

# Analysis of 2025 – 2027 MTEF

Prepared By

**ADSR Research Team**



# Content

- **Introduction**
- **Key Assumptions**
  - Oil production
  - Oil price
  - GDP Growth
  - Exchange Rate
  - Inflation
- **Macro-economic Projections**
  - Total Expenditure
  - Capital Expenditure
  - Debt Service
  - Total Revenue
  - Deficit to GDP Ratio
- **Conclusion**



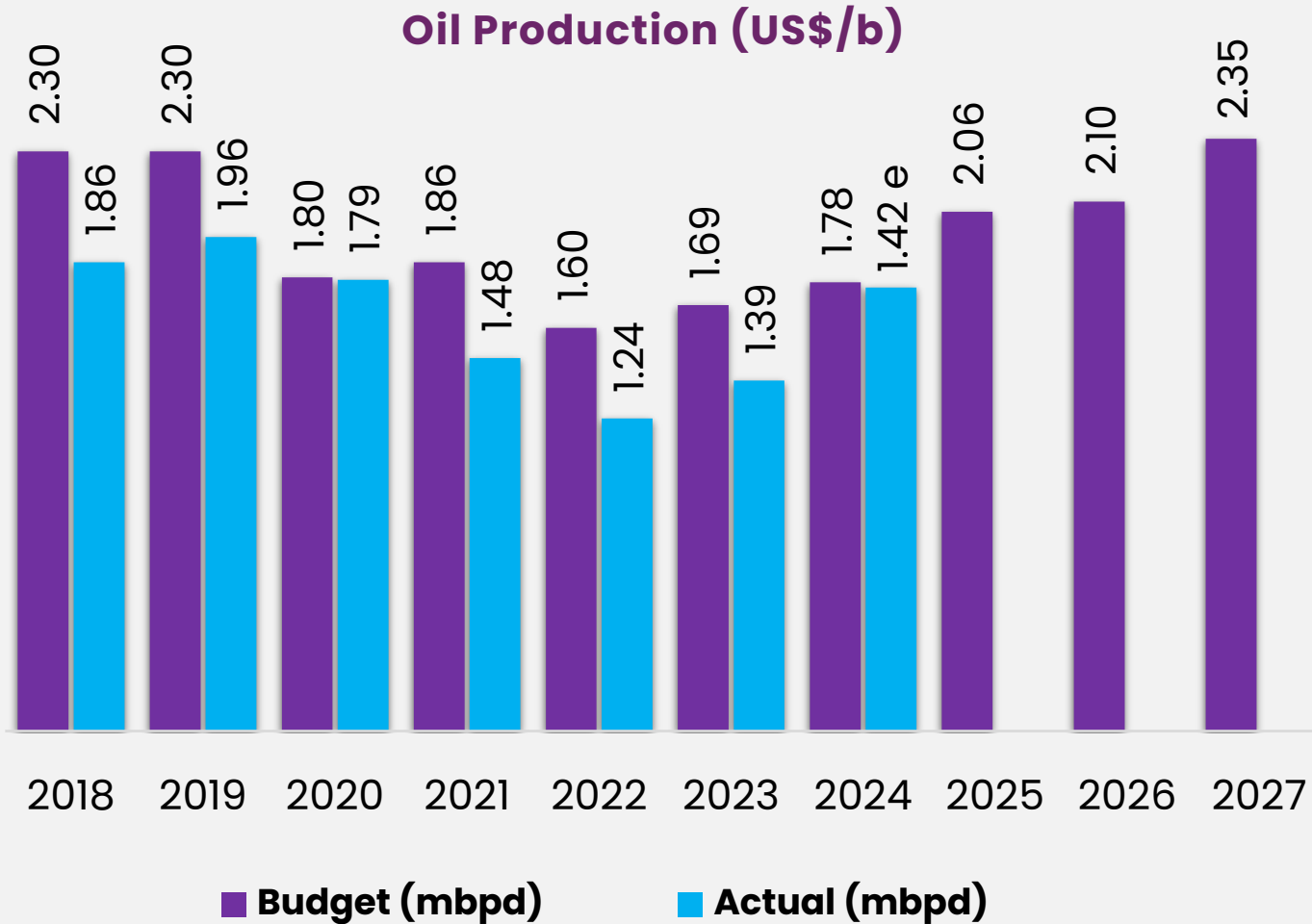
# Introduction



- **The Medium-Term Expenditure Framework (MTEF) for 2025–2027 was recently released.**
  - *It outlines the government's strategic priorities and expenditure allocations aimed at fostering economic growth, enhancing public service delivery, and addressing socio-economic challenges.*
- This report provides an analysis of the MTEF, examining its key assumptions and budget projections. It also reviewed past budgets and their actual performance.

