



# Budgeting Process & Budget Analysis

---

**“If you torture the data long enough, it will confess.”**

■ Ronald Coase, Economist

**StatiSense**

# Agenda

---

1

**UNDERSTANDING THE BUDGETING PROCESS**

2

**UNDERSTANDING THE BUDGET COMPONENTS**

3

**BUDGETING SECTORS AND LINE-BY-LINE**

4

**BUDGET ANALYSIS**

5

**BUDGET IMPLEMENTATION, MONITORING &  
PERFORMANCE**

# ***UNDERSTANDING THE BUDGETING PROCESS***

- Understanding Budget
  - How is the Federal Budget Prepared?
    - Principal Parties in the Process

# BUDGET

---

The Federal Budget is a document that summarizes the Government's revenue and spending for a fiscal year. This **fiscal year** runs from **1 January to 31 December**.

- ❑ Revenue
- ❑ Spending

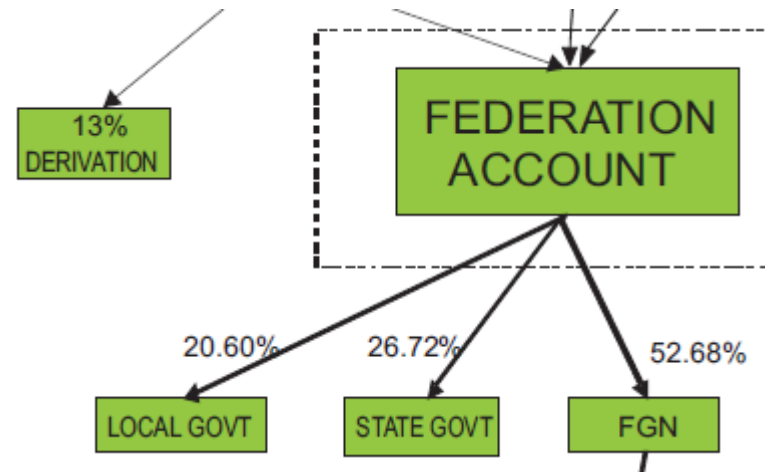


April/May –  
May/June

The Budget gives details of expected revenue and expenditure, and presents the direction of Government's policies and spending priorities for a given fiscal year.

# Sources of financing the Budget

- ❑ Federal Government's share of the Federation Account (made up of oil and gas revenue, customs duty, company income tax),



- **Oil Revenue** – (1) Crude Oil Sales, (2) Oil Taxes, and (3) Royalties
- **Non-Oil Revenue** – (1) Companies' Income Tax, (2) Customs & Exercise Duties, (3) Value Added Tax, and (4) FGN Independent Revenues

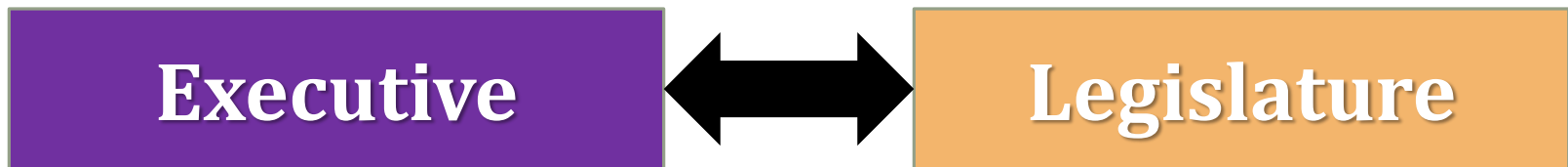
# How is the Federal Budget Prepared?

---

The 1999 Constitution requires the President to submit an annual budget proposal to the National Assembly for their approval (or passage).

