

SENATE COMMITTEE ON FINANCE

REPORT ON THE

**REVISED 2022 FISCAL FRAMEWORK OF THE
FEDERAL GOVERNMENT OF NIGERIA**

SUBMITTED TO THE SENATE

APRIL, 2022

REPORT OF THE SENATE COMMITTEE ON FINANCE ON THE REVISED 2022 FISCAL FRAMEWORK.

1.0 INTRODUCTION

The Senate at its sitting on Tuesday 12th April, 2022 considered the request of Mr. President, Commander in Chief of The Armed Forces of the Federation on the revised 2022 Fiscal Framework and referred same to the Committee for further legislative action.

2.0 BACKGROUND

A further revision of the 2022 Fiscal Framework on which the 2022 Budget was based, was necessitated by the new developments both in the global economy as well as in the domestic economy. These developments includes spikes in the market price of crude oil, aggravated by the Russian-Ukraine war, significantly lower oil production volume due principally to the production shut-ins as a result of massive theft of crude oil between production platforms and the terminals.

Also, the decision to suspend the removal of Petroleum Motor Spirit (PMS) subsidy at a time when high crude oil prices have elevated the subsidy cost, has significantly eroded government revenues. In addition to the above, there is the need to make adequate provisions for the recent enhancements of allowances for the officers and men of the Nigeria Police Force to boost their morale as they grapple with heightened security challenges in the Country.

3.0 ADJUSTMENTS TO THE 2022 FISCAL FRAMEWORK

The adjustments to the 2022 Fiscal Framework include:

- i. An increase in the projected oil price benchmark by US\$11 per barrel, from US\$62 per barrel to US\$73 per barrel;
- ii. A reduction in the projected oil production volume by 280,000 barrels per day, from 1.883 million barrels per day to 1.600 million per day;

- iii. An increase in the estimated provision for PMS subsidy for 2022 by N3.557 trillion, from N442.72 billion to N4.00 trillion;
- iv. A cut in the provision for Federally Funded upstream projects being implemented by N200 billion, from N352.80 billion;
- v. An increase in the projection for Federal Government Independent Revenue by N400 billion; and
- vi. An additional provision of N182.45 billion to cater for the needs of the Nigeria Police Force.

Based on the above adjustments, the Federation Account Main (Main Pool) revenue for the three tier of government is projected to decline by N2.418 trillion, while FGN's share from the Account (net of transfer to the Federal Capital Territory and other statutory deductions) is projected to reduce by N1.173 trillion. However, the amount available to fund the FGN Budget is projected to decline by N772.91 billion due to the increase in the projection for independent revenue (Operating Surplus Remittance) N400 billion.

The Aggregate expenditure is projected to increase by N192.52 billion, due to increase in Personnel Cost by N161.40 billion and other service wide votes by N21.05 billion (both for the Nigeria Police Force), additional domestic debt service provision of N76.13 billion, and net reductions in Statutory Transfers by N66.07 billion, as follows:

- a) NDDC, by N13.46 billion from N102.78 billion to N89.32 billion;
- b) NEDC, by N6.30 billion from N48.08 billion to N41.78 billion;
- c) UBEC, by N23.16 billion from N112.29 billion to N89.13 billion;
- d) Basic Health Care Fund, by N11.58 billion from N56.14 billion to N44.56 billion; and
- e) NASENI, by N11.58 billion from N56.14 billion to N44.56 billion.

The total Budget Deficit is projected to increase by N965.42 billion to N7.35 trillion, representing 3.99% of GDP. The incremental deficit will be financed by new borrowings from the domestic market.

4.0 FINDINGS/ OBSERVATIONS

The Committee observed as follows;

- i. An increase in the projected oil price benchmark by *US\$11* per barrel, from *US\$62* per barrel to *US\$73* per barrel;
- ii. A reduction in the projected oil production volume by 280,000 barrels per day, from *1.883 million* barrels per day to *1.600 million* per day;
- iii. An increase in the estimated provision for PMS subsidy for 2022 by *N3.557 trillion*, from *N442.72 billion* to *N4.00 trillion*;
- iv. A cut in the provision for Federally Funded upstream projects being implemented by *N200 billion*, from *N352.80 billion*;
- v. An increase in the projection for Federal Government Independent Revenue by *N400 billion*;
- vi. An additional provision of *N182.45 billion* to cater for the needs of the Nigeria Police Force;
- vii. the Federation Account Main (Main Pool) revenue for the three tier of government is projected to decline by *N2.418 trillion*;
- viii. FGN's share from the Account (net of transfer to the Federal Capital Territory and other statutory deductions) is projected to reduce by *N1.173 trillion*;
- ix. The amount available to fund the FGN Budget is projected to decline by *N772.91 billion* due to the increase in the projection for Independent Revenue (Operating Surplus Remittance) by *N400 billion*;
- x. The Aggregate expenditure is projected to increase by *N192.52 billion*, due to increase in Personnel Cost by *N161.40 billion* and other service wide votes by *N21.05 billion* (both for the Nigeria Police Force)

- xi. Domestic debt service provision of *N76.13 billion*, and net reductions in Statutory Transfers by *N66.07 billion*, as follows:
 - a. NDDC, by N13.46 billion from N102.78 billion to N89.32 billion;
 - b. NEDC, by N6.30 billion from N48.08 billion to N41.78 billion;
 - c. UBEC, by N23.16 billion from N112.29 billion to N89.13 billion;
 - d. Basic Health Care Fund, by N11.58 billion from N56.14 billion to N44.56 billion; and
 - e. NASENI, by N11.58 billion from N56.14 billion to N44.56 billion.
- xii. The total Budget Deficit is projected to increase by *N965.42 billion to N7.35 trillion*, representing *3.99%* of GDP. The incremental deficit will be financed by new borrowings from the domestic market.

