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PUBLIC CONSULTATION ON THE DRAFT 2023 – 2025 MTFF/FSP

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Outline



- I. Introduction & Background***
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INTRODUCTION & BACKGROUND

INTRODUCTION & BACKGROUND



- The draft 2023 – 2025 MTEF&FSP has been prepared against the backdrop of continuing global and domestic challenges in the aftermath of the COVID-19.
- Factors impacting the medium term fiscal outlook include:
 - *The Russia and Ukraine war which has assumed a new and worrisome dimension with severe implications on food and energy prices;*
 - *The resurgence of COVID -19 in some major economies, which has led to slowdown in economic activities in those countries;*
 - *Renewed elevated inflation in most economies, prompting monetary tightening in these economies with the inherent negative impact on capital inflow to emerging markets 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 fifth consecutive quarter, growing by 3.11% in real terms in Q1 2022.
- Most sectors recorded positive growth.
- The broad-based growth reflects the effective implementation of our economic sustainability measures.
- Like many other economies, our economy faces lingering Covid-19 pandemic effects, as well as higher global food and fuel prices due to the Russia-Ukraine war.



INTRODUCTION & BACKGROUND

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- The International Monetary Fund (IMF) projects global growth to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023.
- Nigeria continues to be exposed to risk aversion in the global capital markets, which will put further pressure on the foreign exchange market as foreign portfolio investors are yet to return to the Nigerian Market.
- The CBN expects the renewed pressure in the foreign exchange market and the accompanied naira depreciation to subside from the third quarter of 2023.

OVERVIEW OF 2022 FISCAL OUTCOMES & UPDATE ON 2022 FEDERATION REVENUE PERFORMANCE



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+	1.32+
Oil Price (US\$ per barrel)	71.28	73.00	73.00	103.60*
Exchange Rate (N per US\$)	383.00	410.15	410.15	415.19^
Inflation	16.98	13.00	16.11	17.71++
GDP Growth (%)	3.40	4.20	3.55	3.11**

Source: NNPC, OPEC, CBN, NBS

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

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

^ CBN April 29 2022 exchange rate.

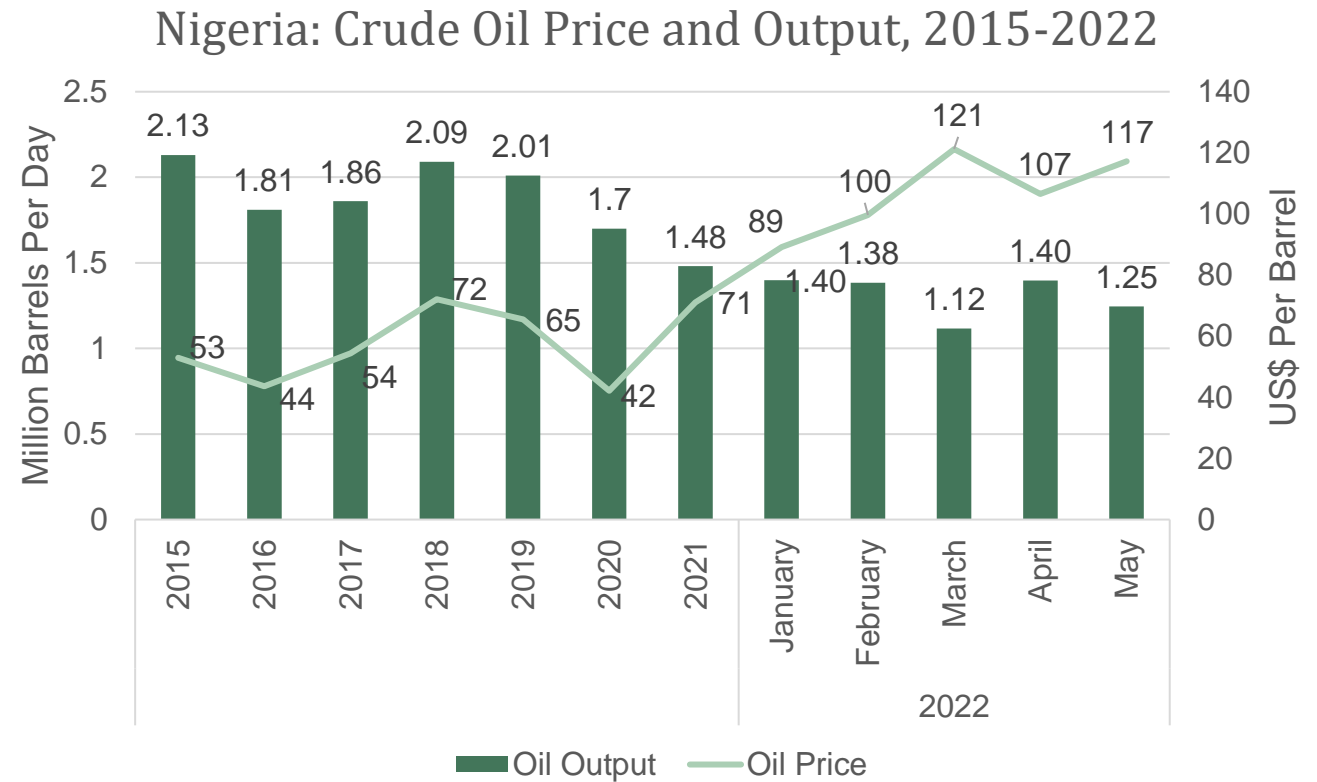
++ NBS Inflation rate as at May 2022;

