



PUBLIC PRESENTATION OF 2023 FGN BUDGET PROPOSAL – BREAKDOWN & HIGHLIGHTS

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Outline



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INTRODUCTION & BACKGROUND

INTRODUCTION & BACKGROUND



- Mr. President presented the FGN 2023 Budget Proposal to the joint session of the National Assembly on October 7, 2022, underscoring the Administration's avowed commitment to sustain the return to a predictable January – December fiscal year.
- The principal thrust of the 2023 Appropriation, christened “Budget of Fiscal Consolidation and Transition” is to maintain fiscal viability and ensure smooth transition to the incoming Administration.
- This budget proposal has been prepared against the backdrop of continuing global and domestic challenges sparked by the multiple crises of COVID-19, Climate Change and the Russia-Ukraine War. Many economies around the world are currently contending with fiscal instability, slow growth, food crisis, and high interest rates.
- Like many other countries, our economy faces headwinds from low revenues, high inflation, exchange rate depreciation and insecurity.



➤ Factors impacting the medium term fiscal outlook include:

- The Russia-Ukraine war which has assumed a new and worrisome dimension with severe implications on food and energy prices, which have heightened the cost of Petrol Subsidy;
- The resurgence of COVID -19 in some major economies, notably China, has led to slowdown in economic activities in those countries;
- Elevated inflation in most economies, prompting monetary tightening in these economies with the inherent negative impact on capital flows to emerging market and developing economies;
- Challenging domestic macroeconomic and business environment; and
- Negative impact of insecurity on the domestic economy.

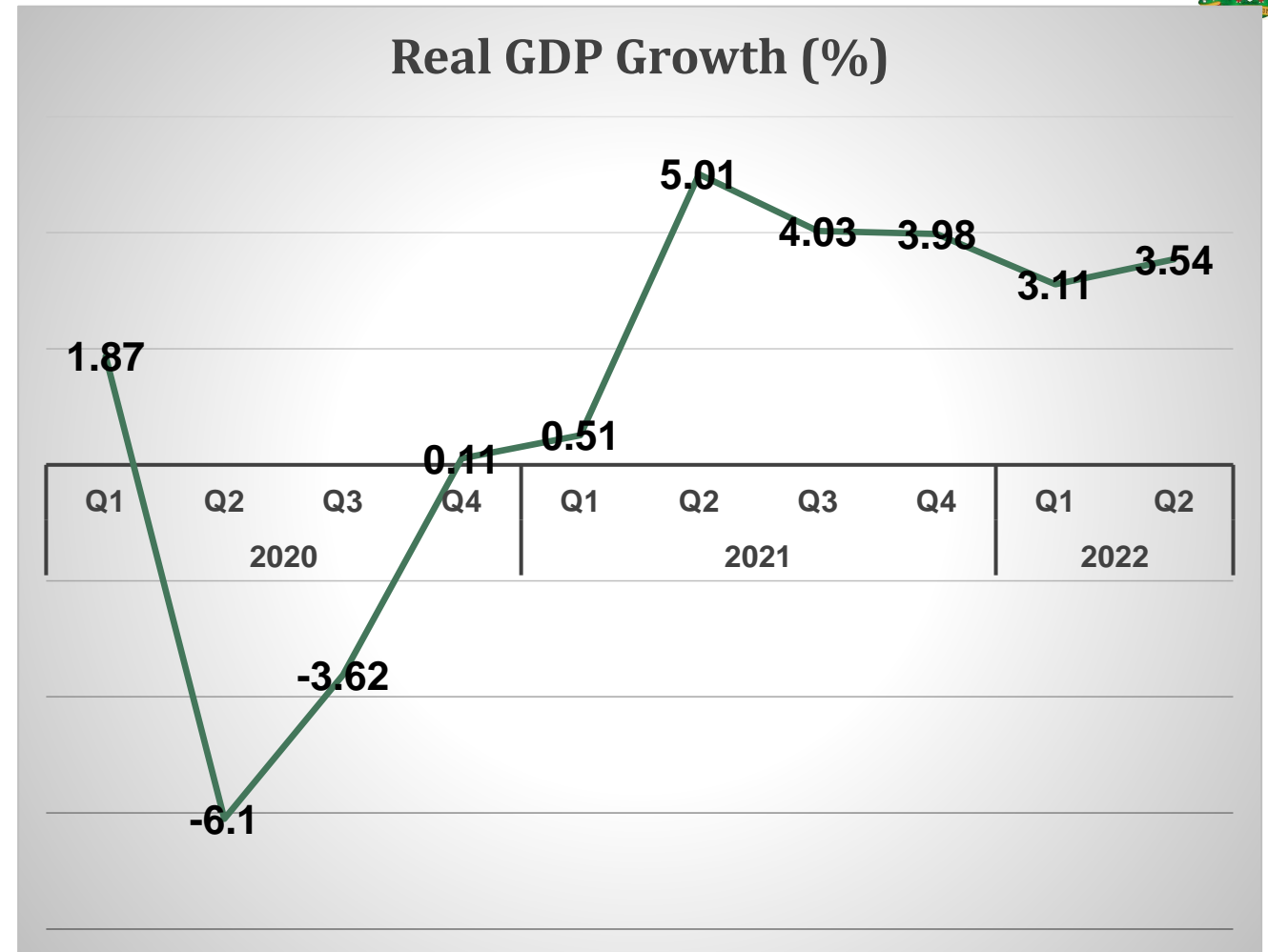
INTRODUCTION & BACKGROUND

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➤ The Nigerian economy sustained its recovery from recession for the seventh consecutive quarter, growing by 3.54% in real terms in Q2 2022.

- Most sectors recorded positive growth.
- The broad-based growth reflects the effective implementation of our economic sustainability measures.



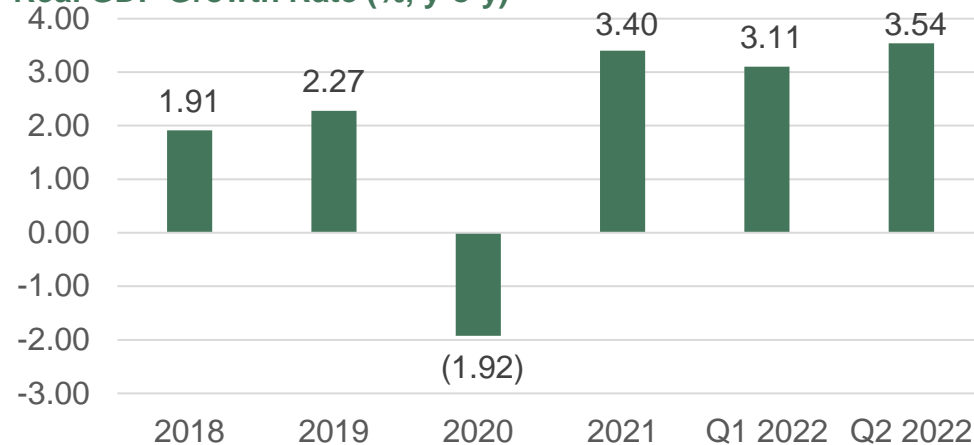
The IMF expects Nigeria's economy to grow by 3.2.% in 2022 and 3.0% in 2023.