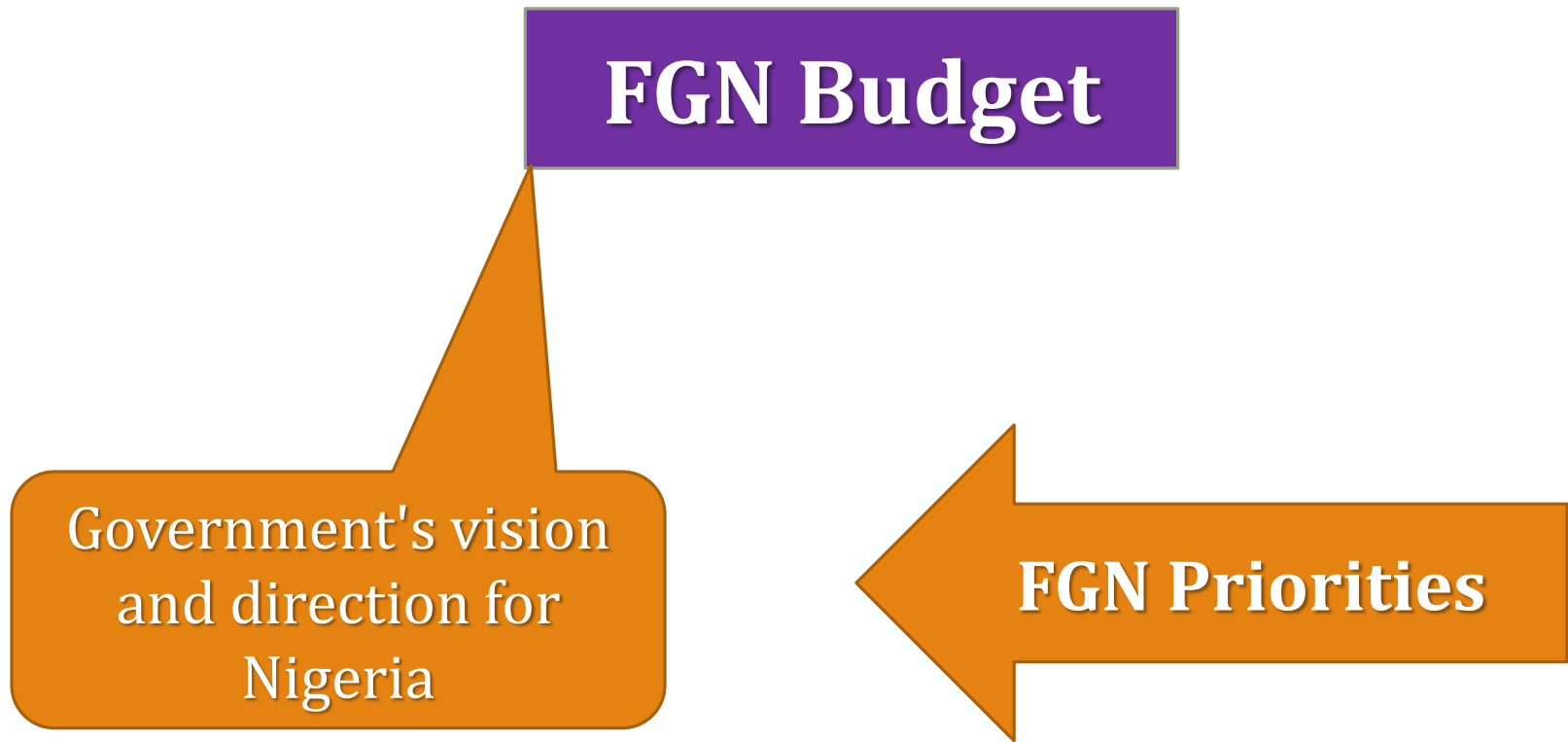
Once the National Assembly approves the budget proposal (or Appropriation Bill) and the President assents to it, it becomes Law (or an Appropriation Act).

In this way, responsibility for the Federal Budget is shared between these two of the three arms of the Federal Government.



