



# 10 Things We Learnt About The Proposed 2020 Budget

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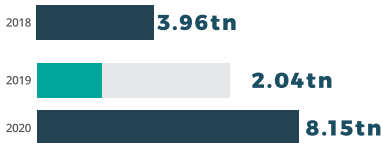
# 10 things we learnt about the **PROPOSED 2020 BUDGET**



All amounts are in NGN

## Can Nigeria double its revenue in two years?

Total Revenue Projections of N8.15tn are  
Overly Optimistic.



2018: Actual Revenue  
2019: Jan-June Actual revenue  
2020: Revenue Projections

Source: Budget Office

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## FG sets one-off revenue targets and does not meet them.

Apart from oil and non-oil revenue targets, other revenue sources remains unrealized.

Item	2020 Projections	2019 Actual*	2018 Actuals
Net Revenue from Government-Owned Enterprises	209.9bn	N/A	N/A
FGN's Balances in Special Levies Accounts	300bn	310.49bn	45bn
FGN's Share of Actual Bal. in Special Accts	345bn	0	0
Signature Bonus / Renewals / Early Renewals	939.3bn	0	660m
Domestic Recoveries + Assets + Fines	237bn	0	0
Stamp Duty	200bn	0	0
Exchange Rate Differentials (Non-FAAC)	125.47bn	0	0
Grants and Donor Funding	36.39bn	0	0

Source: Budget Office

Jan-June Actual revenue



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## Businesses with N25m turnover have tax exemption

According to tax expert, Taiwo Oyedele on the 2020 budget proposal, firms that make N25m or less are only exempted from charging VAT, but have to pay VAT whenever they make purchases that are subject to VAT.

*This means that small enterprises will bear the cost of production like other organizations but will not charge VAT on their own products.*

Source; Budget Office



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***As FG targets 600bn increase in personnel cost due to minimum wage review, its statement on full IPPIS coverage for government workers is in order.***

”

*In 2006, FG started the roll-out of the Integrated Personnel and Payroll Information System (IPPIS) which is a framework to properly document FG workers.*

Source: Budget Office



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## Nigeria should focus on oil Production



*Federal Government projected that oil will sell at US\$57 per barrel; and oil production hitting 2.18 million barrels per day. However, oil production was an average of 1.86m barrels per day as at June 2019.*

Source: Budget Office



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## Nigeria cannot "budget" its way to plug the infrastructure gap.

We need a varied approach.

*Capital spending as a percentage of the Federal Government's total Expenditure hit a marked high of 22.28 percent in 2017.*

*As recurrent component of the budget grows due to implementation of minimum wage & expanding debt service costs, will Nigeria be able to spend more on capital items?*

## FG Capital Expenditure

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Years	Budget	Actual
2017	2.17tn	1.43tn
2018	2.86tn	1.74tn
2019	2.09tn	294.3bn*
2020**	2.14tn	N/A

Source; Budget Office

\*As at September, 2019

\*\*Proposed Budget

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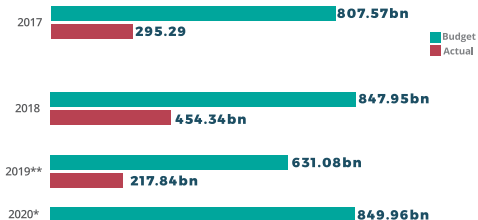


## Independent revenue agencies can do more with better efficiencies

*FG is budgeting to raise N849.96bn from independent revenue agencies. However, it only realised N454bn in 2018.*

### FG Independent Revenue

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Source: Budget Office

\*proposed

\*\*actual as at June 2019



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## **Statutory Agencies still have no details**

National Assembly	<b>125bn</b>
NJC	<b>110bn</b>
NEDC	<b>37.83bn</b>
Basic Health Care Provision	<b>44.5bn</b>
UBEC	<b>11.79bn</b>
NDDC	<b>80.88bn</b>
INEC	<b>40.0bn</b>
Public Complaints Commission	<b>4.2bn</b>
NHRC	<b>2.5bn</b>

Source; Budget Office



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## Debt Servicing is Increasing Astronomically



*A total of N2.15 trillion was spent in 2018 servicing debt and N2.14trillion budgeted for 2019. In the 2020 proposed budget, the federal government has projected the sum of N2.45tn to service debt which is about 23.7% of the total expenditure.*



*Nigeria now spends more on debt servicing than capital expenditure.*

Source: Budget Office



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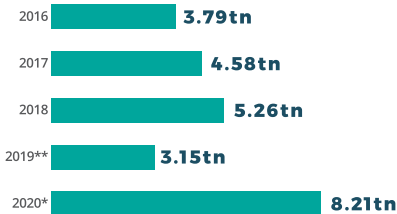
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*The Budget still has elements of waste in the 2020 projected budget as the recurrent expenditure that has grown over the years is not reducing.*

## Actual Recurrent Expenditure



\*proposed

\*\* Actual as at 2019- Jan-June





# Examples of Frivolous and Suspicious items in the 2020 Budget

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ANNUAL ROUTINE MAINTENANCE  
OF MECHANICAL/ELECTRICAL  
INSTALLATIONS OF THE VILLA.

**4.06bn**

STATE HOUSE - HQTRS

NATIONAL ODF  
CAMPAIGN FUND

**2.15bn**

FEDERAL MINISTRY OF  
WATER RESOURCES - HQTRS

POLICY COORDINATION, PROJECTS/  
PROGRAMMES MONITORING AND  
EVALUATION

**1.53bn**

FEDERAL MINISTRY OF  
AGRICULTURE & RD- HQTRS

PROMOTION AND DEVELOPMENT  
OF WHEAT VALUE CHAIN

**1.10bn**

FEDERAL MINISTRY OF  
AGRICULTURE & RD- HQTRS

PROCUREMENT OF  
MEDICAL EQUIPMENT

**215.26m**

STATE HOUSE MEDICAL CENTRE

MAINTENANCE  
SERVICES

**1.61bn**

PRESIDENTIAL AIR FLEETS  
(STATE HOUSE)

Source: Budget Office