# | Assumptions |





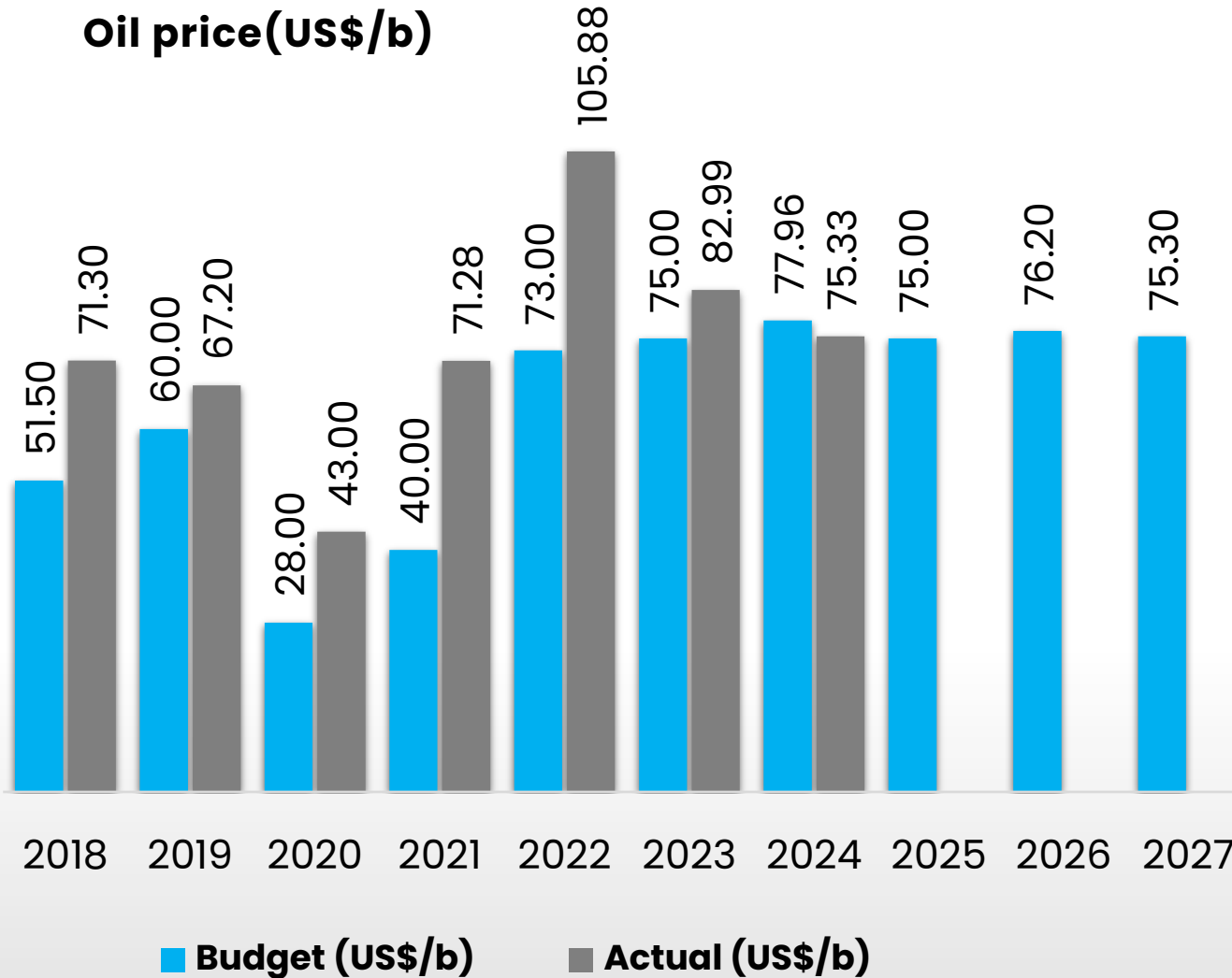
**Source: BOF, ADSR Research**

- From 2018 to 2022, oil production consistently fell short of budgeted targets, indicating operational or market challenges.
- Actual oil production fell to its lowest at 1.24mbpd in 2022
- In 2024, actual oil production is estimated as 1.42mbpd. Therefore, on the average, actual oil production reached 84% of the budgeted target.
- Looking ahead, budget projection moved from 2.06mbpd in 2025 to] 2.35mbpd by 2027.
- If history repeats itself actual oil production may not meet its budgeted target.



# OIL PRICE

Oil price(US\$/b)