# How is the Federal Budget Prepared?

---



2015 A TRANSITION BUDGET

2016 BUDGET OF CHANGE

**2017 BUDGET OF RECOVERY AND GROWTH**



# The Medium-Term Fiscal Framework & Fiscal Strategy Paper

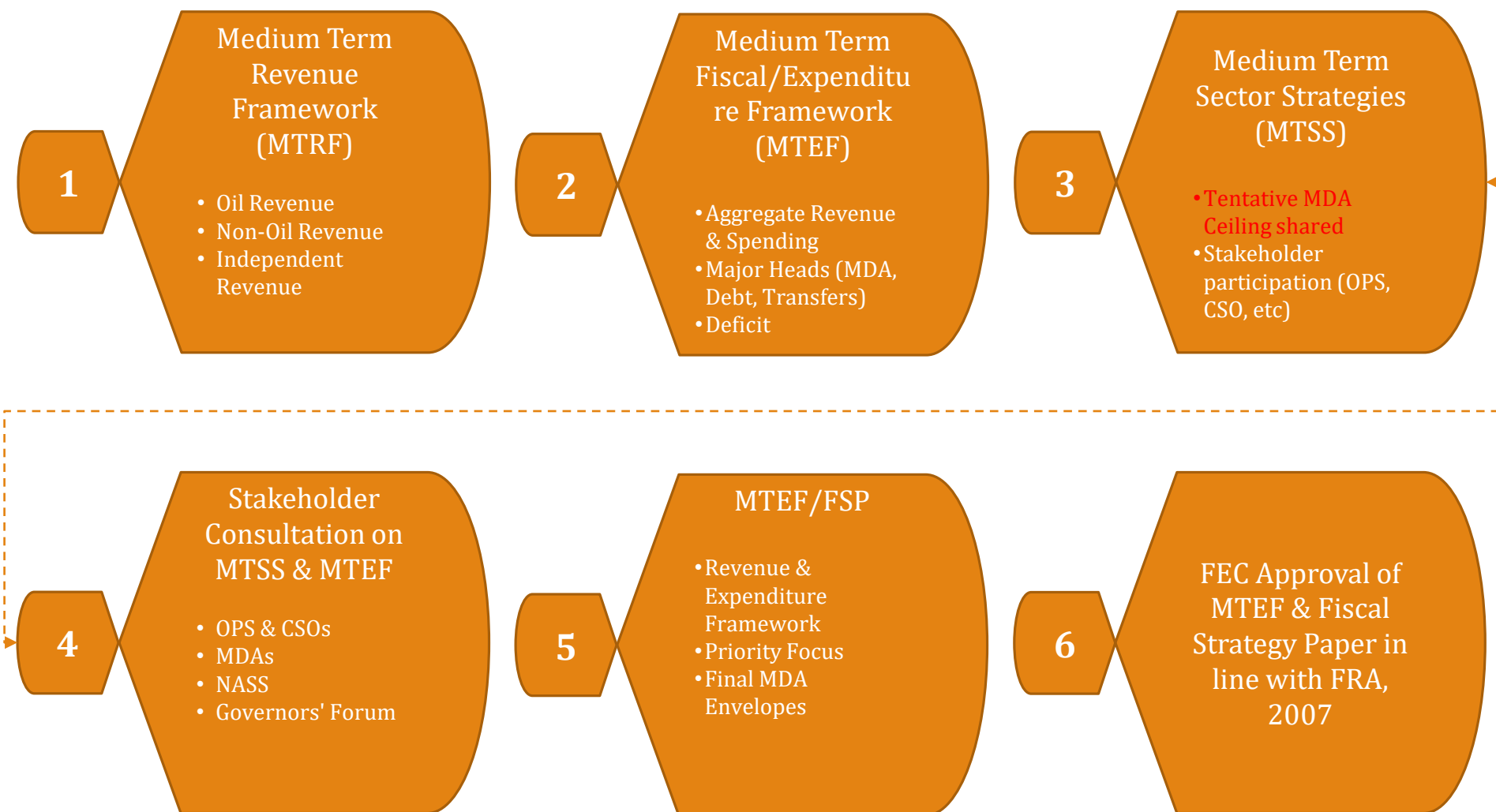
---

The Fiscal Responsibility Act (2007) provides detailed guidance about how the Budget should be prepared and what