



PUBLIC PRESENTATION OF APPROVED 2023 FGN BUDGET – BREAKDOWN & HIGHLIGHTS

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Outline



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INTRODUCTION & BACKGROUND

INTRODUCTION & BACKGROUND



- On January 3rd, 2023 (1st work day of the year) Mr. President signed the 2023 Appropriation Act, thereby sustaining the restoration of a predictable January to December budget cycle.
- The National Assembly (NASS) had passed the FGN 2023 Budget into law on Wednesday, 28th December, 2022, just under 3 months after it was laid before a joint session of the NASS on October 7, 2022.
- The Finance Bill 2022, making key reforms to tax laws and other relevant laws, was also passed to reinforce the Administration's public financial management reforms.
- 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.



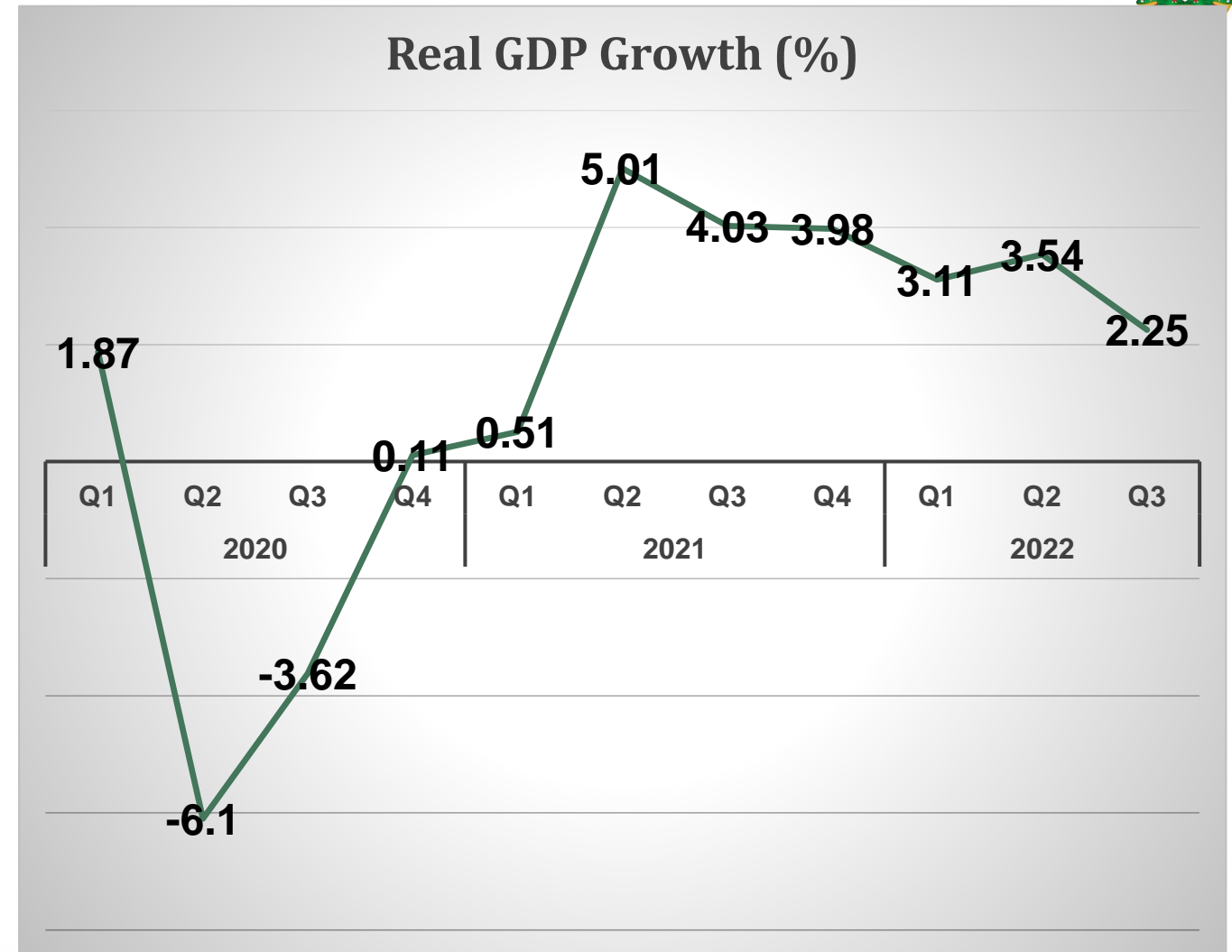
- This budget was prepared against the backdrop of continuing global and domestic challenges sparked by a multiplicity of crises. Many economies are currently contending with fiscal instability, slow growth, food crisis, and high interest rates. Like many other countries, our economy faces headwinds from low revenues, high inflation, exchange rate depreciation and insecurity.
- Factors impacting the medium-term fiscal outlook, domestically and internationally, include:
 - The Russia-Ukraine war, with severe implications on food and energy prices, which have heightened the cost of Petrol Subsidy in Nigeria;
 - The resurgence of COVID-19 in some major economies, notably China, has led to slowdown in economic activities in those countries and beyond;
 - Elevated inflation in most economies, prompting monetary tightening by Central banks with the inherent negative impact on capital flows to emerging markets and developing economies; and
 - Negative impact of insecurity on the domestic economy.

INTRODUCTION & BACKGROUND

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- The economy sustained its recovery from recession for the eighth consecutive quarter.
- Gross Domestic Product (GDP) grew by 2.25% (year-on-year) in real terms in the third quarter of 2022, a decline from 4.03% in the third quarter of 2021.
- The decline is attributable to the challenging economic conditions that have impeded productive activities.

