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# Federal Government of Nigeria

## Investor Presentation

December 2024





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**Wale Edun, OFR**

**Honorable Minister of Finance and Coordinating  
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**Governor, Central Bank of Nigeria (CBN)**



**Nigeria in  
Context**



**Fiscal Update**



**Debt Management**



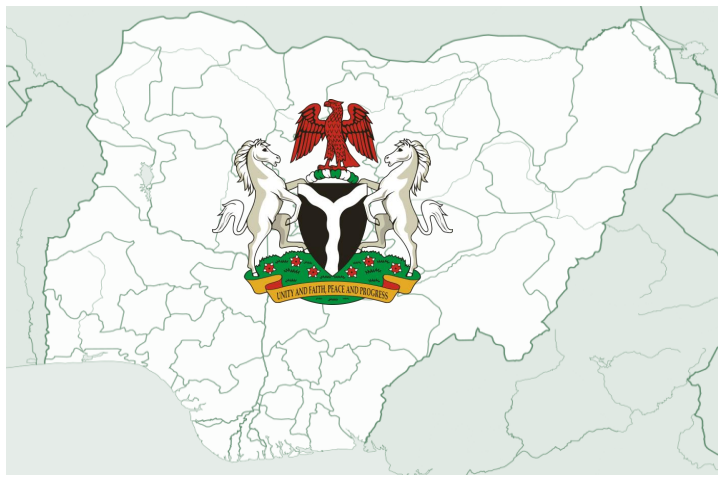
**Monetary Policy  
and Banking  
Sector**



**Transaction  
Summary**



# 1. Nigeria in Context



Land Area	923,768 sq. km
Capital	Abuja
Population Estimate (m, 2023)	223.8 (most populous country in Africa)
Population Growth Rate (2023)	2.4%
Nominal GDP (US\$ million, H1 2024)	88,498.53
GNI Per Capita (US\$, 2023)	1,930
Credit Ratings (S&P/Fitch/Moody's)	B- (stable) / B- (positive) / Caa1 (positive)
Currency	Nigerian Naira (NGN)
Average Exchange Rate (Oct 2024)	US\$/NGN: 1,641.16
System of Government	Multi-party democracy with four (4) year election cycles since 1999
Borders	Benin, Chad, Cameroon and Niger

Sources: Central Bank of Nigeria: Data & Statistics, World Bank, IMF, National Bureau of Statistics

## Progressing Towards a Stronger Development Path





**Strengthening macroeconomic fundamentals, enhancing governance and unlocking the growth potential of the continent's most populous nation**

**Sweeping Reforms:** measures to mobilize fiscal resources including removal of a costly fuel subsidy, tackle insecurity, improve the business environment and liberalization of the foreign exchange market.

**Resilient Growth:** the diversified economy expanded in real terms by 3.1% in 1H 2024, following 2.74% in 2023 as the government implements reforms.

**Enhancing Public Finances:** improvements to revenue collection and a relatively modest debt burden, at about 55% of GDP (well below many peer countries), keep the debt profile sustainable

**Strong Reserves:** international reserves increased to \$40.2 billion in November, up from \$32 billion at the start of the year, providing substantial buffers against external shocks.

**Improving Oil and Gas Sector:** oil sector accounted for 6.4% of real GDP in 1H 2024 from 5.4% at end 2023 due to the upgrade of existing infrastructure and significant refinery capacity coming online.