stages it needs to pass through before it is completed.

Under this law, the Budget is to be based on a medium-term fiscal framework.

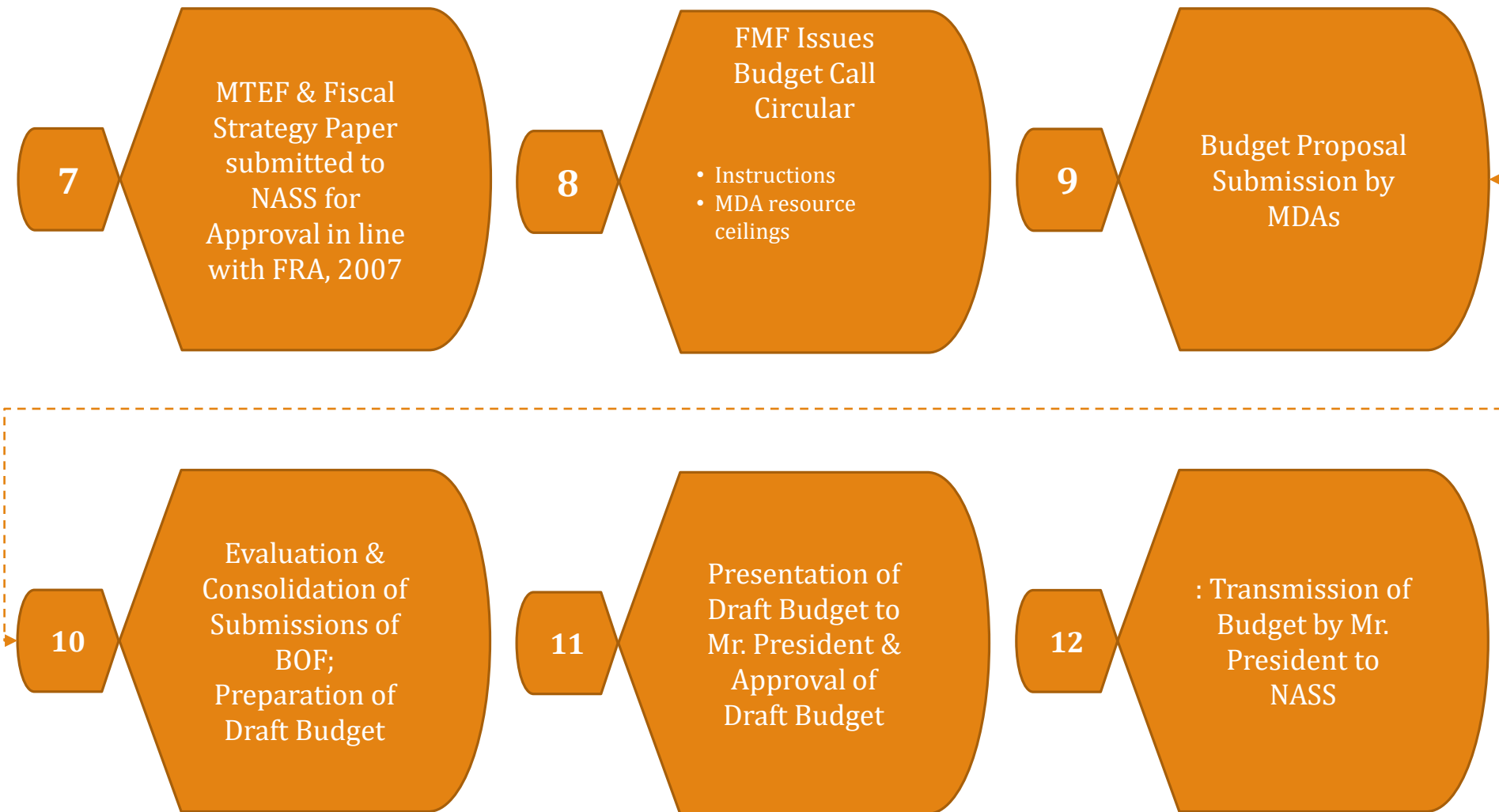
Fiscal frameworks normally include a ***Revenue Framework*** dealing with where the money comes from and an ***Expenditure Framework*** dealing with what the money is spent on.