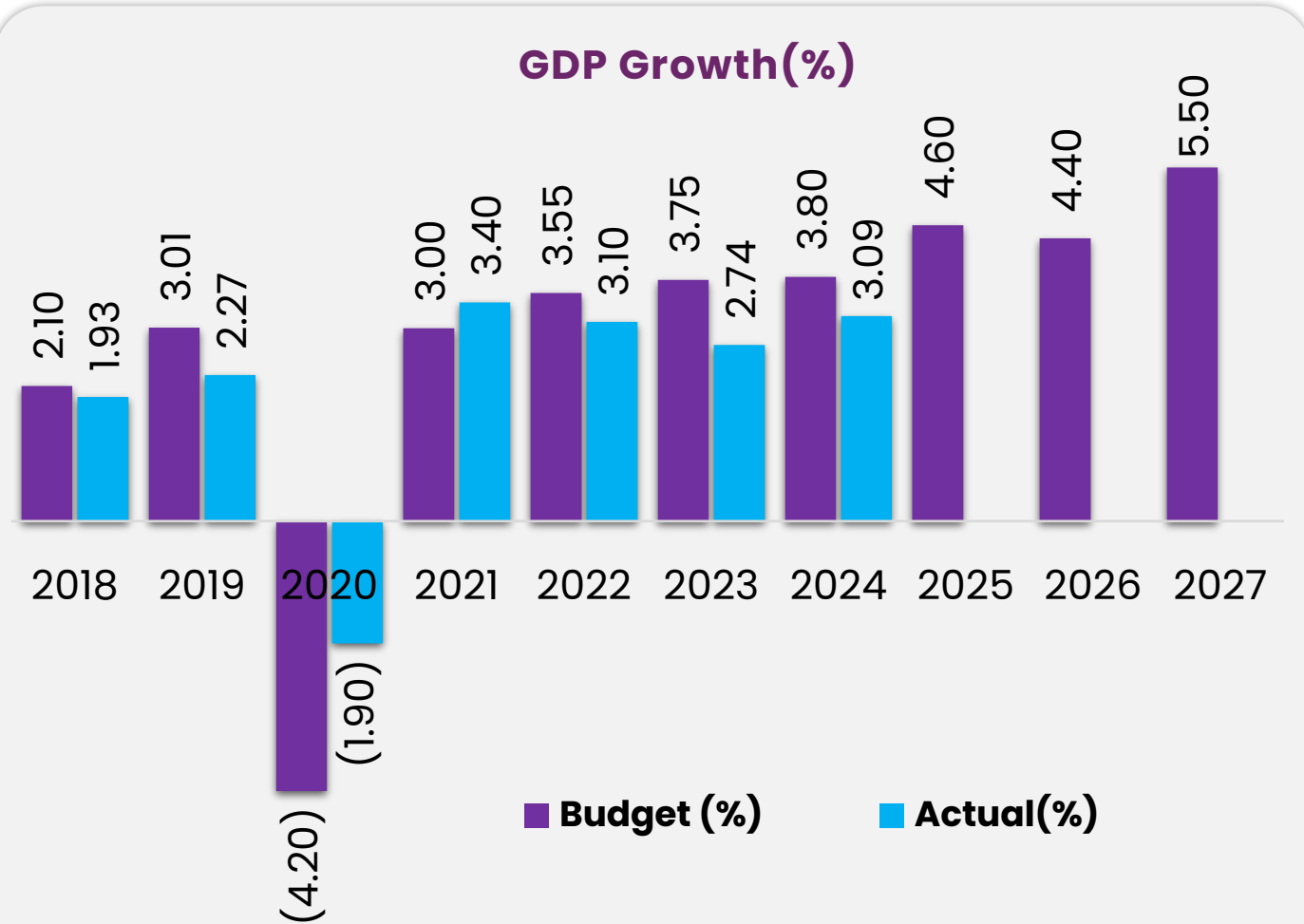


Source: BOF, ADSR Research

- From 2018 to 2023, actual crude oil prices consistently surpassed the budgeted targets.
- Budgeted crude oil prices fell by 46.67% in 2020 to 28US\$/b, this is primarily driven by the impact of the COVID-19 pandemic.
- While in 2022 the actual oil price exceeded the budget by 31%, reflecting a strong recovery in demand and supply constraints
- In 2024, actual oil price is estimated as 75.33US\$/b. Hence, on the average, actual oil price exceeded the budgeted value.
- The oil price is projected to stabilize in the budget projections from 2025 to 2027, moving from 75.0US\$/b to 75.3US\$/b.
- The deviations between budgeted and actual oil prices over the years reflect the complexities and volatility of the oil market.
- Actual oil price may exceed it projections as seen in times past or as determined by the market.



# GDP GROWTH



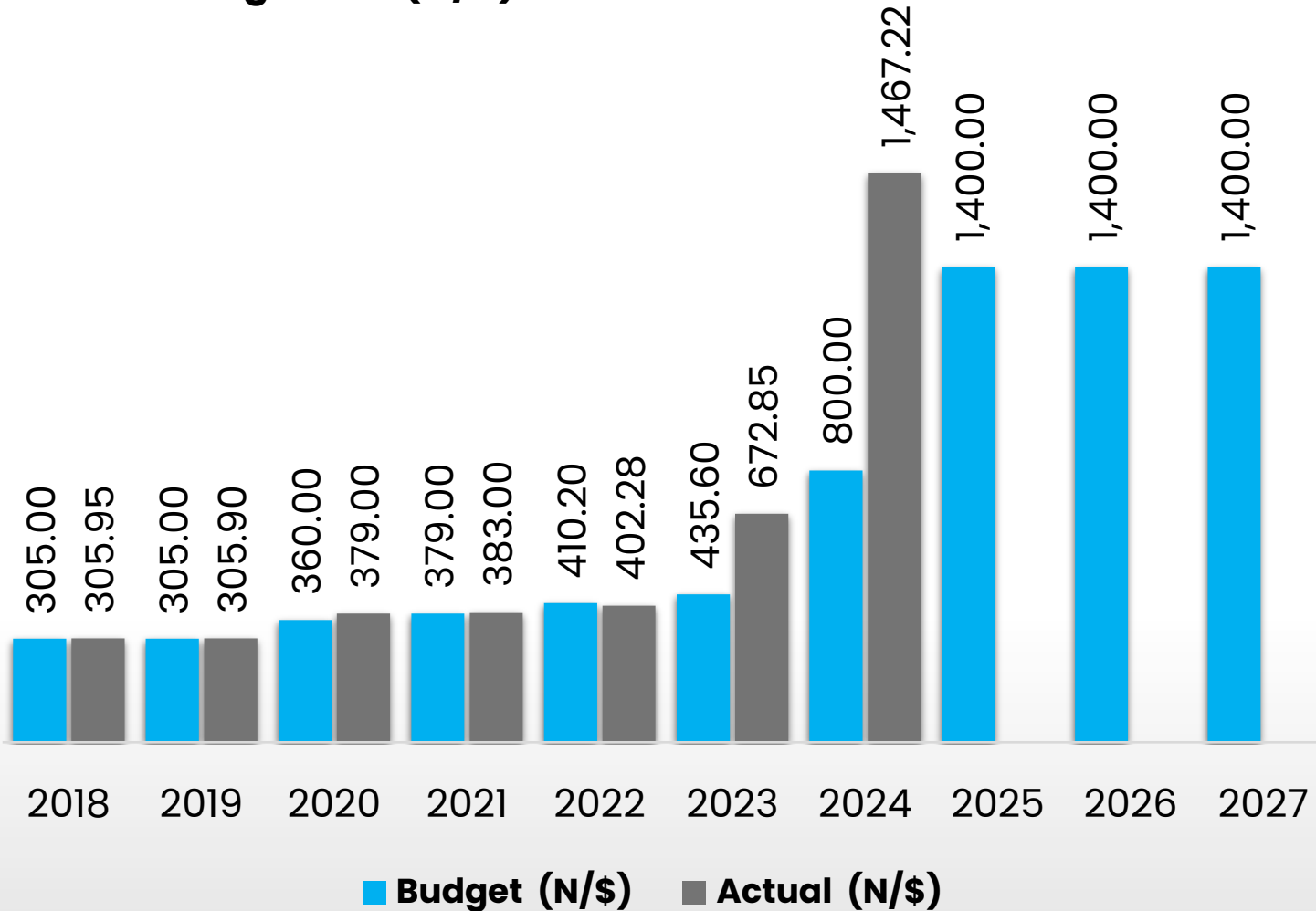
**Source: BOF, ADSR Research**

- Actual GDP growth underperformed relative to the budgeted targets during the 2018–2019 period.
- The COVID-19 pandemic had significant impact on the economy, leading to contraction in growth.
- In 2021, the economy rebounded with an actual value of 3.40%, 13.3% points above the 3.00% budget target.
- In 2024 actual GDP grew by an average of 3.09% even though it is projected to grow to 3.80% by the end of 2024.
- Going forward, GDP growth is projected to rise from 4.60% in 2025 to 5.50% by 2027.
- Looking at previous GDP growth, projections might not meet their targets.