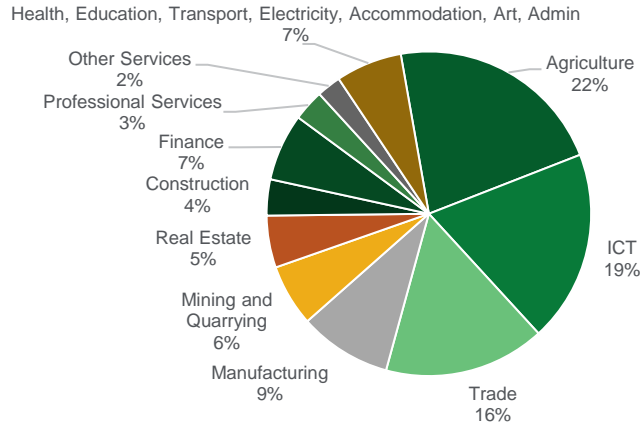




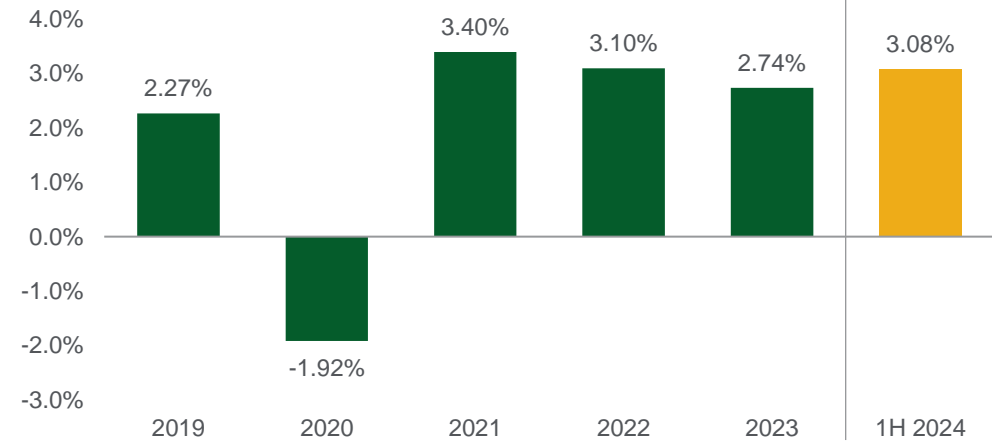
# Well-Diversified and Resilient Economy

## GDP growth driven by agriculture and services sector

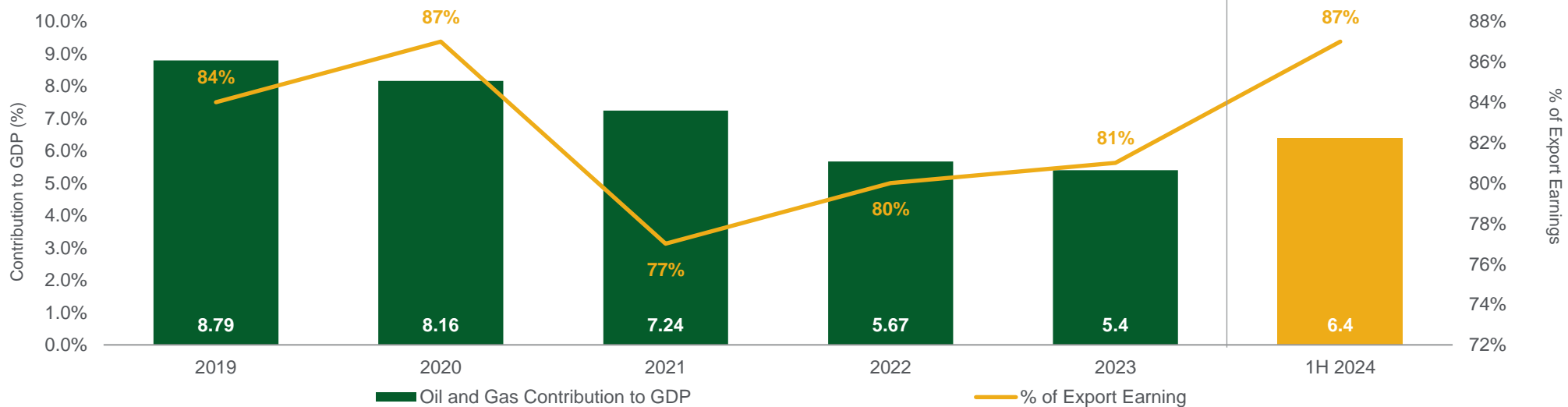
### 1H 2024 Real GDP Composition (share by sector, 2010 prices)



### Real GDP Growth Rate (% , y-o-y)



### Oil & Gas Contribution to GDP (LHS) & Export Earnings (RHS)





Successful and ongoing reforms aimed at improving the oil and gas sector.

Transformation of NNPC to a commercial entity has enhanced efficiency and profitability.

Change to tax regime and royalties structure aimed at improving transparency, attracting investment, and generating revenue for the government.

Creation of Regulatory Agencies: Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA).

Ongoing Gas Infrastructure Projects: AKK Project, OB3, ANOH OB3, Odidi-Warri Expansion Pipeline (OWEP), ELPS Midline Compressor Project.

Executive orders to promote and improve oil and gas sector: Non-associated gas, Midstream Operations, Deepwater Projects.

Strong commitment by all stakeholders to improve security environment and reduce loss of production, for instance by the upgrade of NNPC's Command & Control Centre to monitor oil and gas installations.



# Institutional Reform and Enhanced Governance

## Ongoing reforms improving the government's fiscal position and the macroeconomy

### Fortifying Public Finances



- Strengthen tax administration and improve tax compliance, broadening the tax base.
- Reform VAT regime and increase the rate from 7.5% to 10% in 2025 and 12.5% in 2026 and 15% in 2030
- Expenditure rationalization and remittance of internally generated revenue.

### Building Investment Attractiveness



- Strengthen the frameworks for public-private partnerships
- Address legal and regulatory bottlenecks to unlock private investments in key sectors.
- Bolster defense and internal security to safeguard lives, properties, and investments.

### Enhancing Governance



- Improved public disclosure measures for contracts, licenses, permits, and revenue streams.
- Technical Unit on Governance and Anti-Corruption Reforms ("TUGAR").

### Strengthening the Social Safety Net



- Reprioritizing expenditures to allocate more funds for social protection.
- Improving in existing social transfer mechanisms.
- Increase to minimum wage.