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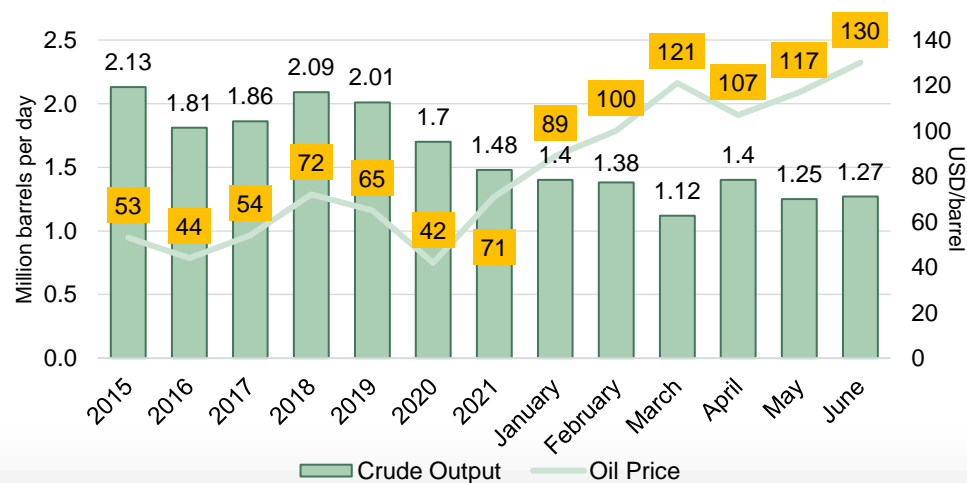
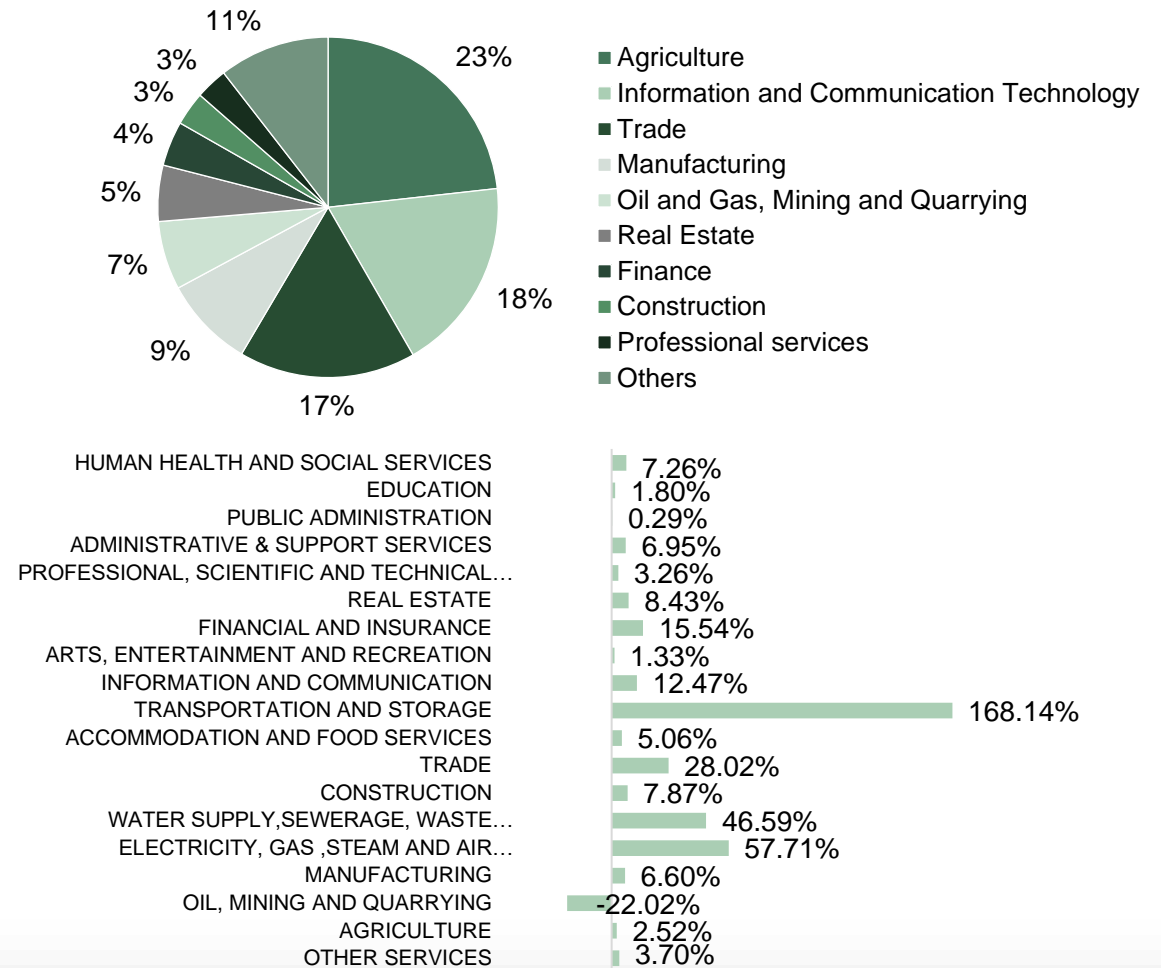


Broad and diversified economy across sectors contributes to macroeconomic resiliency, with the oil sector contributing only 6.33% to real GDP in Q2 2022

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



Q2 2022 GDP Composition (share by sector, 2010 prices)



Source: National Bureau of Statistics, Central Bank of Nigeria

INTRODUCTION & BACKGROUND .../5



- The International Monetary Fund (IMF) forecasts global growth to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023, the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.
- The economic slowdown is projected to affect all the advanced economies. Growth in the United States has been revised to just 1.6% in 2022, against 2.3% expected in July; and expected to further taper to 1% in 2023, with the possibility of a recession.
- In the Euro zone, growth is projected at 3.1% in 2022, better than expected in July (+0.5%) but the zone could lapse into recession in 2023, at 0.5% growth (-0.7% compared to July forecasts).
- China, the world's second largest economy, is expected to experience its worst year in more than 40 years in 2022, (excluding the pandemic in 2020) with expected growth of just 3.2%, before recovering slightly to 4.4% in 2023.
- Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023.

PERFORMANCE OF 2022 BUDGET PARAMETERS



PERFORMANCE OF 2022 BUDGET PARAMETERS

Parameter	2021 Actual	2022		
		Amended Budget	Revised Forecast (as at July 2022)	Actual
Oil Production (mbpd)	1.48	1.60	1.60+	1.26+
Oil Price (US\$ per barrel)	71.28	73.00	73.00	110.45*
Exchange Rate (N per US\$)	383.00	410.15	410.15	424.48^
Inflation	16.98	13.00	16.11	20.77++
GDP Growth (%)	3.40	4.20	3.55	3.54**

Source: NNPC, OPEC, CBN, NBS

+ Average production as at July 2022, exclusive of volumes for repayment of arrears.

* OPEC average price of Bonny Light crude as at June 2022;

^ CBN exchange rate as of August 31, 2022.

