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PLUGGING THE LEAKS

A CASE FOR PUBLIC SECTOR EFFICIENCY



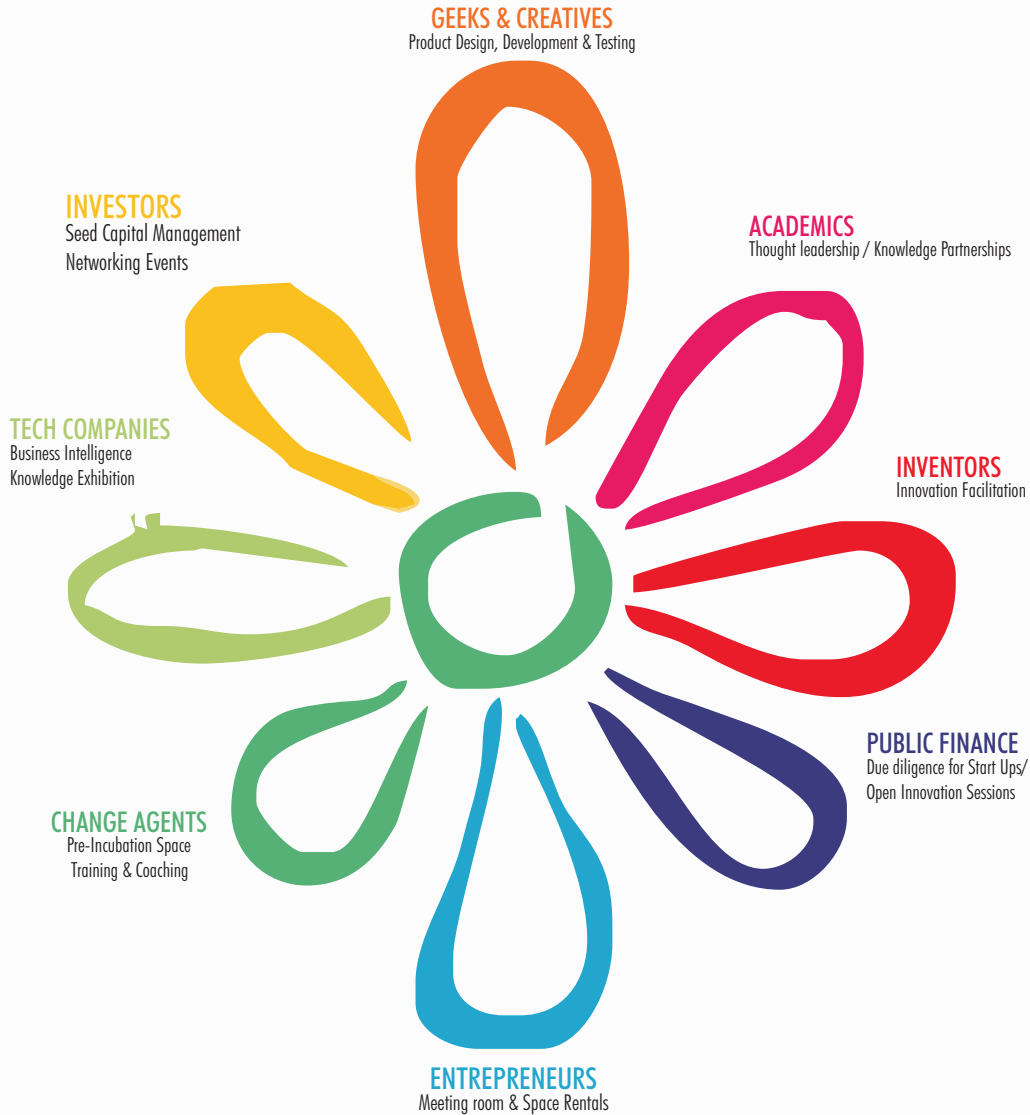


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BUDGET TERMS

- Budget is an estimate of expenditures and revenues of the government over a specified period, usually a year.
- Recurrent Expenditure is the part of the total government expenditures meant for monthly payment of salaries of government workers, payment of debts and daily running of ministries.
- Capital expenditure is the part of the government expenditures meant for capital projects (schools, hospitals & markets) in the country.
- Personnel costs are the part of recurrent expenditure of government used for the payment of salaries and pensions of government workers.
- Overhead costs are the part of recurrent expenditures of government used for daily or periodic administrative expenses.
- Debt stock is the total of domestic and external debts of the government over a period of time.
- Debt servicing is the amount of money allocated in the budget for the payment of interest or principal of domestic and external debts.
- Revenue is the total amount generated by the government over a specified period.
- Released capital expenditure is the part of the capital expenditure budget that a ministry or agency can access for its capital projects. This is the amount authorised by the Ministry of Finance after due procurement process has been fulfilled.
- Cash-backed capital expenditure is amount in cash (with Central Bank of Nigeria) available to the ministry for execution of capital projects.