## 2. Fiscal Update



# Public Finance and Fiscal Policy Reforms

## Revenue driven fiscal consolidation in progress



**Digital transformation of public administration and governance**



**Adopting efficient programme budgeting strategies** - Integration of technology, allocations to projects, public service delivery, leveraging e-governance and streamlining of processes



**Public procurement reforms** - Adopting e-procurement systems and smart contracts to enhance transparency, and digitally connecting money spent to specific uses to reduce the risk of funds' diversion or misappropriation



**Revenue-enhancement policies to prioritize tax efficiency and digitalizing the tax system**



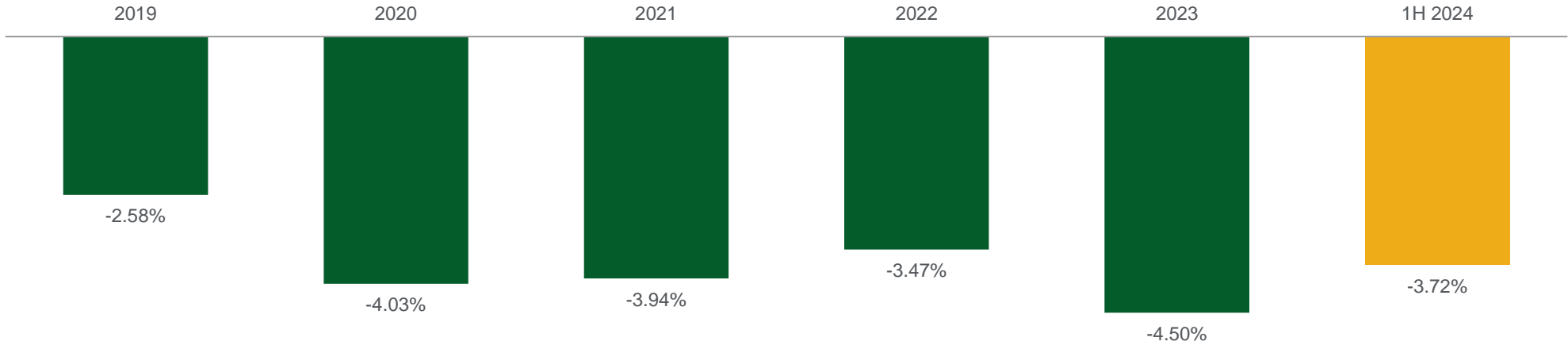
**Efficient administration of social cash transfer programmes to uplift the most vulnerable population**



