



Kebbi State Government

ECONOMIC AND FISCAL UPDATE (EFU), FISCAL STRATEGY PAPER (FSP) AND BUDGET POLICY STATEMENT (BPS)

To cover Period: 2024-2026

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List of Abbreviations

AfDB	African Development Bank
AfDB	African Development Fund
AFS	Audited Financial Statement
BHCPF	Basic Healthcare Provision Fund
BIR	Board of Internal Revenue
BPPPI	Bureau of Public Procurement and Price Intelligence Agency
BRINCS	Brazil, Russia, India, Nigeria, China, South Africa
CBN	Central Bank of Nigeria
CIT	Companies Income Tax
CPIA	Country Policy and Institutional Assessment
CRF	Consolidated Revenue Fund
CSO	Civil Society Organisations
DFID	UK – Department for International Development
DMD	Debt Management Department
DMO	Debt Management Office (Federal)
EDSG	Edo State Government
EFU	Economic and Fiscal Update
EIA	US Energy Information Administration
EU	European Union
ExCo	Executive Council
FAAC	Federal Allocation Accounts Committee
FBO	Faith Based Organisations
FDA	French Development Agency
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FRL	Fiscal Responsibility Law
FSP	Fiscal Strategy Paper
G11	A group of eleven countries - specifically Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Turkey, South Korea, and Vietnam
G20	A group of 20 countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States, and the European Union.
GDP	Gross Domestic Product
GOEs	Government Owned Entities
HoS	Head of Service
HRM	Human Resource Management
IDA	International Development Association
IFAD	International Fund for Agric. Development
IGR	Internally Generated Revenue
IMF	International Monetary Fund
IsDB	Islamic Development Bank
JTB	Joint Tax Board
KBGIS	Kebbi State Geographic Information System
KBIR	KEBBI State Board of Internal Revenue
KBPP	KEBBI State Bureau of Public Procurement
KBSG	KEBBI State Government

MBEP	Ministry of Budget and Economic Planning
MDAs	Ministries, Departments and Agencies
MEDAs	Ministries, Extra-Ministerial Departments and Agencies
MEO	Macroeconomic Performance and Outlook
MINT	Mexico, Indonesia, Nigeria, and Turkey
MoBED	Ministry of Budget and Economic Development
MOF	Ministry of Finance
MOMR	Monthly Oil Market Report
MPC	Monetary Policy Committee
MTEF	Medium Term Expenditure Framework
MTEFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
MYBF	Multi-Year Budgeting Framework
NBS	National Bureau of Statistics
NCS	National Customs Service
NGO	Non-Government Organisations
NHIS	National Health Insurance Scheme
NNPC	Nigerian National Petroleum Company
NPC	National Planning Commission
OAGF	Office of the Accountant General for the Federation
OAGS	Office of the Accountant General for the State
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OPEC	Organisation of Petroleum Exporting Countries
PFM	Public Financial Management
PIB	Petroleum Industry Bill
PITA	Personal Income Tax Act
PMS	Premium Motor Spirit (Petrol)
SFTAS	State Fiscal Transparency Accountability and Sustainability Project
SHOA	State House of Assembly
STEO	Short-Term Energy Outlook
UBE	Universal Basic Education
UNICEF	United Nations Children’s Fund
VAT	Value Added Tax
WEO	World Economic Outlook
YOY	Year on Year