- Utilised Capital Expenditure is the total amount paid out by the Ministry, Department or Agency upon the provision of a service by a contractor or agency.

EDITOR'S NOTE

This is the second edition of our publication focused on building a virile and efficient government that optimizes resources for the benefit of the people. We take a look at the the proposed 2014 budget especially the top talking points as well as analysis of core sectoral allocations. We also give short notes on the levers of revenue that feeds into the Nigerian budget. We discuss in graphical terms how revenue shortfalls through theft, opacity of the NNPC, subsidy racket etc. affect Nigerians.

We hope you enjoy this edition and also continue the discussion online via our channels.

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Twitter: twitter.com/budgitng

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Oluseun Onigbinde

BudgIT is a civic startup driven to make the Nigerian budget and public data more understandable and accessible across every literacy span. BudgIT's innovation within the public circle comes with a creative use of government data by either presenting them in simple tweets, interactive format or infographic displays. We have a goal to use creative technology to intersect civic engagement and institutional reform.

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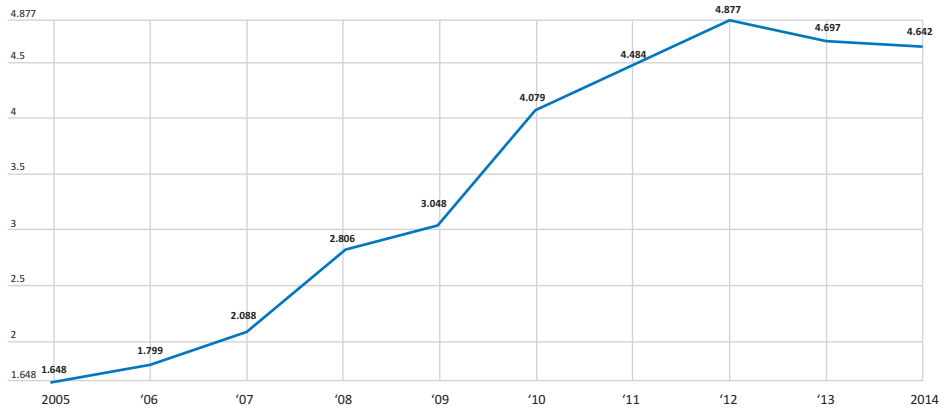
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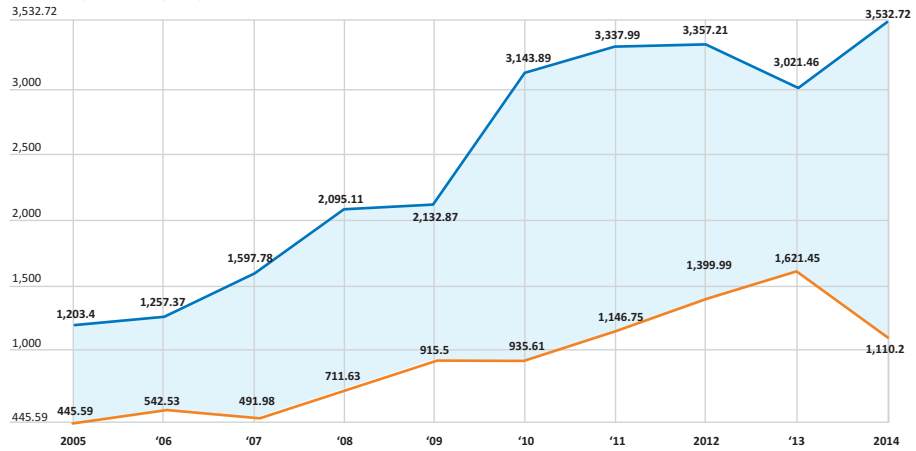
FG Budget (N trillions)

Budgets for 2012 & 2013 excludes funds for SURE-P projects.

