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BUDGET PRIORITIES OF THE FEDERAL GOVERNMENT IN 2010/2011 FISCAL YEAR:
UNDERLYING PHILOSOPHY

A PRESENTATION TO THE WORKSHOP ON STRENGTHENING BUDGET
IMPLEMENTATION FOR ENHANCED PROJECT EXECUTION AND SERVICE DELIVERY BY
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I. PROTOCOL

II. INTRODUCTION

The 2010 proposed budget is 'A Fiscal Stimulus Budget'. The conception of the N4.079 trillion Budget was partly a reflection of the historical bottleneck to budget implementation and performance in the country but principally based on Government's determination to stimulate the economy out of the recent global economic crisis through targeted fiscal interventions – the rudder being the Seven-Point Agenda of the Government.

The Administration has been implementing strategic and growth-promoting measures to mitigate the shocks transmitted to us through the external sector due to the global recession by addressing the infrastructural and institutional impediments to the business environment and competitiveness of the Nigerian economy.

As with the 2009 Budget, the preparatory process in the 2010 Budget followed a focused approach (minimising overload of the annual budget and avoid spreading too thinly on projects) anchored on transforming the socio-economic fortunes of the Nigerian people. With the emphasis on stimulating the economy, the 2010 Budget is another bold step in entrenching the culture of comprehensive result-oriented, cost-saving and performance-based budgeting system in Nigeria.

By its very design, the 2010 Budget flags up clear cut and measurable deliverables in terms of public goods and services that MDAs have to undertake on behalf of the Nigerian people. It was drawn up in a manner that is capable of reducing incidences of associated implementation problems of the past by concentrating on identified priority sectors of the economy.

III. THE 2010 BUDGET: THE UNDERLYING PHILOSOPHY

The idea behind the 2010 Budget is the commitment of this Administration to transform the socio-economic fortune of the Nigerian people through the translation into tangible and enduring realities the full implementation of the **Seven-Point Agenda** and progressively moving towards the achievement of the long term vision objective of becoming one of the 20 top economies in the world come 2020.



In pursuance of this mission, around a third of the 2010 Budget is non-recurrent and driven by the Administration's stated Agenda or priority areas. N1.37 trillion (34%) of the proposed budget targets rationalised capital expenditure in priority areas such as bridging the Critical Infrastructure gaps; Human Capital Development; Land Reform and Food Security; Physical Security, Law and Order; and the Niger Delta. About 90% of MDAs' capital expenditure is devoted to these key priority sectors to consolidate a similar trend that started with the Fiscal Year 2009 Budget.⁹

IV. BUDGET PRIORITIES OF THE FEDERAL GOVERNMENT

Let me quickly highlight the focus of the Budget with a view to showing Government commitment to accelerate economic recovery through targeted fiscal interventions aimed at supporting private sector growth for employment and wealth creation and thus transforming the socio-economic fortune of our people:

1. CRITICAL INFRASTRUCTURE

Critical infrastructure interventions, by the government and under PPP arrangements underpinned by the **Electric Power Sector Reform (EPSR) Act 2005**, the **Infrastructure Concession Regulatory Commission (ICRC) Act** are considered central to the creation of new construction, engineering and other employment opportunities.

- **Power:**

The Budget envisages an enhancement of national infrastructure to deliver 10000MW of power by 2011. For this purpose the Budget set aside over **N153.207 billion** in the Budget as capital allocation for implementing this agenda. The projects associated with the above allocation include completion of on-going projects in power generation, transmission, and distribution; expansion, management and maintenance of new and existing power plants in:

- | | | | |
|------------|-------------|---------|--------|
| ✓ Afam | Ughelli | Egbin | Kainji |
| ✓ Jebba | Sapele | Shiroro | Geregu |
| ✓ Omotosho | Olorunshogo | | |

- **Transportation**

Under the transportation sector, allocations have been made to complement the roads and aviation networks with serviceable rail and marine infrastructure to deliver a truly intermodal transportation system for Nigeria. For this purpose an allocation of **N141.277 billion** was capital provision for the implementation of the Transport Agenda. The following sub-sectoral projects featured in the Budget:

- **Rail Transport**

Modernisation of locomotives, coaches and wagons; rehabilitation works on tracks, stations, bridges, signalling equipment and culverts; procurement of tools, cranes & other railway equipment; including the:

- ✓ Rehabilitation of Rail Tracks and Bridges: Lagos-Jebba and the Jebba-Kano Line



- ✓ Upgrading Signalling Equipment
- ✓ Ajaokuta–Warri Line
- ✓ Equity on Lagos–Ibadan single Tracks
- ✓ Port Harcourt–Maiduguri Line
- ✓ Counterpart funding for the new Lagos–Ibadan and Abuja–Kaduna standard gauge railway lines.