** NBS Q1 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 April 2022 stood at an average of 1.32 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.

OVERVIEW OF 2022 FEDERATION FISCAL OUTCOMES (JAN – APR)



Oil Revenue Performance



- The **gross oil and gas** federation revenue for full year 2022 was projected at N9.37 trillion; As at April 30, 2022, **N1.23 trillion** was realized out of the prorata projection of **N3.12 trillion**, *representing a mere 39% performance*.
- Despite higher oil prices, oil revenue underperformed due to significant oil production shortfalls for two main reasons:
 - Oil production shut-ins resulting from pipeline vandalism and crude oil theft; and
 - High petrol subsidy cost due to higher landing costs of imported products.
- Non-oil taxes trailed targets marginally, with average performance of 92.6%.
- Revenue performance is expected to improve in the second half of 2022 as a result of concerted efforts to address the oil theft and pipelines vandalism; There is also seasonality to some of the non-oil taxes, which means that we expect to collect significantly more in the second half of the year.
- The improved revenue collection should also moderate the Debt Service to Revenue ratio, which is currently above our target level.

OVERVIEW OF 2022 FEDERATION FISCAL OUTCOMES (JAN – APR)



Oil Revenue Performance



	Fiscal Items	2022 Budget	Prorata	Actuals (Jan-Apr)	Variance	
		Billions of Naira			Billions of Naira	%
A	OIL REVENUE					
a	Gross Oil and Gas Revenue	9,369.96	3,123.32	1,231.96	(1,891.36)	-60.6%
b	Deductions*	4,831.04	1,610.35	348.48	(1,261.86)	-78.4%
c	Net Oil and Gas Revenue	4,538.93	1,512.98	883.48	(629.49)	-41.6%
B	NON-OIL REVENUE					
a	Non-Oil Taxes	6,448.52	2,149.51	1,991.51	(158.00)	-7.4%
i	<i>Corporate Tax</i>	1,987.78	662.59	697.03	34.43	5.2%
ii	<i>VAT</i>	2,441.80	813.93	767.42	(46.51)	-5.7%
iii	<i>Customs</i>	2,018.94	672.98	527.05	(145.93)	-21.7%
b	Deductions	467.14	155.71	645.96	490.24	314.8%
c	Net Non-Oil Taxes	5,981.38	1,993.79	1,345.55	(648.24)	-32.5%
d	Other Revenues**	216.86	72.29	12.11	(60.18)	-83.2%
e	Net Non-Oil Revenue	6,198.24	2,066.08	1,357.66	(708.42)	-34.3%
	* This include 13% derivation and transfer to Nigeria Police Trust Fund					
	** These include revenue from Solid Minerals after derivation, and Electronic Money Transfer Levy					
	Note: The Net Non-Oil Revenue refers to those accruable to the Federation; thus, it excludes FGN Independent Revenues					

OVERVIEW OF 2022 FEDERATION FISCAL OUTCOMES (JAN – APR)



Federation and VAT Pool Accounts Distributable

- The amount available for distribution from the Main Pool - Federation Account was **N1.52 trillion**.
 - *Of this amount,*
 - the Federal Government received **N802.50 billion**, while
 - the States and Local Governments received **N407.04 billion** and **N313.81 billion** respectively.
 - Federal, State and Local governments **received N107.67 billion, N358.90 billion and N251.23 billion** respectively from the **VAT Pool Account**.