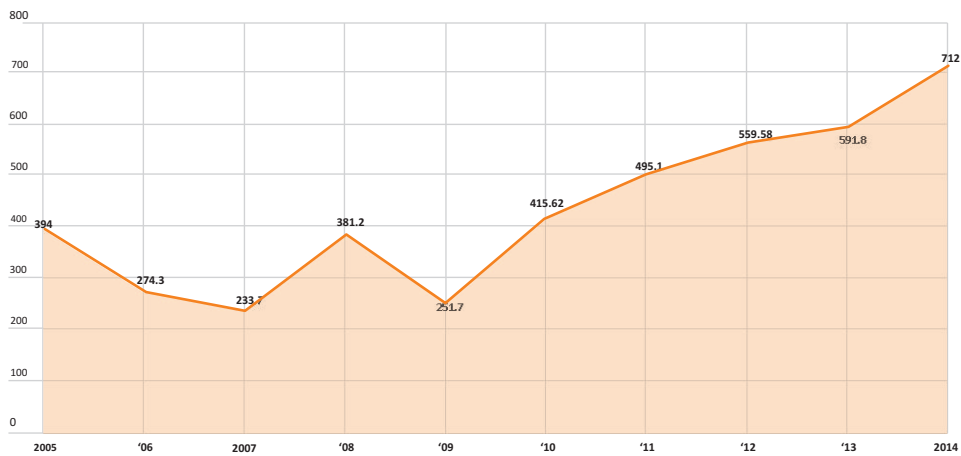


Recurrent Expenditure vs Capital Expenditure (Nbn)

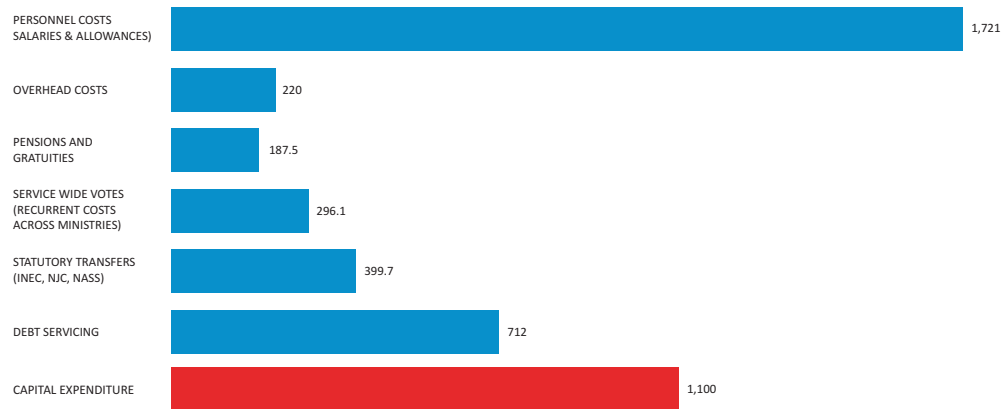
Recurrent Expenditure ■ Capital Expenditure