○ **Marine and Inland Waterways Transport**

- ✓ Dredging of Lower Niger (Warri–Baro)
- ✓ Construction of River Ports Lokoja & Cargo handling equipment
- ✓ Rehabilitation of Onitsha Port & Cargo Handling Equipment
- ✓ Construction of River Port in (Baro, Degema, Oguta, Idah etc)

● **Aviation**

The Aviation Sector has a total allocation of **N49 billion** capital provision to upgrade our major international airports and ensure safety of our air space all over the country. The proposed projects are:

- ✓ Aircraft Recovery Equipment in Abuja and Lagos airports
- ✓ Construction of Control Towers in Maiduguri, Ilorin, Ibadan, Akure, Benin & Kaduna airports
- ✓ Monitoring Equipment for 6 Zones and Abuja airports
- ✓ ATIS Equipment for 4 Airports: Enugu, Maiduguri, Ilorin & Yola
- ✓ Procurement and Installation of LIDAR Based Windshear Alert System for Nnamdi Azikiwe, Mallam Aminu Kano, Murtala Mohammed and Port–Harcourt International Airports.
- ✓ Acquisition & Installation of Terrestrials Communication Facilities

● **Road Transportation**

The Ministry of Works and Housing had a total capital budget allocation of over **N221.305 billion** to execute priority Government projects in that sector including the:

○ **Nationwide Works**

- ✓ Presidential Initiative Projects (PIPS) of over N55 billion across the country
- ✓ Zonal Intervention Projects (ZIPS) of over N50 billion across the country
- ✓ Federal Roads Authority Take–off Funding
- ✓ Engineering design of new roads
- ✓ Rehabilitation of bridges
- ✓ Highways rehabilitation and construction
- ✓ Rehabilitation road works in all 6 geopolitical zones
- ✓ Rehabilitation and new projects under procurement across the country.

○ **Zonal Intervention Road Projects across all 6 Geopolitical Zones as follows**



North-Central

- ✓ Reconstruction of Vom–Manchoki Road
- ✓ Construction of Bida–Sacci–Nupeko Road
- ✓ Construction of Nasarawa–Toto–Abaji Road
- ✓ Construction of Langtang–Lalin–Tunku–Shendam Road

North-East

- ✓ Potiskum–Udobo–Gamawa–Gamayin Road
- ✓ Rehabilitation of Numan–Guyuk–Biu Road
- ✓ Rehabilitation of Bauchi–Kari Road
- ✓ Completion of the Construction of Mararaba–Bali Road

North-West

- ✓ Rehabilitation of Kaura Namoda–Shinkafi–Sabon Birni Road
- ✓ Rehabilitation of Funtua–Gusau–Sokoto Road II
- ✓ Rehabilitation of Funtua–Gusau–Sokoto Road III
- ✓ Rehabilitation of Funtua–Yashi–Dayi–Kano

South-East

- ✓ Dualisation of Onitsha–Owerri Road
- ✓ Rehabilitation of Ekwulobia–Oko–Ibinta Road
- ✓ Rehabilitation of Adoru–Nsukka–Adani Road
- ✓ Oji River–Achi–Awgu Road

South-West

- ✓ Rehabilitation of Oshogbo–Ilesha–Elesun–Odebude–Iragbiji Road
- ✓ Construction of Sango Otta–Winners Chapel Road
- ✓ Dualisation of Ibadan–Ilorin Road
- ✓ Rehabilitation and Construction Ijebu–Igbo–Araromi–Ife Road

South-South

- ✓ Construction of Itigidi Bridge along Abba Omega–Edibanugep Bridge
- ✓ Rehabilitation and Ashphat Overlay of Benin–Shagamu Expressway
- ✓ Rehabilitation of Obudu–Obudu Cattle Ranch Road
- ✓ Itu River Bridge

2. LAND REFORM & FOOD SECURITY

The recent growth of the economy has been largely attributable to the non-oil sectors, especially agriculture. As well as guaranteeing national food security, the Federal Government's proposed expenditures in the agriculture sector is aimed at raising the sector's contribution to GDP to higher levels, achieving rapid economic growth, diversification,



increased manufacturing, industrialisation and reaping the benefit of employment and wealth-creation potentials that the sector could provide.