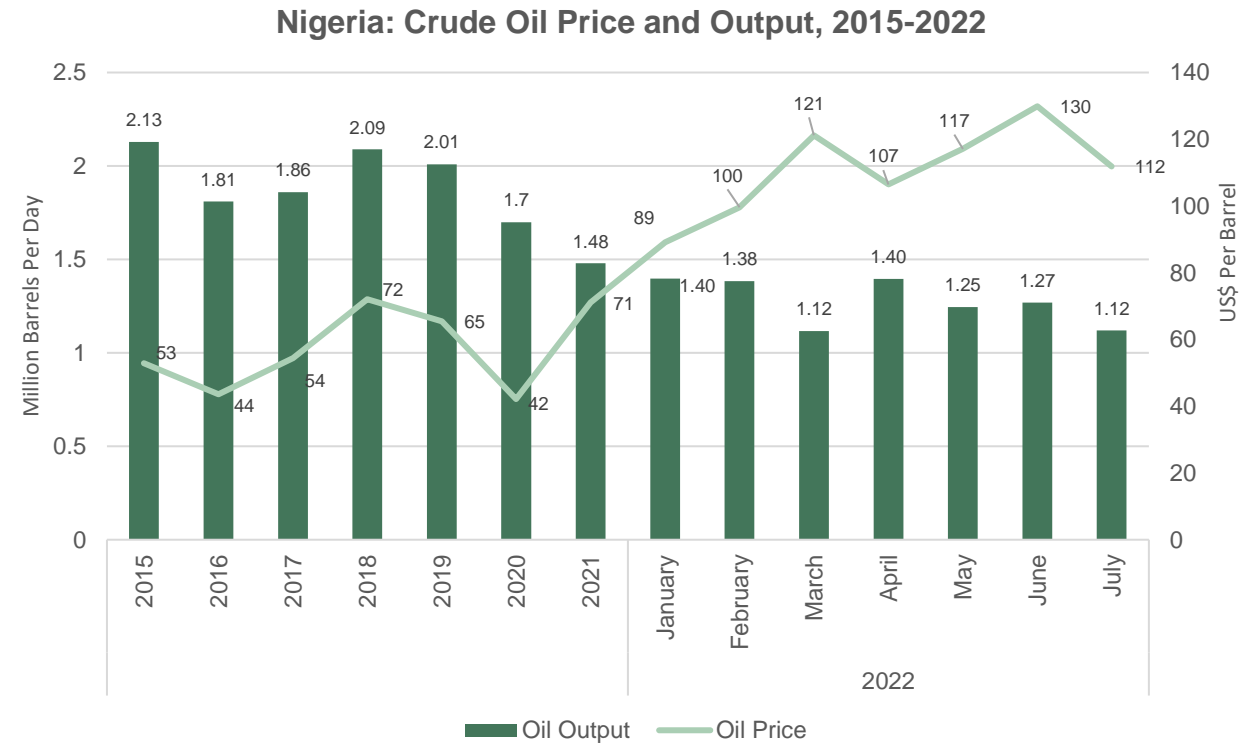
++ NBS Inflation rate as at Sept 2022;

** NBS Q2 2022 real GDP growth.



PERFORMANCE OF 2022 BUDGET PARAMETERS /2

- Actual average crude oil price is higher than the budget benchmark price of \$73 per barrel.
- However, higher oil price is offset by lower oil output, which as of June 2022 stood at an average of 1.26 mbpd.
 - NNPC attributes the fall in Oil production to the high incidence crude oil theft and pipeline vandalism.



- Exchange rate, inflation and GDP growth varied adversely from the targets.
- Growth is however expected to accelerate given efforts to contain structural issues impacting adversely on the cost of doing business.

UPDATE ON 2022 FGN BUDGET PERFORMANCE

OVERVIEW OF 2022 FGN FISCAL OUTCOMES (JAN – AUG)



Revenue Performance



S/N	AGGREGATE FEDERAL GOVERNMENT REVENUE	2022 Amended Budget	Pro Rata (Jan-Aug)	Actual (Jan-Aug)	Variance	
		Billions of Naira			Billions of Naira	%
		9,969.17	6,646.11	4,233.71	(2,412.41)	-36.3%
	FEDERAL RETAINED REVENUES (excl. GOEs)	8,240.78	5,493.85	3,667.13	(1,826.72)	-33.3%
A						
1	Oil Revenue	2,190.37	1,460.25	395.06	(1,065.19)	-72.9%
2	Share of Dividend (NLNG)	195.72	130.48	93.70	(36.78)	-28.2%
3	Minerals & Mining Revenue	2.92	1.94	2.74	0.79	40.7%
4	Non-Oil Revenue:	2,258.39	1,505.60	1,549.91	44.31	2.9%
i	CIT	909.30	606.20	826.27	220.07	36.3%
ii	VAT	316.69	211.13	210.36	(0.77)	-0.4%
iii	Customs Revenues	834.12	556.08	465.79	(90.29)	-16.2%
iv	Federation Account Levies	71.97	47.98	35.76	(12.23)	-25.5%
v	Share of Electronic Money Transfer Levy	29.37	19.58	11.73		
vi	Share of Oil Price Royalty	96.94	64.63			
B		5,321.77	3,547.85	2,192.30	(1,355.54)	-38.2%
1	FGN Independent Revenue	2,616.22	1,744.14	866.16	(877.98)	-50.3%
2	FGN Drawdowns from Special Accounts/Levies	300.00	200.00	137.79	(62.21)	-31.1%
3	Signature Bonus / Renewals / Early Renewals	280.86	187.24	280.86	93.62	50.0%
4	Domestic Recoveries + Assets + Fines*	26.93	17.96	7.15	(10.81)	-60.2%
5	Grants and Donor Funding	63.38	42.25	38.40	(3.85)	-9.1%
6	Education Tax (TETFUND)	306.00	204.00	295.38	91.38	44.8%
7	GOEs Retained Revenue	1,728.39	1,152.26	566.58	(585.68)	-50.8%

- As of August 2022, FGN's retained revenue was **N4.23 trillion**, 64% of the prorata target of N6.65 trillion.
- The FGN share of **oil revenues** was **N395.06 billion** (representing 27.1% performance), while **non-oil tax revenues** totalled **N1,549.91 billion – a performance of 102.9%**. CIT and VAT collections were **N826.27 billion** and **N210.36 billion**, representing **136.3%** and **99.6%** of their respective targets.
- Customs collections** (comprised of import duties, excise and fees, and federation account special levies) trailed the target by **N102.51 billion (17%)**.
- Other revenues** amounted to **N2.19 trillion**, of which **Independent revenue** was **N866.16 bn**.

OVERVIEW OF 2022 FGN FISCAL OUTCOMES (JAN – AUG) .../2



Expenditure Performance

S/N	Fiscal Items	2022 Amended Budget	Pro Rata (Jan-Aug)	Actual (Jan-Aug)	Variance	
		Billions of Naira			Billions of Naira	%
	AGGREGATE FGN EXPENDITURE	17,319.70	11,546.47	9,564.89	1,981.58	-17.2%
	FGN EXPENDITURE (excl. GOEs and Project-tied Loans)	14,448.07	9,632.05	9,047.13	584.92	-6.1%
A	Statutory Transfers	817.70	545.13	550.08	(4.95)	0.9%
B	Recurrent Expenditure	11,086.71	7,391.14	7,237.28	153.86	-2.1%
1	Non-Debt Recurrent Expenditure	7,108.62	4,739.08	3,713.02	1,026.06	-21.7%
	Non-Debt Recurrent Expenditure (excl. GOEs)	6,039.89	4,026.60	3,306.40	720.20	-17.9%
i	Personnel Costs (MDAs)	3,717.43	2,478.29	2,358.48	119.81	-4.8%
ii	Personnel Costs (GOEs)	617.72	411.82	271.46	140.36	-34.1%
iii	Pensions & Gratuities including Service wide pension	577.86	385.24	258.20	127.04	-33.0%
iv	Overheads (MDAs)	376.38	250.92	296.46	(45.54)	18.1%
v	Overheads (GOEs)	451.00	300.67	135.17	165.50	-55.0%
vi	Other Service Wide Votes	937.92	625.28	335.16	290.12	-46.4%
vii	Presidential Amnesty	65.00	43.33	43.33	(0.00)	0.0%
iv	TETFUND - Recurrent	15.30	10.20	14.77	(4.57)	
v	Special Intervention Programme	350.00	233.33		233.33	-100.0%
2	Debt Service	3,978.09	2,652.06	3,524.25	(872.19)	32.9%
i	Domestic Debt	2,562.15	1,708.10	1,734.58	(26.49)	1.6%
ii	Foreign Debt	1,123.23	748.82	764.25	(15.43)	2.1%
iii	Sinking Fund	292.71	195.14		195.14	-100.0%
iv	Interest on Ways & Means		-	1,025.42	(1,025.42)	
C	Aggregate Capital Expenditure	5,415.30	3,610.20	1,777.53	1,832.67	-50.8%
	Capital Expenditure (MDAs + Others)	3,612.39	2,408.26	1,666.40	741.86	-30.8%
	GOEs Capital Expenditure	647.08	431.39	111.13	320.26	-74.2%
	Multi-lateral/Bilateral Project-tied loans	1,155.82	770.55		770.55	-100.0%

