

# THE RESTORATION BUDGET 2025



## Policies, Promises & Aspirations Lags & Impact



# WHAT IS IN A NAME



- People's Budget – **2000**
- Budget of Consolidation-**2003**
- Budget of Reform – **2005**



- Budget of Fiscal Consolidation-**2011**
- Budget of Fiscal Consolidation, Inclusive Economic Growth, and Job Creation-**2012**
- A Transition Budget-**2015**



- Budget of Change-**2016**
- Budget of Sustaining Growth-**2020**
- Budget of Economic Growth and Sustainability-**2022**



- Budget of Renewed Hope - **2024**
- Restoration Budget-**2025**

# KEY PARAMETERS OF A BUDGET

- How much you spend
- How much you earn
- The surplus/deficit
- How it is funded
- Economic objective



**A BUDGET IS A TOOL OF ECONOMIC MANAGEMENT**

# BUDGET ASSUMPTIONS 2024 Vs. 2025

	2024 (Targets)	Reality (Actual)	% Change	2025
Real GDP Growth (%)	3.88	3.21	-0.67	4.6
Inflation (average; %)	21.4	32.69	11.29	15
Exchange rate (N/\$) – official, average	800	1482.84	46.05	1500
Oil production (mbpd) average	1.78	1.31	-26.40	2.06
Crude oil price(\$/pb) average	77.96	79.90	2.49	75