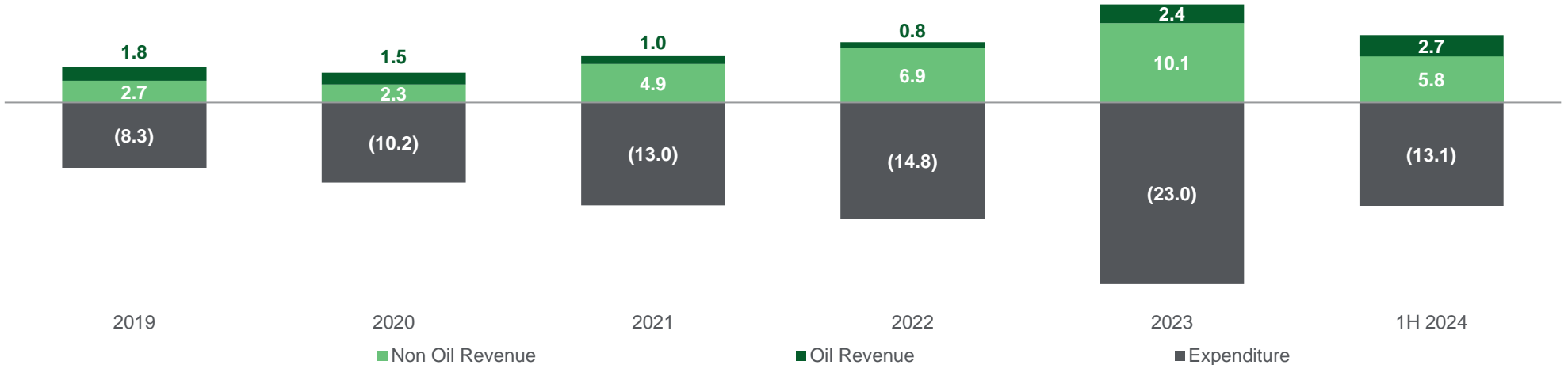
# Revenue Driven Fiscal Consolidation

Sustainable fiscal management remains a key priority of the Government

## Fiscal Deficit Shrank in 1H 2024 (Budget Deficit as % of GDP)



## Public Revenue and Expenditure Breakdown (₦ billions)



# Restoring Fiscal Discipline



## Lower deficit amidst moderating expenditures and rising revenues

(₦ billions)	FY 2022		FY 2023		2024	
	Budget	Actual	Budget	Actual	Budget	1H Actual
<b>Revenues and Grants</b>						
<i>Oil Revenue</i>	2,190.4	776.4	2,229.6	2,377.3	8,538.8	2,715.1
<i>Non-Oil Revenue</i>	7,580.2	6,872.3	8,730.0	10,055.2	17,337.8	5,833.2
<b>FGN Retained Revenue</b>	<b>9,969</b>	<b>7,756</b>	<b>11,045</b>	<b>12,485</b>	<b>25,877</b>	<b>8,552</b>
<b>Expenditures</b>						
<i>Statutory Transfers</i>	817.7	810.1	985.5	1,034.6	1,742.8	871.4
<i>Debt Service</i>	3,978.1	5,656.6	6,557.6	8,556.9	8,270.9	6,041.9
<i>Recurrent Non Debt Expenditure (MDA)</i>	7,108.6	6,116.5	15,879.8	15,636.7	11,268.5	3,806.4
<i>Capital Expenditure</i>	6,234.8	2,203.1	7,958.3	6,365.9	13,773.3	2,395.0
<b>Total Expenditure</b>	<b>18,139</b>	<b>14,786</b>	<b>20,633</b>	<b>23,037</b>	<b>35,055.5</b>	<b>13,114.7</b>
<b>Government Overall Deficit</b>	<b>(8,170.1)</b>	<b>(7,030.2)</b>	<b>(13,778.4)</b>	<b>(6,917.4)</b>	<b>(9,178.9)</b>	<b>(4,562.9)</b>
<b>% of GDP</b>	<b>(4.43)</b>	<b>(3.47)</b>	<b>(6.11)</b>	<b>(4.50)</b>	<b>(3.88)</b>	<b>(3.72)</b>

# Proposed 2025 Budget



	2025 (Proposed)
	Budget (₦bn)
<b>Revenues</b>	
<i>Oil Revenue</i>	19,600
<i>Non-Oil Revenue</i>	15,220
<b>Government Revenue</b>	<b>34,820</b>
<b>Expenditures</b>	
<i>GOEs</i>	2,730
<i>Grants/ Donor Funded Projects</i>	711
<i>Statutory Transfers</i>	4,260
<i>Debt Expenditure</i>	15,810
<i>Recurrent non debt expenditure</i>	14,210
<i>Personnel and pension costs</i>	9,640
<b>Total Expenditure</b>	<b>47,900</b>
<b>Government Overall Deficit</b>	<b>(13,080)</b>
<b>% of Estimate GDP</b>	<b>(3.87%)</b>

## 2025 Revenue Estimates

- Federal Government Revenue is projected at ₦34.82 trillion, a 34.6% increase from the 2024 Budget
- This assumes an oil price of U.S.\$75 per barrel and target production of 2 million barrels per day.

## 2025 Expenditure Estimates

- Estimated total expenditures at ₦47.90 trillion, which is 36.6% higher than the 2024 estimate

## 2025 Budget Deficit and Financing

- Deficit is projected at N13.08 trillion, up from N9.18 trillion in 2024
- Deficit will be financed through foreign and domestic borrowings, privatisation proceeds and drawdowns on existing multilateral and bilateral loans

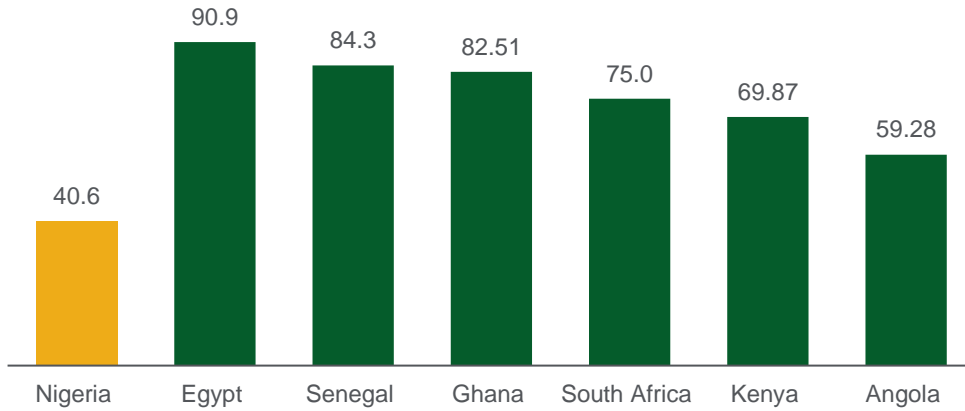


### 3. Debt Management



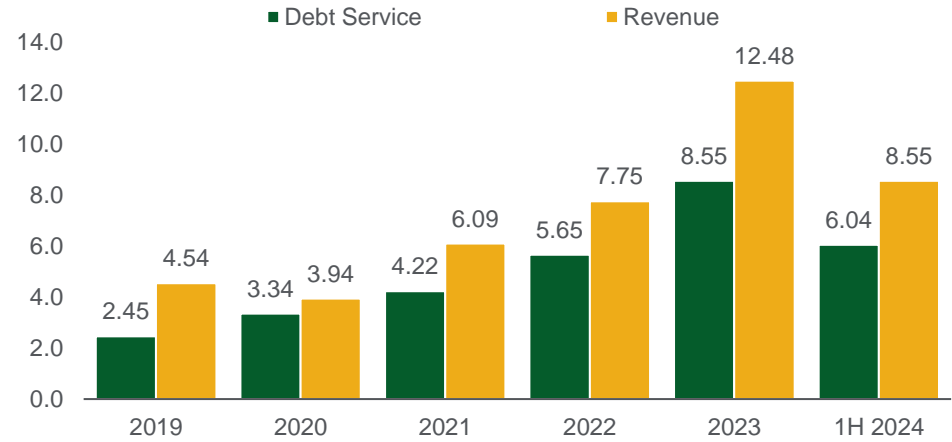
# Sustainable Debt Path in the Medium to Long Term