- The aggregate expenditure for 2022 is estimated at N17.32 trillion, with a prorata spending target of N11.55 trillion at the end of August.
- The actual spending as of August 31 was **N9.56 trillion**. Of this amount,
 - **N3.52 trillion** was for debt service, and
 - **N2.89 trillion** for Personnel costs, including Pensions.
 - **N1.78 billion** was released for capital expenditure.

OVERVIEW OF 2022 FGN FISCAL OUTCOMES (JAN – AUG) .../3



Deficit Performance

Fiscal Items	2022 Amended Budget	Pro Rata (Jan-Aug)	Actual (Jan-Aug)	Variance
	Billions of Naira			Billions of Naira
FISCAL BALANCE	(7,350.54)	(4,900.36)	(5,331.18)	430.82
FINANCING ITEMS	7,350.54	4,900.36	5,331.18	(430.82)
Sales of Government Property		-		-
Privatisation Proceeds	90.73	60.49		60.49
Multi-lateral / Bilateral Project-tied Loans	1,155.82	770.55		770.55
New Borrowings	6,103.98	4,069.32	5,331.18	(1,261.86)
Domestic Borrowing (including CBN)	3,534.05	2,356.03	4,820.97	(2,464.93)
Foreign Borrowing	2,569.93	1,713.29	510.21	1,203.08

- The fiscal deficit for 2022 is estimated at **N7.35 trillion**. The **N5.33 trillion deficit** as at August, is **N430.82 billion above** the prorated level.
- The level of borrowing is **N1.26 trillion** ahead of the July target.

KEY ASSUMPTIONS AND MACROECONOMIC FRAMEWORK UNDERLYING THE 2023 BUDGET



KEY ASSUMPTIONS & MACRO-FRAMEWORK

2023 – 2025 MTFF PROJECTIONS

- The key parameters as well as other macroeconomic projections driving the medium-term revenue and expenditure framework have been revised in line with the emergent realities. The new figures are presented in the table below.

Description	2021 Revised Forecast	2021 Actual	2022 Amended Budget	2022 Revised Forecast (as at July 2022)	2023	2024	2025
Oil Price Benchmark (US\$/b)	40.0	71.3	73.0	73.0	70.0	66.0	62.0
Oil Production (mbpd)	1.86	1.48	1.60	1.60	1.69	1.83	1.83
Exchange Rate (N/\$)	410.0	383.0	410.15	410.15	435.57	435.92	437.57
Inflation (%)	15.00	16.98	13.00	16.11	** 17.16	16.21	17.21
Non-Oil GDP (N'bn)	154,102.1	166,439.5	169,697.4	188,278.1	214,049.5	239,691.9	268,553.1
Oil GDP (N'bn)	14,500.5	9,636.0	14,684.6	10,652.0	11,457.8	12,316.0	13,225.7
Nominal GDP (N'bn)	168,602.6	176,075.5	184,382.0	198,930.0	225,507	252,177.4	280,797.9
GDP Growth Rate (%)	2.50	3.40	4.20	3.55	***3.75	3.30	3.46
Imports	30,348.5	20,844.0	33,188.8	23,145.3	24,385.6	26,346.6	27,634.4
Nominal Consumption (N'bn)	136,568.1	118,437.1	*149,349.4	120,172.6	121,933.1	123,693.5	125,454.0

Source: Ministry of Finance, Budget & National Planning; NNPC; BOF; NBS

Notes:

- (i) * The initial projection is not likely to be achieved based on current trends.
- (ii) The medium-term projections deviate from the projections in the National Development Plan (NDP) 2021-2025. They have been updated based on a combination of current realities and a modified medium-term outlook. For instance, inflation and growth in the NDP are projected at **14.93% and ***4.39%, respectively, for 2023.

KEY ASSUMPTIONS & MACRO-FRAMEWORK .../2



2023 Budget Assumptions

- Some of the parameters underlying the 2023 projections deviate from the projections in the National Development Plan (NDP) 2021-2025. They have been updated based on a combination of current realities and a modified medium-term outlook.
- For instance, the real GDP growth is projected at 3.75% in 2023 compared to 4.39% in the NDP. Growth is expected to moderate to 3.30% in 2024 before picking up to 3.46% in 2025.
- The inflation rate is projected to average 17.16% in 2023, and the 14.93% projected in the NDP for 2023.
- Sustained upward pressure on prices is expected to be driven by the current and lag effect of the global price surge due to the Russia-Ukraine war, domestic insecurity, rising costs of imports, exchange rate depreciation, as well as other supply-side constraints.



2023 Budget Assumption (2)

- Growth in nominal consumption has been adjusted in line with revised estimates based on changes in the components of GDP and historical performances.
- The nominal consumption is projected at N121.93 trillion for 2023.
- Investment, especially from foreign sources, is expected to be dragged down by interest rate hikes in advanced economies, foreign exchange management concerns and other domestic challenges, including insecurity.

OVERVIEW OF THE 2023 BUDGET

OVERVIEW OF THE 2023 BUDGET



- The projected fiscal outcome in the 2023 Budget is based on the PMS subsidy reform scenario.
- In the 2023 Budget framework, it is assumed that:
 - petrol subsidy will remain up to mid-2023 based on the 18-month extension announced early 2022. In this regard, only N3.36 trillion has been provided for PMS subsidy.
 - there will be tighter enforcement of the performance management framework for GOEs that will significantly increase operating surplus/dividend remittances in 2023.

OVERVIEW OF THE 2023 BUDGET.../2



FGN Revenues

FISCAL ITEMS		Amended 2022 Framework	2023 Budget Proposal
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)		1.60	1.69
Projected Budget Benchmark Price (US\$ per barrel)		73.00	70.00
Average Exchange Rate (N/US\$)		410.15	435.57
AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs retained revenue)		8,240,777,990,640	7,306,751,771,413
a	Share of Oil Revenue	2,190,371,754,648	1,861,864,549,100
b	Dividends	195,716,305,950	81,786,706,388
	<i>NLNG</i>	187,397,535,000	74,560,320,638
	<i>Bank of Industry</i>	8,318,770,950	7,226,385,750
c	Share of Minerals & Mining	2,915,433,293	3,644,296,339
d	Share of Non-Oil Taxes	2,132,083,163,179	2,433,154,452,006
	<i>Share of CIT</i>	909,302,644,947	933,280,082,787
	<i>Share of VAT</i>	316,691,050,420	383,092,534,670
	<i>Share of Customs</i>	834,116,601,034	949,593,531,075
	<i>Share of Federation Acct. Levies</i>	71,972,866,778	167,188,303,474
e	Share of Electronic Money Transfer Levy (formerly called Stamp Duty)	29,367,152,138	19,088,648,889
f	Share of Oil Price Royalty	96,943,894,289	13,366,750,326
g	Revenue from GOEs	3,806,600,375,927	3,475,406,123,342
h	GOEs Operating Surplus (80% of which is captured in Independent Revenue)	(2,078,211,097,139)	(1,056,294,149,582)
i	Independent Revenue	2,616,217,091,075	2,217,602,274,500
j	Draw-down from Special Levies Accounts	300,000,000,000	300,000,000,000
k	Signature Bonus / Renewals / Early Renewals	280,855,138,079	57,048,776,004
l	Domestic Recoveries + Assets + Fines	26,933,139,822	27,898,500,000
m	Grants and Donor Funding	63,376,918,168	43,028,488,073
n	Education Tax (TETFUND)	305,998,000,000	248,268,329,787
AMOUNT AVAILABLE FOR FGN BUDGET (including GOEs)		9,969,167,269,428	9,725,863,745,173