# Budgeting Process: The Stages



**OPS:** Organised Private Sector. **CSO:** Civil Society and

# Budgeting Process: The Stages



*BOF: Budget Office of the Federation*

# Budgeting Process: The Stages

---

13

NASS Approves  
& Passes  
Appropriation  
Bill

14

Mr. President  
Assents

# ***UNDERSTANDING THE BUDGET COMPONENTS***

- 4 Components of the Budgets

# Components of the Budget

---

## Statutory Transfers

Annual mandatory expenditures required by law.

## Debt Services

Monies borrowed within & outside Nigeria.

## Recurrent Expenditure

Spending by MDAs on Salaries, Pensions & Overheads.

## Capital Expenditure

Provide infrastructure such as roads, water and power.

# Components of the Budget

---

## Statutory Transfers

Annual mandatory expenditures required by law.

- 1) The National Judicial Council (NJC)
- 2) The Niger Delta Development Commission (NDDC)
- 3) The Universal Basic Education Commission (UBEC) – 2% of CRF
- 4) The Independent National Electoral Commission (INEC)
- 5) The National Assembly (NASS)
- 6) The National Human Rights Commission (NHRC)
- 7) The Public Complaints Commission (PCC)

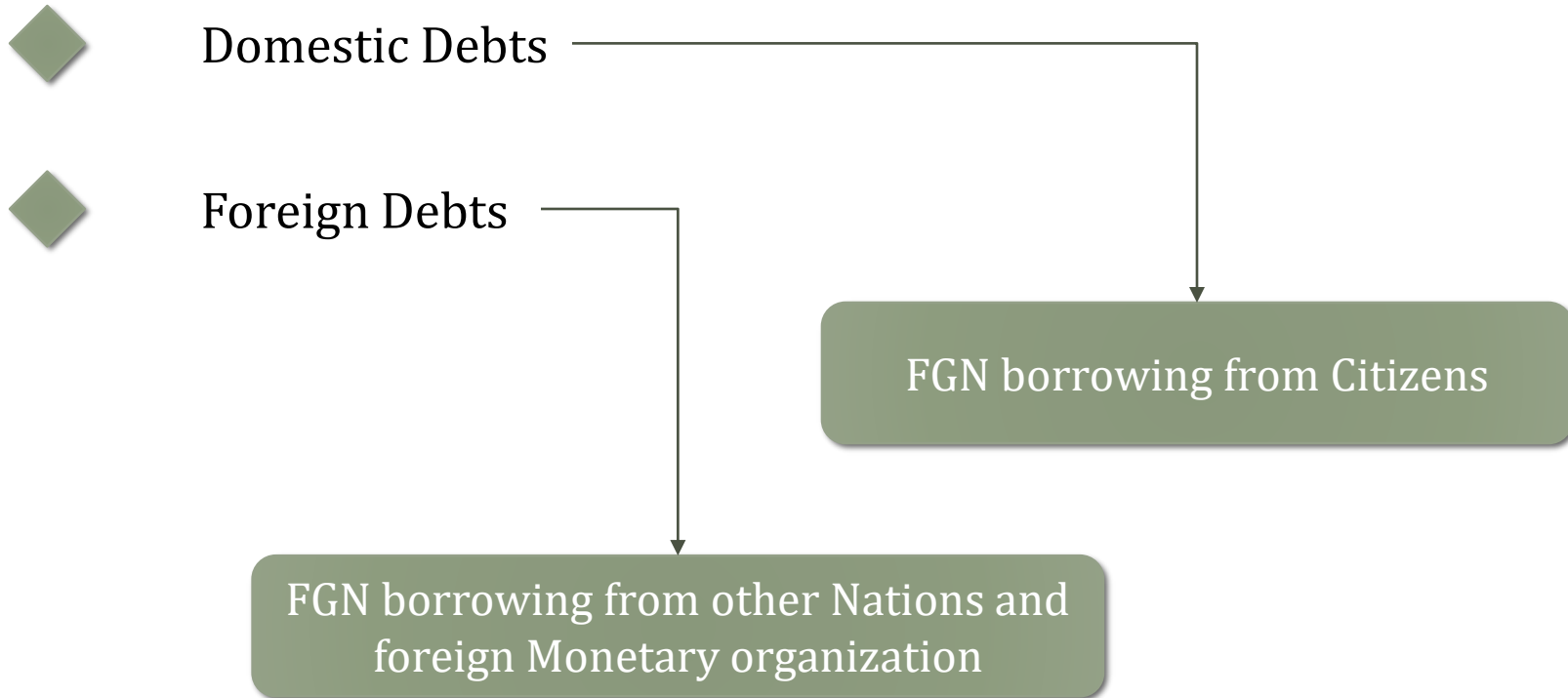
**National Health Act (NHA)???**

# Components of the Budget

---

## Debt Services

Monies borrowed within & outside Nigeria.





# Components of the Budget

## Recurrent Expenditure

Spending by MDAs on Salaries, Pensions & Overheads.

Ministry / Department / Agency (MDA)

A. Executive – Ministries

B. Federal Executive Bodies

C. Service-wide Votes And Pensions

### SERVICE-WIDE VOTES AND PENSIONS:

#### PENSIONS AND GRATUITIES: TOTAL ALLOCATION

##### OFFICE OF THE HEAD OF THE CIVIL SERVICE (CIVILIAN PENSION)

PENSIONS

GRATUITIES

BENEFITS OF RETIRED HEADS OF THE CIVIL SERVICE OF THE FEDER/  
PERMANENT SECRETARIES

#### MILITARY PENSIONS AND GRATUITIES (DMP)

PENSIONS

2017 EXPECTED RETIREES

DEATH BENEFITS

PENSION RUNNING COSTS

2017 VERIFICATION COSTS

ADMINISTRATIVE COSTS

#### POLICE PENSIONS AND GRATUITIES

PENSIONS

### EXECUTIVE:

AUDITOR GENERAL FOR THE FEDERATION

MINISTRY OF BUDGET AND NATIONAL PLANNING

FEDERAL MINISTRY OF AGRICULTURE & RURAL DEVELOPMENT

MINISTRY OF DEFENCE

FEDERAL MINISTRY OF EDUCATION

FEDERAL MINISTRY OF ENVIRONMENT

FEDERAL MINISTRY OF FINANCE

MINISTRY OF FOREIGN AFFAIRS

FEDERAL MINISTRY OF HEALTH

FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT

FEDERAL MINISTRY OF INFORMATION & CULTURE

FEDERAL MINISTRY OF INTERIOR

### FEDERAL EXECUTIVE BODIES:

CODE OF CONDUCT BUREAU

CODE OF CONDUCT TRIBUNAL

FEDERAL CHARACTER COMMISSION

FEDERAL CIVIL SERVICE COMMISSION

NATIONAL POPULATION COMMISSION

POLICE SERVICE COMMISSION

REVENUE MOBILIZATION, ALLOCATION AND FISCAL COMMISSION

# Components of the Budget

## Capital Expenditure

Provide infrastructure such as roads, water and power.