## THE 2025 BUDGET

### EXPENDITURE

**N49.74trn**  
**\$32.09bn**

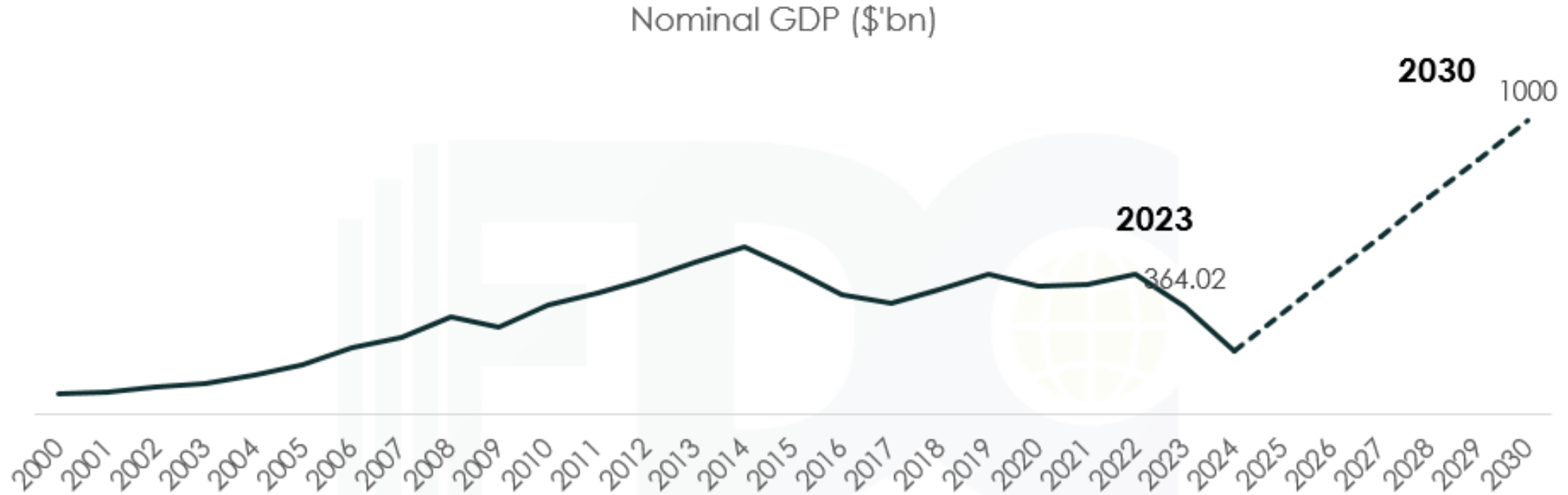
### REVENUE

**N36.35trn**  
**\$23.45bn**

### DEFICIT

**N13.39trn**  
**\$8.64bn**

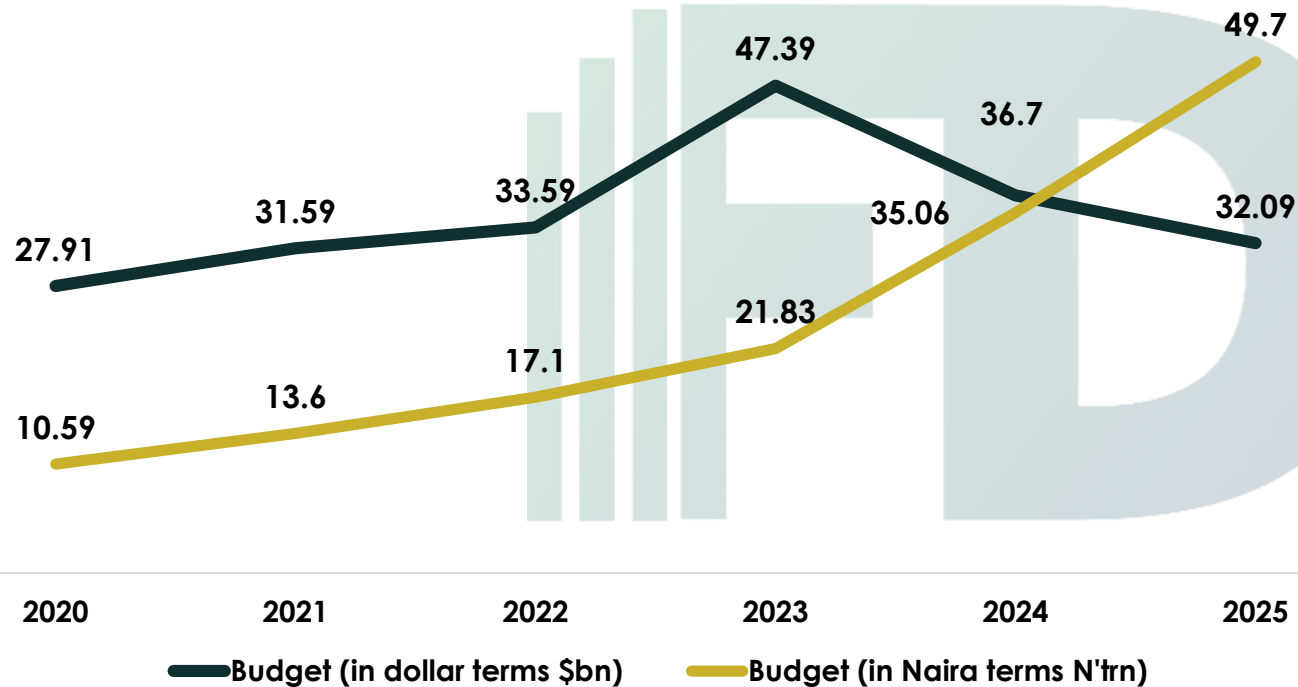
# FISCAL DEFICIT AS A STIMULUS FOR GROWTH



- In the past 3 decades, Nigeria's government has achieved a fiscal surplus only twice—1995 and 1996.
- A budget deficit is a good tool for stimulating growth during slowdowns.
- However, a 5% annual growth over the next 5 years would not deliver a \$1trn economy by 2030

# GOVERNMENT EXPENDITURE IS DOWN IN REAL TERMS

BUDGET SIZE



- FGN nominal budget has increased by 41.76%
- However, Nigeria is spending less in dollar terms
- Limiting the government's ability to stimulate growth

