

RESEARCH ISSUE Brief

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Effect of the National Assembly on the 2018 FGN Budget: Implication for Sectoral Performance

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1.0 Introduction

1. On June 20th 2018, the President of the Federal Republic of Nigeria signed the 2018 Appropriation Bill of the Federal Government of Nigeria (FGN).
2. This data brief examines the structure of the budget 2018 budget vis-à-vis the proposals. It points out how the National Assembly have positioned the 2018 budget for higher capital project performance in productive sectors and draws implication for sectoral performance.

2.0 Expenditure and Debt Analysis

3. Table 1 presents a breakdown of the 2018 budget as passed by the National Assembly and assented to by the President. Of the total expenditure of N9.12 trillion passed by the Nigerian National Assembly, 32% was allotted for capital projects compared to the 28% in the budget proposal of N8.612 trillion (*see Figures 1 and 2*). This adjustment also increased the allocation for capital projects from N2.43 trillion as proposed to N2.87 trillion as passed by the Nigerian National Assembly.

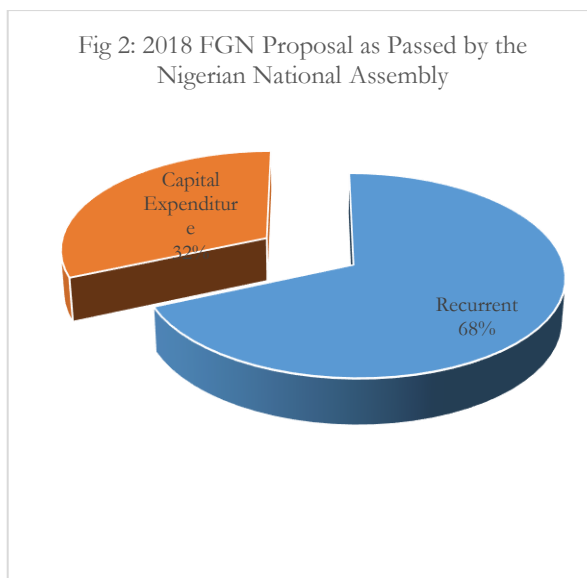
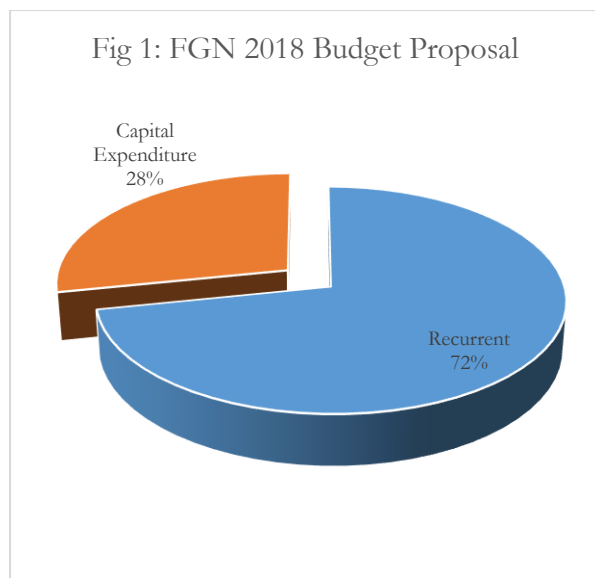
Table 1: Expenditure Component in FGN Budgets (2016 - 2018): Proposed vs Approved

S/N		2016 Appropriation Act	2017 Appropriation Bill	2017 Appropriation Act	2018 Appropriation Bill	2018 Appropriation Act
A	Statutory Transfers	351,370,000,000	419,020,648,000	434,412,950,249	456,458,654,074	530,421,368,624
1	National Judicial Council	70,000,000,000	100,000,000,000	100,000,000,000	100,000,000,000	110,000,000,000
2	Niger-Delta Development Commission	41,050,000,000	61,364,607,953	64,023,554,666	71,195,023,529	81,882,555,891
3	Part Payment to NDDC Outstanding Liabilities on FGN	0	0	0	0	33,981,437,188
4	Universal Basic Education	77,110,000,000	92,456,040,046	95,189,395,583	109,063,630,546	109,063,630,546
5	National Assembly	115,000,000,000	115,000,000,000	125,000,000,000	125,000,000,000	139,500,000,000
6	Public Complaints Commission	2,000,000,000	4,000,000,000	4,000,000,000	4,200,000,000	7,480,000,000
7	INEC	45,000,000,000	45,000,000,000	45,000,000,000	45,500,000,000	45,500,000,000
8	National Human Rights Commission	1,210,000,000	1,200,000,000	1,200,000,000	1,500,000,000	3,013,745,000
B	Debt Service	1,475,320,000,000	1,841,345,727,206	1,841,345,727,206	2,233,835,365,699	2,203,835,365,699
9	Domestic Debt	1,307,400,000,000	1,488,002,436,547	1,488,002,436,547	1,759,755,709,708	1,759,755,709,708
10	Foreign Debt	54,480,000,000	175,882,993,952	175,882,993,952	254,079,655,991	254,079,655,991
11	Sinking Fund to retire maturing loans	113,440,000,000	177,460,296,707	177,460,296,707	220,000,000,000	190,000,000,000