- Total revenue available to fund the 2023 FGN Budget is estimated at N9.73 trillion.
- This includes the gross revenues of 63 Government-Owned Enterprises totalling N3.48 trillion.
- Of this, FGN Oil revenue share is projected at N1.92 trillion, Non-oil taxes are estimated at N2.43 trillion, and FGN Independent revenues are projected to be N2.21 trillion. Other revenues total N762 billion. The GOEs will remit N1.06 trillion to FGN's Consolidated Revenue Fund, and retain N2.42 trillion for their expenditures and reserves.
- In aggregate, 20% of projected revenues is expected from oil-related sources, while 80% is to be earned from non-oil sources.

OVERVIEW OF THE 2023 BUDGET.../3



FGN Expenditures

FISCAL ITEMS		Amended 2022 Framework	2023 Budget Proposal
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)		1.60	1.69
Projected Budget Benchmark Price (US\$ per barrel)		73.00	70.00
Average Exchange Rate (N/US\$)		410.15	435.57
STATUTORY TRANSFER		817,699,410,208	744,109,468,797
DEBT SERVICE		3,685,375,317,302	6,309,870,967,327
SINKING FUND		292,711,793,135	247,726,644,470
RECURRENT (NON-DEBT)		7,108,621,131,850	8,271,882,354,405
a	Personnel Costs (MDAs)	3,717,432,596,125	4,081,585,615,329
b	Personnel Costs (GOEs)	617,724,992,745	912,320,744,988
c	Overheads (MDAs)	376,379,579,862	443,276,374,887
d	Overheads (GOEs)	451,001,890,322	671,403,880,673
e	Pensions, Gratuities & Retirees Benefits	577,862,188,757	854,812,179,406
f	Other Service Wide Votes (including GAVI/Immunization)	937,919,984,040	1,031,070,142,633
g	Presidential Amnesty Programme	65,000,000,000	65,000,000,000
h	TETFUND - Recurrent	15,299,900,000	12,413,416,489
SPECIAL INTERVENTIONS (Recurrent)		350,000,000,000	200,000,000,000
AGGREGATE CAPITAL EXPENDITURE		5,862,274,043,664	5,348,118,024,083
a	Capital Supplementation	437,432,000,000	792,305,508,000
b	Capital Expenditure in Statutory Transfers	446,977,605,142	413,765,278,378
c	Special Intervention Programme (Capital) - Family Home Fund	7,000,000,000	7,000,000,000
d	Amount Available for MDAs Capital Expenditure	2,716,942,380,838	1,236,005,555,588
e	GOEs Capital Expenditure	647,079,937,729	835,387,348,099
f	TETFUND Capital Expenditure	290,698,100,000	235,854,913,298
g	Grants and Donor Funded Projects	63,376,918,168	43,028,488,073
h	Multi-lateral / Bi-lateral Project-tied Loans	1,155,823,207,500	1,771,404,182,322
i	FGN Share of Oil Price Royalty Transferred to NSIA	96,943,894,289	13,366,750,326
Capital Expenditure (Exclusive of Transfers)		5,415,296,438,523	4,934,352,745,705
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)		14,448,074,062,723	16,317,426,024,623
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)		17,319,704,091,019	20,507,942,180,704

- The 2022 Aggregate FGN expenditure (inclusive of GOEs and project-tied Loans) is projected to be N20.51tn, which is 18.4% higher than the amended 2022 Budget.
- Recurrent (non-debt) spending, estimated to amount to N8.47tn, inclusive of N200 billion social investment programme.
- Aggregate Capital Expenditure of N5.34 tn is 26% of total expenditure; and 8.8% lower than the 2022 Budget (inclusive of Capital component of Statutory Transfers, GOEs Capital & Project-tied loans expenditures).
- At N6.31tn, debt service is 30.8% of total expenditure. This is 71.2% higher than 2022 estimate as it includes interest payment of N1.2 trillion for Ways & Means.

OVERVIEW OF THE 2023 BUDGET.../4



Fiscal Deficit & Deficit Financing

FISCAL ITEMS	Amended 2022 Framework	2023 Budget Proposal
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)	1.60	1.69
Projected Budget Benchmark Price (US\$ per barrel)	73.00	70.00
Average Exchange Rate (N/US\$)	410.15	435.57
Fiscal Deficit (excluding GOEs and Project-tied Loans)	(6,207,296,072,083)	(9,010,674,253,210)
Total Fiscal Deficit (including Project-tied Loans)	(7,350,536,821,591)	(10,782,078,435,531)
GDP	184,381,975,950,038	225,507,296,343,920
DEFICIT/GDP (excluding GOEs and Project-tied Loans)	(3.37%)	(4.00%)
DEFICIT/GDP (including Project-tied Loans)	(3.99%)	(4.78%)
TOTAL FGN EXPENDITURE	17,319,704,091,019	20,507,942,180,704
Total Non-Debt Expenditure	13,341,616,980,581	13,950,344,568,907
Capital Expenditure as % of Non-Debt Expenditure	44%	38%
Capital Expenditure as % of total FGN Expenditure	34%	26%
Capital Expenditure (Inclusive of Transfers, but exclusive of GOEs Capital & Project-tied loans) as % of FGN Expenditure	28%	13%
Recurrent Expenditure as % of total FGN Exp (incl. GOEs + Project-tied Loans)	66%	74%
Debt Service to Revenue Ratio (incl. GOEs + Project-tied Loans)	37%	65%
Deficit as % of FGN Revenue (incl. GOEs + Project-tied Loans)	74%	111%
ADDITIONAL FINANCING		
a Privatization Proceeds	90,731,800,000	206,182,616,701
b Multi-lateral / Bi-lateral Project-tied Loans	1,155,823,207,500	1,771,404,182,322
c New Borrowings	6,103,981,814,091	8,804,491,636,509
<i>Domestic Borrowing</i>	3,534,050,919,825	7,043,593,309,207
<i>Foreign Borrowing</i>	2,569,930,894,266	1,760,898,327,302

- Overall budget deficit is N10.78tn for 2023. This represents 4.78% of GDP.
- Budget deficit is to be financed mainly by borrowings:
 - Domestic sources: N7.04 tn
 - Foreign sources: N1.76 tn
 - Multi-lateral /bi-lateral loan drawdowns: N1.77 bn, and
 - Privatisation Proceeds: N206.18 bn
- As envisaged by the law, there is a continuing need to exceed this threshold considering the existential security challenges facing the country.