Ministry / Department / Agency (MDA)

A. Executive – Ministries

B. Federal Executive Bodies

C. Capital Supplementation

### SERVICE-WIDE VOTES AND PENSIONS:

#### PENSIONS AND GRATUITIES: TOTAL ALLOCATION

#### OFFICE OF THE HEAD OF THE CIVIL SERVICE (CIVILIAN PENSION)

PENSIONS

GRATUITIES

BENEFITS OF RETIRED HEADS OF THE CIVIL SERVICE OF THE FEDER/  
PERMANENT SECRETARIES

#### MILITARY PENSIONS AND GRATUITIES (DMP)

PENSIONS

2017 EXPECTED RETIREES

DEATH BENEFITS

PENSION RUNNING COSTS

2017 VERIFICATION COSTS

ADMINISTRATIVE COSTS

#### POLICE PENSIONS AND GRATUITIES

PENSIONS

### EXECUTIVE:

AUDITOR GENERAL FOR THE FEDERATION

MINISTRY OF BUDGET AND NATIONAL PLANNING

FEDERAL MINISTRY OF AGRICULTURE & RURAL DEVELOPMENT

MINISTRY OF DEFENCE

FEDERAL MINISTRY OF EDUCATION

FEDERAL MINISTRY OF ENVIRONMENT

FEDERAL MINISTRY OF FINANCE

MINISTRY OF FOREIGN AFFAIRS

FEDERAL MINISTRY OF HEALTH

FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT

FEDERAL MINISTRY OF INFORMATION & CULTURE

FEDERAL MINISTRY OF INTERIOR

### FEDERAL EXECUTIVE BODIES:

CODE OF CONDUCT BUREAU

CODE OF CONDUCT TRIBUNAL

FEDERAL CHARACTER COMMISSION

FEDERAL CIVIL SERVICE COMMISSION

NATIONAL POPULATION COMMISSION

POLICE SERVICE COMMISSION

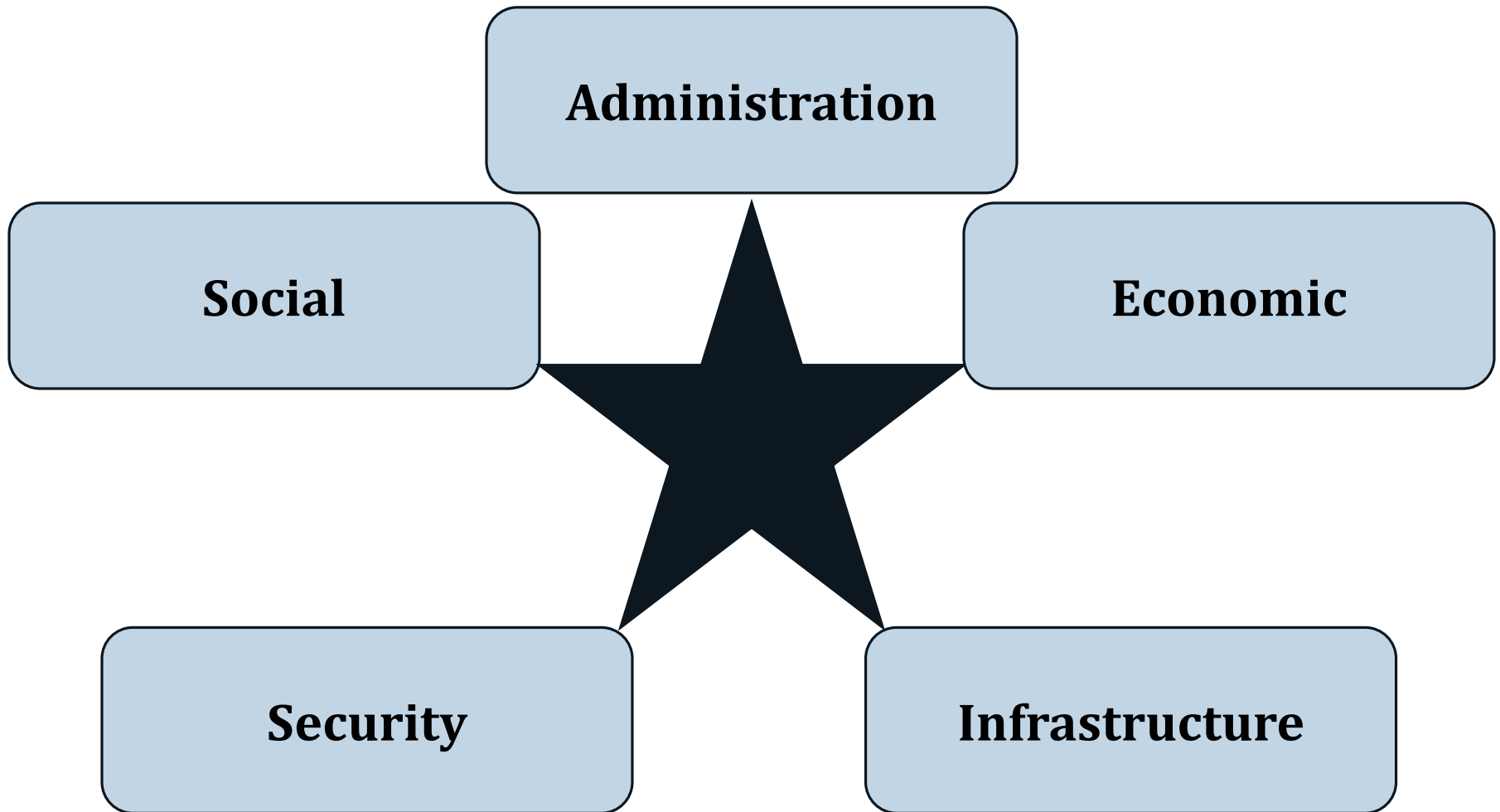
REVENUE MOBILIZATION, ALLOCATION AND FISCAL COMMISSION

## ***BUDGETING SECTORS AND LINE-BY-LINE***

- The 5 Sectors of Government Budget
  - Line-by-Line Budget

# Budgeting Sectors

---



# Budgeting Sectors

---

## Administration

Auditor-General for the Federation, Budget & National Planning, Code of Conduct Bureau, Code of Conduct Tribunal, Federal Character Commission, Federal Civil Service Commission, Finance, Fiscal Responsibility Commission, Foreign Affairs, Independent Corrupt Practices and Related Offences, etc

## Economic

Agriculture & Rural Development, Petroleum Resources, Solid Minerals Development, Trade & Investment

## Infrastructure

Communication Technology, Environment, Federal Capital Territory Administration, Niger Delta, Science & Technology, Transport, Water Resources, Works, Power & Housing

## Social

Education, Health, Information & Culture, Labour and Employment, Women Affairs, Youth Development