1 Introduction and Background

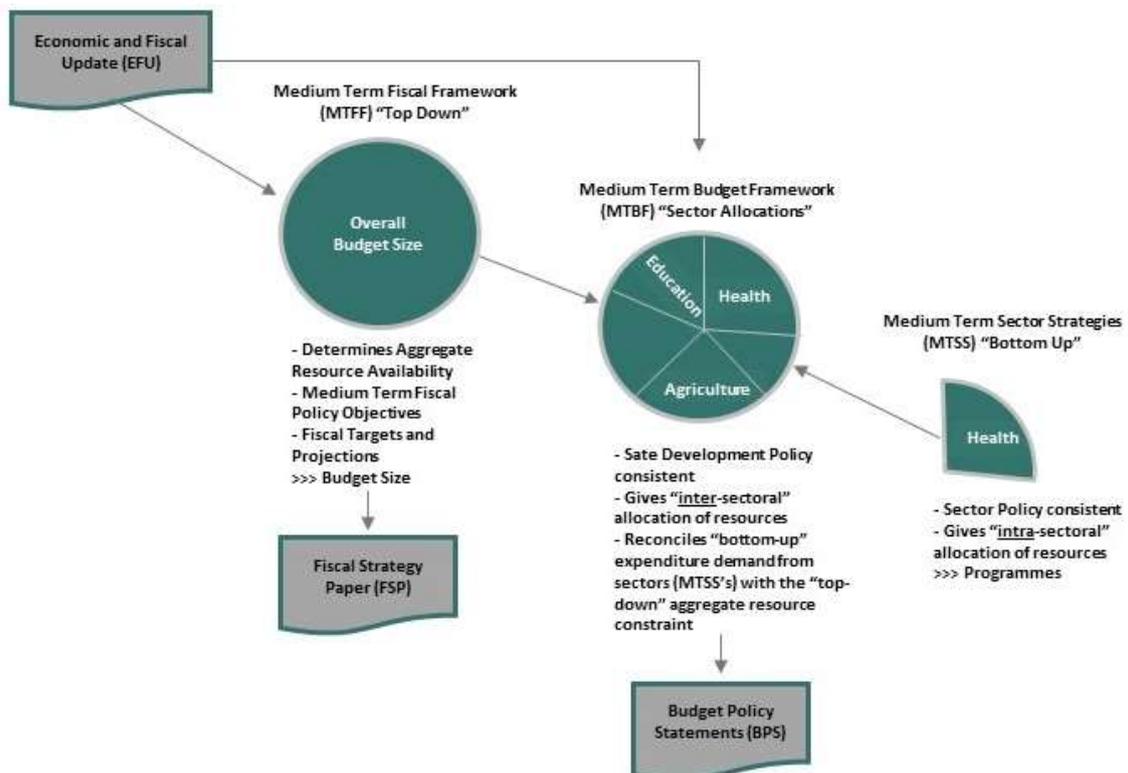
1.A Introduction

1. The Economic and Fiscal Update (EFU) provides economic and fiscal analyses which form the basis for budget planning process. It is aimed primarily at policy makers and decision takers in Kebbi State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.
2. On the other hand, Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) are key elements in Medium Term Expenditure Framework (MTEF) and annual budget process, and as such, they determine the resources available to fund Government projects and programmes from a fiscally sustainable perspective.
3. Kebbi State Government decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2021 as part of the movement toward a comprehensive MTEF process. This is the second rolling iteration of the document and covers the period 2024-2026.

1.A.1 Budget Process

4. The budget process describes the budget cycle in a fiscal year. Its conception is informed by the MTEF process which has three components namely:
 - i. Medium Term Fiscal Framework (MTFF);
 - ii. Medium Term Budget Framework (MTBF);
 - iii. Medium Term Sector Strategies (MTSS).
5. It commences with the conception through preparation, execution, control, monitoring, and evaluation and goes back again to conception for the ensuing year's budget.
6. The MTEF process is summarised in the diagram below:

Figure 1: MTEF Process



1.A.2 Summary of Document Content

7. In accordance with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) is the first step in the budget preparation cycle for Kebbi State Government (KBSG) for the period 2024-2026.
8. The purpose of this document is three-fold:
 - i. To provide a backwards looking summary of key economic and fiscal trends that will affect the public expenditure in the future - Economic and Fiscal Update;
 - ii. To set out medium term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTF; and
 - iii. Provide indicative sector envelopes for the period 2024-2026 which constitute the MTBF.
9. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis to inform the budget planning process. It is aimed primarily at budget policy makers and decision takers in the Kebbi State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:
 - Overview of Global, National and State Economic Performance;
 - Overview of the Petroleum Sector;
 - Trends in budget performance over the last six years.
10. The FSP is a key element in the KBSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund the Government's growth and poverty reduction programme from a fiscally sustainable perspective.