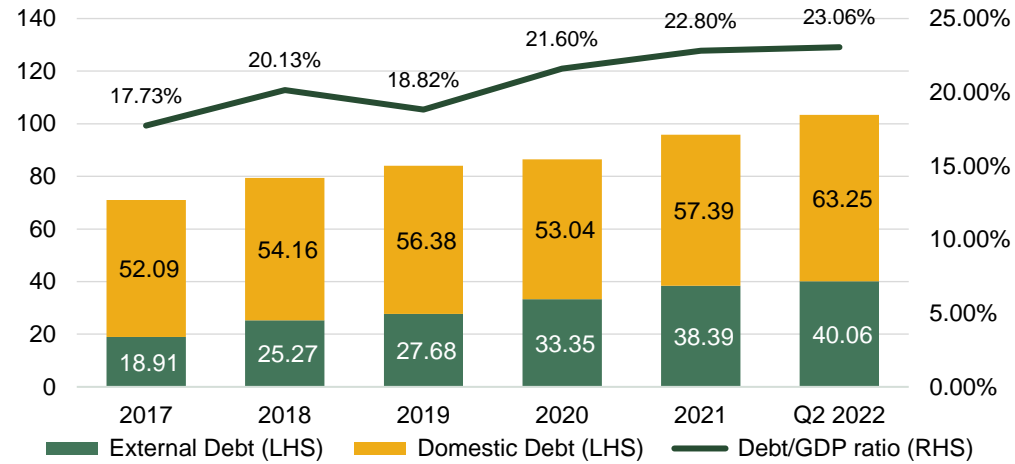
DEBT MANAGEMENT

PUBLIC DEBT MATURITY PROFILE



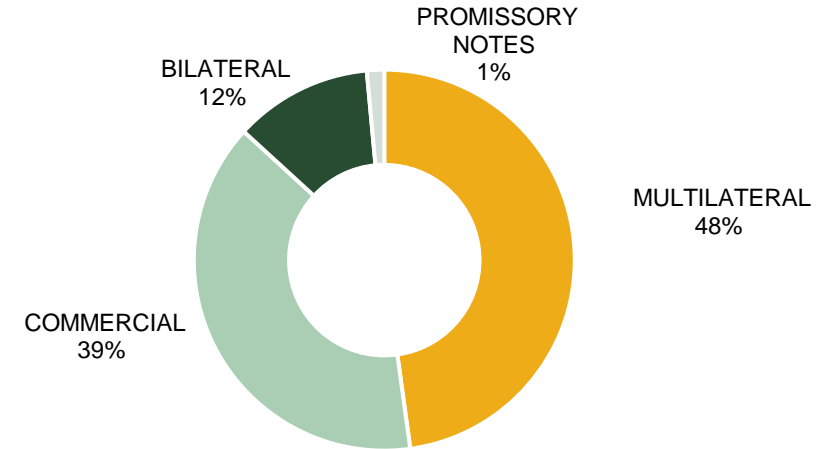
General Government Debt

Federal Government Debt (USD million) Debt/GDP ratio



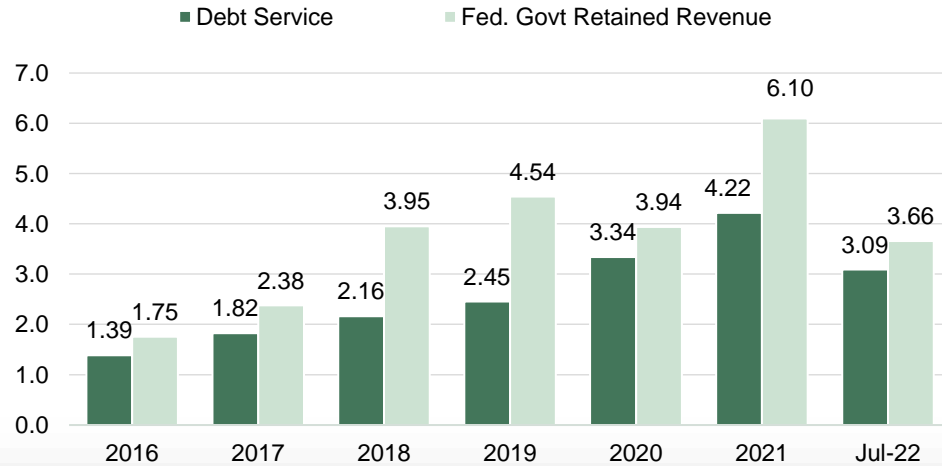
External Government Debt Composition By Creditor

External Government Debt (%)



Government Debt Service

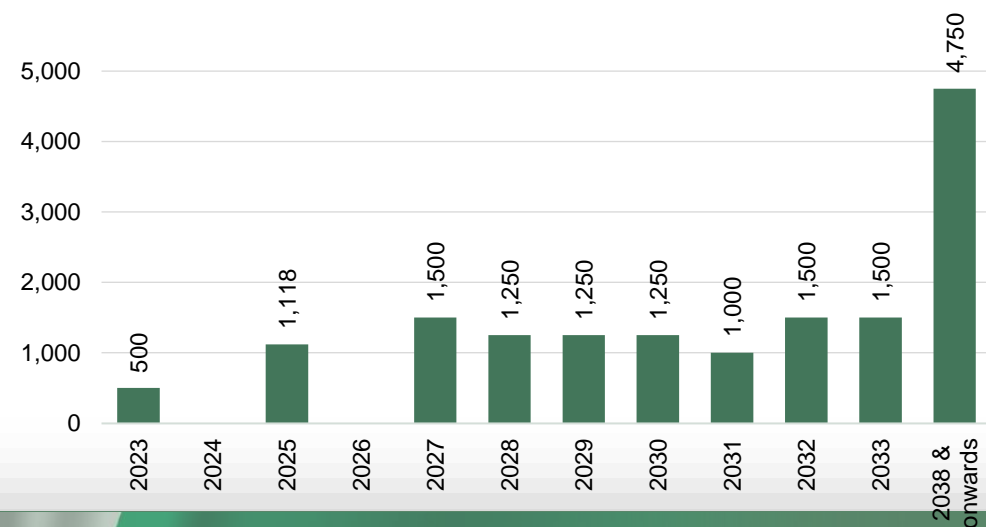
Debt Service and Revenue (₦ trillion)



Sources: Budget Office of the Federation, Debt Management Office

External Debt Maturity Profile

FGN Eurobond Maturity (USD million)



Medium Term Debt Management Strategy (MTDS) 2020 - 2023



The implementation of the MTDS 2020 2023 is expected to moderate the level of debt related risks, especially refinancing and exchange rate risk, and further improve the structure of the public debt portfolio

MTDS 2020 – 2023: Key Targets

S/N	Indicator	Targets	Actual	
		2020 – 2023	2020	2021
1	Fiscal Sustainability			
	Total Public Debt as % of GDP	Max 40%	21.61%	22.80%
2	Portfolio Composition			
	Domestic : External Debt Mix	Max 70:Min 30	61:39	60:40
3	Refinancing Risk			
	i. Average Tenor of Debt Portfolio	Min 10 years	10.74 years	10.28 years
	ii. Variable Rate Debt as % of Total Debt	Less than 5%	2.75%	2.90%
	ii. Debt maturing in 1 year as % of total debt	Max. 20%	14.50%	14.60%
4	Guarantee			
	Guarantees as % of GDP	Max 5%	2.75%	2.64%

Sources: Budget Office of the Federation, Debt Management Office, Federal Ministry of Finance, Budget and National Planning

Debt Management Strategy

- Total Public Debt as a percentage of GDP stood at 23.06% as at June 30, 2022, within 55% threshold recommended by the International Monetary Fund (IMF) / World Bank (WB) as well as Nigeria's self-imposed limit of 40% set in the MTDS 2020-2023, even after including the outstanding balance on CBN Ways & Means Advances.
- The exposure of the Total Public Debt portfolio to exchange rate risk remains moderate, as the share of Domestic Debt in the Total Public Debt comprises 60%. Target Ratio under the MTDS 2020-2023 is 70:30, with the DMO expecting to achieve the target by end of the year 2023.
- The exposure to refinancing risk remained stable as a result of the strategy of issuance of long dated securities in the domestic and international markets in addition to accessing long term funds from multilateral and bilateral lenders.