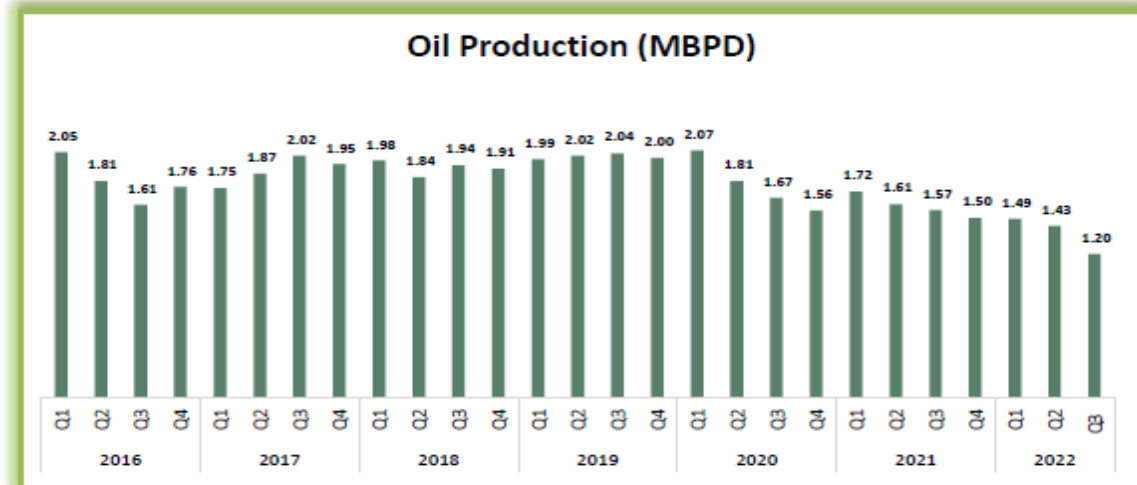
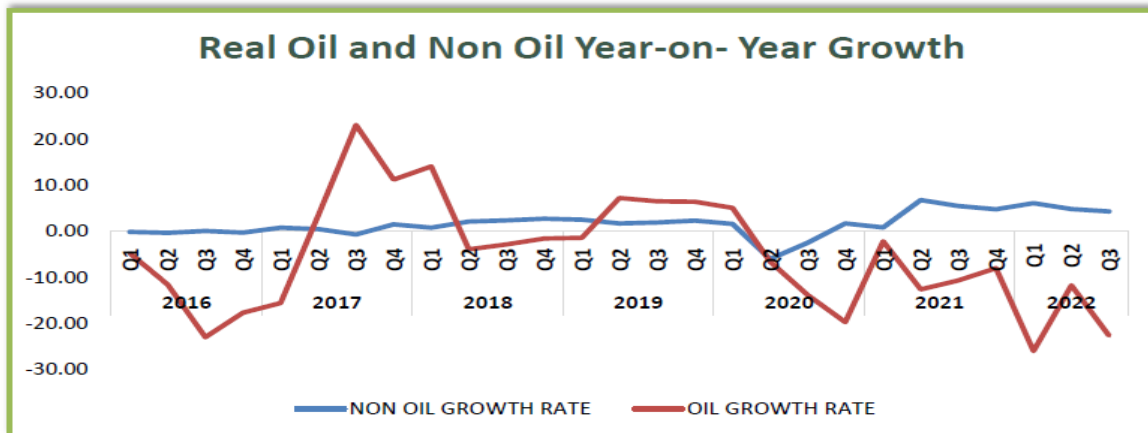


INTRODUCTION & BACKGROUND .../4

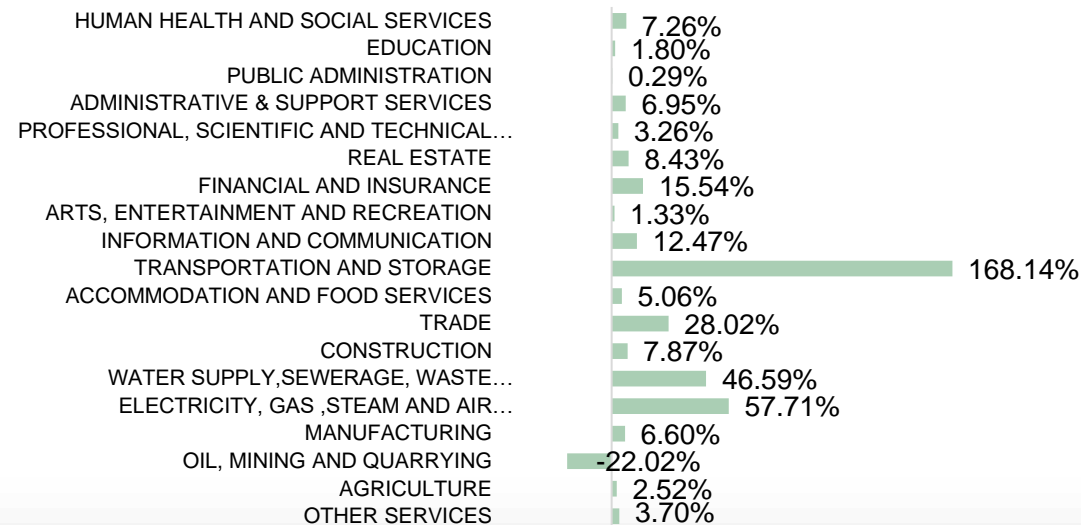
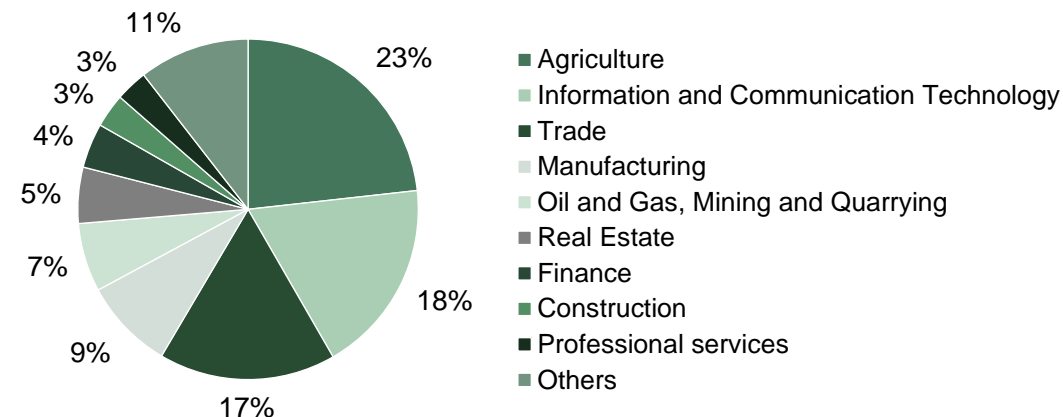