1.A.3 Preparation and Audience

11. The purpose of this document is to provide an informed basis for the 2024 budget preparation cycle for all the key Stakeholders, specifically:
 - Kebbi State House of Assembly (SHoA);
 - Executive Council (ExCo);
 - Ministry of Economic Planning and Budget;
 - Ministry of Finance;
 - All Government Ministries, Departments and Agencies (MDA's);
 - Civil Society Organisations (CSOs).
12. The document is prepared within in the first two quarters of the year prior to the annual budget preparation period. It is prepared by Kebbi State Government (EFU-FSP-BPS) Working Group using data collected from International, National and State organisations.

1.B Background

1.B.1 Legislative and Institutional arrangement for PFM

13. **Legislative Framework for PFM in Kebbi State** – The fundamental law governing public financial management in Nigeria and KEBBI State is the 1999 Constitution as amended. Section 120 and 121 of the Constitution provides that all revenues accruing to KEBBI State Government shall be received into a Consolidated Revenue Fund (CRF) to be maintained by the Government and no revenue shall be paid into any other fund, except as authorized by the State House of Assembly (SHoA) for a specific purpose. The withdrawal of funds from the CRF shall be authorized by the SHoA through the annual budget or appropriation process. The Governor of KEBBI State shall prepare and lay expenditure proposals for

the coming financial year before the SHoA, and the SHoA shall approve the expenditure proposal by passing an Appropriation Law. The Appropriation Law shall authorize the executive arm of government to withdraw and spend the amounts specified from the CRF¹.

14. Apart from the Nigerian Constitution, KEBBI State has a set of laws and regulations that regulate its budget preparation and implementation. The laws are:
- KEBBI State Finance Management Law, 2017 with provisions for the control and management of finances of KEBBI State.
 - KEBBI State Government Financial Regulations and Store, 2017 issued under the Finance Management Law, 2017. The Financial Regulations and Store provides guidelines for financial authorities, sub-accounting officer's cash book and monthly accounts, revenue-general, authorization of expenditure, expenditure-classification and control, payments procedure, adjustment, bank accounts and cheques, custody of public money, stamps, security books and documents, receipts and licence books, imprest, self-accounting ministries/extra-ministerial departments or units, accounting procedure and equipment, boards of survey, loss of and shortages in public funds, deposits, advances, salaries, internal audit functions, government vehicles, store-classification and general, general instructions: books and forms of accounts, supervision and custody of stores, receipts of stores, issues of stores, returned stores, handing over stores, acquisition of stores, government contracts, tenders boards and tenders, loss of stores and unserviceable stores, stores inspection, allocated stores, unallocated stores, court accounts, pensions procedure, and miscellaneous.
 - The KEBBI State Fiscal Responsibility Law (FRL), 2017. The FRL was enacted in 2017 based on the Federal Fiscal Responsibility Act. The FRL provides the following: the creation of the implementation organ, medium term fiscal framework, how public expenditure may be carried out, borrowing process, transparency and accountability in governance and principles of sound financial management.
 - KEBBI State Public Procurement Law 2020. The Public Procurement Law was enacted based on the Federal Public Procurement Act 2007 to set the administrative arrangement, standards, and procedures for procurement in KEBBI State.
 - KEBBI State Audit Law, 2021.
 - Kebbi State Development Plan, 2022-2027.
 - Occasional treasury circulars issued by the Commissioner for Finance of KEBBI State for additional rules and guidelines to support accounting, internal audit, and stores procedures.
15. **Institutional Framework for PFM in Kebbi State** – The Constitution vests the executive powers of the State in the Governor. The Constitution provides that “the Governor shall cause to be prepared and laid before the House of Assembly at any time before the commencement of each financial year, estimates of the revenues and expenditure of the State for the next following financial year”². The Governor of KEBBI State exercises his executive powers either directly or through the Deputy Governor, the Commissioners, Special Advisers, Permanent Secretaries, and other officers in the public service of the State.
16. Specifically, KEBBI State Executive Council (EXCO) formulates the policies of the State Government, considers, and recommends the State's budget to the House of Assembly. On passage, the Governor signs the appropriation bill into law.
17. The State Ministry of Budget and Economic Planning oversees the preparation of the budget, both capital and recurrent. It is also in charge of planning (long and medium-term), setting the broad agenda

¹ Sections 120 and 121 of Constitution of Federal Republic of Nigeria 1999 as amended.

