

Highlights of Nigeria's 2019 Budget of Continuity

HIGHLIGHTS (NGN' Bn)	2019 Proposed	2018 Approved	% Change
Aggregate Revenue	6,970	7,166	-2.7%
Oil Revenue	3,737	3,021	23.7%
Non-Oil Revenue	3,233	4,145	-22.0%
Aggregate Expenditure	8,833	9,120	-3.1%
Statutory Transfers (incl. capex)	492	530	-7.2%
Recurrent Non-Debt	4,400	3,513	25.2%
Debt Service	2,140	2,014	6.3%
Sinking fund	120	190	-36.8%
Capital Expenditure	2,031	2,873	-29.3%
Capex % of total expenditure	23.0%	31.5%	-27.0%
Budget Deficit	-1,860	-1,954	-4.8%

For a deeper discussion, please contact PwC Nigeria:

Taiwo Oyedele

+234 1 271 1700 Ext 50002
taiwo.oyedele@pwc.com

Kenneth Erikume

+234 1 271 1700 Ext 50004
kenneth.y.erikume@pwc.com

Introduction

The Nigerian President, Muhammadu Buhari, today 19 December 2018 presented the 2019 Appropriation Bill before a joint session of the National Assembly.

The President highlighted the major economic challenges of 2018 and the key accomplishments of his administration before presenting the 2019 proposed budget.

Key highlights

- The overall policy thrust of the 2019 Budget is to ensure economic diversification, inclusive growth and sustainable development.
- At US\$60 per barrel, the benchmark crude oil price increased from \$51 per barrel in the approved 2018 Budget and actual average price (for 9 months to Q3 2018) of US\$74 per barrel.
- Daily crude oil production is budgeted at 2.3 mbpd including condensates. This is the same

as the budget for 2018 but higher than the actual average daily production year to date of circa 1.9 mbpd for 2018.

- Exchange rate of NGN305/US\$ is maintained for 2019.
- Projected GDP growth rate is 3.01% with targeted inflation rate at 9.98%.
- Budget deficit is expected to reduce marginally by 4.8% from N1.95 trillion in 2018 to N1.86 trillion in 2019.
- The 2019 Budget contains provisions for fuel price subsidy, Niger-Delta Amnesty programme funding and minimum wage increase.
- Government plans to set up a committee to advise it on possible ways to fund the increase in minimum wage without resulting to additional borrowing.
- About N45 billion is budgeted for the recapitalisation of the Bank of Agriculture and Industry to subsidise loans to SMEs to ensure single digit interest rates.

Takeaway

Nigeria's growth continues to be fragile with significant revenue challenges despite the relatively high crude oil price in 2018. This has resulted in more borrowing and higher deficit than budgeted. The biggest challenge in 2019 will be how to restore confidence in the economy post elections to attract private sector investments for inclusive and sustainable economic development.