



2021 BUDGET

BUDGET OF ECONOMIC RECOVERY AND RESILIENCE



I fully understand the difficulties many of our people are going through with the implementation of our reform agenda. However, the measures we are implementing are necessary for sustainable public finance, better allocation of our scarce resources and improved public service delivery. As we implement these reforms, social safety nets will be implemented to cushion the effect of the most vulnerable of our citizens as well as business owners.

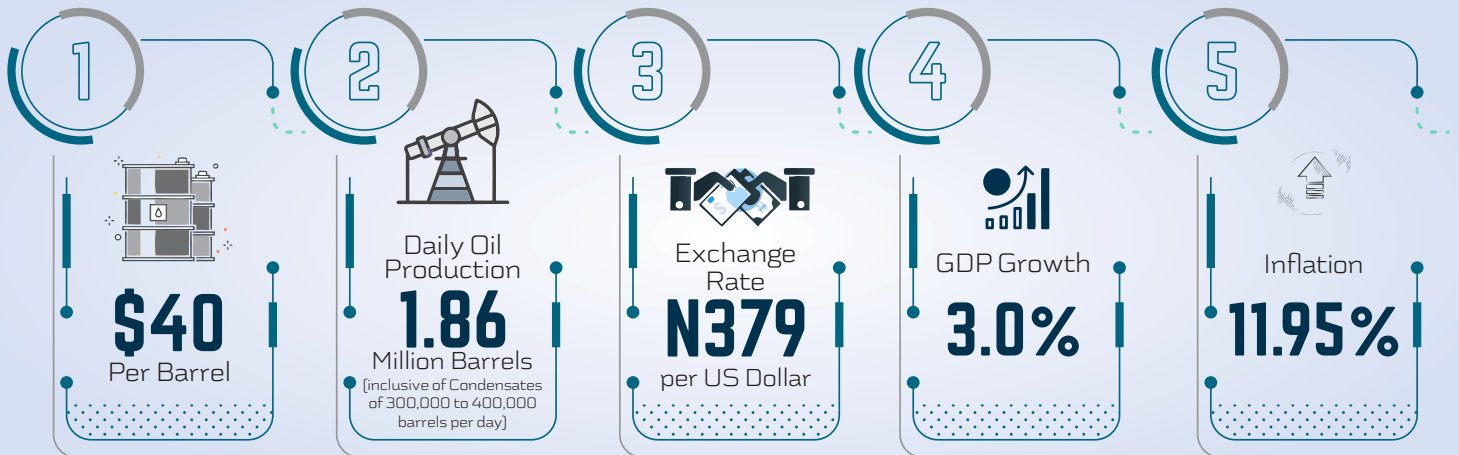
—President Muhammadu Buhari, GCFR

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.

PARAMETERS & FISCAL ASSUMPTIONS UNDERPINNING THE 2021 APPROPRIATION



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% in 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 3.5% in 2020 and also 2.8% in 2021.



Nigeria

The IMF projects the Nigeria to contract by 4.3% (up from 5.4%, earlier projected) in 2020 and grow by 1.7% in 2021. The 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.

INITIATIVES TO IMPROVE REVENUES



Strategic Revenue Growth Initiatives (SRGI)

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



Leveraging Technology and Automation

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



Passing the Finance Act of 2019

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



Plugging Fiscal Drainers

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



Independent Revenue Monitoring

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 and Reconciliation Committee meetings