OVERVIEW OF 2022 FEDERATION FISCAL OUTCOMES (JAN – APR)



Federation and VAT Pool Accounts Distributable



	Fiscal Items	2022 Budget	Prorata	Actuals (Jan-Apr)	Variance
		Billions of Naira			Billions of Naira
A	Net Federation Account Distributable*	8,475.08	2,825.03	1,523.35	(1,301.68)
i	FGN's Share (52.68%)	4,464.67	1,488.22	802.50	(685.73)
ii	States' Share (26.72%)	2,264.54	754.85	407.04	(347.81)
iii	LG's Share (20.60%)	1,745.87	581.96	313.81	(268.15)
B	Net VAT Pool Account Distributable	2,262.08	754.03	717.80	(36.23)
iv	FGN's Share (15%)	339.31	113.10	107.67	(5.43)
v	States' Share (50%)	1,131.04	377.01	358.90	(18.11)
vi	Local Govt.'s Share (35%)	791.73	263.91	251.23	(12.68)

UPDATE ON 2022 FGN BUDGET PERFORMANCE

OVERVIEW OF 2022 FGN FISCAL OUTCOMES (JAN – APR)



Revenue Performance



S/N	AGGREGATE FEDERAL GOVERNMENT REVENUE	2022 Amended Budget	Pro Rata (Jan-Apr)	Actual (Jan-Apr)	Variance	
		Billions of Naira			Billions of Naira	%
		9,969.17	3,323.06	1,630.60	(1,692.46)	-50.9%
	FEDERAL RETAINED REVENUES (excl. GOEs)	8,240.78	2,746.93	1,493.09	(1,253.84)	-45.6%
A						
1	Oil Revenue	2,190.37	730.12	285.38	(444.75)	-60.9%
2	Share of Dividend (NLNG)	195.72	65.24	46.85	(18.39)	-28.2%
3	Minerals & Mining Revenue	2.92	0.97	1.18	0.20	21.0%
4	Non-Oil Revenue:	2,258.39	752.80	632.56	(120.24)	-16.0%
i	CIT	909.30	303.10	298.83	(4.27)	-1.4%
ii	VAT	316.69	105.56	102.97	(2.59)	-2.5%
iii	Customs Revenues	834.12	278.04	210.02	(68.02)	-24.5%
iv	Federation Account Levies	71.97	23.99	15.24	(8.75)	-36.5%
v	Share of Electronic Money Transfer Levy	29.37	9.79	5.50		
vi	Share of Oil Price Royalty	96.94	32.31			
B		5,321.77	1,773.92	664.64	(1,109.29)	-62.5%
1	FGN Independent Revenue	2,616.22	872.07	394.09	(477.98)	-54.8%
2	FGN Drawdowns from Special Accounts/Levies	300.00	100.00	40.14	(59.86)	-59.9%
3	Signature Bonus / Renewals / Early Renewals	280.86	93.62	70.21	(23.40)	-25.0%
4	Domestic Recoveries + Assets + Fines*	26.93	8.98	7.15	(1.83)	-20.4%
5	Grants and Donor Funding	63.38	21.13		(21.13)	-100.0%
6	Education Tax (TETFUND)	306.00	102.00	15.54	(86.46)	-84.8%
7	GOEs Retained Revenue	1,728.39	576.13	137.51	(438.62)	-76.1%

- As of April 2022, FGN's retained revenue was only **N1.63 trillion**, 49% of the prorata target of N3.32 trillion.
- The FGN share of **oil revenues** was **N285.38 billion** (representing 39% performance), while **non-oil tax revenues totalled N632.56 billion – a performance of 84%**. CIT and VAT collections were **N298.83 billion** and **N102.97 billion**, representing **99%** and **98%** of their respective targets.
- Customs collections** (made up of import duties, excise and fees, as well as federation account special levies) trailed target by **N76.77 billion (25.42%)**.
- Other revenues** amounted to **N664.64 billion**, of which **Independent revenue** was **N394.09bn**.