Medium Term Debt Management Strategy (MTDS) 2020 - 2023



Debt Management Strategy (2)

- The FGN's Contingent Liabilities as a percentage of GDP was 2.64% in 2021 compared to 2.75% in 2020. It is projected to be around this region by the end of 2022.
- Nigeria is not planning on restructuring its debt as it remains committed to meeting its domestic and external debt obligations.
- The FG will continue to utilize appropriate debt management tools to streamline the cost and risk profile in the debt portfolio, including through concessional loans, spreading out of debt maturities to avoid bunching, and re-profiling of the debt maturities by refinancing short-term debt using long-term debt instruments.

STRATEGIC REVENUE GROWTH INITIATIVES

Initiatives to improve FGN revenues



Tax Revenues

- Non oil revenues remain more stable than oil revenue. To improve non oil revenue receipts tax administration will be improved and efforts will be sustained to expand the non oil revenue base will be expanded
- In addition, the tax system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies as well as employing appropriate technology
- Furthermore, efforts will be made to bring more businesses in the informal sector into the tax net

Custom Revenues

- In the medium term, the NCS will introduce frameworks for recovering duties, taxes and appropriate fees from transactions conducted over electronic networks
- The Federal Government will also further enhance port efficiency, strengthen anti smuggling measures review tariffs and waivers and issue more licenses to build modern terminals in existing ports, especially outside Lagos

Independent Revenues

- The independent revenue of the Federal Government hit the N1 trillion mark in 2021. To further enhance independent revenue generation and collection, Government will continue to maximize the huge potentials and optimize the operational and collection efficiency of the GOEs. In many countries GOEs operate efficiently and generate significant revenue to fund government budget
- Extant laws limiting cost-to-revenue ratio of GOEs to maximum of 50 percent is being enforced
- Technology and ICT solutions will be effectively deployed to ensure compliance and enhance existing and new revenue streams
- The performance of GOEs will be further enhanced through the effective implementation of the approved Performance Management Framework

Sources: Federal Ministry of Finance, Budget and National Planning

FINANCE BILL, 2022

Proposals for the Finance Bill, 2022



Key Points

Indicative Policy Focus Areas...

- ❖ The Finance Act, 2022 should be the final Finance Act of this Administration
- ❖ Given the current state of the polity, it is important to focus, this time around, on:
 - ✓ Critical macroeconomic & fiscal reforms to spur vital investment in Healthcare & Climate Change | Green Growth ('CC | GG')
 - ✓ Fiscal reforms to spur Job Creation for Youths, Women & SMEs
 - ✓ Long-overdue reforms to Tax Incentives to pivot from old, established industries to modern, new-economy, high growth sectors

1. HEALTHCARE INVESTMENTS



Complement Ease of Doing Biz. & other Reforms to support investments in Healthcare Systems & Infrastructure for COVID & other priority diseases



Complement Quality Healthcare Insurance & other systemic reforms



Facilitate Domestic & International Investments in Quality Healthcare Infrastructure & Systems

2. CLIMATE CHANGE | GREEN GROWTH



Complement non-fiscal reforms to reduce Greenhouse Gas Emissions



Facilitate Domestic & International Investment in Climate Adaption & Mitigation, as well as Green Growth Economies & Job Creation

3. REFORMING TAX INCENTIVES



Phase out antiquated Pioneer & other Tax Incentives for Mature 'Infant' Industries



Through Economic Governance Reforms, reduce Tax Expenditures & Revenues Foregone to support the fiscus



Based on Statistics, gradually transition away from expensive & redundant Tax Incentives

4. SPUR JOB CREATION & ECONOMIC GROWTH



Complement Ease of Doing Biz. & other Reforms to support SMEs, Youth & Women-owned Businesses (FinTech, ICT, Entertainment, Fashion, Sports, Arts, etc.)



Structure, approve & deploy NYSC-Diaspora Scheme to create jobs as well as facilitate inbound Capital & IP investments in domestic SMEs by Diaspora Youth

5. TAX ADMIN. & OTHER FISCAL REFORMS



Complement Ease of Doing Biz. & other Reforms by enhancing Tax Administration



Introduce targeted Fiscal & Non-Fiscal Reforms to amend, address & cure defects in existing Tax & Non-Tax Laws, Regulations, etc.

Financing #1. Optimal Healthcare; & #2. Just & Equitable Transition



The **National Development Plan (NDP) 2021 – 2025** is Nigeria's medium-term blueprint designed to unlock the country's potentials in all sectors of the economy for a sustainable, holistic & inclusive national development

The **Plan** is a successor to the Economic Recovery and Growth Plan (ERGP), 2017-2020, which lapsed in December 2020.

Vision

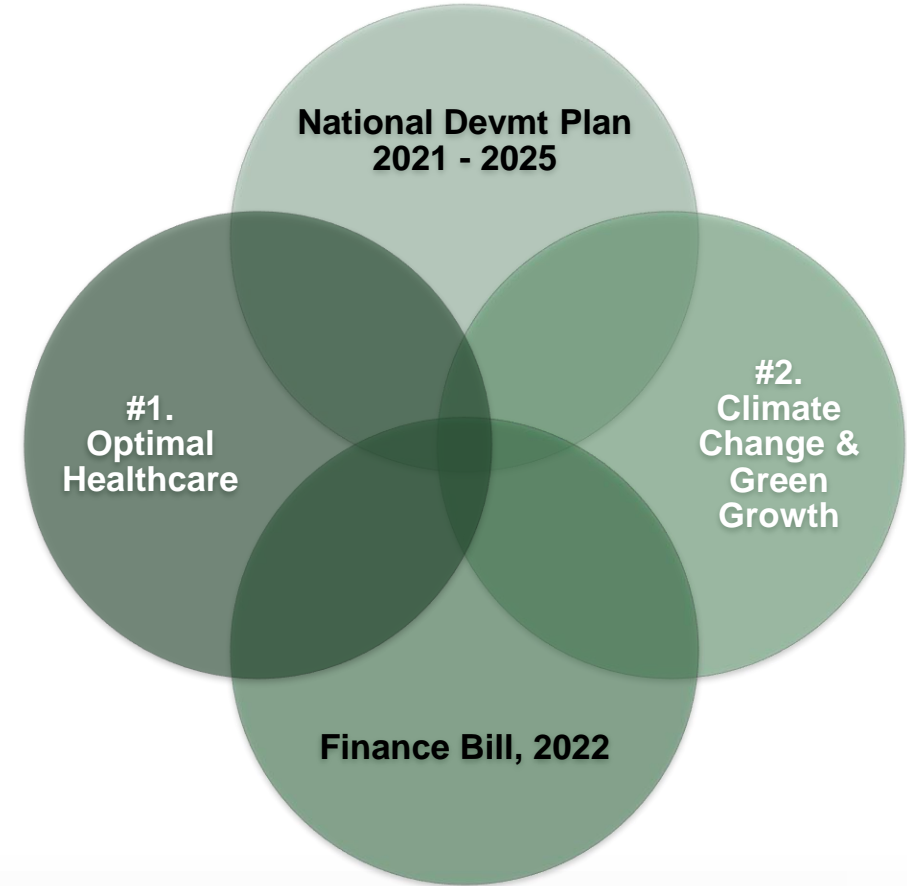
➤ To make Nigeria a country that has unlocked its potential in all sectors of the economy for a sustainable, holistic & inclusive national development.