## Security

Defence, Interior, Office of the National Security Adviser, Police Formation & Command, Police Service Commission







2017






# Social Sector

No.	SECTOR	RECURRENT	%	CAPITAL	%
1	Administration	2,934,633,208,923	86	489,444,440,314	14
2	Economic	115,428,159,755	37	192,500,064,713	63
3	Infrastructure	114,046,068,186	10	1,001,873,353,794	90
4	Security	875,847,245,411	78	247,729,166,249	22
<b>5</b>	<b>Social</b>	<b>780,542,800,960</b>	<b>86</b>	<b>127,442,553,375</b>	<b>14</b>

2015

No.	SECTOR	RECURRENT	%	CAPITAL	%
1	Administration	1,805,822,892,459	86	302,077,119,325	14
2	Economic	121,148,616,238	90	14,106,000,000	10
3	Infrastructure	185,879,264,669	68	87,742,999,396	32
4	Security	863,372,983,628	91	84,639,999,999	9
<b>5</b>	<b>Social</b>	<b>818,971,255,691</b>	<b>94</b>	<b>51,982,187,897</b>	<b>6</b>

SECTOR	  
Administration	
Economic	
Infrastructure	

SECTOR	  
Security	
Social	

**THERE IS IMPROVEMENT IN  
CAPITAL ALLOCATION ON  
ALL SECTORS EXCEPT IN  
ADMINISTRATION SECTOR!**

2017

# Social Sector

No.	SECTOR	RECURRENT	%	CAPITAL	%
1	Administration	2,934,633,208,923	86	489,444,440,314	14
2	Economic	115,428,159,755	37	192,500,064,713	63
3	Infrastructure	114,046,068,186	10	1,001,873,353,794	90
4	Security	875,847,245,411	78	247,729,166,249	22
5	Social	780,542,800,960	86	127,442,553,375	14

2016

No.	SECTOR	RECURRENT	%	CAPITAL	%
1	Administration	904,515,175,475	66	470,917,950,866	34
2	Economic	103,799,479,013	61	65,697,815,532	39
3	Infrastructure	106,839,764,874	13	744,355,059,958	87
4	Security	821,624,163,772	79	224,931,433,663	21
5	Social	786,271,692,206	91	81,488,562,014	9

SECTOR	
Administration	↓ ● ↑
Economic	↓
Infrastructure	↑

SECTOR	
Security	↓ ● ↑
Social	↑

**THERE IS IMPROVEMENT IN CAPITAL ALLOCATION FOR ECONOMIC & SOCIAL SECTORS WITH HUGE INCREASE IN RECURRENT SPEND FOR ADMINISTRATION SECTOR**

# Budget Line-By-Line

---

**2**



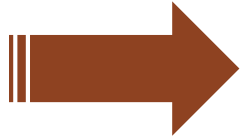
**Expenditure**

**21**



**Personnel Cost**

**22**



**Other Recurrent Costs**

**23**



**Capital Expenditure**



# Budget Line-By-Line

21



## Personnel Cost

Code	Definition
● 2101	Salary
2102 ●	Allowances And Social Contribution

Code	Definition
● 210101	Salaries And Wages
210201	Allowances
● 210202	Social Contributions