OVERVIEW OF 2022 FGN FISCAL OUTCOMES (JAN – APR)



Expenditure Performance



S/N	Fiscal Items	2022 Amended Budget	Pro Rata (Jan-Apr)	Actual (Jan-Apr)	Variance	
		Billions of Naira			Billions of Naira	%
	AGGREGATE FGN EXPENDITURE	17,319.39	5,773.13	4,717.74	1,055.4	-18.3%
	FGN EXPENDITURE (excl. GOEs and Project-tied Loans)	14,447.76	4,815.92	4,556.54	259.38	-5.4%
A	Statutory Transfers	803.60	267.87	289.89	(22.02)	8.2%
B	Recurrent Expenditure	11,048.39	3,682.80	3,654.22	28.57	-0.8%
1	Non-Debt Recurrent Expenditure	7,092.30	2,364.10	1,715.48	648.62	-27.4%
	Non-Debt Recurrent Expenditure (excl. GOEs)	6,023.57	2,007.86	1,581.76	426.10	-21.2%
i	Personnel Costs (MDAs)	3,655.77	1,218.59	1,133.94	84.65	-6.9%
ii	Personnel Costs (GOEs)	617.72	205.91	99.59	106.32	-51.6%
iii	Pensions & Gratuities including Service wide pension	577.86	192.62	129.09	63.53	-33.0%
iv	Overheads (MDAs)	371.73	123.91	163.58	(39.67)	32.0%
v	Overheads (GOEs)	451.00	150.33	34.13	116.20	-77.3%
vi	Other Service Wide Votes	987.92	329.31	132.71	196.59	-59.7%
vii	Presidential Amnesty	65.00	21.67	21.67	(0.00)	0.0%
iv	TETFUND - Recurrent	15.30	5.10	0.78		
v	Special Intervention Programme	350.00	116.67		116.67	-100.0%
2	Debt Service	3,956.09	1,318.70	1,938.74	(620.05)	47.0%
i	Domestic Debt	2,562.15	854.05	1,198.57	(344.52)	40.3%
ii	Foreign Debt	1,123.23	374.41	334.24	40.17	-10.7%
iii	Sinking Fund	270.71	90.24		90.24	-100.0%
iv	Interest on Ways & Means		-	405.93	(405.93)	
C	Aggregate Capital Expenditure	5,467.40	1,822.47	773.63	1,048.83	-57.6%
	Capital Expenditure (MDAs + Others)	3,664.50	1,221.50	746.15	475.35	-38.9%
	GOEs Capital Expenditure	647.08	215.69	27.49	188.21	-87.3%
	Multi-lateral/Bilateral Project-tied loans	1,155.82	385.27		385.27	-100.0%

- The aggregate expenditure for 2022 is estimated at N17.32 trillion, with a prorata spending target of N5.77 at end of April.
- The actual spending as of April 31st was **N4.72 trillion**. Of this amount,
 - **N1.94 trillion** was for debt service, and
 - **N1.26 trillion** for Personnel cost, including Pensions.
 - **As at April, N773.63 billion** has been spent on capital expenditure.

2023 – 2025 KEY ASSUMPTIONS AND MACROECONOMIC FRAMEWORK



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 – 2025 MTEF PROJECTIONS

- 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.
- In the MTEF, real GDP growth is projected at 3.75% in 2023, from a revised projection of 3.55% for 2022. 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, up from the revised average of 16.11% for 2022.
- Upward pressure on prices is expected to be driven by the current and lag effect of the global price surge due to the Russian-Ukraine war, domestic insecurity, rising costs of imports, exchange rate depreciation, as well as other supply-side constraints.

KEY ASSUMPTIONS & MACRO-FRAMEWORK .../3



2023 – 2025 MTFF PROJECTIONS

- Growth in nominal consumption has been adjusted in line with revised estimates based on changes in the components of GDP and historical performances.
- The medium-term nominal consumption is projected at N121.93 trillion, N123.69 trillion and N125.45 trillion for 2023, 2024 and 2025, respectively.
- 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 2023-2025 MEDIUM TERM FISCAL FRAMEWORK (MTFF)

OVERVIEW OF THE 2023-2025 MTRF



Oil & Gas Revenues and Federally Funded Upstream Project Costs (2023 – 2025)

- The projected fiscal outcomes in the medium term are presented under two scenarios based on the underlying budget parameters/assumptions, as follows:
 - Scenario 1 - the Business-as-Usual scenario: This assumes that the subsidy on PMS, estimated at N6.72 trillion for full year 2023, will remain and be fully provided for.
 - Scenario 2 – the Reform scenario: This assumes that petrol subsidy will remain up to mid-2023 based on the 18-month extension announced early 2021, in which case only N3.36 trillion will be provided for. Additionally, there will be tighter enforcement of the performance management framework for GOEs that will significantly increase operating surplus/dividend remittances in 2023.
- Both scenarios have implications for net accretion to the Federation Account and projected deficit levels.

