

Federal Government of Nigeria's 2018 Budget of Consolidation

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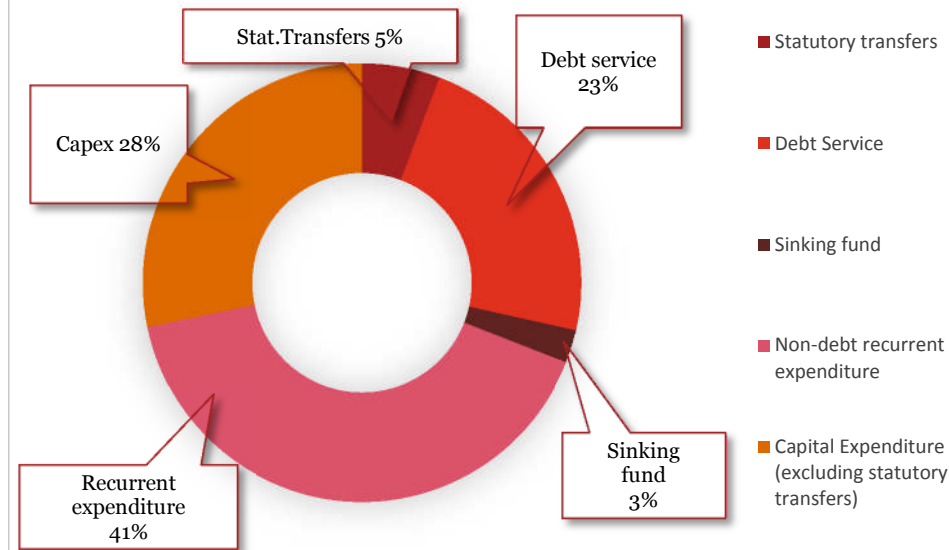
HIGHLIGHTS (NGN' Bn)	2018	2017	%Change
Revenue	6,607	5,084	30
Oil Revenue	2,442	2,120	15
Non-Oil Revenue	4,165	2,960	40
Aggregate Expenditure	8,612	7,441	16
Statutory Transfers (incl capex)	457	434	5.1
Recurrent Non-Debt	3,490	2,640	32
Debt Service	2,014	1,663	21
Sinking fund	224	178	23.9
Capital Expenditure (excl N23bn Capex in stat transfers)	2,428	2,174	11.7
Capex % of total expenditure (including statutory transfers)	30.8%	31.6%	-2.5
Budget Deficit	-2,010	-2,350	-14.5

Macro-Economic Outlook Assumptions (MTEF)	2018	2017	%Change
Real GDP Growth rate (%)	3.5	3.0	17
Nominal GDP (₦ Trillion)	112.9	108.7	3.9
Average exchange rate (₦/\$)	305	305	-
Inflation rate (%)	12.4	12.9	-3.9
Crude oil production (mbpd)	2.3	2.2	4.5
Oil price benchmark (\$/barrel)	45	44.5	1.1
Budget Deficit (% of GDP)	1.7	2.18	-22

Notes:

- Real GDP growth rate for Q2 2017 was 0.55%. The IMF projects a global growth of 3.7% for 2018 (4.9% for emerging markets and 2% for advanced economies).
- CBN exchange rate was ₦305.9/US\$ as at 7 November 2017 (I&E FX Window ₦360.46/US\$).
- Inflation year on year as at September 2017 was 15.98%.
- As at October 2017, year to date average oil price for Brent crude was \$51.81 (OPEC Oil Market Report).
- Average crude oil production less than 2million bpd as at end of October 2017.

2018 BUDGET EXPENDITURE SPLIT



Highlights of the Budget Speech

- Principal objective of the Budget is to reinforce and build on recent accomplishments; and sustain reflationary policies.
- Nigeria has moved up 24 places from 169 to 145 on the 2018 World Bank's ease of doing business ranking surpassing the target of 20 places set by government. Nigeria is named as one of top 10 reforming countries in the world.
- Efforts to sustain the peace in the Niger Delta and provisions in the 2018 Budget for the Ogoni Clean-up Project.
- Additional US\$ 500 million has been invested in the Sovereign Wealth Fund since May 2015.
- Revenue collections were 14% below budget as of September 2017 due to shortfall in non-oil revenue.
- External reserve has increased to US\$34bn as at 30th October 2017 and a trade surplus of NGN506.5bn has been recorded since Q2 2017.
- Nigeria will launch the first African Sovereign Green Bond in December 2017 to finance renewable energy projects.
- A medium-term strategy will be adopted to continue the restructuring of debt portfolio to achieve a mix of 40% external debt and 60% domestic debt by the end of 2019.
- The government intends to set aside NGN12 billion for transmission lines and substations to address challenges with power transmission and distribution networks. NGN9.8 billion will be set aside for the Mambilla Hydro power project.
- Continue to grow the agricultural sector. Six staple-crop processing zones will be established to support investors and boost crop production, processing and storage.
- Personnel and Overhead costs is expected to increase by 12% which would have been higher but for the intensified efforts to reduce wastages, plug leakages and eliminate ghost workers.
- The Solid Minerals Development Fund will be established and NGN30 billion set aside to consolidate efforts of ongoing work in the exploitation of bitumen in Ondo state.
- The 2018 budget deficit of about NGN2.01 trillion will be financed mainly through new borrowing of NGN 1.7th while balance of NGN 306bn is expected to come from the privatisation of non-oil assets.
- A sinking Fund of NGN220 billion will be created for the purpose of retiring maturing bonds.

Tax Proposals in 2018 Budget Speech

- There are no specific proposals to change, repeal or impose new taxes in 2018.
- Total projected federally collected revenue is NGN11.98tn (oil & gas 6.38tn, non-oil 5.60tn) an increase of 12% more than 2017 estimates.
- Economic Management Team to review the fiscal profiles of MDAs to ensure strict compliance with applicable rules including remittance of operating surpluses.
- Plans to review the Fiscal Responsibility Act.
- The President enjoined all Nigerians to take advantage of the ongoing Voluntary Assets and Income Declaration Scheme (VAIDS) to remediate any non-compliance.
- The Appropriation Bill contains an estimated NGN 87.8 bn as expected income to the federal government from the VAIDS programme.

Capital Expenditure of some Key Ministries (NGN'BN)

Ministry	2018	2017	change
Works, Power & Housing	556	554	0.36%
Transportation	263	242	8.7%
Education + UBE	162	57	8.8%
Special Intervention	150	150	-
Defense	145	139	4.3%
Water Resources	95	104	-8.7%
Health	71	56	26.8%
Interior	63	64	-1.5%

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