## Lowest Government Debt / GDP Ratio across Peers



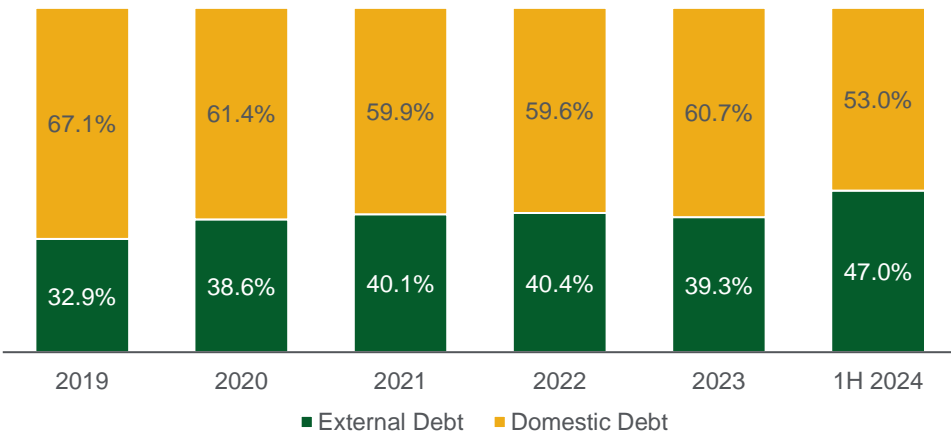
Sources: IMF AFR Regional Economic Outlook October 2024; Nigeria Debt to GDP is as per Debt Management Office as at 31 December 2023

## Debt Service and Revenue (₦ trillions)



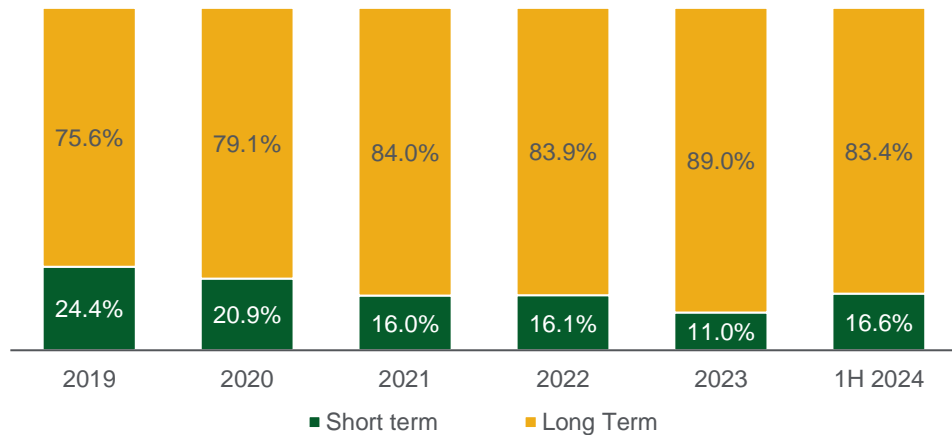
Sources: Debt Management Office and Budget Office of the Federation