OVERVIEW OF THE 2023-2025 MTRF .../2



Oil & Gas Revenues and Federally Funded Upstream Project Costs (2023 – 2025)

FISCAL ITEMS	Amended 2022 Framework	2023 Scenario 1 - Business As Usual	2023 Scenario 2 - Subsidy Reform	2024	2025
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)	1.60	1.69	1.69	1.83	1.83
Projected Budget Benchmark Price (US\$ per barrel)	73.00	70.00	70.00	66.00	62.00
Average Exchange Rate (N/US\$)	410.15	435.57	435.57	435.92	437.57
Oil production (mbpd)					
Total Oil & Gas Revenue	9,369,960,116,854	8,501,165,182,893	8,501,165,182,893	9,038,996,940,232	8,814,361,919,359
13% Derivation	678,230,179,465	1,105,151,473,776	1,105,151,473,776	1,175,069,602,230	1,145,867,049,517
Total Oil & Gas Revenue after Derivation	8,691,729,937,389	7,396,013,709,117	7,396,013,709,117	7,863,927,338,002	7,668,494,869,842
Deductions	4,152,804,890,199	6,895,446,846,631	3,537,826,797,031	184,578,342,656	170,090,152,431
Other Federally Funded Upstream Projects	4,152,804,890,199	6,789,424,770,733	3,431,804,721,133	74,244,282,238	74,525,304,136
National Domestic Gas Development	25,000,000,000	-	-	-	-
Gas Infrastructure Development	23,011,057,500	-	-	-	-
Crude Oil Pre-Export Inspection Agency Expenses (NESS)	5,823,500,000	-	-	-	-
Frontier Exploration Services (NFES)	10,476,800,000	-	-	-	-
Renewable Energy Development (RED)	3,338,070,000	-	-	-	-
Pipeline Security & Maintenance Cost	8,792,023,199	-	-	-	-
Pre-Export Financing	58,011,057,500	74,184,671,533	74,184,671,533	74,244,282,238	74,525,304,136
PMS Under-Recovery	4,000,000,000,000	6,715,240,099,200	3,357,620,049,600	-	-
Refinery Rehabilitation	-	-	-	-	-
Nigeria Morocco Pipeline	9,326,000,000	-	-	-	-
NUPRC Cost of Collection		106,022,075,899	106,022,075,899	110,334,060,418	95,564,848,295
NUPRC 4% Cost of Collection (Royalty, Concessional, Gas Flared & Miscellaneous)		99,716,729,162	99,716,729,162	100,163,154,520	93,181,065,330
NUPRC 4% CoC with Incidental Rev & Signature Bonus		6,305,346,737	6,305,346,737	10,170,905,898	2,383,782,964
Net Oil & Gas Revenue after Costs, Deductions & Derivation	4,538,925,047,190	500,566,862,485	3,858,186,912,085	7,679,348,995,346	7,498,404,717,411

OVERVIEW OF THE 2023-2025 MTRF .../3



Federation Account Revenues (2023 – 2025)