# ECONOMIC GROWTH DETERMINANTS

$$\text{GDP} = \text{C} + \text{I} + \text{G} + \text{X-M}$$

2023	\$364bn	\$237.3bn	\$110.1bn	\$15.6bn	\$1bn
		65.19%	30.25%	4.29%	0.27%

Government  
Multiplier

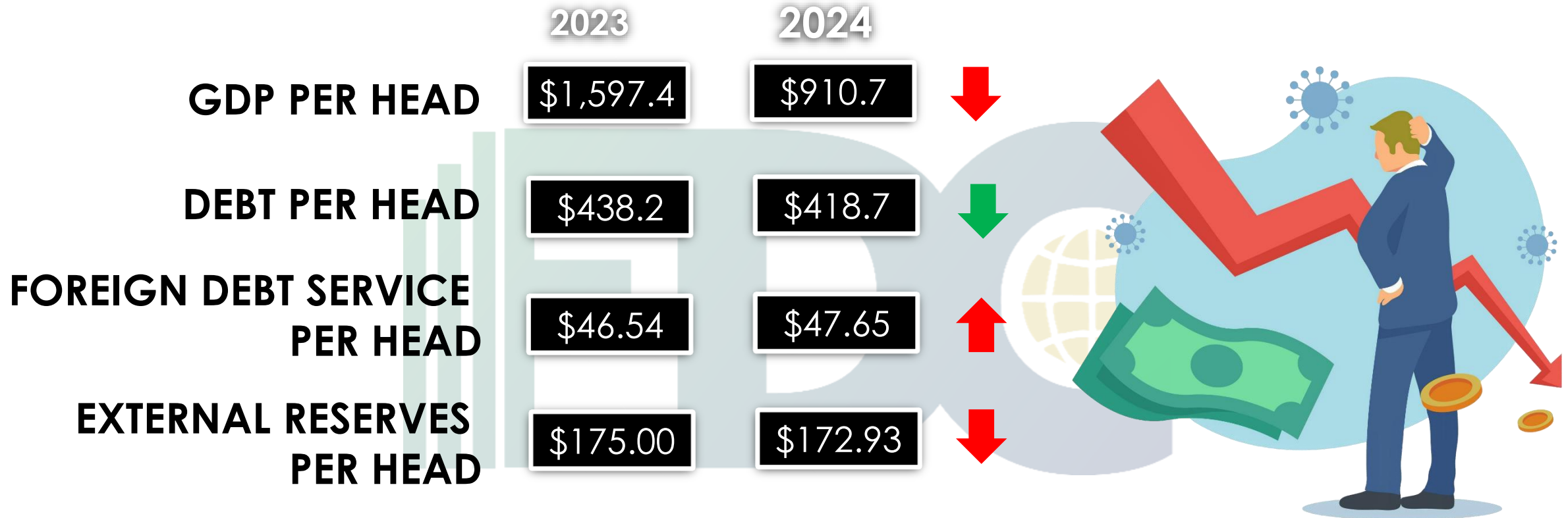
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Investment  
Multiplier

INVESTMENT  $\neq$  FPI

SAVINGS = INVESTMENT

# KEY INDICATORS REVIEW



THE DEFICIT OF TODAY IS THE NATIONAL DEBT OF TOMORROW



# EXCHANGE RATE ASSUMPTION: REALISTIC OR OPTIMISTIC?

Budget	2025 Exchange Rate Assumption	Parallel Market Rate	Difference	Verdict
2024-2026 MTEF	N665.1/\$	N1,170/\$	N504.9/\$	Optimistic
Revised 2024-2026 MTEF	N665.1/\$	N1,166/\$	N500.9/\$	Optimistic
2025-2027 MTEF	N1,400/\$	N1,745/\$	N345/\$	Realistic
2025 Budget	N1,500	N1,659/\$	N159/\$	Realistic

Purchasing Power Parity			
	=N=	Dec-24 US \$	PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	450	0.67	676.69
Heinekin Beer (60cl)	1,000	1.37	729.93
Hamburger (Burger King)	10,200	6.99	1459.23
Movie tickets (blockbuster)	8,000	9.99	800.80
HP Pavilion 14 X360 (12 gen, core i13, 512gb)	1,450,000	850.94	1704.00
Diesel Price (1 litre)	1,180	0.94	1255.32
Vegetable oil (5 litres)	23,000	37.75	609.27
Indomie (1 unit)	400	1.10	363.64
Nestle Bottled Water (60cl 1 unit)	250	0.28	892.86
Big Loaf Bread	1,600	5.29	302.46
Corrola (2023 Model)	50,000,000	21700.00	2304.15
Irish Spring Soap (3 bars)	4,200	3.49	1203
Chicken Breasts ( 1 kg)	5,200	1.81	2872.93
Trolley	2,500	6.02	415.28
Peak evaporated milk (pack of 24)	23,000	36.00	638.89
Uncle Ben's rice (5.44kg 1 pack)	29,000	21.35	1358.31
Eggs (30 large eggs)	7,800	13.85	563.18
Medicine (Panadol extra 50 caplets)	11,700	12.72	919.81
AndreX toilet paper (24)	48,000	17.12	2803.74
Average PPP			<b>1151.26</b>
Naira Price at NAFEM			1532
PPP (%)			
Decision: Naira is		Undervalued	<b>-24.85%</b>
Spot Rate (Parallel)			1675
Outcome: Compared to NAFEM rate of N1,532/\$1, the Naira is undervalued by 24.85%			

Aligning exchange rate assumptions to market realities improves budget feasibility and economic confidence.



# WILL YOU BE BETTER OFF THIS TIME NEXT YEAR?

- Major inflationary drivers are abating
  - Petrol price next year to be flat at N1,200/litre
  - Diesel price could fall to the range of N950-N1,000/litre
  - Naira to appreciate and be stable at N1,550/\$ (parallel market)
- Inflation target of 15% is too optimistic
- We expect inflation of around 25%
- Base case for GDP growth is 4%, however 6% is feasible if the right things are done



**THANK  
YOU**