Mission

➤ To effectively guide the implementation of programmes and policies that promote rapid multi-sectoral growth & development of Nigeria's economy.

Objectives

- Establish a strong foundation for a diversified economy, with robust MSME growth & a more-resilient business environment
- Invest in critical physical, financial, digital & innovation infrastructure to strengthen security, ensure good governance & enable a vibrant, educated & healthy population
- Invest in the social infrastructure & services to alleviate poverty, promote development opportunities across States & minimize regional economic & social disparities



Financing #1. Optimal Healthcare; & #2. Just & Equitable Transition



NDP 2021 – 2025 Ambitions for Climate Change & the Green Economy

- ✓ Pursuant to COP26 Summit & outcomes, global efforts to address the risks inherent in climate change have resulted in the accelerating imperatives of renewable energy driven by the Paris Agreement. Nigeria is committed to a net-zero future, to reverse the adverse effects of climate change.
- ✓ Greenhouse gas emissions potentially pose a significant global cost that will fall disproportionately on the poor, who are most vulnerable to increased flooding & erratic rainfall, changes in food production patterns, as well availability of grazing areas & water.
- ✓ Nigeria will move towards climate adaptation by diversifying its energy sources away from fossil fuels and embracing the green economy to create new and sustainable economic activities.
- ✓ However, the global energy transition should be inclusive, equitable & just, taking into account different realities of various economies & accommodating various pathways to net-zero by 2050
- ✓ For developing countries like Nigeria, the ultimate goal of global energy transition should be to achieve reliable net-zero carbon energy systems to power prosperous, inclusive economies that prioritise **BOTH People & the Planet**

Optimal Climate Financing is crucial to convert these visions into reality

- ❖ Accordingly, Finance Bill, 2022 will propose specific Green Taxes to finance key Climate Adaptation & Mitigation Investments

NDP 2021 – 2025 Plans to Enable a Vibrant, Educated & Healthy Populace

- ✓ Nigeria grapples perennial underfunding of its healthcare systems as challenges with communicable & non-communicable diseases (e.g. malaria, measles, polio, meningitis, hepatitis, HIV, COVID-19 & monkey pox) show
- ✓ A healthy & educated population is the most critical input for Nigeria's long-term growth & development, given that Health & Education play a central role in improving quality of life by increasing productivity, driving inclusive economic growth & ultimately alleviating poverty
- ✓ Health is recognized as a basic human right that every citizen should be able to enjoy living a socially and economically productive life.

NDP 2021-2025 is committed to strengthening Nigeria's health system service delivery capacity so as to enable a healthier, more productive nation by:

- ✓ Developing an integrated healthcare system between private & public sectors for primary, secondary & tertiary health institutions in keeping with the realities in the environmental situation & changing technology;
- ✓ Extending Universal Healthcare Coverage to over half of the population in rural and urban areas in Nigeria;
- ✓ Ensuring availability in sufficient quantity of quality essential medical personnel, medicine and medical supplies within the country; &
- ✓ Promoting healthy habits, healthy behaviours & lifestyles across all life stages as well as reducing infant and maternal mortality rates.
- ❖ Accordingly, Finance Bill, 2022 will propose specific Sin Taxes to fund Critical Healthcare Investments

CRITICAL SECTORAL ALLOCATIONS IN THE 2023 BUDGET

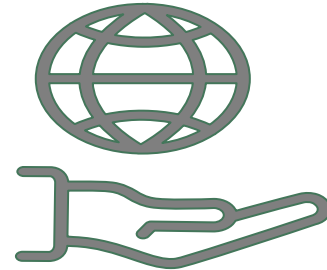
Critical Allocations in 2023 Budget

Education Sector N2.05 Trillion i.e. 10% of FGN Budget



N1.23 trillion

Amount provisioned for **Federal Ministry of Education and its agencies (Recurrent & Capital expenditure)**



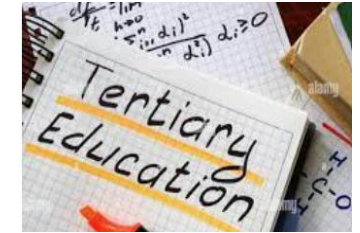
N95.30 billion

Amount provisioned for **Universal Basic Education Commission (UBEC)**



N248.27 billion

Transfers to the Tertiary Education Trust Fund (**TETFUND**) for infrastructure projects in Tertiary institutions



N470 billion

Amount provisioned for **Tertiary Education Revitalisation and Salary Enhancement**

Critical Allocations in 2023 Budget

Health Sector N1.58 Trillion i.e. 8% of FGN Budget



N1.41 trillion

Amount provisioned for **Federal Ministry of Health and its agencies (Recurrent & Capital expenditure, including Hazard Allowance)**



N69.57 billion

Gavi/ Immunization funds, including Counterpart Funding for Donor Supported Programmes, Including Global Fund



N47.65 billion

Transfer to Basic Healthcare Provision Fund (**BHCPF**)
1% of CRF

Critical Allocations in 2023 Budget



Defence & Security Sector (N2.74 trillion)

— (13% of Budget)

Amount provisioned for the Military, Police, Intelligence & Para-Military (*Recurrent & Capital expenditure*)



Infrastructure (N998.93 billion) 5% of Budget

This include provisions for Works & Housing, Power, Transport, Water Resources, Aviation.



Social Development & Poverty Reduction Programmes (N756 billion) - (4% of Budget)

Amount provisioned for Social Investments / Poverty Reduction Programmes

CONCLUSION

Conclusion



- The draft 2023 budget has been prepared against the backdrop of continuing global challenges occasioned by lingering Covid-19 pandemic effects, as well as higher food and fuel prices due to the war in Ukraine.
- Overall, fiscal risks are somewhat elevated, following weaker-than-expected domestic economic performance and structural issues in the domestic economy.
- Early passage of the Budget for implementation from January 1 will significantly contribute towards completion of key legacy projects, smooth transition and achievement of government macro-fiscal and sectoral objectives.
- Revenue generation remains the major fiscal constraint of the Federation. The systemic resource mobilization problem has been compounded by recent economic recessions.
- Efforts will however focus on improving tax administration and collection efficiency.



- Crude oil production challenges and PMS subsidy deductions by NNPC constitute significant threat to the achievement of our revenue growth targets, as seen in the 2022 Performance up to August.
- Bold, decisive and urgent action is urgently required to address revenue underperformance and expenditure efficiency at national and sub-national levels.
- However, Government remains mindful of the need to provide safety nets to cushion the impact of reform measures on the vulnerable segments of the population.
- The goal of fiscal interventions will be to further stimulate the economy through carefully calibrated regulatory/policy measures designed to boost domestic value-addition, de-risk the enterprise environment, attract external investment and sources of funding, etc.



- We welcome citizens' participation in enhancing budget implementation monitoring via the following platforms:
 - i-monitor
 - Citizen's Budget Monitoring app (*available on the google play store*)
- Details of the 2023 Budget Proposal are available on the website of the Budget Office of the Federation – www.budgetoffice.gov.ng