Broad and diversified economy across sectors contributes to macroeconomic resiliency, with the oil sector contributing only 5.66% to real GDP in Q3 2023

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



GDP Composition (share by sector, 2010 prices)



Source: National Bureau of Statistics, Central Bank of Nigeria

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+	1.21+
Oil Price (US\$ per barrel)	71.28	73.00	73.00	106.76*
Exchange Rate (N per US\$)	383.00	410.15	410.15	444.08^
Inflation	16.98	13.00	16.11	21.47++
GDP Growth (%)	3.40	4.20	3.55	2.25**

Source: NNPC, OPEC, CBN, NBS

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

* Average price of Bonny Light crude as at November 2022; ^ CBN exchange rate as of November 30, 2022.

++ NBS Inflation rate as at November 2022;

** NBS Q3 2022 real GDP growth.

UPDATE ON 2022 FGN BUDGET PERFORMANCE

OVERVIEW OF 2022 FGN FISCAL OUTCOMES (JAN – NOV)



Revenue Performance



		2022 Amended Budget	Pro Rata (Jan-Nov)	Actual (Jan-Nov)	Variance	
		Billions of Naira			Billions of Naira	%
S/N	AGGREGATE FEDERAL GOVERNMENT REVENUE	9,969.17	7,476.88	6,497.98	(978.90)	-13.1%
	FEDERAL RETAINED REVENUES (excl. GOEs)	8,240.78	6,180.58	5,858.71	(321.88)	-5.2%
A						
1	Oil Revenue	2,190.37	1,642.78	586.71	(1,056.07)	-64.3%
2	Share of Dividend (NLNG & BOI)	195.72	146.79	101.70	(45.09)	-30.7%
3	Minerals & Mining Revenue	2.92	2.19	3.99	1.81	82.7%
4	Non-Oil Revenue:	2,258.39	1,693.80	2,088.24	394.44	23.3%
i	CIT	909.30	681.98	1,081.76	399.78	58.6%
ii	VAT	316.69	237.52	295.21	57.69	24.3%
iii	Customs Revenues	834.12	625.59	639.65	14.06	2.2%
iv	Federation Account Levies	71.97	53.98	55.34	1.36	2.5%
v	Share of Electronic Money Transfer Levy	29.37	22.03	16.28		
vi	Share of Oil Price Royalty	96.94	72.71			
B		5,321.77	3,991.33	3,717.34	(273.99)	-6.9%
1	FGN Independent Revenue	2,616.22	1,962.16	1,318.37	(643.80)	-32.8%
2	FGN Drawdowns from Special Accounts/Levies	300.00	225.00	175.79	(49.21)	-21.9%
3	Signature Bonus / Renewals / Early Renewals	280.86	210.64	280.86	70.21	33.3%
4	Domestic Recoveries + Assets + Fines*	26.93	20.20	7.15	(13.05)	-64.6%
5	Grants and Donor Funding	63.38	47.53	974.49	926.96	1950.1%
6	Education Tax (TETFUND)	306.00	229.50	321.42	91.92	40.1%
7	GOEs Retained Revenue	1,728.39	1,296.29	639.27	(657.02)	-50.7%

- As of November 2022, FGN's retained revenue was **N6.50 trillion**, 87% of the prorata target of N7.48 trillion.
- The FGN share of oil revenues was **N586.71 billion** (representing **35.7%** performance), while **non-oil tax revenues** totalled **N2.09 trillion** - a performance of **123.3%**. CIT and VAT collections were **N1.08 trillion** and **N295.2 billion**, representing **158.6%** and **124.3%** of their respective targets.
- Customs collections** (comprising import duties, excise, fees, and special levies) exceeded the target by **N15.42 billion** (ie, **102%** performance).
- Other revenues** amounted to **N3.72 trillion**, of which **Independent revenue** was **N1.32 trillion**.