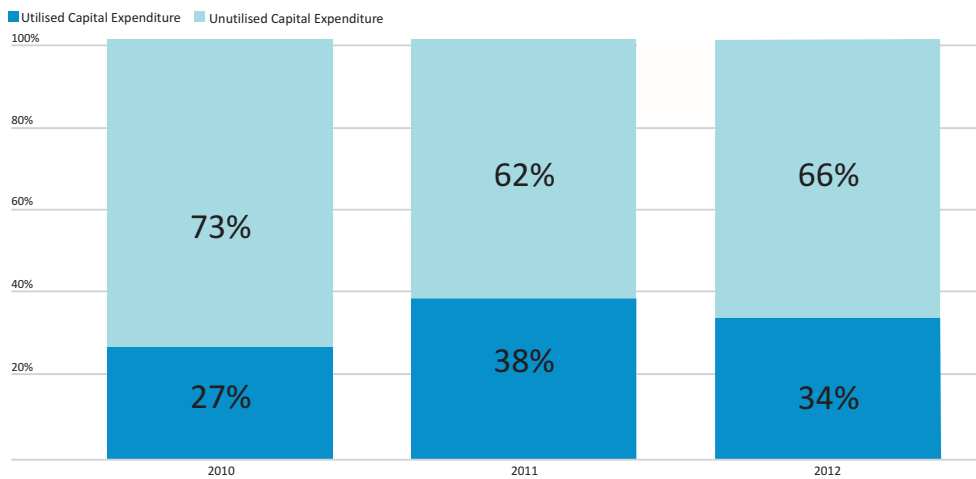
FG Debt service (Nbn)



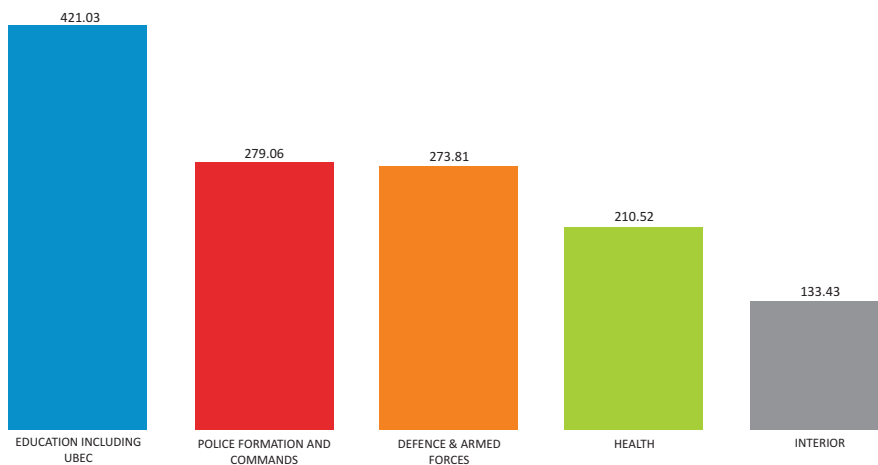
2014 Proposed Budget Breakdown (N bn)



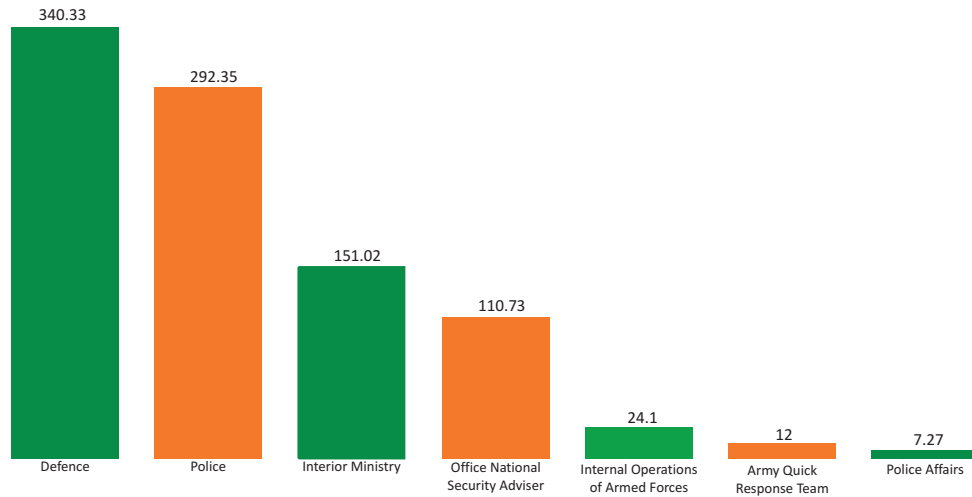
Capital Expenditure Performance 2009 - 2012