# EXCHANGE RATE

## Exchange Rate(N/\$)



Source: BOF, ADSR Research

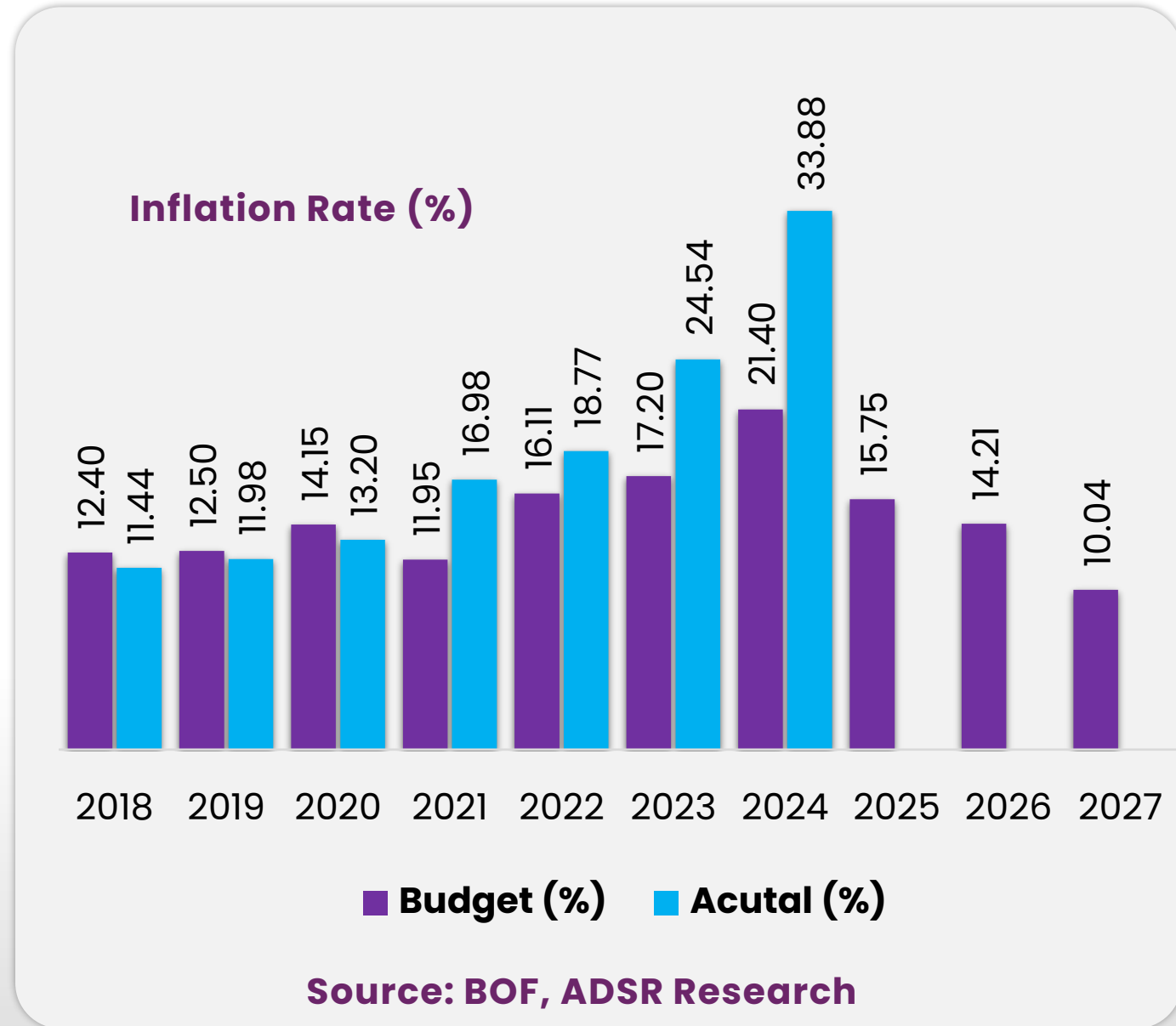
- The budgeted and actual exchange rates between 2018 and 2022 was relatively stable, indicating a controlled foreign exchange environment.
- However, in 2023 the gap between the budget and actual exchange rate widened, with budget at 435.60 N/\$ and actual at 672.85 N/\$.
- The gap further widened in 2024 by 83.4% with an average actual price of 1,467.22 N/\$ which was budgeted at 800 N/\$.
- Exchange rate is projected to reduce to 1400 N/\$ in 2025 and remain stable at same rate till in 2027.
- Looking at the recent gap, future projections may not meet their targets.



# INFLATION RATE



- Actual Inflation values from 2018 to 2020 was lower than the budgeted rates, reflecting a period of relative price stability.
- In 2021, actual inflation spiked to 16.98%, attributed to post-pandemic economic recovery, increased consumer demand, and supply chain issues.
- It further increased in 2024, where average actual inflation rate stands at its peak at 33.88% indicating extreme inflationary pressures.
- However, inflation is projected to reduce significantly in 2025 to 15.75% and further to 10.04% in 2027, indicating price stability during the period.
- These projections might not be achieved looking at the increase in actual values in recent years.