5.0 RECOMMENDATION

The Committee recommends as follows;

- 1. Oil price benchmark of *US\$73* per barrel be approved;
- 2. Oil production volume of *1.600 million* per day be approved;
- 3. Petroleum Motor Spirit (PMS) subsidy of *N4.00 trillion* be approved;
- 4. A cut in the provision for Federally Funded upstream projects being implemented by *N200 billion* from *N352.80* be approved;
- 5. An increase in the Federal Government Independent Revenue of *N400 billion* be approved;
- 6. An additional provision of *N182.45 billion* to cater for the needs of the Nigeria Police Force be approved;
- 7. Domestic debt service provision of *N76.13 billion*, and net reductions in Statutory Transfers by *N66.07 billion*, as follows:
 - a. NDDC, by N13.46 billion from N102.78 billion to N89.32 billion;
 - b. NEDC, by N6.30 billion from N48.08 billion to N41.78 billion;
 - c. UBEC, by N23.16 billion from N112.29 billion to N89.13 billion;


- d. Basic Health Care Fund, by N11.58 billion from N56.14 billion to N44.56 billion; and
 - e. NASENI, by N11.58 billion from N56.14 billion to N44.56 billion.
8. The Fiscal Deficit of *N7.35 trillion* be approved;

6.0 CONCLUSION

On behalf of the Senate Committee on Finance, I wish to express my profound appreciation to the Senate President and the entire Senate for this opportunity to serve. I am indeed very grateful to all members of this Committee.



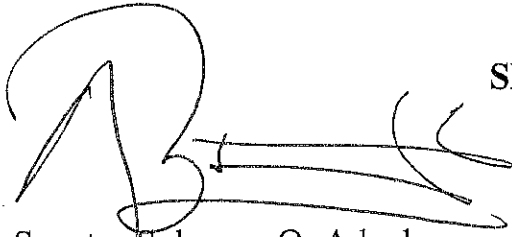
Senator Solomon O. Adeola, FCA FCTI
Chairman, Joint Committee



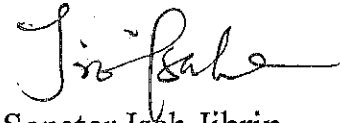
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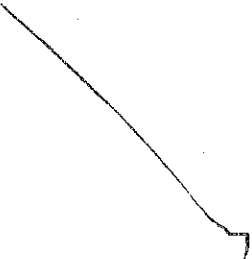


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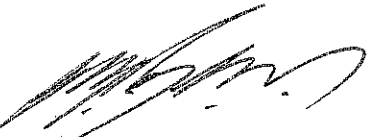
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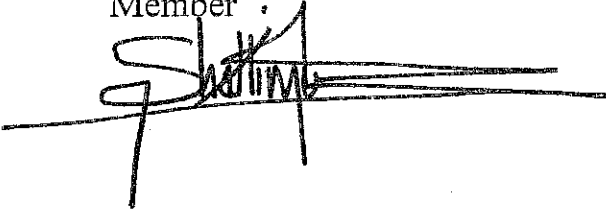
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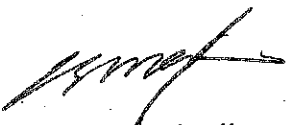
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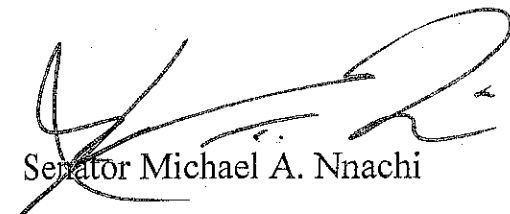
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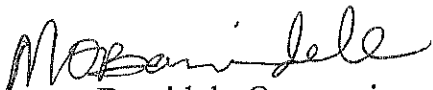
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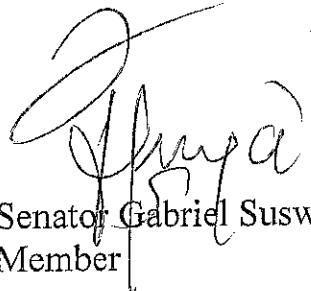

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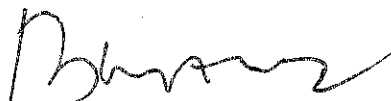

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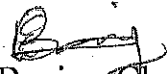
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