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



Expenditure Performance



S/N	Fiscal Items	2022 Amended Budget + Supplementary Budget	Pro Rata (Jan-Nov)	Actual (Jan-Nov)	Variance	
		Billions of Naira			Billions of Naira	%
	AGGREGATE FGN EXPENDITURE	18,139.24	13,604.43	12,871.68	732.75	-5.4%
	FGN EXPENDITURE (excl. GOEs and Project-tied Loans)	15,267.61	11,450.71	12,277.07	(826.36)	7.2%
A	Statutory Transfers	817.70	613.27	745.22	(131.95)	21.5%
B	Recurrent Expenditure	11,086.71	8,315.03	10,248.75	(1,933.72)	23.3%
1	Non-Debt Recurrent Expenditure	7,108.62	5,331.47	5,007.25	324.22	-6.1%
	Non-Debt Recurrent Expenditure (excl. GOEs)	6,039.89	4,529.92	4,542.67	(12.75)	0.3%
i	Personnel Costs (MDAs)	3,717.43	2,788.07	3,274.25	(486.17)	17.4%
ii	Personnel Costs (GOEs)	617.72	463.29	309.33	153.96	-33.2%
iii	Pensions & Gratuities including Service wide pension	577.86	433.40	356.33	77.06	-17.8%
iv	Overheads (MDAs)	376.38	282.28	396.16	(113.87)	40.3%
v	Overheads (GOEs)	451.00	338.25	155.25	183.01	-54.1%
vi	Other Service Wide Votes	937.92	703.44	440.28	263.16	-37.4%
vii	Presidential Amnesty	65.00	48.75	59.59	(10.84)	22.2%
iv	TETFUND - Recurrent	15.30	11.47	16.07	(4.60)	
v	Special Intervention Programme	350.00	262.50		262.50	-100.0%
2	Debt Service	3,978.09	2,983.57	5,241.51	(2,257.94)	75.7%
i	Domestic Debt	2,562.15	1,921.61	2,513.67	(592.06)	30.8%
ii	Foreign Debt	1,123.23	842.42	1,084.45	(242.03)	28.7%
iii	Sinking Fund	292.71	219.53		219.53	-100.0%
iv	Interest on Ways & Means		-	1,643.40	(1,643.40)	
C	Aggregate Capital Expenditure	6,234.83	4,676.13	1,877.70	2,798.42	-59.8%
	Capital Expenditure (MDAs + Others)	4,431.93	3,323.95	1,747.67	1,576.28	-47.4%
	GOEs Capital Expenditure	647.08	485.31	130.03	355.28	-73.2%
	Multi-lateral/Bilateral Project-tied loans	1,155.82	866.87		866.87	-100.0%

- The aggregate budgeted expenditure for 2022 (inclusive of the supplementary budget of N819.5 trn) was N18.14 trillion, with a prorata spending target of N16.63 trillion at the end of November.
- The actual spending as of November 30 was **N12.87 trillion**. Of this amount,
 - **N5.24 trillion** was for debt service;
 - **N3.94 trillion** for Personnel costs, including Pensions;
 - **Statutory Transfers, Overhead and Service Wide Votes expenditures totalled N1.81 trillion; and**
 - **N1.88 billion** was released for capital expenditure.

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



Deficit Performance

Fiscal Items	2022 Amended Budget + Supplementary Budget	Pro Rata (Jan-Nov)	Actual (Jan-Nov)	Variance
	Billions of Naira			Billions of Naira
FISCAL BALANCE	(8,170.07)	(6,127.56)	(6,373.70)	246.15
FINANCING ITEMS	8,170.07	6,127.56	6,373.70	(246.15)
Sales of Government Property		-		-
Privatisation Proceeds	90.73	68.05		68.05
Multi-lateral / Bilateral Project-tied Loans	1,155.82	866.87		866.87
New Borrowings	6,923.52	5,192.64	6,373.70	(1,181.06)
Domestic Borrowing (including CBN)	4,353.59	3,265.19	5,863.49	(2,598.30)
Foreign Borrowing	2,569.93	1,927.45	510.21	1,417.24

- The fiscal deficit for 2022 was estimated at **N8.17 trillion**, inclusive of the Supplementary budget. As at November 30, 2022, the deficit was **N6.37 trillion**;
- The deficit was totally financed by borrowings, mostly from domestic sources.

KEY ASSUMPTIONS AND MACROECONOMIC FRAMEWORK UNDERLYING THE 2023 BUDGET



KEY ASSUMPTIONS & MACRO-FRAMEWORK

2023 Fiscal Framework 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 Actual	2022 Revised Forecast (as at July 2022)	2023 Executive Proposal	2023 NASS Approval
Oil Price Benchmark (US\$/b)	71.3	73.0	70.0	75.0
Oil Production (mbpd)	1.48	1.60	1.69	1.69
Exchange Rate (N/\$)	383.0	410.15	435.57	435.57
Inflation (%)	16.98	16.11	** 17.16	** 17.16
Non-Oil GDP (N'bn)	166,439.5	188,278.1	214,049.5	214,049.5
Oil GDP (N'bn)	9,636.0	10,652.0	11,457.8	11,457.8
Nominal GDP (N'bn)	176,075.5	198,930.0	225,507	225,507
GDP Growth Rate (%)	3.40	3.55	***3.75	***3.75
Imports	20,844.0	23,145.3	24,385.6	24,385.6
Nominal Consumption (N'bn)	118,437.1	120,172.6	121,933.1	121,933.1

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



KEY ASSUMPTIONS & MACRO-FRAMEWORK .../2

2023 Budget Assumptions

- The oil price benchmark is set at US\$75 per barrel
- 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.

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

- Total revenue available to fund the 2023 FGN Budget is estimated at **N10.49 trillion**.
 - *This includes the gross revenues of 63 Government-Owned Enterprises totalling **N3.87 trillion**.*
 - *Of this, FGN Oil revenue share is projected at **N2.29 trillion**, Non-oil taxes are estimated at **N2.43 trillion**, and FGN Independent revenues are projected to be **N2.62 trillion**.*
 - *Other revenues total **N762 billion**.*
- In aggregate, **22%** of projected revenues is expected from **oil-related** sources, while **78%** is to be earned from **non-oil sources**.