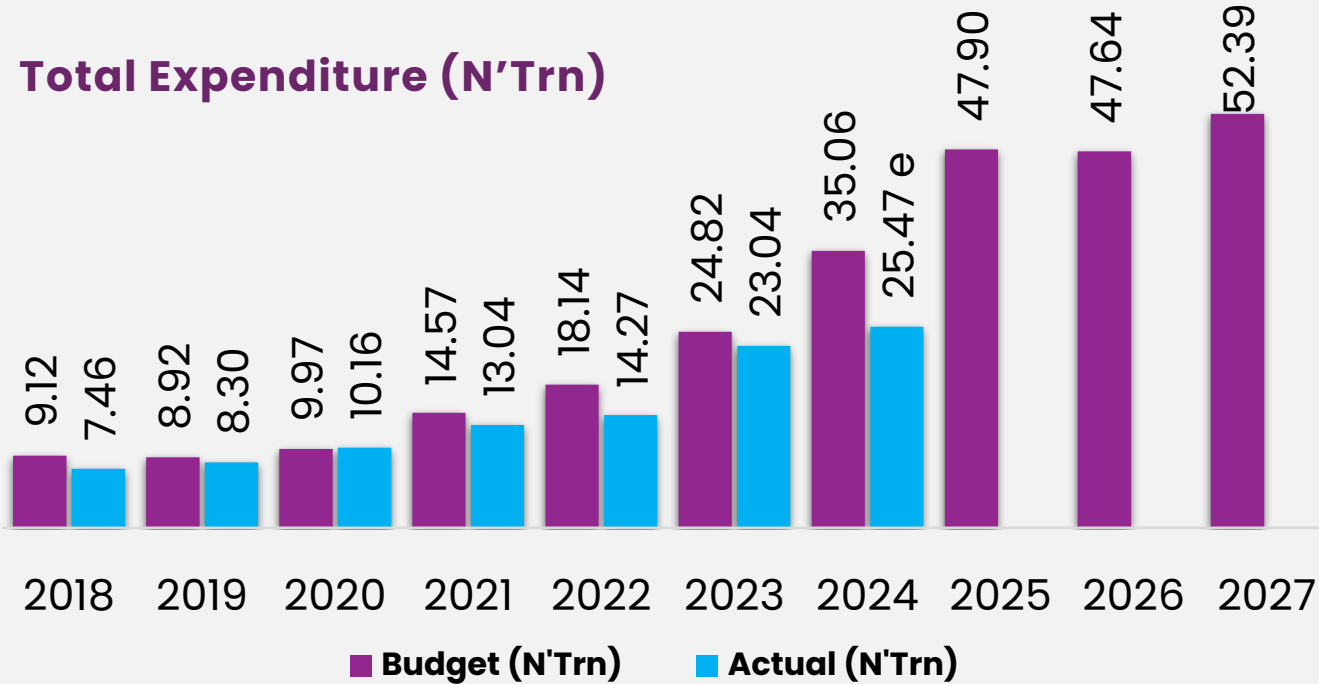
# Projections



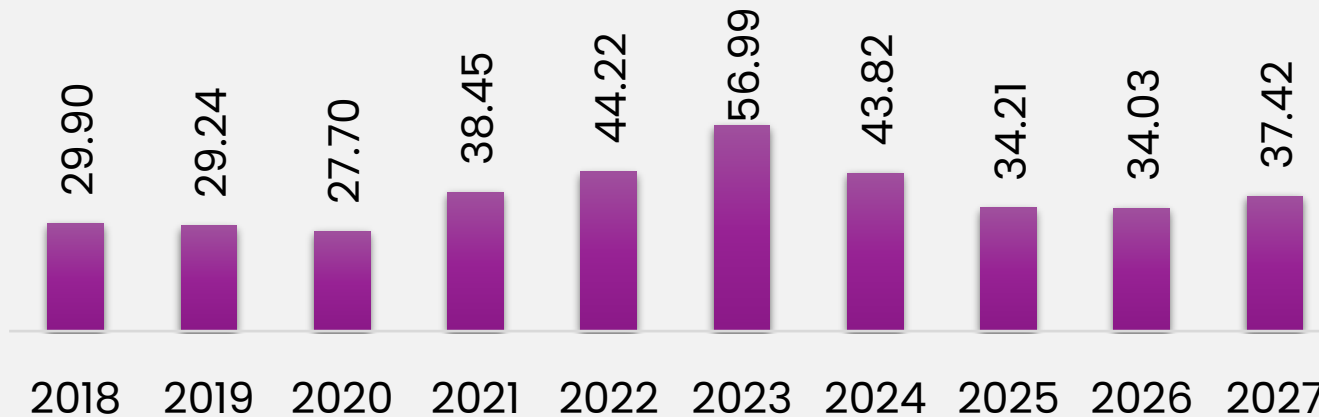


# TOTAL EXPENDITURE

## Total Expenditure (N'Trn)



## Budgeted Total Expenditure (US\$'Bn)

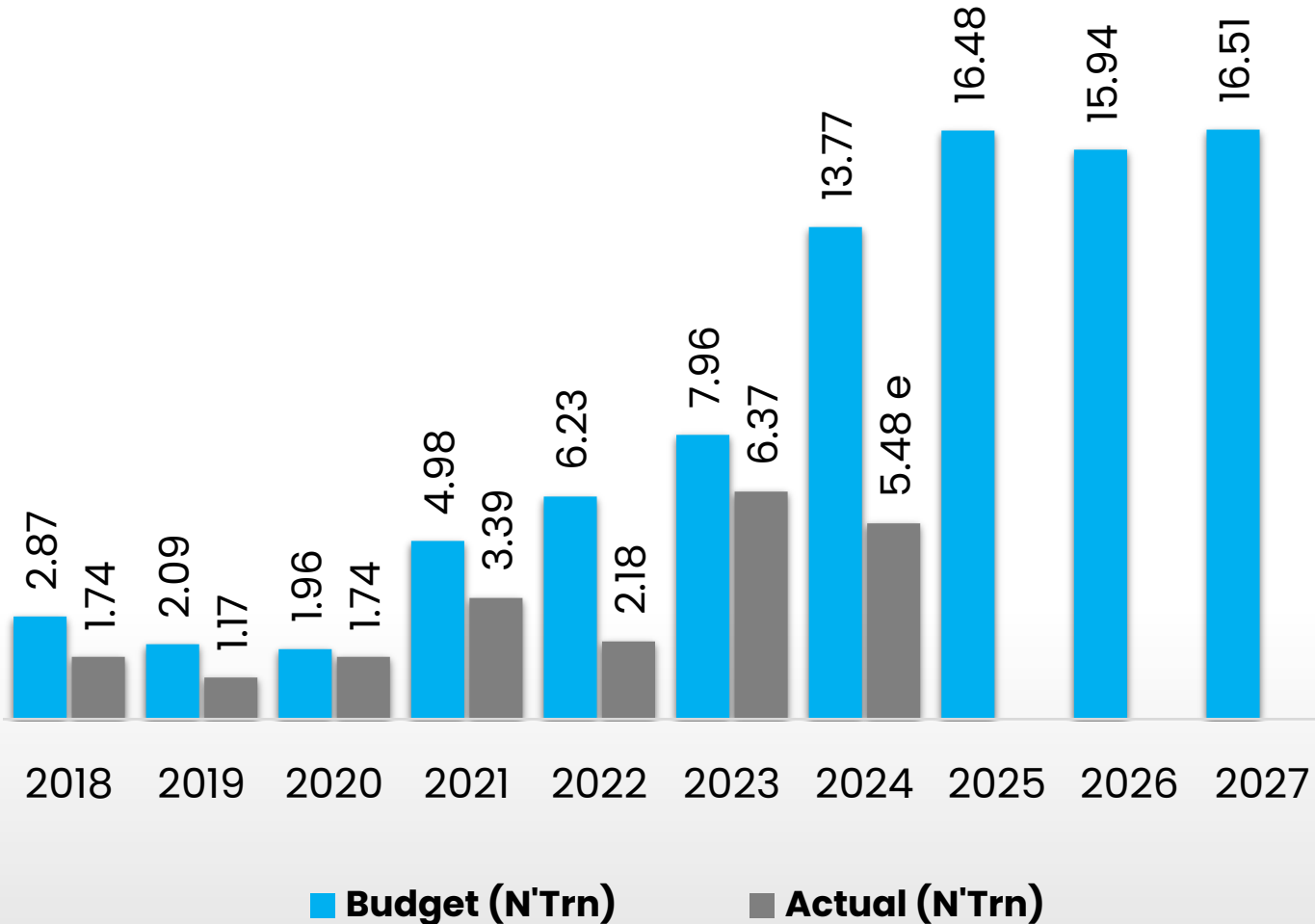


- Actual total expenditure consistently fell short of budgeted amounts from 2018 to 2024, except in 2020 where actual expenditure slightly exceeded the budget.
- The gap between the budgeted and actual figures of total expenditure continues to widen, with the most notable difference seen in 2024.
- Projected for 2024, is N35.06 trillion, it is expected to exceed the estimated actual expenditure of N25.47 trillion
- Therefore, on the average, actual total expenditure performed at 87.18% of the budgeted value from 2018 to 2024.
- Looking ahead, the budgeted figures for 2025 to 2027 shows an upward trajectory, reaching N52.39 trillion by 2027.