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C	Recurrent (Non-Debt)	2,646,389,236,196	2,979,151,756,195	2,987,550,033,436	3,494,277,820,219	3,512,677,902,077
D	Capital Expenditure	1,587,598,122,031	2,058,989,578,536	2,177,866,775,867	2,427,665,113,222	2,873,400,351,825
E	Aggregate Expenditure	6,060,677,358,227	7,298,507,709,937	7,441,175,486,758	8,612,236,953,214	9,120,334,988,225

Source: MBNP



- Although insecurity has characterized Nigeria's economic growth since 2010, the dimension it assumed under the Present administration in 2018 alone, calls for huge concern. To curtail further attacks on the nation's oil and gas infrastructure by the Niger delta militant which would affect the availability of revenue to fund government spending in 2018, the National Assembly set aside N33,981,437,188 as part payment to NDDC outstanding liabilities on FGN payment. This is also a step in the right direction avert a situation where wrong signal would be sent to the Niger delta region hence, triggering another round of attacks.
- A comparison of the capital allocation to key sectors in the

Nigerian economy in the 2018 Appropriation and the 2018 Appropriation act shows that the following sectors had their capital allocation by the National Assembly in the 2018 Appropriation Act as follows: Communication Technology by 6.69%; Science and Technology by 58.01%; Power, Works & Housing by 22.86%; Water Resources by 54.76%; Women Affairs by 25.57%; Education by 66.72%; Health by 21.62% and Environment by 83.66% (see Table 2 and Figure 3). Others are agriculture by 25.38% and Industry, Trade & Investment by 26.82%.

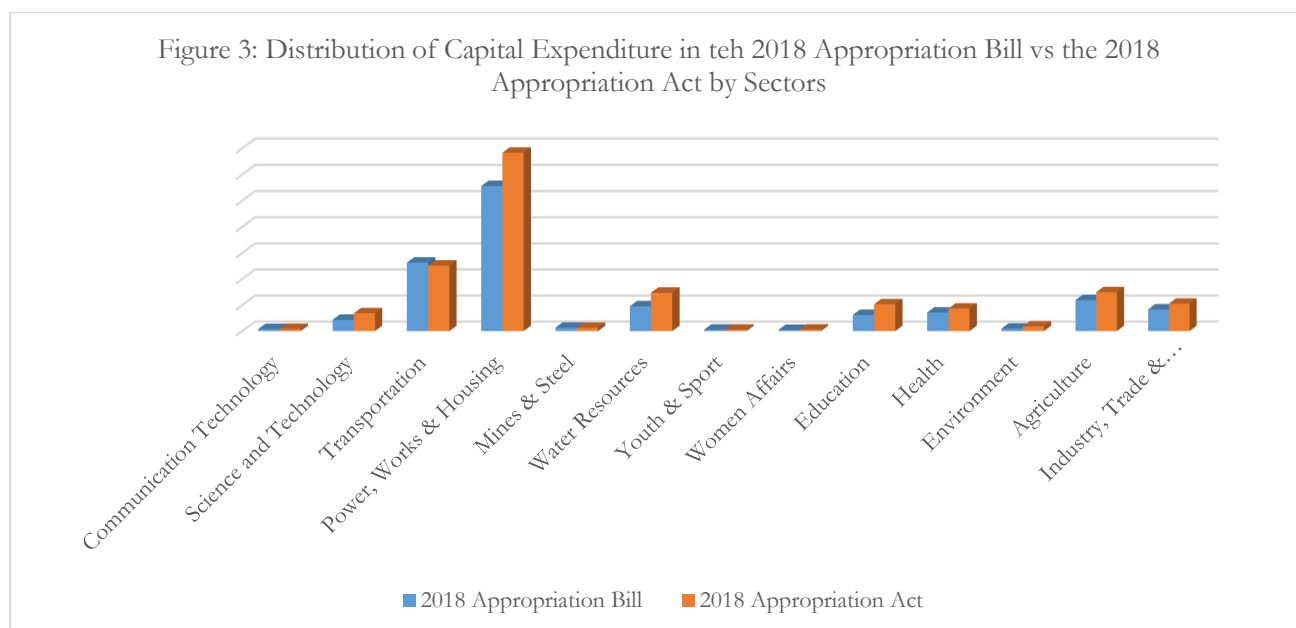
- Relatively, however, the sectors with real increase over the proposed figures in allocation as passed by the National Assembly are: Science and Technology; Power, Works & Housing; Water