OVERVIEW OF THE 2023 BUDGET.../3



FGN Revenues

FISCAL ITEMS		Amended 2022 Framework + Supplementary Budget	2023 Budget Approved by NASS
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	75.00
Average Exchange Rate (N/US\$)		410.15	435.57
AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs retained revenue)		8,240,777,990,640	8,072,537,971,661
a	Share of Oil Revenue	2,190,371,754,648	2,229,640,697,742
b	Dividends	195,716,305,950	81,786,706,388
	<i>NLNG</i>	<i>187,397,535,000</i>	<i>74,560,320,638</i>
	<i>Bank of Industry</i>	<i>8,318,770,950</i>	<i>7,226,385,750</i>
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>	<i>909,302,644,947</i>	<i>933,280,082,787</i>
	<i>Share of VAT</i>	<i>316,691,050,420</i>	<i>383,092,534,670</i>
	<i>Share of Customs</i>	<i>834,116,601,034</i>	<i>949,593,531,075</i>
	<i>Share of Federation Acct. Levies</i>	<i>71,972,866,778</i>	<i>167,188,303,474</i>
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	3,873,416,174,946
h	GOEs Operating Surplus (80% of which is captured in Independent Revenue)	(2,078,211,097,139)	(1,454,304,201,187)
i	Independent Revenue	2,616,217,091,075	2,615,612,326,104
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	10,491,649,945,420

OVERVIEW OF THE 2023 BUDGET.../4



FGN Expenditures

- The 2023 Aggregate FGN expenditure (inclusive of GOEs and project-tied Loans) is projected to be N21.83tn, which is 20% higher than the amended 2022 Budget.
- Recurrent (non-debt) spending, estimated to amount to N8.33tn, inclusive of N200 billion social investment programme.
- Aggregate Capital Expenditure of N6.46tn is 30% of total expenditure; and 3.5% lower than the 2022 Budget (inclusive of Capital component of Statutory Transfers, GOEs Capital & Project-tied loans expenditures).
- At N6.31tn, debt service is 29% of total expenditure. This is 71% higher than 2022 estimate as it includes interest payment of N1.2 trillion for Ways & Means.

OVERVIEW OF THE 2023 BUDGET.../5



FGN Expenditures

FISCAL ITEMS		Amended 2022 Framework + Supplementary Budget	2023 Budget Approved by NASS
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	75.00
Average Exchange Rate (N/US\$)		410.15	435.57
STATUTORY TRANSFER		817,699,410,208	967,486,010,536
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	8,329,370,195,637
a	Personnel Costs (MDAs)	3,717,432,596,125	4,103,593,137,536
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	1,066,550,461,658
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		6,681,810,981,477	6,445,851,373,384
a	Capital Supplementation	437,432,000,000	779,105,508,000
b	Capital Expenditure in Statutory Transfers	446,977,605,142	473,116,443,962
c	Special Intervention Programme (Capital) - Family Home Fund	7,000,000,000	7,000,000,000
d	Amount Available for MDAs Capital Expenditure	3,536,479,318,651	2,287,587,739,304
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)		6,234,833,376,336	5,972,734,929,422
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)		15,267,611,000,536	17,636,672,591,311
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)		18,139,241,028,832	21,827,188,747,392



OVERVIEW OF THE 2023 BUDGET.../6

Fiscal Deficit & Deficit Financing

- The overall budget deficit is **N11.34tn for 2023**. This represents 5.03% of GDP.
- The budget deficit is to be financed mainly by borrowings:
 - *Domestic sources: **N7.04tn***
 - *Foreign sources: **N1.76tn***
 - *Multi-lateral/bi-lateral loan drawdowns: **N1.77bn**, and*
 - *Privatisation Proceeds: **N206.18 bn***
- The gap between the revenue + additional financing and total expenditure, amounting to N553.46 billion is expected to be financed by additional revenue from Spectrum fees and tax on the Maritime sector.

OVERVIEW OF THE 2023 BUDGET.../7



Fiscal Deficit & Deficit Financing

FISCAL ITEMS		Amended 2022 Framework + Supplementary Budget	2023 Budget Approved by NASS
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	75.00
Average Exchange Rate (N/US\$)		410.15	435.57
Fiscal Deficit (excluding GOEs and Project-tied Loans)		(7,026,833,009,896)	(9,564,134,619,650)
Total Fiscal Deficit (including Project-tied Loans)		(8,170,073,759,404)	(11,335,538,801,972)
GDP		184,381,975,950,038	225,507,296,343,920
DEFICIT/GDP (excluding GOEs and Project-tied Loans)		(3.81%)	(4.24%)
DEFICIT/GDP (including Project-tied Loans)		(4.43%)	(5.03%)
TOTAL FGN EXPENDITURE		18,139,241,028,832	21,827,188,747,392
Total Non-Debt Expenditure		14,161,153,918,394	15,269,591,135,595
Capital Expenditure as % of Non-Debt Expenditure		47%	42%
Capital Expenditure as % of total FGN Expenditure		37%	30%
Capital Expenditure (Inclusive of Transfers, but exclusive of GOEs Capital & Project-tied loans) as % of FGN Expenditure		32%	18%
Recurrent Expenditure as % of total FGN Exp (incl. GOEs + Project-tied Loans)		63%	70%
Debt Service to Revenue Ratio (incl. GOEs + Project-tied Loans)		37%	60%
Deficit as % of FGN Revenue (incl. GOEs + Project-tied Loans)		82%	108%
ADDITIONAL FINANCING			
b	Privatization Proceeds	90,731,800,000	206,182,616,701
d	Multi-lateral / Bi-lateral Project-tied Loans	1,155,823,207,500	1,771,404,182,322
f	New Borrowings	6,923,518,751,904	8,804,491,636,509
	<i>Domestic Borrowing</i>	4,353,587,857,638	7,043,593,309,207
	<i>Foreign Borrowing</i>	2,569,930,894,266	1,760,898,327,302