² Section 121 (1) of Constitution of Federal Republic of Nigeria 1999 as amended.

for development and statistics. The Ministry of Budget and Economic Planning is the main organ of the EXCO for the formulation and execution of fiscal policy. The Ministry also coordinates and manages the State's fiscal policies and all revenue and expenditure profile of government.

18. The Ministry of Finance is responsible for core treasury functions of revenue and expenditure management, accounting, and fund and cash management. One of the core departments in the Ministry of Finance is the Debt Management Department. Debt Management Department manages KEBBI State public debt as well as liaising with the Debt Management Office at the Federal level. The Ministry of Finance has two important quasi-autonomous agencies, the Office of the Accountant General for the State (OAGS) and the Board of Internal Revenue (BIR).
19. Specific functions of the OAGS include to account for all receipts and payments of the State Government; supervise the accounts of the State Ministries, Departments and Agencies (MDAs); collate and prepare Statutory Financial Statements of the State Government and any other Statements of accounts required by the Commissioner for Finance; maintain and operate the accounts of the Consolidated Revenue Fund, development fund and other public funds and provide cash backing for the operations of the State Government; maintain and operate the State Government's accounts; conduct routine and in-depth inspection of the books of accounts of State ministries, departments and agencies to ensure compliance with rules, regulations, policy decisions and maintenance of account codes; and formulate and implement the accounting policy of the State Government.
20. The Board of Internal Revenue is responsible for generation of government revenue. The Board formulates and executes Joint Tax Board (JTB) policies on taxation, stamp duties and motor vehicle licensing.
21. Another important institutional framework in the circle of financial management in the State is the Bureau of Public Procurement. The Bureau plays a significant role in ensuring that all MDAs adhere to the best practices in procurement.
22. The State Government allows line agencies some autonomy in expenditure control. Line ministries and agencies propose their budgets based on the guidelines issued by the EXCO through the Ministry of Budget and Economic Planning. There are three main categories of expenditure: personnel costs, overhead costs and capital expenditure. The payroll is centralized under the Office of the Accountant General of the State (OAGS). MDAs receive regular monthly disbursements for general items of overhead costs. They also receive, as the need arises, funds for other specific items of overhead expenditure. MDAs have the responsibility to execute their capital program, but capital funds are paid project by project by the OAGS.

1.B.2 Overview of Budget Calendar

23. Indicative Budget Calendar for Kebbi State Government is presented below:

Table 1: Budget Calendar

Stage	Date(s)	Responsibility
Preparation and Publication of EFU-FSP-BPS	June	MBEP and MoF
Presentation of EFU-FSPBPS to the Governor and ShoA	June	MBEP
Pre-Budget Preparation Meeting	June	MBEP and MDAs
Preparation and Issuance of Budget Call Circular	July	MBEP
Update of MTSSs by 5 Pilot Sectors	July	MDAs
Preparation of MDAs Budget and Submissions	August	MDAs
Citizens Engagement	September	MBEP
Pre-Treasury Board Meetings	September	MBEP and MoF
Compilation of Draft Budget	October	MBEP
Presentation of Budget to the Governor and Exco	October	Exco
Presentation of Draft Budget to the SHoA	November	Governor
Review and Approval of Budget by SHoA	November	SHoA
Signing Appropriation Bill	December	Governor