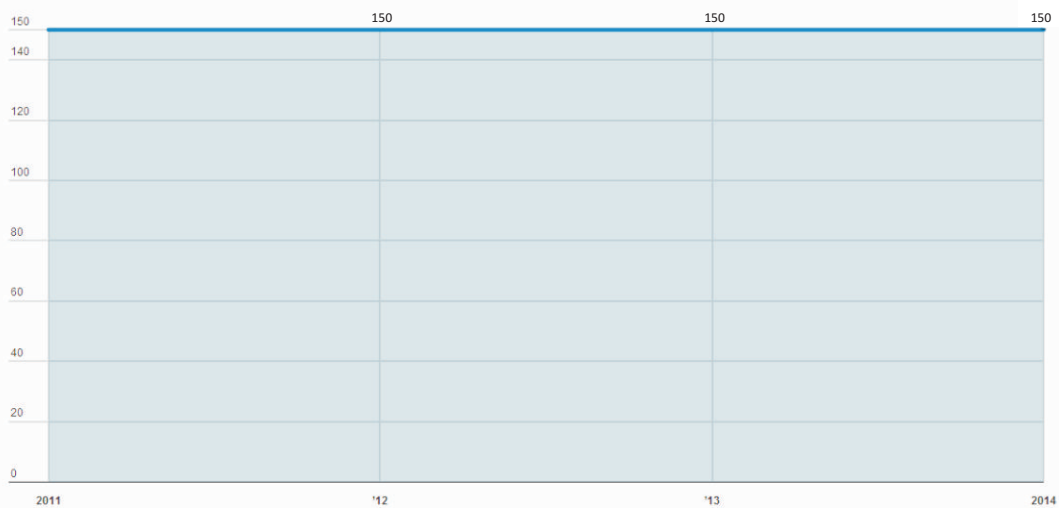
Personnel Costs of Five Top Ministries (N bn)



FG Proposed 2014 Security Budget (N Bn)



National Assembly Budget (N bn)



Items in the State House Budget (Naira)

| ITEM | AMOUNT |
|--|---------------|
| PURCHASE OF 2 NOS. ANIMALS (WILDLIFE) | 14,500,000 |
| CAR TRACKER FOR 100 PRESIDENTIAL GROUND FLEET AND UTILITY VEHICLES | 25,000,000.00 |
| UPGRADING AND MAINTENANCE OF VILLA ZOO | 8,000,000 |
| UPGRADE OF VILLA FACILITIES | 1,500,000,000 |
| URCHASE OF CRESTED CUTLERY, FLATWARE & GLASSWARE | 76,375,000.00 |

Shopping with \$20 Billion

\$20bn (part of Nigeria's oil revenue between January 2013 to July 2013) is still being investigated. Is it missing or stolen? What can this fund do for Nigerians?



World 7-Star Hotel in Dubai costs \$600m.
\$20bn can build that in 32 states.



Use \$20bn to build two new Refineries. It costs Aliko Dangote \$9bn to build one.



Heathrow Terminal 5 costs \$7bn.
World class airports in Abuja, PH & Lagos is possible with \$20bn.



Boeing 777 costs \$300m.
Now we can start a new airline with 60 brand new planes.
The biggest fleet in the country.



A world class hospital in Mauritius costs \$70m. \$20bn is enough to build 2 hospitals in each Senatorial District.



It takes 32 hours to travel from Lagos to Kano (1,126km) by rail.
\$20bn can build high speed rail which reduces that to 6 hours.



A tech hub can run with \$300,000 yearly. \$20bn is enough to build and run new technology hubs in 36 states.



An average of \$866,000 to construct 1km of road. Lets connect each state capital with dual-carriage way with \$20bn.



N10m startup fund to 320,000 youths who employ 4 people each.
1.28m people become employed.



10m children are out of school. \$20bn will be enough for 5-year school fees- N64,000 per session.