- In dollar terms, the budgeted total expenditure shows fluctuations between 2018 and 2027. Budgets total expenditure gradually increased to a peak of \$56.99 billion in 2023.
- By 2024, expenditure is projected to decline from \$43.82 to \$37.42 billion in 2027.



# CAPITAL EXPENDITURE

## Capital Expenditure (N'Trn)



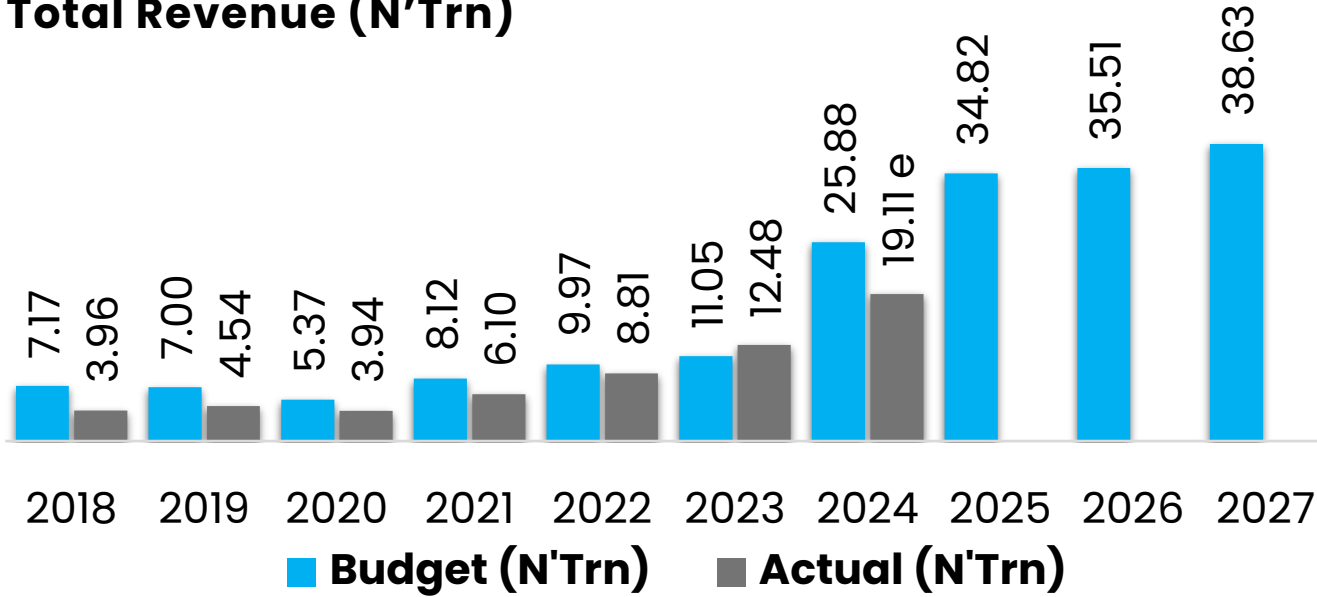
Source: BOF, ADSR Research

- Over time, actual capital expenditure has consistently fallen short of the budgeted amounts.
- In 2024, the budgeted expenditure of N13.77 trillion substantially surpasses the estimated actual expenditure of N5.48 trillion.
- Actual capital expenditure on the average, achieved 61.14% of the budgeted value from 2018 to 2024.
- The budgeted capital expenditure for 2025 to 2027 shows a steady rise, reaching a peak of N16.51 trillion in 2027.
- Looking at past trends, capital expenditure might not meet up with projected values.