The thrust of the Budget for this sector, with a capital provision of over **N171.131 billion**, is continuing with on-going projects and targets over the next 2 years including:

- ✓ Counterpart funding for FADAMA III, IFAD and AfDB projects etc.
- ✓ Construction of 300 One-Stop Agricultural Input Market Centre Phase II
- ✓ Agro Enterprise Development
- ✓ Medium Scale Cash Crop Development (including Cocoa, Cotton, Oil Palm, Rubber, Cassava & Sesame) on PPP Basis
- ✓ Enhancing functional capacity of IDA, BOI and NACRDB
- ✓ National Grazing Reserves Pasture
- ✓ Tractor Service Scheme
- ✓ Fertilizer Subsidy
- ✓ Guaranteed Minimum Price Programme
- ✓ Fadama III
- ✓ Oil Processing Mills and Palm Plantation
- ✓ Construction of Dams in Osun, Ogun, Akwa Ibom, Katsina, Imo, Jigawa States etc.
- ✓ Rehabilitation and Construction of Irrigation Projects across the country
- ✓ Development of Specialised inputs.
- ✓ Equipping Biotechnology Labs and Outstation
- ✓ Improve on food production by widening land under cultivation

Related to this also is the fact that Government has proposed the amendment of the Land Use Act 1978 to the National Assembly with a view to remove titling and ownership transfer obstacles to land for housing and agriculture as represented by the two most cumbersome Governor's Statutory consents to mortgage and transfer.

3. HUMAN CAPITAL DEVELOPMENT

Government is aware that productivity growth, equity, poverty eradication and security can all reinforce one another, hence the commitment to sustain investments in health and education to develop the human capital base through relevant skills that guarantee access to wealth-creating assets. The Government Agenda on this is to accelerate investments in qualitative education and healthcare.

Under the health sector, with a total capital provision of over **N49.990 billion**, government made provisions in the 2010 Budget for the:

- ✓ Completion of ongoing projects for modernisation of University Teaching Hospitals – Ibadan, Lagos, Zaria, Benin, Ife, Ilorin, Jos, Port-Harcourt, Calabar, Maiduguri, Sokoto, Newi, Enugu, Kano, Abuja and Uyo
- ✓ Modernisation of Specialist Hospitals Irrua
- ✓ Modernisation of Federal Staff Hospital Abuja



- ✓ Modernisation of Federal Psychiatric Hospital in Enugu, Kaduna, Calabar, Maiduguri and Benin City,
- ✓ Modernisation of Neuro–Psychiatric Hospital in Sokoto, Yaba and Abeokuta
- ✓ Modernisation of National Orthopedic Hospital in Igbobi–Lagos, Dala–Kano and Enugu
- ✓ Modernisation of TB & Leprosy Referred Hospital Zaria
- ✓ Modernisation of Federal Medical Centres in Umuahia, Owo, Abeokuta, Nguru, Owerri, Makurdi, Katsina, Gombe, Asaba, Bida, Gusau, Yola, Abakaliki, Ido, Lokoja, Azare, Jalingo, Birnin Kudu and Keffi.
- ✓ Completion of the Oxygen Pipping System at Federal Medical Centre Ebute Metta

Under the education sector, Government made provisions in the 2010 Budget for:

- ✓ The development and production of minimum academic standard
- ✓ Capacity Building Programmes
- ✓ Infrastructure/Construction/Equipping of Federal Technical Colleges across the Federation
- ✓ Infrastructure/Construction/Equipping of Federal Government Colleges across the Federation
- ✓ Infrastructure/Construction/Equipping of Federal Colleges of Education across the Federation
- ✓ Infrastructure/Construction/Equipping of Federal Polytechnic across the Federation
- ✓ Infrastructure/Construction/Equipping of Federal Universities across the Federation