DEBT MANAGEMENT

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 22.97% as at September 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, expected to increase to 35.33% after including the outstanding balance on CBN Ways & Means.
- 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 61.08%. 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



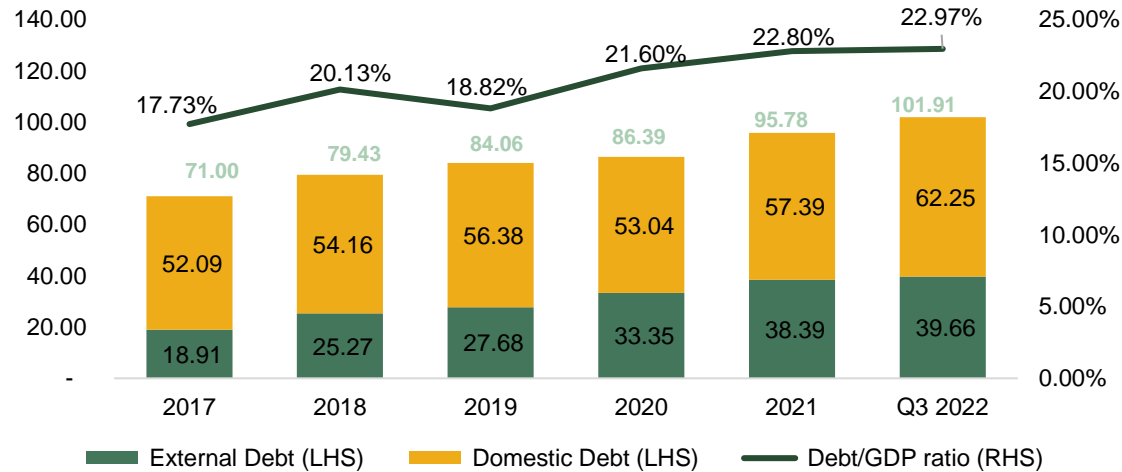
- The FGN's Contingent Liabilities as a percentage of GDP was 2.64% in 2021 compared to 2.75% in 2020. It is projected to remain at around 2.64% by the end of 2022.
- Nigeria is not planning on restructuring its debt as it remains committed to meeting its domestic and external debt obligations.
- The FGN will however 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.

Public Debt Maturity Profile



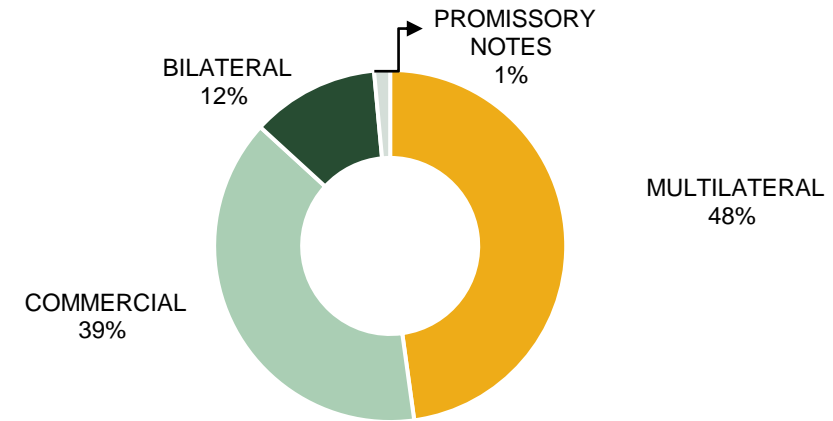
General Government Debt

Federal Government Debt (USD million) Debt/GDP ratio



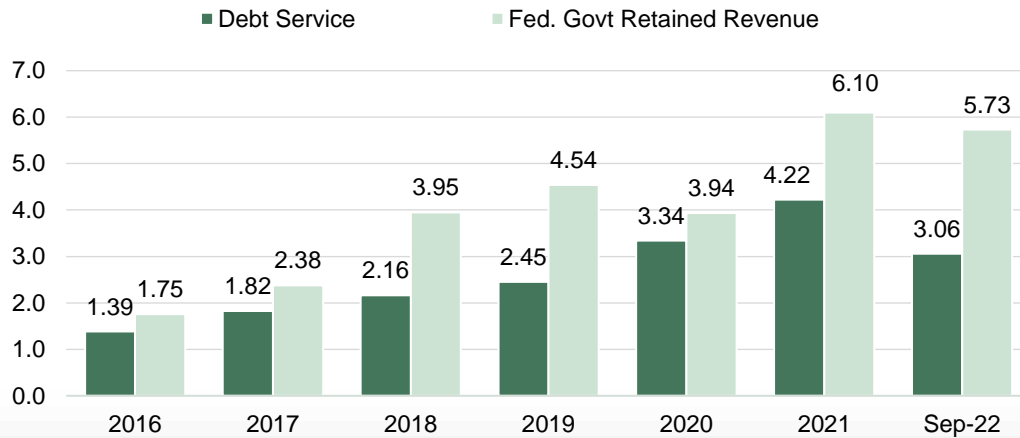
External Government Debt Composition By Creditor

External Government Debt (%)