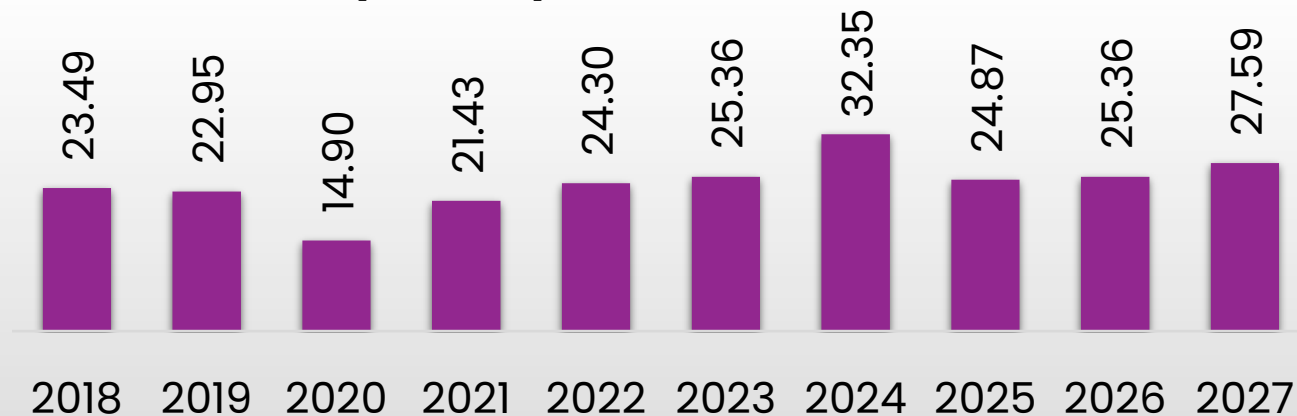


# TOTAL REVENUE

## Total Revenue (N'Trn)



## Total Revenue (US\$'Bn)

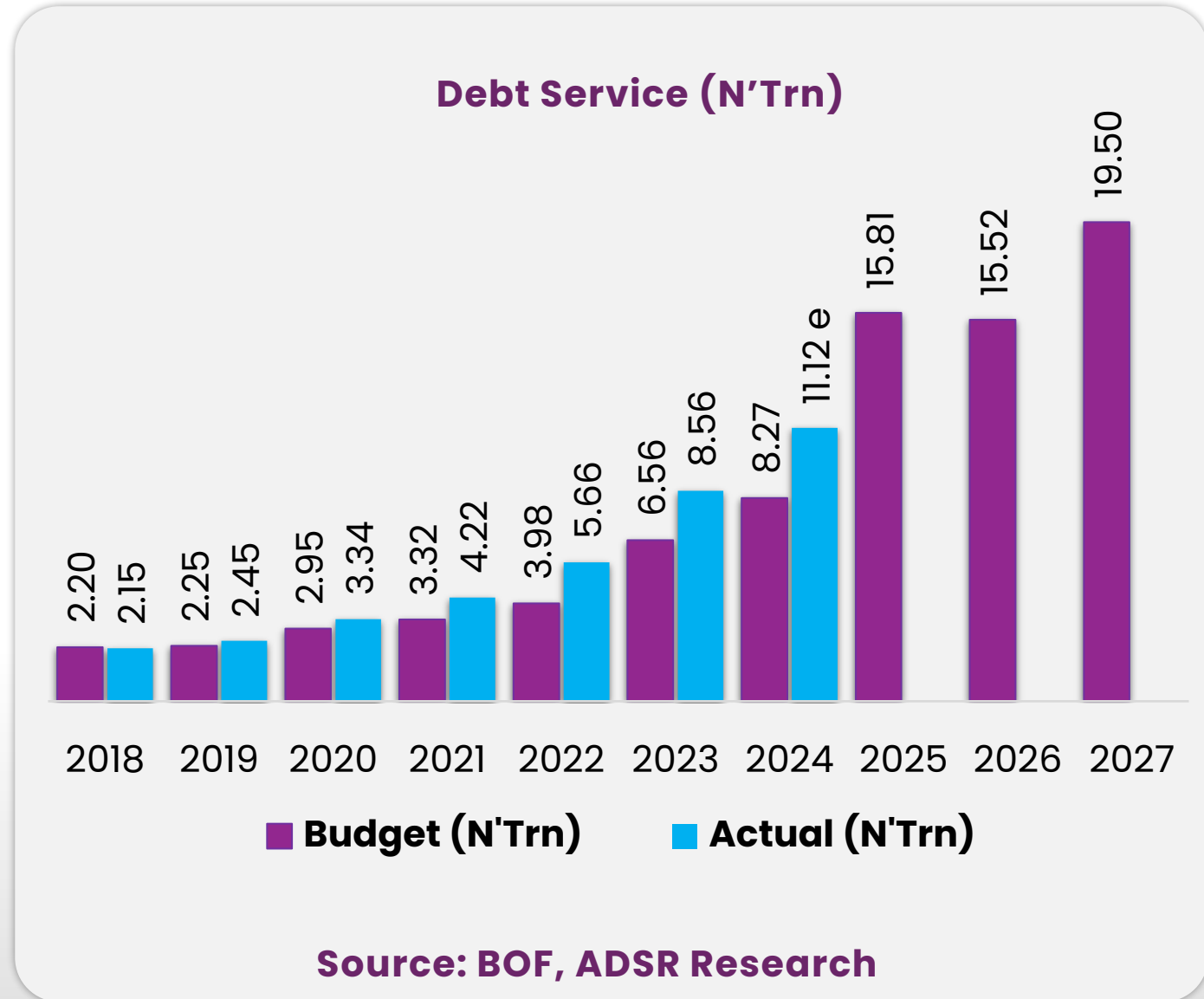


Source: BOF, ADSR Research

- The budgeted total revenue increased from N7.17trillion to N25.88trillion while actual total revenue moved from N3.96trillion to an estimation of N19.11trillion from 2018 to 2024.
- In 2023, the actual total revenue of N12.48 trillion slightly surpassed the budgeted total revenue at N11.05 trillion.
- The budgeted revenue for 2024 of N25.88 trillion is significantly higher than the actual revenue estimated at N19.11 trillion. On average, 77.7% of the budgeted value from 2018 to 2024 is achieved
- The budgeted revenues for 2025 to 2027 shows continuous increase, up to N38.63 trillion in 2027.
- Looking at past trends, total revenue projections may not be achieved.
- Budgeted total revenue in dollar terms shows a fluctuating trend from 2018 to 2027. It declined from \$23.49 billion in 2018 to \$14.90 billion in 2020 and gradually rose to \$25.36 billion in 2023.
- The projected revenue for 2024 stands at \$32.35 but envisaged to decline to \$27.59 billion by 2027. This shows that revenue will not be improving in real terms