## Optimizing External/Domestic Debt Mix



Sources: Debt Management Office

## Extending Duration of Domestic Debt Portfolio

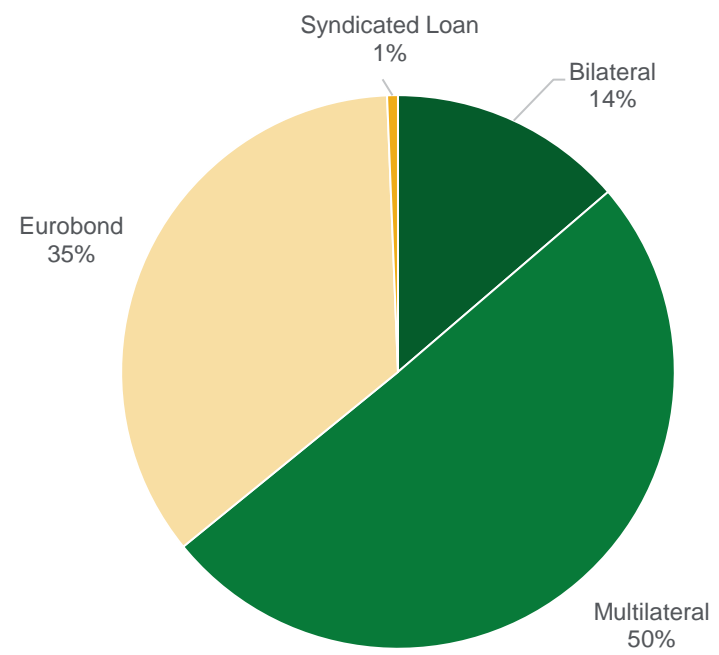


Sources: Debt Management Office

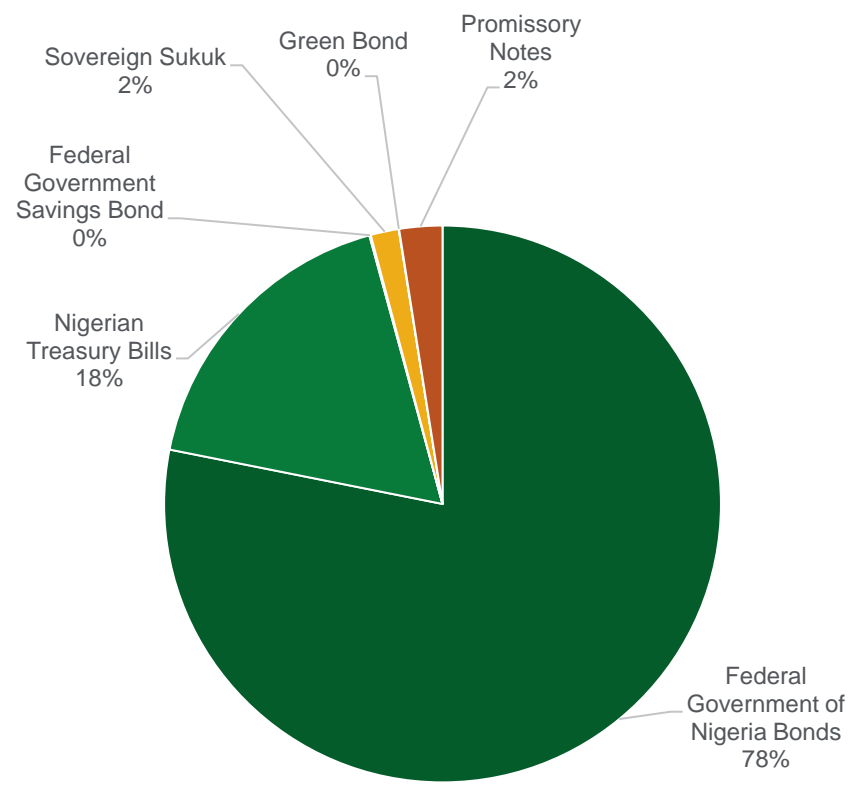
# Debt Composition



External Debt by Source (30 June 2024) (US\$m)



Domestic Debt by Instrument (30 June 2024) (₦ billions)



- Majority of external debt is obtained from concessional sources such as the International Development Association, International Fund for Agricultural Development, African Development Fund, the European Development Fund and the Islamic Development Bank, World Bank and the African Development Bank.
- Bilateral Debt creditors are mainly from China, India, and Germany



## 4. Monetary Policy and Banking Sector



# Financial Sector Reforms and Actions

Ongoing financial sector reforms demonstrate CBN's commitment to enhancing the stability and resiliency of Nigeria's monetary and financial system to support sustainable economic growth and development



**New minimum capital requirements for banks to enhance banking sector resilience**

- Pegged minimum capital base for commercial banks with international authorization at ₦500 billion
- CBN raised the minimum capital base for commercial banks with national authorization at ₦200 billion while the new requirement for commercial banks with regional authorization is set at ₦50 billion



**Addressing the strategic AML/CFT deficiencies that necessitated FAFT placing Nigeria on its watch list for increased surveillance in 2023**



**Fully adopting the Basel 3 Capital Framework to address vulnerabilities in the financial system**



**Phasing out regulatory forbearance and maintaining tight supervision to mitigate emerging risks**



**Building investor confidence by implementing FC reforms to maintain low and stable inflation, adequate foreign exchange reserves, and stable exchange rate**