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Global Economy

24. The International Monetary Fund's (IMF's) July 2023 World Economic Outlook (WEO) Update³, provides that global growth is projected to fall from 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024 on an annual average basis. Compared with projections in the April 2023 WEO, growth has been upgraded by 0.2 percentage point for 2023, with no change for 2024. The forecast for 2023–24 remains well below the historical (2000–19) annual average of 3.8 percent. It is also below the historical average across broad income groups, in overall Gross Domestic Product (GDP) as well as per capita GDP terms.
25. Advanced economies continue to drive the decline in growth from 2022 to 2023, with weaker manufacturing, as well as unique factors, offsetting stronger services activity. In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions. On a year-over-year basis, global growth bottomed out in the fourth quarter of 2022. However, in some major economies, it is not expected to bottom out before the second half of 2023.
26. World trade growth is expected to decline from 5.2 percent in 2022 to 2.0 percent in 2023, before rising to 3.7 percent in 2024, well below the 2000–19 average of 4.9 percent. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of United States (US) dollar appreciation—which slows trade owing to the widespread invoicing of products in US dollars—and rising trade barriers.
27. These forecasts are based on several assumptions, including those regarding fuel and nonfuel commodity prices and interest rates. Oil prices rose by 39 percent in 2022 and are projected to fall by about 21 percent in 2023, reflecting the slowdown in global economic activity. Assumptions regarding global interest rates have been revised upward, reflecting actual and signalled policy tightening by major central banks since April 2023. The Federal Reserve and Bank of England are now expected to raise rates by more than assumed in the April 2023 WEO—to a peak of about 5.6 percent in the case of the Federal Reserve—before reducing them in 2024. The European Central Bank is assumed to raise its policy rate to a peak of 3¾ percent in 2023 and to ease gradually in 2024. Moreover, with near-term inflation expectations falling, real interest rates are likely to stay up even after nominal rates start to fall.
28. For advanced economies, the growth slowdown projected for 2023 remains significant: from 2.7 percent in 2022 to 1.5 percent in 2023, with a 0.2 percentage point upward revision from the April 2023 WEO. About 93 percent of advanced economies are projected to have lower growth in 2023, and growth in 2024 among this group of economies is projected to remain at 1.4 percent.
29. For emerging market and developing economies, growth is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent 2024, with modest revisions of 0.1 percentage point for 2023 and –0.1 percentage point for 2024. However, this stable average masks divergences, with about 61 percent of the economies in this group growing faster in 2023.
30. In sub-Saharan Africa, growth is projected to decline to 3.5 percent in 2023 before picking up to 4.1 percent in 2024. Growth in Nigeria in 2023 and 2024 is projected to gradually decline, in line with April projections, reflecting security issues in the oil sector. In South Africa, growth is expected to decline to 0.3 percent in 2023, with the decline reflecting power shortages, although the forecast has been

³ [World Economic Outlook Update, July 2023: Near-Term Resilience, Persistent Challenges \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2023/07/27/world-economic-outlook-update-july-2023)

revised upward by 0.2 percentage point since the April 2023 WEO, on account of resilience in services activity in the first quarter.