FISCAL ITEMS	Amended 2022 Framework	2023 Scenario 1 - Business As Usual	2023 Scenario 2 - Subsidy Reform	2024	2025
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)	1.60	1.69	1.69	1.83	1.83
Projected Budget Benchmark Price (US\$ per barrel)	73.00	70.00	70.00	66.00	62.00
Average Exchange Rate (N/US\$)	410.15	435.57	435.57	435.92	437.57
NET FEDERATION ACCOUNT (MAIN POOL)	8,523,576,046,045	4,910,796,431,596	8,268,416,481,196	12,835,601,845,648	13,181,013,331,918
Transfer to Police Trust Fund (0.5% of Fed. Acct.)	48,492,527,862	24,553,982,158	41,342,082,406	64,178,009,228	65,905,066,660
NET FEDERATION ACCOUNT - MAIN POOL (after 0.5% transfer to Police Trust Fund)	8,475,083,518,183	4,886,242,449,438	8,227,074,398,790	12,771,423,836,419	13,115,108,265,259
Net Oil Revenue after Costs, Deductions & Derivation	4,516,230,421,954	498,064,028,173	3,838,895,977,525	7,640,952,250,369	7,460,912,693,824
Net Solid Minerals Revenue after Derivation	6,011,202,666	7,514,013,071	7,514,013,071	9,392,516,339	11,740,645,424
NLNG Dividend		153,732,619,872	153,732,619,872	153,732,619,872	153,732,619,872
Net Corporate Tax Distributable	1,874,850,814,324	1,924,288,830,489	1,924,288,830,489	2,208,520,241,533	2,560,174,201,254
Net Customs Revenue Distributable	1,719,828,043,369	1,957,924,806,341	1,957,924,806,341	2,350,573,846,211	2,500,340,422,331
Net Special Levies Distributable	148,397,663,459	344,718,151,493	344,718,151,493	408,252,362,095	428,207,682,554
NET FEDERATION ACCOUNT (VAT POOL)					
Net Federation Account - VAT Pool (after CoC and Transfers to NEDC and NPTF)	2,262,078,931,572	2,736,375,247,640	2,736,375,247,640	2,948,568,037,340	3,138,214,153,388
FEDERATION ACCOUNT (EMTL)	210,819,469,760	137,032,655,344	137,032,655,344	157,587,553,646	189,105,064,375
Transfer to Police Trust Fund (0.5% of Fed. Acct.) from EMTL	1,054,097,349	685,163,277	685,163,277	787,937,768	945,525,322
Net Electronic Money Transfer Levy after transfer to NPTF	209,765,372,411	136,347,492,067	136,347,492,067	156,799,615,877	188,159,539,053
DISTRIBUTION					
Distribution - Federation Account (Main Pool, VAT Pool and EMTL)	10,946,927,822,166	7,758,965,189,146	11,099,797,138,498	15,876,791,489,637	16,441,481,957,700
Main Pool	8,475,083,518,183	4,886,242,449,438	8,227,074,398,790	12,771,423,836,419	13,115,108,265,259
FGN's Share of Federation Account (52.68%)	4,464,673,997,379	2,574,072,522,364	4,334,022,793,283	6,727,986,077,026	6,909,039,034,138
States' Share of Federation Account (26.72%)	2,264,542,316,059	1,305,603,982,490	2,198,274,279,357	3,412,524,449,091	3,504,356,928,477
Local Govt.'s Share of Federation Account (20.60%)	1,745,867,204,746	1,006,565,944,584	1,694,777,326,151	2,630,913,310,302	2,701,712,302,643
VAT Pool	2,262,078,931,572	2,736,375,247,640	2,736,375,247,640	2,948,568,037,340	3,138,214,153,388
FGN's Share of VAT Pool Account (15%)	339,311,839,736	410,456,287,146	410,456,287,146	442,285,205,601	470,732,123,008
States' Share of VAT Pool Account (50%)	1,131,039,465,786	1,368,187,623,820	1,368,187,623,820	1,474,284,018,670	1,569,107,076,694
Local Govt.'s Share of VAT Pool Account (35%)	791,727,626,050	957,731,336,674	957,731,336,674	1,031,998,813,069	1,098,374,953,686
Electronic Money Transfer Levy (EMTL)	209,765,372,411	136,347,492,067	136,347,492,067	156,799,615,877	188,159,539,053
FGN's Share (15%)	31,464,805,862	20,452,123,810	20,452,123,810	23,519,942,382	28,223,930,858
States' Share (50%)	104,882,686,206	68,173,746,034	68,173,746,034	78,399,807,939	94,079,769,526
Local Govt.'s Share (35%)	73,417,880,344	47,721,622,224	47,721,622,224	54,879,865,557	65,855,838,668

OVERVIEW OF THE 2023-2025 MTRF .../4



FGN Revenues (2023 – 2025)