4. NIGER DELTA, PHYSICAL SECURITY, LAW AND ORDER

All over the world, this Administration has been commended on the way it has handled the Niger Delta problems and ultimately achieved its Amnesty Initiative. In furtherance of the noble steps already taken in respect of the implementation of the Administration's Niger Delta Agendum, a capital provision of over **N61.288 billion** have been made in the 2010 Budget for the Niger Delta Ministry. This is exclusive of the **N35.6 billion** provided as statutory transfer to the Niger Delta Development Commission (NDDC). The Niger Delta Ministry plans to see to the completion of on-going projects such as the:

- ✓ East–West Road
- ✓ 673KM Niger Delta Coastal Road
- ✓ New Town Development in collaboration with FMBN
- ✓ Construction and equipping of skills acquisition centres in each of the oil producing states
- ✓ Environmental support programme for the Niger Delta
- ✓ Reclamation/shoreline protection
- ✓ Oil and Gas Assets protection programme



- ✓ Idumuje–Unor Erosion Control Project
- ✓ Conservation and Development of Coastal Ecosystem (Guinea Current Large Marine Ecosystem) Gclime (Rivers & Bayelsa State)

5. FEDERAL CAPITAL TERRITORY

In the Federal Capital territory, the budget made capital provision of over **N124.110 billion** to prosecute priority projects including the:

- ✓ Rehab & expansion of Outer Northern Expressways Lots I & II
- ✓ Design and Development of Rail Transit in FCT (Counterpart Funding)
- ✓ Construction & Equipping of 220 Bed Utako District Hospital
- ✓ Design & Construction of Vice President residence and National Assembly Presiding Officers
- ✓ Rehabilitation and Expansion of Airport expressway

V. EXTENSION OF 2009 FISCAL YEAR AND PROCUREMENT PLANNING

There is a determination to shift focus from resource commitment to MDAs to what was actually delivered by them. It was for this reason that this Administration decided to extend the life of the 2009 fiscal year to March 31st 2010. It is aimed at making sure that MDAs diligently implement the budget as passed by the National Assembly. It is hoped that by the time the budget implementation report for 2009 fiscal year is concluded, there would have been a great improvement from the 50% capital utilisation rate recorded at the end of the 3rd Quarter of 2009.

The Administration devotes a cabinet meeting monthly to assess budget execution by MDAs. This practice will continue in the new fiscal year. This is also against the backdrop of a more simplified procurement process in higher ministerial approval thresholds and decentralized procedures to the MDAs. This has contributed, in no small measure, to the noticeable improvement in capital access and utilisation rate.

VI. CONCLUSION

The heart of this Administration is its Seven–Point Agenda and this is where its priority lies. In the medium to long term, the achievement of the Government Agenda will make the Nigerian economy grow at an accelerated rate. Should the changed infrastructural environment lead, as it is hoped, to an enhanced competitiveness of the Nigerian economy, it would be a testimony of how the 2010 Budget would contribute to job and wealth creation and the socio–economic transformation of Nigeria envisaged in its conception, preparation and presentation.

It is therefore, not an accident that the Budget deliberately concentrated on:



- ✓ Critical infrastructure intervention to create new construction, engineering and other employment opportunities
- ✓ Special intervention funds to provide credit facilities for commercial farming and support necessary agro-processing linkages to resuscitate industry.
- ✓ Economic diversification through the development of the non-oil sector such as agro-allied processing, manufacturing and other non-oil sectors for purposes of generating employment
- ✓ Investment in Health and Education to develop the human capital base
- ✓ Enhancing the capacity of law-enforcement and security agencies
- ✓ Strengthening the gains from recent Amnesty and addressing associated challenges in the Niger Delta

This Administration recognises the importance of the private sector through PPP arrangement as crucial to the successful implementation of its policy thrusts especially in the area of critical infrastructure.

With set targets and monitoring of the relevant revenue collecting agencies, it is hoped that effective implementation and realisation of the ideas behind the 2010 Budget would hinge on proper management and controlling of cash available to Government at any point in time and ensuring that budgetary revenues are realised and remitted to the relevant revenue accounts on a real-time basis.

In all of these, however, there is a need for caution as spending and revenue expectations are to be set in the context of changing international environment and the challenges that this could pose for the implementation of the 2010 Budget. It is for this reason that the Budget is cautiously anchored on realistic and achievable macroeconomic parameters such as a growth target of 6.1%, headline inflation of 11.2%, oil production of 2.088mb/d, benchmark oil price of US\$57/barrel and average exchange rate of N150 to the US\$.

Thank you for listening.

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