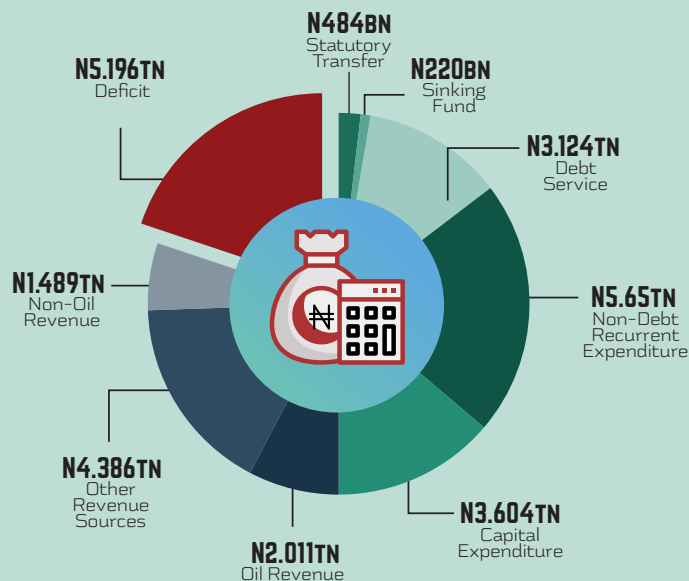
Fiscal Stimulus and Concessionary Loans

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

N13.08TN Proposed Budget



N7.886TN
Revenue

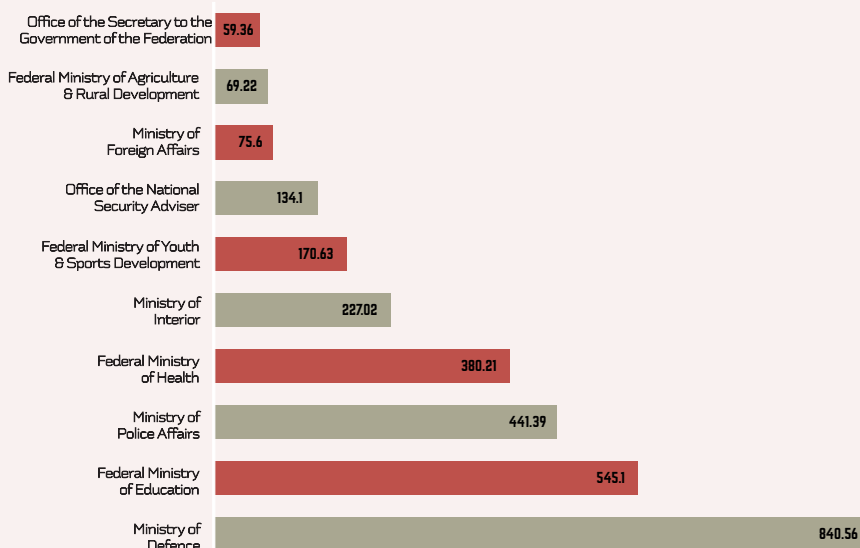
N13.08TN
Expenditure

The 2021 Budget deficit (inclusive of Government Owned Enterprises and project-tied loans), is projected at N5.20 trillion. This represents 3.64 percent of estimated GDP, slightly above the 3 percent threshold set by the Fiscal Responsibility Act, 2007.

It is, however, to be noted that we still face the existential challenge of Coronavirus Pandemic and its aftermath; Mr. President believes that this provides a justification to exceed the threshold as provided for by this law

RECURRENT EXPENDITURE

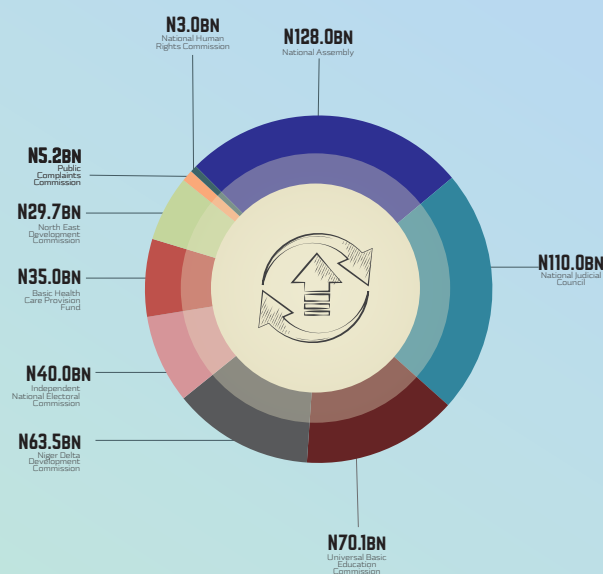
In our effort to enhance National Security & Human Capital Development, a major part of the 2021 recurrent cost estimate is allocated to paying salaries and overheads in MDAs providing critical services. These includes



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

STATUTORY TRANSFERS

The sum of N484.49 billion provided for Statutory Transfers in the 2021 Budget represents an increase of N56.46 billion (or 13 percent) over the revised 2020 provision. The Statutory Transfer provisions are:



In compliance with the Fiscal Responsibility Act 2007, all beneficiaries of Statutory Transfers will be required to provide the Budget Office of the Federation with periodic reports on the allocation and expenditure of funds for inclusion in the quarterly Budget Implementation Report.