Government Debt Service

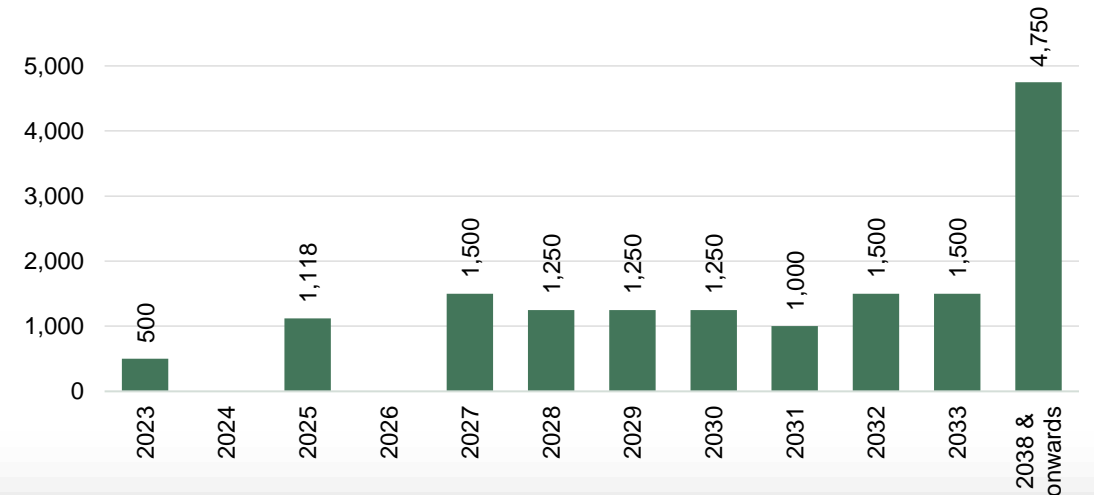
Debt Service and Revenue (₦ trillion)



Sources: Budget Office of the Federation, Debt Management Office

External Debt Maturity Profile

FGN Eurobond Maturity (USD million)



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



Finance Bill, 2022: Key Policy Focus Areas






1. TAX EQUITY REFORMS

-  Bringing Capital Gains from acquiring & disposing of interests in Cryptocurrencies, Digital Art & other Digital Assets into the Tax Net;
-  Ensuring under-taxed / not-taxed sectors, taxpayers, etc. are brought into the tax net in line with extant laws & regulations; &
-  Clarify that 35% of Electronic Money Transfer Levy receipts should be paid to Local Govts.



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. JOB CREATION | ECONOMIC GROWTH

-  Implementing important public procurement reforms & enhance Govt. priority expenditure;
-  Funding sustainably multilateral institutions that Nigeria belongs to in order to qualify for increased funding & other reforms from these agencies; &
-  Complement Ease of Doing Biz. & other Reforms to support Capital Formation by the Private Sector.

4. REFORMING TAX INCENTIVES

-  Phase out antiquated Corporate Income Tax Incentives for Mature Industries; &
-  Through Economic Governance Reforms, reduce Tax Expenditures & Revenues Foregone to support the fiscus & gradually transition away from expensive as well as redundant Tax Incentives

5. REVENUE GENERATION | TAX ADMIN.

-  Combatting tax evasion & aggressive tax planning practices vis-à-vis VAT reforms;
-  Aligning petroleum taxation with the Petroleum Industry Act, 2021; &
-  Complement Ease of Doing Biz. & other Reforms by enhancing Tax Administration



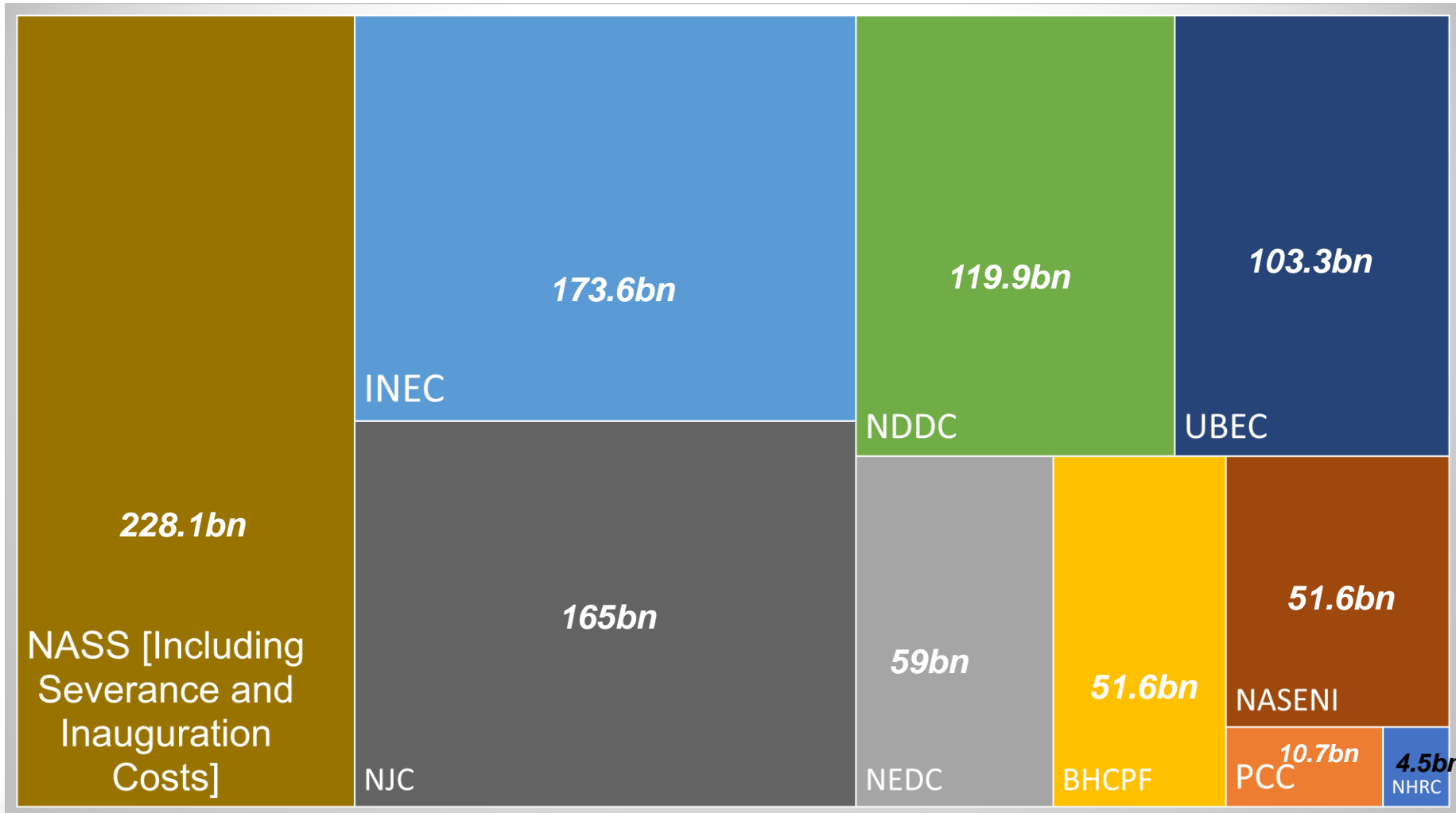
S/N	LAWS & STATUTES AMENDED
1.	Capital Gains Tax Act ('CGTA');
2.	Companies Income Tax Act ('CITA');
3.	Customs, Excise Tariffs Etc. (Consolidation) Act ('CETECA');
4.	Federal Inland Revenue Service (Establishment) Act ('FIRSEA');
5.	Personal Income Tax Act ('PITA');
6.	Petroleum Profits Tax Act ('PPTA')
7.	Stamp Duties Act ('SDA');
8.	Value Added Tax Act ('VATA');
9.	Tertiary Education Trust Fund (Establishment) Act ('TETFEA');
10.	Corrupt Practices & Other Related Offences Act ('CPOROA')
11.	Public Procurement Act ('PPA')