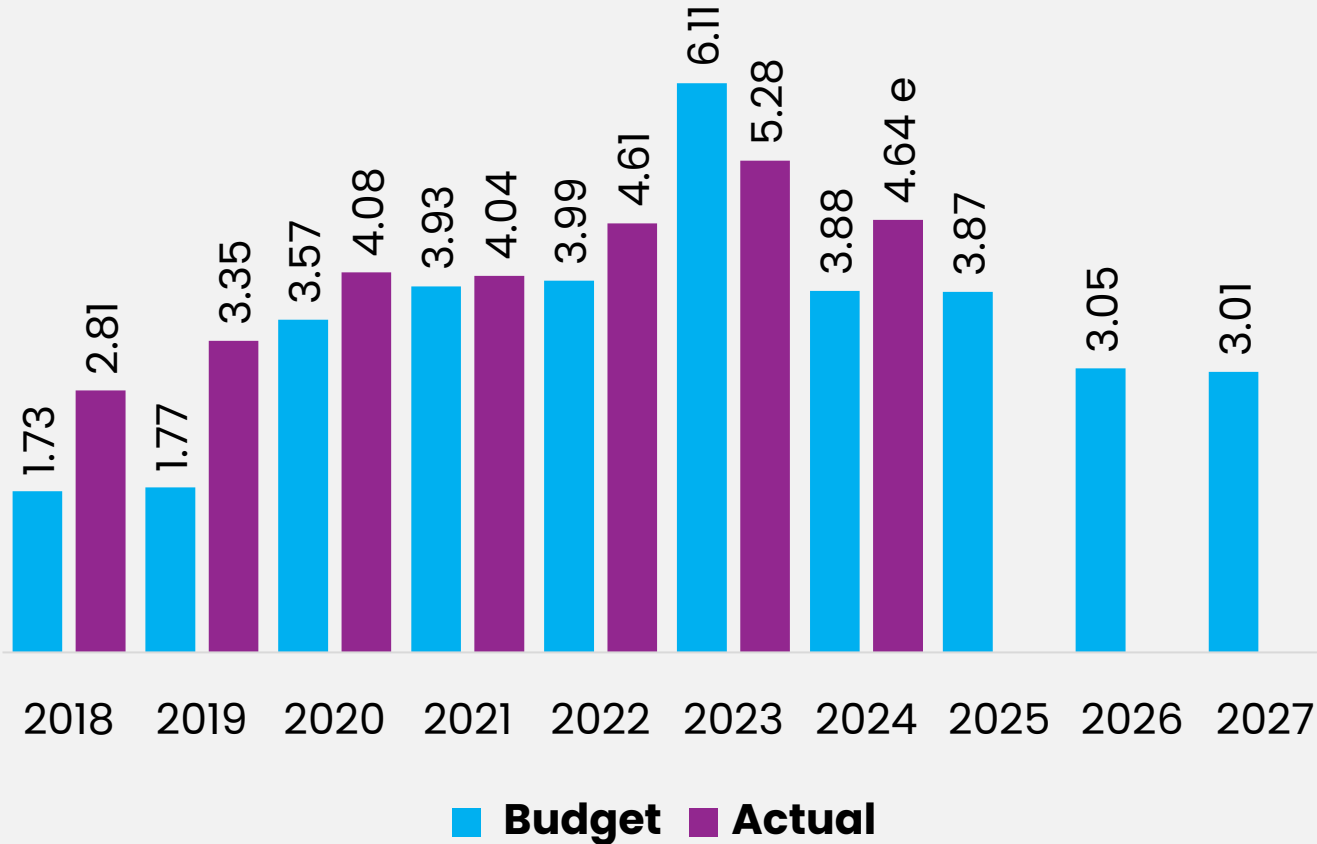
- Actual debt service expenditures exceeded the budgeted figures over time.
- The gap increases over time, with the most significant difference seen in 2024, where the actual debt service expenditure estimated at N11.12 trillion surpasses the budgeted figure of N8.27 trillion.
- Projections for 2025 to 2027 show a steep increase, to N19.50 trillion by 2027.
- This trend emphasizes the growing burden of debt servicing, which may require fiscal consolidation to reduce the strain on government finances.



# DEFICIT TO GDP RATIO



**Deficit to GDP (%)**



**Source: BOF, CBN, ADSR Research**

- Between 2018 and 2022, Nigeria's fiscal deficit consistently exceeded expectations.
- In 2018, the government had budgeted a deficit of 1.73% of GDP, but actual spending resulted in a deficit of 2.81%.
- By 2023, the budgeted deficit increased to 6.11%. However, the actual deficit, falls short at 5.28%.
- Looking ahead to 2024, the budget projects a decline in deficit at 3.88% of GDP, while actual estimates still suggest a higher 4.64%.
- From 2025 to 2027, the government envisions a gradual narrowing of fiscal gaps, targeting a deficit of 3.01% by 2027.
- The last compliance with the Nigeria's Fiscal Responsibility Act was in 2018, with a budgeted deficit of 1.73% and an actual deficit of 2.81%. Since then, both figures have consistently exceeded the 3% threshold, raising concerns about fiscal discipline and sustainability.

# Conclusion



- Actual oil production and GDP growth have consistently fallen short of budget projections, this may limit the government's ability to meet revenue targets and implement planned programs effectively.
- Actual oil prices have exceeded targets, likely due to favorable market conditions.
- Exchange and inflation rates were stable in earlier years but have recently shown significant deviations from budgeted targets.
- Total expenditure, capital expenditure, and total revenue have repeatedly underperformed compared to budgeted figures, these have constrained infrastructure development and fiscal sustainability.
- However, debt service and deficit-to-GDP ratios have consistently exceeded projections.
- In summary, past trends point at the risk of underperformance in budget assumptions and projections for the 2025-2027 period.







**Analysts  
Data  
Services and  
Resources**  
...making data intelligent



**Contact us:**

**+234 7037470047**  
**info@adsrng.com, mail.adsr@gmail.com**  
**www.adsrng.com, www.adsranastat.com**

**Analysts' House,**  
**Opposite University of Ibadan 2nd Gate,**  
**Ibadan, Nigeria**



**adsrng.com**