31. Global headline inflation is set to fall from an annual average of 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024, broadly as projected in April, but above pre-pandemic (2017–19) levels of about 3.5 percent. About three-quarters of the world's economies are expected to see lower annual average headline inflation in 2023. Monetary policy tightening is expected to gradually dampen inflation, but a central driver of the disinflation projected for 2023 is declining international commodity prices. Differences in the pace of disinflation across countries reflect such factors as different exposures to movements in commodity prices and currencies and different degrees of economic overheating. The forecast for 2023 is revised down by 0.2 percentage point, largely on account of subdued inflation in China. The forecast for 2024 has been revised upward by 0.3 percentage point, with the upgrade reflecting higher-than-expected core inflation.
32. Core inflation is generally declining more gradually. Globally, it is set to decline from an annual average of 6.5 percent in 2022 to 6.0 percent in 2023 and 4.7 percent in 2024. It is proving more persistent than projected, mainly for advanced economies, for which forecasts have been revised upward by 0.3 percentage point for 2023 and by 0.4 percentage point for 2024 compared with the April 2023 WEO. Global core inflation is revised down by 0.2 percentage point in 2023, reflecting lower-than-expected core inflation in China, and up by 0.4 percentage point in 2024. On an annual average basis, about half of economies are expected to see no decline in core inflation in 2023, although on a fourth quarter-over-fourth-quarter basis, about 88 percent of economies for which quarterly data are available are projected to see a decline. Overall, inflation is projected to remain above target in 2023 in 96 percent of economies with inflation targets and in 89 percent of those economies in 2024.
33. The balance of risks to global growth remains tilted downward, but adverse risks have receded since the publication of the April 2023 WEO. The resolution of US debt ceiling tensions has reduced the risk of disruptive rises in interest rates for sovereign debt, which would have increased pressure on countries already struggling with increased borrowing costs. The quick and strong action authorities took to contain banking sector turbulence in the United States and Switzerland succeeded in reducing the risk of an immediate and broader crisis.
34. More favourable outcomes for global growth than in the baseline forecast have become increasingly plausible. Core inflation could fall faster than expected—from greater-than-expected pass-through of lower energy prices and a compression of profit margins to absorb cost increases, among other possible causes—and declining job vacancies could play a strong role in easing labor markets, which would reduce the likelihood of unemployment having to rise to curb inflation. Developments along these lines would then reduce the need for monetary policy tightening and allow a softer landing.
35. Scope exists for more favorable surprises to domestic demand around the world, as in the first quarter of 2023. In numerous economies, consumers have not yet drained the stock of excess savings they accumulated during the pandemic; this could further sustain the recent strength in consumption. Stronger policy support in China than currently envisaged—particularly through means-tested transfers to households—could further sustain recovery and generate positive global spill overs. Such developments, however, would increase inflation pressure and necessitate a tighter monetary policy stance.
36. Despite the recent growth surprises, plausible risks continue to be skewed to the downside. Tight labour markets and pass-through from past exchange rate depreciation could push up inflation and risk de-anchoring longer-term inflation expectations in several economies. The institutional setup of wage setting in some countries could amplify inflation pressures on wages. Moreover, El Niño could bring more extreme temperature increases than expected, exacerbate drought conditions, and raise commodity prices. The war in Ukraine could intensify, further raising food, fuel, and fertilizer prices. The recent suspension of the Black Sea Grain Initiative is a concern in this regard. Such adverse supply shocks might affect countries asymmetrically, implying different dynamics for core inflation and inflation expectations, a divergence in policy responses, and further currency movements.

37. Financial markets have adjusted their expectations of monetary policy tightening upward since April but still expect less tightening than policymakers have signalled, raising the risk that unfavourable inflation data releases could—as in the first quarter of 2023—trigger a sudden rise in expectations regarding interest rates and falling asset prices. Such movements could further tighten financial conditions and put stress on banks and nonbank financial institutions whose balance sheets remain vulnerable to interest rate risk, especially those highly exposed to commercial real estate. Contagion effects are possible, and a flight to safety, with an attendant appreciation of reserve currencies, would trigger negative ripple effects for global trade and growth.
38. The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in Table 2 and Table 3 below.
39. Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

Table 2 Real GDP Growth – Selected Economies

Country	Actual				Forecast		
	2019	2020	2021	2022	2023	2024	2028
Mexico	-0.2	-8.2	4.8	2.0	1.8	1.6	1.8
Indonesia	5	-2.1	3.7	5.4	5.0	5.1	5.0
Turkey	0.9	1.8	11.0	2.7	2.7	3.6	3.0
United States	2.3	-3.4	5.7	3.7	1.6	1.1	2.1
Germany	1.1	-4.6	2.8	2.1	-0.1	1.1	1.1
United Kingdom	1.7	-9.3	7.4	3.7	-0.3	1.0	1.5
China	6	2.2	8.1	4.4	5.2	4.5	3.4
Ghana	6.5	0.4	4.2	5.2	1.6	2.9	5
South Africa	0.1	-6.4	4.9	1.9	0.1	1.8	1.4
Brazil	1.2	-3.9	4.6	0.8	0.9	1.5	2.0
Angola	-0.7	-5.6	0.7	3.0	3.5	3.7	4.2
Nigeria	2.2	-1.8	3.6	3.4	3.2	3.0	3.0