CAPITAL EXPENDITURE

An aggregate sum of N3.85 trillion is expected to be available for capital projects in 2021, as summarised below:



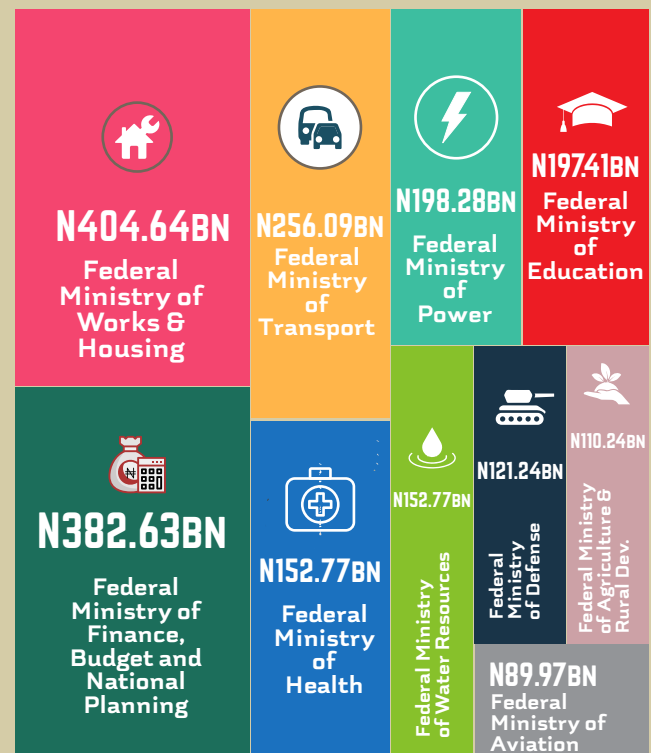
Aggregate capital supplementation is N745bn. This includes Nigerian Youth Investment Fund, Grant and Donor Funded Project, Payment of local contractors debt / other liabilities, Zonal Intervention Projects etc.

The 2021 capital budget is N1.15 trillion higher than the 2020 provision of N2.69 trillion.

At 29 percent of aggregate expenditure, the provision moves closer to this Administration's policy target of 30 percent.

Capital expenditure in 2021 remains focused on the completion of as many ongoing projects as possible, rather than the commencement of new ones. We have also made efforts to ensure equity in the distribution of projects and programmes in the proposed budget.

TOP 10 CAPITAL ALLOCATIONS IN THE 2021 BUDGET



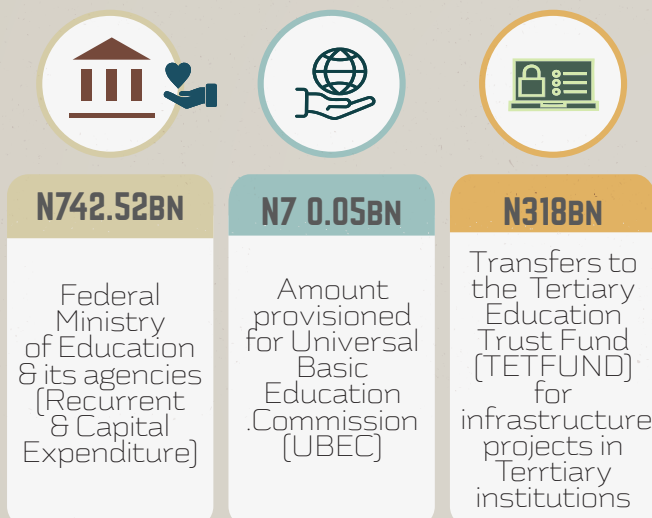
The Capital of FMFBNP is inclusive of N221.43b multilateral/bilateral project tied loans domiciled in IER as well as N152.4bn transfers to NBET; of which 150bn is for the Power Sector Recovery Programme (PSRP)

Allocations to Health also include the provision for the BHCPE, GAVI/ Immunisation & Counterpart funding for Health programmes.

UBEC is also included in the Education Allocation.