Code	Definition
● 21010101	Salary
21010102	Over Time Payments
21020101	Non Regular Allowances
21020102	Foreign Service
21020103	Entitlements of Former Presidents/Heads Of States And Vice Presidents/Chief Of General Staff
21020105	Benefits of Retired Heads of Service AND Permanent Secretaries
21020201	NHIS FGN Contribution
21020202	FGN Contributory Pension
21020203	Group Life Insurance
21020204	Payment Into Redemption Fund (5% of Total Personnel Cost)
21020205	Administration & Monitoring of OHCSF Group Life
21020206	NHIS (Military Retirees)
21020207	Employee Compensation Act - Employees Compensation Fund

# Budget Line-By-Line

22



## Other Recurrent Costs

Code	Definition
2202	Overhead Cost
2203	Loans And Advances
2204	Grants And Contributions
2205	Subsidies
2206	Public Debt Charges

Code	Definition
220101	Social Benefits
220201	Travel & Transport - General
220202	Utilities - General
220203	Materials & Supplies - General
220204	Maintenance Services - General
220205	Training - General
220206	Other Services - General
220207	Consulting & Professional Services - General
220208	Fuel & Lubricants - General
220209	Financial Charges - General
220210	Miscellaneous
220301	Staff Loans & Advances
220401	Local Grants And Contributions
220402	Foreign Grants And Contributions
220501	Subsidy To Government Owned Companies & Parastatals
220502	Subsidy To Private Companies
220603	Insurance Premium

Code	Definition
22010101	Gratuity
22010102	Pension
22010103	Death Benefits
22010104	Pre 1996 Pension
22010108	Yearly Verification Exercise
22020101	Local Travel & Transport: Training
22020102	Local Travel & Transport: Others
22020103	International Travel & Transport: Training
22020104	International Travel & Transport: Others
22020105	NIPSS/ National Defence College Participants Tour Allowance
22020106	Deportation And Repatriation
22020201	Electricity Charges
22020202	Telephone Charges
22020203	Internet Access Charges
22020204	Satellite Broadcasting Access Charges
22020205	Water Rates
22020206	Sewerage Charges
22020207	Leased Communication Lines(s)
22020209	Interactive Learning Network (Iln)
22020301	Office Stationeries / Computer Consumables
22020302	Books
22020303	Newspapers
22010101	Gratuity

# Budget Line-By-Line

23



## Capital Expenditure

Code	Definition
2301	Fixed Assets Purchased
2302	Construction / Provision
2303	Rehabilitation / Repairs
2304	Preservation of The Environment
2305	Other Capital Projects

Code	Definition
230101	Purchase Of Fixed Assets - General
230201	Construction / Provision Of Fixed Assets - General
230301	Rehabilitation / Repairs Of Fixed Assets - General
230401	Preservation Of The Environment - General
230501	Acquisition Of Non Tangible Assets

Code	Definition
23010101	Purchase / Acquisition Of Land
23010102	Purchase Of Office Buildings
23010103	Purchase Of Residential Buildings
23010104	Purchase Motor Cycles
23010105	Purchase Of Motor Vehicles
23010106	Purchase Of Vans
23020101	Construction / Provision Of Office Buildings
23020102	Construction / Provision Of Residential Buildings
23020103	Construction / Provision Of Electricity
23020104	Construction / Provision Of Housing
23020105	Construction / Provision Of Water Facilities
23020106	Construction / Provision Of Hospitals / Health Centres
23030101	Rehabilitation / Repairs Of Residential Building
23030102	Rehabilitation / Repairs - Electricity
23030103	Rehabilitation / Repairs - Housing
23030104	Rehabilitation / Repairs - Water Facilities
23030105	Rehabilitation / Repairs - Hospital / Health Centres
23050101	Research And Development
23050102	Computer Software Acquisition
23050103	Monitoring And Evaluation

# Budget Line-By-Line - Infographics

---

## Infographics

**Health Financing in 2015 Approved Budget**  
**Health Financing in 2016 Approved Budget**  
**Health Financing in 2017 Proposed Budget**

## development Research and Projects Centre

### Contact:

No. 63B Sultan Road, Nassarawa GRA,  
Kano State, Nigeria  
Tel: +234 703 035 3438

Research at the Development Centre

Building Capacity for Advocacy in RH

Leadership Development at the Centre

Islam and Development

Early Childhood Development at the dRPC

HIV/AIDS work at the dRPC

Public sector Capacity building and Technical Assistance

Development Support Services



drpc\_nig

YouTube drpcnig

# References

---

1. 2017 Proposed Annual Budget, Budget Office of the Federation
2. Medium Term Expenditure Framework & Fiscal Strategy Papers, Budget Office of the Federation
3. Exchange Rate, Central Bank of Nigeria

# Reference –

---



---

All rights reserved. No part of this publication may be reproduced, stored in a retrievable system, or transmitted in any form or by any means, electronic, mechanical, photocopying or recording without proper acknowledgement/permission of the copyright owner.

© Partnership for Advocacy in Child and Family Health (PACFaH) in Nigeria project)