- ✓ Finance Bill, 2022 is undergoing review to finetune certain areas ahead of reverting on the enactment of this Statute into law

CRITICAL SECTORAL ALLOCATIONS IN THE 2023 BUDGET

Critical Allocations in 2023 Budget

Statutory Transfers (N'bn)



Statutory Transfers

- An aggregate sum of **N967.5bn** is provided for Statutory transfers in the 2023 FGN Budget.
- This represents an increase of **N223.38bn** over the Executive Budget Proposal.

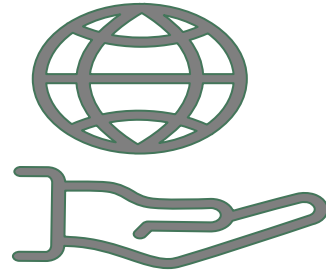
Critical Allocations in 2023 Budget .../2

Education Sector N1.79 Trillion i.e. 8.2% of FGN Budget



N972.93 billion

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



N103.29 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**

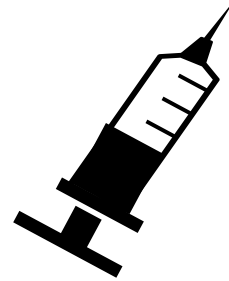
Critical Allocations in 2023 Budget .../3

Health Sector N1.15 Trillion i.e. 5.3% of FGN Budget



N1.02 trillion

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



N76.99 billion

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



N51.64 billion

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

Critical Allocations in 2023 Budget .../4



Defence & Security Sector (N2.98 trillion)

— (13.4% of Budget)

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



Infrastructure (N1.24 trillion) 5.7% of Budget

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



Social Development & Poverty Reduction Programmes (N809.32 billion) - (3.7% of Budget)

Amount provisioned for Social Investments / Poverty Reduction Programmes

CONCLUSION

Conclusion



- ❑ The 2023 Budget was prepared amidst a very challenging world economy that is weakened by lingering Covid-19 pandemic effects, high food and fuel prices and negative spill over effects of the Russia-Ukraine war.
- ❑ Like many other countries, our economy faces headwinds from these factors, compounded by domestic security challenges.
- ❑ Fiscal risks are somewhat elevated, following weaker-than-expected domestic economic performance and structural issues adversely impacting the domestic economy.
- ❑ However, our interventionist and reflationary measures have significantly moderated the impact of current challenges.

Conclusion



- ❑ Early passage of the 2023 budget is critical to effective delivery of government's legacy projects, achievement of macro-fiscal and sectoral objectives, smooth transition programme and effective take-off of the incoming Administration.
- ❑ To achieve the objectives of the Budget, we will intensify our revenue mobilization efforts and intensify current efforts towards the realization of our crude oil production and export targets.
- ❑ We will augment available resources by accelerating the implementation of Public Private Partnership initiatives, especially those designed to fast-track the pace of our infrastructural development.
- ❑ However, Government remains mindful of, and committed to, the need to provide safety nets to cushion the impact of reform measures on the vulnerable segments of the population.

Conclusion .../3



- ❑ The implementation of critical measures aimed at further improving the Nigerian business environment, enhancing the welfare of our people and ensuring sustainable medium- to long-term growth will be accelerated.
- ❑ We welcome citizens' participation in enhancing budget implementation monitoring via the following platforms:
 - i-monitor [<https://budgetoffice.gov.ng/nbi/>]
 - Citizen's Budget Monitoring app (*available on the google play store*)
 - Eyemark [<https://eyemark.ng/>]
- ❑ Details of the approved 2023 Budget are available on the website of the Budget Office of the Federation and the Federal Ministry of Finance Budget & National Planning – www.budgetoffice.gov.ng and www.finance.gov.ng/

THANK YOU!