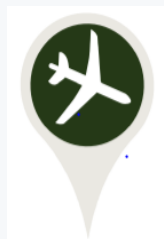
Supported the NESP developed under the leadership of the Vice-President
Introduced a N2.3 trillion stimulus focused on job-intensive projects
Prioritise Job Creation, Growth & Investment

SOURCE: Federal Ministry of Finance, Budget and National Planning, BOF

SELECTED PROJECTS IN THE **2021 BUDGET**

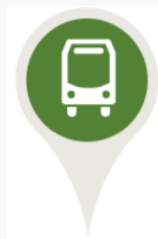
*(INVESTING FOR A RESILIENT FUTURE: CRITICAL INFRASTRUCTURE
& HUMAN CAPITAL)*

SELECTED PROJECTS IN THE 2021 BUDGET



AVIATION

- **N3 billion** for safety & Security critical projects and airport certification Nationwide
- **N10 billion** for construction of Second Run-Way at Nnamdi Azikiwe International Airport Abuja.
- **N900 million** Extension & asphalt overlay of MMIA runway
- **N1 billion** Construction of new terminal building in Enugu
- **N200 million** 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

N1.3 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 N11.61 billion** for rehabilitation of various railway tracks including
- **N8.86 billion** for Nigeria Railway modernization project Lagos – Ibadan – Kano
- **N6.05 billion** for the construction of Outreach centres including supply of equipment.
- **N1.01 billion** for the development of National Transport Databank
- **N1.92 billion** Construction & equipping of Driver Development & Training Centres in 6 geo-political zones



POWER (Cont'd)

N1 billion for the Distribution expansion programme projects to utilise the stranded power from the grid

N400 million for the completion of renewable energy micro utility (REMU) projects nationwide

N717 million for construction of 2x60MVA 132/33KV substation at Geidam Yobe State.

N609 million for construction of 215MW LPFO/ Gas Power station Kaduna

N2.5 billion for Kashambilla Transmission.

SELECTED PROJECTS IN THE 2021 BUDGET .../3



HOUSING

- **N2.65 billion** for provision of Infrastructure & services for Housing Programmes Nationwide
- **N10 billion** for Social Housing Scheme (Family Homes Fund)
- **N1.49 billion** for Prototype Housing scheme in Niger & Lagos states
- **N11.99 billion** for FGN National Housing Programme Nationwide
- **N3.05 billion** for new social housing on defunct NITEL site in Iponri Lagos State



INDUSTRY TRADE & INVESTMENT

- **N3.3 billion** Conditional Grant Scheme
- **N1 billion** for Presidential Enabling Business Environment Council
- **N500 million** for Export Expansion Grant
- **N10.5 billion** for Special Economic Zones Development
- **N1.5 billion** Revitalisation of 6 No Industrial Development Centres.
- **N1.5 billion** National Business Skills Development Initiative (NBSDI)
- **N1.1bn** for One Local Government One Product scheme (OLOP)



NIGER DELTA

N10.45bn Dualization of East-West Rd (Sections I-IV)

Over 11.5 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
- **N2.2 billion** for Polio Eradication Initiatives
- **N3.34 billion** for the procurement RI & non-Polio Vaccine & operational cost
- **N2.5 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*
 - Mr. President approved additional **N365bn** for the Upscaling of National Social Investment Programme (NSIP)



REGIONAL INTERVENTIONS

N65 billion for reintegration of transformed ex-militants under the Presidential Amnesty Programme.

N31.33 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 N168 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

Over N54 billion for Construction & Renovation of various Bridge projects nationwide

N500m counterpart funding for construction of joint border bridge at Mfum/Ekok under the Nigeria/Cameroun International highway and transport facilitation programme

N4bn Emergency rehabilitation & maintenance of 3rd mainland bridge.

SELECTED PROJECTS IN THE 2021 BUDGET .../6



EDUCATION

N94.46 billion Provided for Universal Basic Education (UBEC)

N1.21bn for classroom/hostel rehabilitation & furnishing and **N500 million** allocated for provision of Security Infrastructure in 104 Colleges

N392 million for take off grant for the establishment of 6 Federal Science & Technical Colleges (FSTCs)

About N2.18 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 N24 billion provisioned for Rehabilitation and completion of ongoing dam projects nationwide including Itisi, Mangu, Auna-Kotangora, and several earth dams

N1.1 billion for Partnership for Expanded Water, Sanitation and Hygiene (PEWASH)

Over N17 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

N22.08 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

N9.69 billion Procurement of 30/32/35 metre hydro survey ship & Landing ship tank

N10.44 billion Procurement of 3 X AW109 Helicopters and part payment for procurement of 1 X AW139 Helicopter.

N4.4bn for the Completion of Naval War College Nigeria complex.

N3.89 billion Upgrade of Nigerian Navy Reference Hospital Ojo.



OTHERS

N737 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

N2.03 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 expect 2020 Capital Budget implementation extension to Mar 31, 2020 to enhance our economic recovery efforts, and budget execution.

Early passage of the 2021 Budget for implementation from January 1 will significantly contribute towards achieving fiscal sustainability as well as government macro-fiscal and sectoral objectives.

We expect significant improvement in macroeconomic performance by the second quarter of 2021, as the Federal Government is already implementing several measures to overcome our fiscal constraints.

In addition to the Strategic Revenue Growth Initiatives (SRGI), we are leveraging technology and automation, plugging fiscal drainers and ensuring more effective Independent revenue monitoring.



Efforts aimed at addressing revenue leakages include:

Concluding the service-wide implementation of IPPIS;

Dimensioning cost of tax waivers and promoting policy dialogue and transparency around tax waiver regimes;

Elimination of regressive subsidies of petrol price and electricity tariffs.

Cost-to-income-ratio cap for Government Owned Enterprises with a view to improving remittances to FGN's coffers.

- Achieving government's budget objectives require bold, decisive and urgent actions. Government is determined to act as may be required.

CONCLUSION .../3



- However, Government remains mindful of the need to provide safety nets to cushion the impact of reform measures on the vulnerable segments of the population.
- 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.
- We welcome citizens' participation in enhancing budget implementation monitoring via the following platforms:
 - i-monitor
 - Citizen's Budget Monitoring app (*available on the google play store*)
- Details of the Approved 2021 Budget are available on the website of the Budget Office of the Federation – www.budgetoffice.gov.ng

THANK YOU!