**Addressing liquidity risks and removing bottlenecks in FX market**

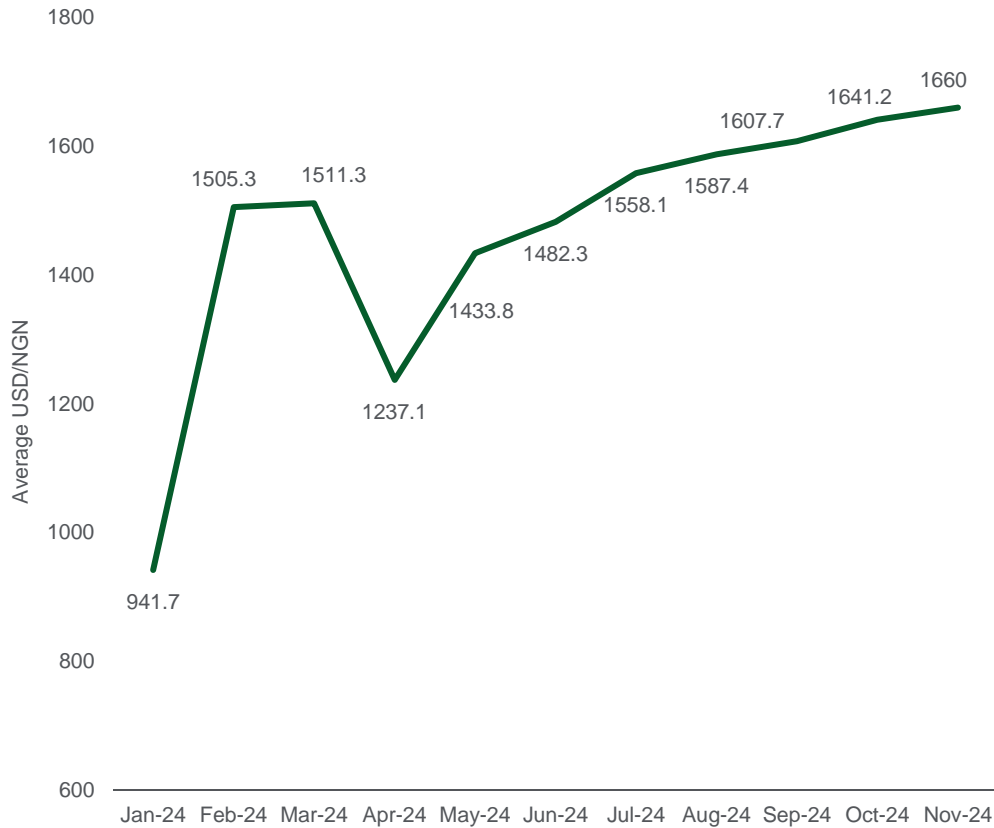


# Improved Monetary Policy

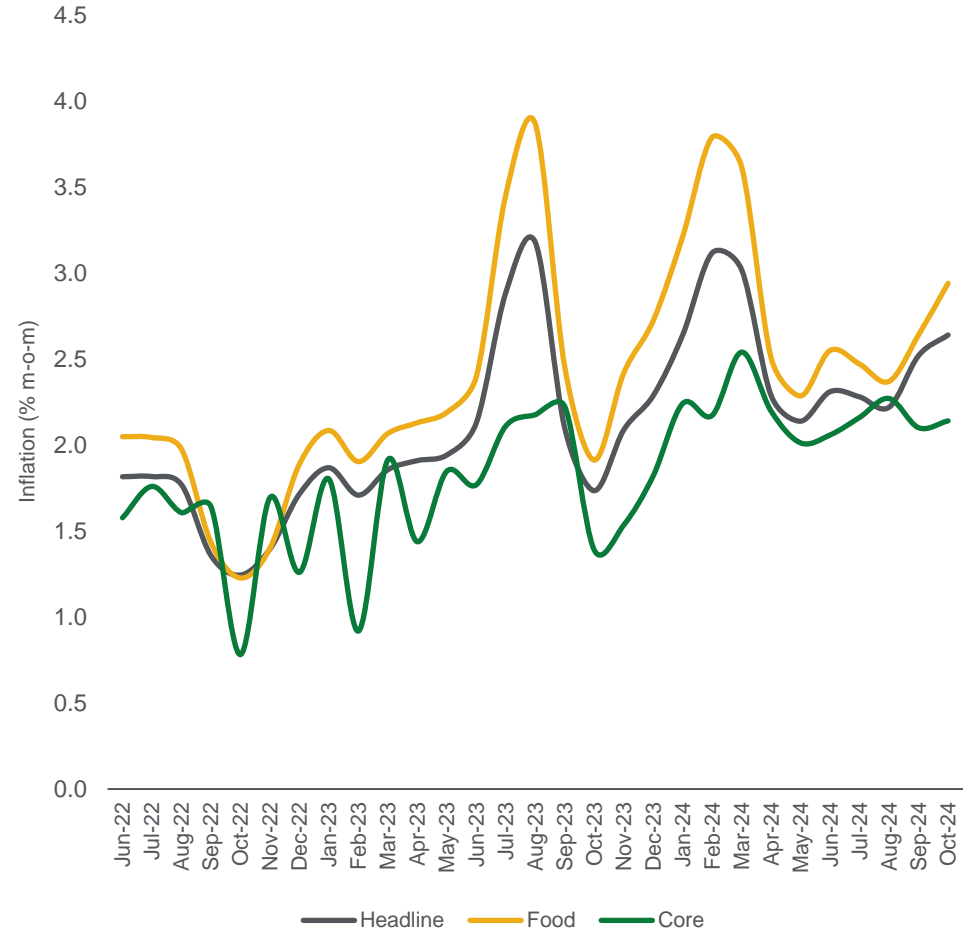
## Orthodox monetary policy helping FX stability and contain inflation

Policy rate increased by a cumulative 875 basis points since February 2024, bringing the rate to 27.5%, in November 2024.