FISCAL ITEMS		Amended 2022 Framework	2023 Scenario 1 - Business As Usual	2023 Scenario 2 - Subsidy Reform	2024	2025
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)		1.60	1.69	1.69	1.83	1.83
Projected Budget Benchmark Price (US\$ per barrel)		73.00	70.00	70.00	66.00	62.00
Average Exchange Rate (N/US\$)		410.15	435.57	435.57	435.92	437.57
AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs retained revenue)		8,240,777,990,640	5,151,337,895,483	7,271,641,390,919	9,627,909,343,139	9,599,929,817,641
a	Share of Oil Revenue	2,190,371,754,648	241,561,053,664	1,861,864,549,100	3,705,861,841,429	3,618,542,656,505
b	Dividends	195,716,305,950	81,786,706,388	81,786,706,388	80,876,885,588	80,876,885,588
	<i>NLNG</i>	187,397,535,000	74,560,320,638	74,560,320,638	74,560,320,638	74,560,320,638
	<i>Bank of Industry</i>	8,318,770,950	7,226,385,750	7,226,385,750	6,316,564,950	6,316,564,950
c	Share of Minerals & Mining	2,915,433,293	3,644,296,339	3,644,296,339	4,555,370,424	5,694,213,031
d	Share of Non-Oil Taxes	2,132,083,163,179	2,433,154,452,006	2,433,154,452,006	2,821,962,553,400	3,101,380,299,951
	<i>Share of CIT</i>	909,302,644,947	933,280,082,787	933,280,082,787	1,071,132,317,143	1,241,684,487,608
	<i>Share of VAT</i>	316,691,050,420	383,092,534,670	383,092,534,670	412,799,525,228	439,349,981,474
	<i>Share of Customs</i>	834,116,601,034	949,593,531,075	949,593,531,075	1,140,028,315,412	1,212,665,104,830
	<i>Share of Federation Acct. Levies</i>	71,972,866,778	167,188,303,474	167,188,303,474	198,002,395,616	207,680,726,039
e	Share of Electronic Money Transfer Levy (formerly called Stamp Duty)	29,367,152,138	19,088,648,889	19,088,648,889	21,951,946,223	26,342,335,467
f	Share of Oil Price Royalty	96,943,894,289	13,366,750,326	13,366,750,326	17,306,145,651	12,835,076,039
g	Revenue from GOEs	3,806,600,375,927	2,232,114,703,577	2,232,114,703,577	2,341,258,774,100	3,264,219,519,061
h	GOEs Operating Surplus (80% of which is captured in Independent Revenue)	(2,078,211,097,139)	(1,043,319,113,158)	(1,043,319,113,158)	(1,097,442,098,433)	(753,525,758,823)
i	Independent Revenue	2,616,217,091,075	1,682,491,894,006	2,182,491,894,006	2,278,947,315,582	2,057,482,879,416
j	Draw-down from Special Levies Accounts	300,000,000,000	300,000,000,000	300,000,000,000	300,000,000,000	300,000,000,000
k	Signature Bonus / Renewals / Early Renewals	280,855,138,079	57,048,776,004	57,048,776,004	57,048,776,009	-
l	Domestic Recoveries + Assets + Fines	26,933,139,822	27,898,500,000	27,898,500,000	28,946,000,000	8,160,000,000
m	Grants and Donor Funding	63,376,918,168	43,028,488,073	43,028,488,073	26,309,405,392	63,413,689,755
n	Education Tax (TETFUND)	305,998,000,000	248,268,329,787	248,268,329,787	284,143,103,442	325,201,781,889
AMOUNT AVAILABLE FOR FGN BUDGET (including GOEs)		9,969,167,269,428	6,340,133,485,902	8,460,436,981,337	10,871,726,018,806	12,110,623,577,879

Scenario 1

- The 2023 FGN Revenue is projected at N6.34 trillion, out of which only N373.17 billion or 5.9% comes from oil-related sources. The balance of N5.97 trillion is to be earned from non-oil sources.

Scenario 2

- In addition to subsidy reform, this scenario assumes an aggressive implementation of cost-to-income limits of GOEs. With these, the 2023 FGN Revenue is projected at **N8.46 trillion** (15.1% or N1.51 trillion less than the 2022 Budget) but **N2.12 trillion** more than scenario 1.
 - Of this, N1.99 trillion or 23.6%, is projected to come from oil-related sources, while the balance is to be earned from non-oil sources.*

OVERVIEW OF THE 2023-2025 MTRF .../5



FGN Expenditures (2023 – 2025)