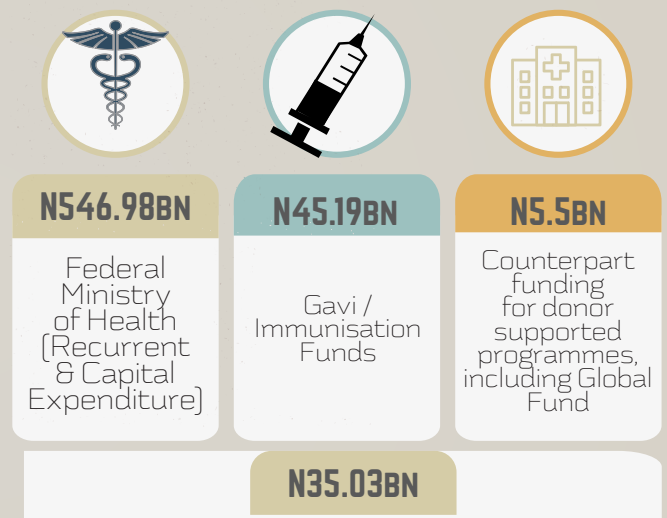
HIGHLIGHTS OF OTHER CRITICAL ALLOCATIONS IN 2021

EDUCATION SECTOR



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

HEALTH SECTOR



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

Selected Projects in the 2021 Budget

Others	Water Resources	Defense
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.	N43.35 BILLION Transforming irrigation in Nigeria project (TRIMING) (multilateral /bilateral funded loan)	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
N25 BILLION Provided for Nigeria Youth Investment Fund	OVER N10 BILLION Rehabilitation and completion of ongoing dam projects nationwide including Itesi, Mangu, Auna-Kotangora, and several earth dams	N742 BILLION Procurement of 30/32/35 metre hydro survey ship & Landing ship tank
N10 BILLION Grants to BOI to support low interest lending to SMEs	N1.5 BILLION Partnership for Expanded Water, Sanitation and Hygiene (PEWASH)	N11.45 BILLION Procurement of 3 X AW109 Helicopters and part payment for procurement of 1 X AW139 Helicopter.
N2.58 BILLION 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 Ima, Delta, Bayelsa and Akwa-ibom.	OVER N10 BILLION 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	N3.45 BILLION Completion of Naval War College Nigeria complex.
		N2.15 BILLION Upgrade of Nigerian Navy Reference Hospital Ojo

Selected Projects in the 2021 Budget

Aviation	Rail	Power
N5 BILLION Safety & Security critical projects and airport certification Nationwide	N71.15 BILLION counterpart funding for Railway projects including:	N200M BILLION counterpart-fund for the Mambilla Hydro Power project
N14 BILLION Construction of Second Run-Way at Nnamdi Azikiwe International Airport Abuja.	Lagos-Kano [Ongoing] Calabar-Lagos [Ongoing]	N717 MILLION construction of 2x60MVA 132/33KV substation at
N1.6 BILLION Extension & asphalt overlay of MMIA runway	Ajaokuta-Itakpe-Aladja [Warri] [Ongoing]	N700 MILLION construction of 215MW LPFO/ Gas Power station Kaduna
N1 BILLION Construction of new terminal building in Enugu	Port Harcourt-Maiduguri	N5 BILLION Kashambilla Transmission.
N1 BILLION Construction of Abeokuta airstrip	Kano-Katsina-Jibiya-Maradi In Niger Republic [New]	
	Abuja-Itakpe and Aladja [Warri]-Warri Port And Refinery /Warri New Harbour	

Selected Projects in the 2021 Budget

Housing	Niger-Delta	Industry, Trade & Investment
N2.65 BILLION Provision of Infrastructure & services for Housing Programmes Nationwide	N15 BILLION Dualization of East-West Rd [Section I-IV]	N5 BILLION Conditional Grant Scheme
N20 BILLION Social Housing Scheme [Family Homes Fund]	OVER N7 BILLION Provided for the other critical infrastructure, Agriculture and Health systems projects in the Niger Delta.	N1 BILLION Presidential Enabling Business Environment Council
N2.14 BILLION Prototype Housing scheme in Niger & Lagos states		N1 BILLION Export Expansion Grant
N17.13 BILLION FGN National Housing Programme Nationwide		N1.5 BILLION Revitalisation of 6No Industrial Development Centres.
		N1.7 BILLION National Business Skills Development Initiative [NBSDI]
		N1.69 BILLION One Local Government One Product scheme [OLOP]

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 the Finance Bill 2020 to NASS for consideration and passage into law.

In producing the Finance Bill 2020, we are further review ingcurrenttax and fiscal laws and consulting widely. The objectives of the incremental, but necessary, changes in the Finance Bill include:

supporting the realization of the revenue projections in the 2021 Budget;

- mitigating regressive taxation;
- integrating international taxation trends to domestic tax laws;
- better targeting of tax incentives; and
- supporting Micro, Small and Medium-sized businesses.

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.

We welcome citizens input and participation throughout the budget implementation phase. As you may have noticed, we have reflected most of your feedback from our last meeting during the consultation on the MTEF/FSP 2021-2023 and prioritised allocations to the critical sectors identified during the online poll.

The detailed budget document is currently available on the website of the Budget Office of the Federation - www.budgetoffice.gov.ng