Review of Timeline of the Power Sector

| | |
|------------------|---|
| September 2000: | Federal Government constitutes the Electric Power Implementation Committee (EPIC). |
| March 2001: | National Electric Power Policy developed by Electric Power Implementation Committee [EPIC] was adopted. |
| September 2001: | Federal Executive Council approves National Electric Power Policy. |
| March 2005: | Electric Power Sector Reform Act was passed into law by the National Assembly. The act provided for the formation of National Electricity Regulatory Commission. |
| August 2005: | The National Council of State and National Assembly approve an initial funding of \$2.5Billion for NIPP from the Excess Crude Account. |
| August 2005: | Niger Delta Power Holding Company limited was incorporated as a legal vehicle holding the assets of NIPP. |
| October 2007: | National Electricity Regulatory Commission was formed. |
| January 2009: | National Executive Council inaugurates the NIPP Steering Council chaired by the then Vice President Dr. Goodluck Ebele Jonathan, with six state governors and four Federal ministers as members. |
| February 2009: | NDPHC Board chaired by VP Namadi Sambo approves Phase I budget of US\$2.213 billion from the Power Emergency Fund of \$5.375 billion to complete the first phase of the NIPP projects and \$423.639 million to PHCN as special intervention |
| June 2009: | NDPHC board approves US\$123.110 million to augment the phase 1 budget and N1.750 billion to buy NDPHC corporate headquarters in Abuja. |
| May 2010: | Presidential Taskforce on Power was established with Prof Barth Nnaji as Chairmen |
| July 2010: | Nigerian Bulk Electricity Trading Company Plc was established in line with EPSRA Act 2005. Ministry of Finance Incorporated owned 80% and Bureau of Public Enterprises owned 20% |
| August 26, 2010: | President Jonathan launched the Road Map for Power Sector Reform in Lagos. |
| June 2012: | NERC introduces New Tariff [MYTO 2] |
| June 2012: | FG awards management contract of Transmission Company of Nigeria TCN to Manitoba Hydro International [A Canadian firm]. |
| November 2012: | BPE and NCP announces the winning bids for Generation and Distribution companies [GenCos and DisCos] |
| September 2012: | Engr. Reynolds Bekinbo Dagogo-Jack is appointed chairman of Presidential Task Force on Power. |
| November 2013: | FG Hand's over PHCN distribution and generation companies to new owners. |
| February 2014: | FG established the N300bn 'Power Sector Intervention Fund' during an International Conference on Power Sector and Infrastructure Financing in Abuja |

How Nigeria Loses Oil Revenue

■ Unavailable Data ▲ Ribadu 2011 Report ● NEITI 2009 - 2011 Audit Report

1 EXPLORATION



- ▲ Unpaid Gas Flaring Penalties \$195m
- ▲ Unpaid Signature Bonuses \$749 Million (2005-2011)

2 PRODUCTION



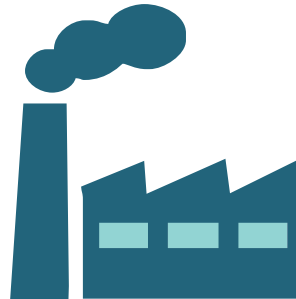
- Unmetered Production
- ▲ Unpaid Royalties \$3.027bn (as at Dec. 2011)
- ▲ Unpaid Concession Rentals \$2.9million
- Illegal Deductions for JV Cash Calls \$1.7bn

3 TRANSPORTATION



- Crude Oil Theft \$10.99bn (2009-2011)
- ▲ Refined Products Theft \$1.1bn (2001-2010)

4 REFINING



- ▲ Unaccounted Domestic Crude Oil Allocations \$5bn (2002-2011)

5 OIL AND GAS SALES

- Una-remitted NLNG Payment by NNPC \$4.8bn
- Exchange Rate Differentials \$625 million



- Fuel Subsidy Proceeds Lost to Fraud \$8.2bn
- ▲ Offshore and Crude Processing Losses \$866m

6 TAXES

- Underpaid Petroleum Profit Taxes \$1.13bn



- Unpaid NDDC Contributions \$102m
- Unpaid Education Tax \$667m



2014 BUDGET

This infographic shows funds allocated to ministries in 2014 Budget proposal with comparison with 2013 Appropriation Act.
All Amounts are in Naira