### Increased FX Stability Post Unification of Exchange Rate



### Inflation has started to wane Headline, Core and Food Inflation (% changes m-o-m)

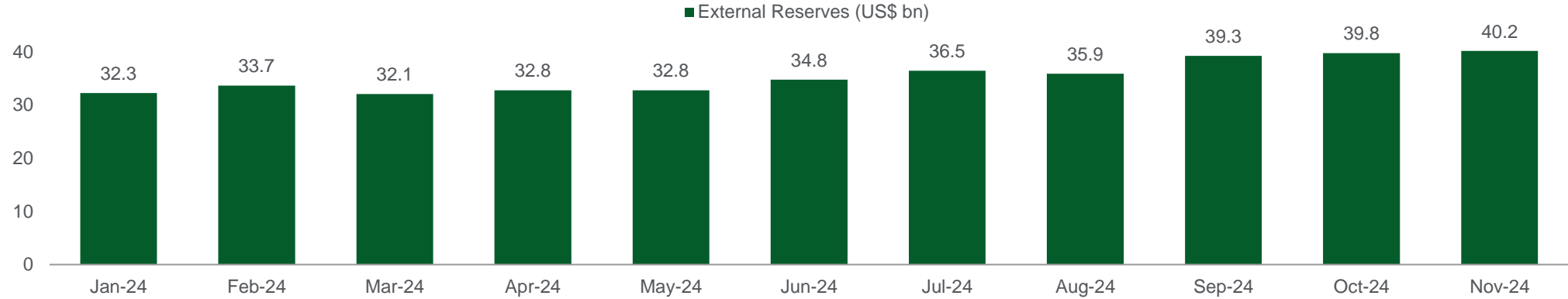




# Strengthening External Position

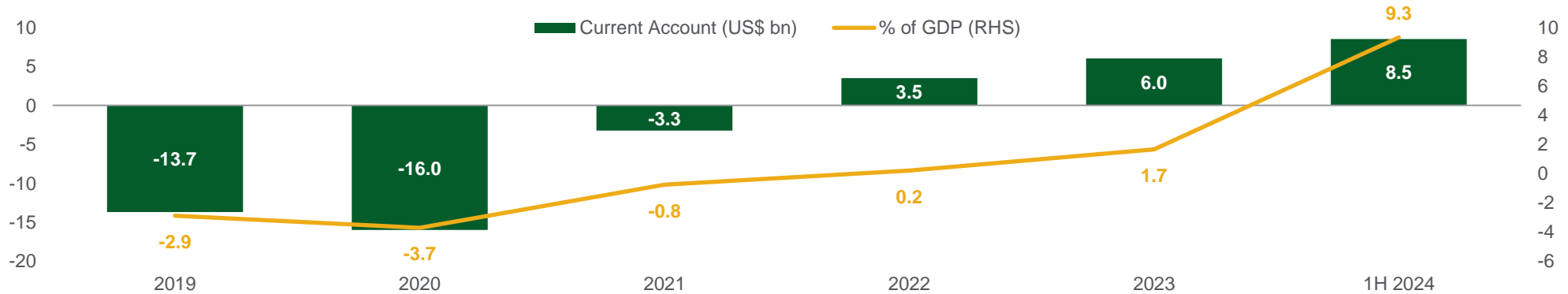
Growing external reserves and larger surpluses are strengthening the external position

## Gross External Reserves



The gross external reserves stood at USD40.2 billion at-end November 2024, an increase of 24.5 per cent from USD32.3 billion at the start of the year providing substantial buffers against external shocks

## Current Account Balance in Surplus



Current Account recorded a surplus of USD 8.52 billion in the first half of 2024, relative to a USD 1.13 billion surplus in 1H 2023 driven by lower imports



## 5. Transaction Overview

# Transaction Overview



<b>Issuer</b>	The Federal Republic of Nigeria	
<b>Issuer Ratings</b>	Caa1 (Positive) / B- (Stable) / B- (Positive) - Moody's/ S&P/ Fitch	
<b>Expected Issue Rating</b>	Caa1 / B- / B- (Moody's/ S&P/ Fitch)	
<b>Format</b>	Senior Unsecured, 144A/ Reg S	
<b>Tenor</b>	6.5 years	10 years
<b>Maturity</b>	9 June 2031	9 December 2034
	USD benchmark	USD benchmark
<b>Denominations</b>	US\$ 200,000 and in multiples of US\$ 1,000 thereafter	
<b>Listing</b>	London Stock Exchange (Main Market)	
<b>Documentation</b>	Federal Republic of Nigeria's GMTN Programme	
<b>Clearing</b>	DTC / Euroclear / Clearstream, Luxembourg	
<b>Governing Law</b>	English Law	
<b>International Bookrunners</b>	Citi, Goldman Sachs International, J.P. Morgan and Standard Chartered Bank	
<b>Nigerian Bookrunner</b>	Chapel Hill Denham Advisory Limited	



Thank you