Resources; women affairs;
Education, health,
environment, agriculture and
industry, trade & investment.

Table 2: Distribution Capital Allocation in key Sectors: 2018 Proposal vs Approved Budget

S/N		2018 Appropriation Bill	% in Overall proposed capital	2018 Appropriation Act	% in Overall Approved capital	Difference Analysis	% Change
1	Communication Technology	7,544,159,142	0.31	8,049,159,142	0.28	505,000,000	6.69
2	Science and Technology	43,230,296,244	1.78	68,309,127,340	2.38	25,078,831,096	58.01
3	Transportation	263,100,000,000	10.84	251,420,000,000	8.75	11,680,000,000	-4.44
4	Power, Works & Housing	555,877,594,442	22.90	682,959,550,242	23.77	127,081,955,800	22.86
5	Mines & Steel	12,900,000,000	0.53	12,281,500,000	0.43	- 618,500,000	-4.79
6	Water Resources	95,111,700,681	3.92	147,199,614,645	5.12	52,087,913,964	54.76
7	Youth & Sport	5,499,604,377	0.23	5,408,611,977	0.19	- 90,992,400	-1.65
8	Women Affairs	4,580,732,000	0.19	5,752,180,400	0.20	1,171,448,400	25.57
9	Education	61,725,553,540	2.54	102,907,290,833	3.58	41,181,737,293	66.72
10	Health	71,113,152,655	2.93	86,485,848,198	3.01	15,372,695,543	21.62
11	Environment	9,524,482,833	0.39	17,492,955,833	0.61	7,968,473,000	83.66
12	Agriculture	118,984,139,037	4.90	149,198,139,037	5.19	30,214,000,000	25.39
13	Industry, Trade & Investment	82,917,147,560	3.42	105,156,176,854	3.66	22,239,029,294	26.82

Source: MBNP and Authors Estimation



3.0 Debt Analysis

7. The proposed amount for debt services was not tampered with by the National Assembly (see Table 4). The domestic debt service of N1,759,755,709,708 proposed for 2018 as well as foreign debt service of
- 8.

N254,079,655,991, were passed. The debt service component tinkered with was the allocation for Sinking Fund to retire maturing loans, which was reduced from N220,000,000,000 to N190,000,000,000.

Table 4: Expenditure Component in FGN Budgets (2016 - 2018): Proposed vs Approved

S/N		2016 Appropriation Act	2017 Appropriation Bill	2017 Appropriation Act	2018 Appropriation Bill	2018 Appropriation Act
B	Debt Service	1,475,320,000,000	1,841,345,727,206	1,841,345,727,206	2,233,835,365,699	2,203,835,365,699
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10	Foreign Debt	54,480,000,000	175,882,993,952	175,882,993,952	254,079,655,991	254,079,655,991
11	Sinking Fund to retire maturing loans	113,440,000,000	177,460,296,707	177,460,296,707	220,000,000,000	190,000,000,000

Source: MBNP

9. Although the government proposed to finance its deficit through borrowing, proceeds from privatization and sale of assets, efforts should be geared towards proper accounting of amounts recovered from loots and to ensure that the legislative framework is in place

to ensure that such funds are paid into the consolidated revenue account. This will ensure that recovered loots and assets as well as unclaimed funds in dormant accounts, are channelled into funding the nation's budget deficit.

The views expressed in this Research Issue Brief are those of the author(s) and do not necessarily represent the views of the Institute and its Management.

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