FISCAL ITEMS		Amended 2022 Framework	2023 Scenario 1 - Business As Usual	2023 Scenario 2 - Subsidy Reform	2024	2025
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)		1.60	1.69	1.69	1.83	1.83
Projected Budget Benchmark Price (US\$ per barrel)		73.00	70.00	70.00	66.00	62.00
Average Exchange Rate (N/US\$)		410.15	435.57	435.57	435.92	437.57
STATUTORY TRANSFER		817,699,410,208	609,168,849,599	722,109,468,797	882,360,368,413	900,271,626,535
DEBT SERVICE		3,685,375,317,302	6,415,953,044,242	6,309,870,967,327	8,060,429,029,023	10,428,263,580,761
SINKING FUND		292,711,793,135	247,726,644,470	247,726,644,470	232,002,962,545	233,002,962,545
a	Sinking Fund to retire maturing bond to Local Contractors	292,711,793,135	247,726,644,470	247,726,644,470	232,002,962,545	233,002,962,545
Sub-Total		292,711,793,135	247,726,644,470	247,726,644,470	232,002,962,545	233,002,962,545
RECURRENT (NON-DEBT)		7,108,621,131,850	8,522,742,458,276	8,522,742,458,276	8,715,640,423,640	8,403,076,691,292
a	Personnel Costs (MDAs)	3,717,432,596,125	4,547,575,971,000	4,547,575,971,000	4,684,003,250,130	4,684,003,250,130
b	Personnel Costs (GOEs)	617,724,992,745	779,313,511,833	779,313,511,833	833,990,459,384	619,373,793,114
c	Overheads (MDAs)	376,379,579,862	451,655,495,834	451,655,495,834	451,655,495,834	451,655,495,834
d	Overheads (GOEs)	451,001,890,322	451,001,890,322	451,001,890,322	451,001,890,322	451,001,890,322
e	Pensions, Gratuities & Retirees Benefits	577,862,188,757	827,862,188,757	827,862,188,757	827,862,188,757	827,862,188,757
f	Other Service Wide Votes (including GAVI/Immunization)	937,919,984,040	1,037,919,984,040	1,037,919,984,040	1,037,919,984,040	937,919,984,040
g	Presidential Amnesty Programme	65,000,000,000	65,000,000,000	65,000,000,000	65,000,000,000	65,000,000,000
h	TETFUND - Recurrent	15,299,900,000	12,413,416,489	12,413,416,489	14,207,155,172	16,260,089,094
SPECIAL INTERVENTIONS (Recurrent)		350,000,000,000	350,000,000,000	350,000,000,000	350,000,000,000	350,000,000,000
AGGREGATE CAPITAL EXPENDITURE		5,862,274,043,664	1,493,412,051,645	2,598,432,894,624	2,961,521,502,083	3,347,231,814,206
a	Capital Supplementation	437,432,000,000	437,432,000,000	437,432,000,000	437,432,000,000	437,432,000,000
b	Capital Expenditure in Statutory Transfers	446,977,605,142	306,344,435,399	411,365,278,378	560,686,307,900	577,633,648,639
c	Special Intervention Programme (Capital) - Family Home Fund	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
d	Amount Available for MDAs Capital Expenditure	2,716,942,380,838	-	1,000,000,000,000	1,200,000,000,000	1,500,000,000,000
e	GOEs Capital Expenditure	647,079,937,729	450,385,464,550	450,385,464,550	442,851,694,870	439,975,706,979
f	TETFUND Capital Expenditure	290,698,100,000	235,854,913,298	235,854,913,298	269,935,948,270	308,941,692,795
g	Grants and Donor Funded Projects	63,376,918,168	43,028,488,073	43,028,488,073	26,309,405,392	63,413,689,755
h	Multi-lateral / Bi-lateral Project-tied Loans	1,155,823,207,500	-	-	-	-
i	FGN Share of Oil Price Royalty Transferred to NSIA	96,943,894,289	13,366,750,326	13,366,750,326	17,306,145,651	12,835,076,039
Capital Expenditure (Exclusive of Transfers)		5,415,296,438,523	1,187,067,616,247	2,187,067,616,247	2,400,835,194,183	2,769,598,165,567
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)		14,448,074,062,723	15,301,957,746,128	16,308,816,288,411	18,563,423,933,227	21,223,861,636,284
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)		17,319,704,091,019	16,982,658,612,833	17,989,517,155,116	20,291,267,977,803	22,734,213,026,699

Scenario 1

- In this scenario, given the severely constrained fiscal space, it is not feasible to make any provision for MDAs' capital expenditure in 2023 beyond multilateral/bilateral loan-funded and donor-funded projects. The FGN's 2023 aggregate expenditure is estimated at **N16.98 trillion**, which is N337.05 billion (1.9%) lower than the 2022 budget. The sums of **N20.29 trillion** and **N22.73 trillion** are projected to be spent by the FGN in 2024 and 2025, respectively.

Scenario 2

- The FGN's 2023 aggregate expenditure is estimated at **N17.99 trillion**, **N669.82 billion (3.9%) higher than 2022**. (Inclusive of GOEs). The sums of N20.29 trillion and N22.73 trillion are projected to be spent by the FGN in 2024 and 2025, respectively.

CONCLUSION

CONCLUSION



- The draft 2023-2025 MTEF/FSP 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.
- 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.

CONCLUSION



- 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 April.
- Bold, decisive and urgent action is urgently required to address revenue underperformance and expenditure efficiency at national & sub-national levels.

THANK YOU!