Source: IMF's World Economic Outlook, April 2023

Table 3 Inflation – Selected Economies

Country	Actual				Forecast		
	2019	2020	2021	2022	2023	2024	2027
Mexico	3.6	3.4	5.7	6.8	6.3	3.9	3.0
Indonesia	2.9	2.0	1.6	3.3	4.4	3.0	2.5
Turkey	15.2	12.3	19.6	60.5	50.6	35.2	20.0
United States	1.8	1.2	4.7	7.7	4.5	2.3	2.1
Germany	1.4	0.4	3.2	5.5	6.2	3.1	2.0
United Kingdom	1.8	0.9	2.6	7.4	6.8	3.0	2.0
China	2.9	2.4	0.9	2.1	2.0	2.2	2.2
Ghana	7.1	9.9	10.0	16.3	45.4	22.2	8.0
South Africa	4.1	3.3	4.5	5.7	5.8	4.8	4.5
Brazil	3.7	3.2	8.3	8.2	5.0	4.8	3.0
Angola	17.1	22.3	25.8	23.9	11.7	10.8	8.9
Nigeria	11.4	13.2	17.0	16.1	20.1	15.8	14.0

Source: IMF's World Economic Outlook, April 2023

2.A.1 Africa

40. The African Economic Outlook, 2022⁴ provides that African economies remain resilient amidst multiple shocks with average growth projected to stabilize at 4.1 percent in 2023–24, higher than the estimated 3.8 percent in 2022. Africa’s growth in real GDP was estimated at 3.8 percent in 2022, down from 4.8 percent in 2021 but above the global average of 3.4 percent. The growth slowdown was attributed mainly to the tightening global financial conditions, and supply chain disruptions exacerbated by Russia’s invasion of Ukraine, subduing global growth. Growth was also impaired by the residual effects of the COVID-19 pandemic and the growing impact of climate change and extreme weather events. While the deceleration was broad-based, with 31 of the 54 African countries posting weaker growth rates in 2022 relative to 2021, the continent performed better than most world regions in 2022, with the continent’s resilience projected to put five of the six pre-pandemic top performing economies—Benin, Côte d’Ivoire, Ethiopia, Rwanda, and Tanzania—back in the league of the world’s 10 fastest-growing economies in 2023–24.
41. Growth is projected to rebound to 4 percent in 2023 and consolidate at 4.3 percent in 2024, underpinning Africa’s continued resilience to shocks. The forecast for 2023 has been maintained as predicted in the January 2023 edition of Africa’s Macroeconomic Performance and Outlook (MEO) published by the African Development Bank Group. However, due to expected slight improvements in medium-term global and regional economic conditions—mainly underpinned by China’s re-opening and slower pace of interest rate adjustments—the forecast for 2024 has been revised up by 0.4 percentage points relative to the January 2023 MEO projection. Despite this, climate change, elevated global inflation, and persistent fragilities in supply chains will remain on the watchlist as potential factors for possible slowdowns of growth in the continent.
42. Growth in West Africa, despite macroeconomic challenges in some of the region’s large economies, is projected to rise from an estimated 3.8 percent in 2022 to 3.9 percent in 2023 and 4.2 percent in 2024. This favourable outlook reflects higher growth in the region’s small economies. Of the nine countries with projected growth rates of 5 percent or higher in 2023, eight are small economies, accounting for 15 percent of the region’s GDP and 22 percent of the projected growth.
43. Growth in tourism-dependent economies is projected to decline from an estimated 8.4 percent in 2022 to 4.9 percent in 2023 and 4.4 percent in 2024, reflecting an abating base effect and growth slowdowns in important tourist source markets, especially Europe and North America.
44. Despite the decline, oil prices have remained above the five-year trend, boosting growth in oil-exporting countries since the recession at the peak of COVID-19. Growth in this group, estimated at 4.0 percent in 2022, is projected to strengthen to an average of 4.2 percent in 2023 and 2024. The oil output effect, notably in Libya and Nigeria, could also shore up economic growth as production improves following efforts to tackle insecurity.
45. Growth in other resource-intensive economies is, however, projected to decline from an estimated 3.0 percent in 2022 to 2.4 percent in 2023, with a recovery to 3.5 percent in 2024. The growth deceleration in 2023 is largely attributed to limited diversification and the lower prices of key commodities, notably minerals, amid weak global growth.
46. Non-resource-intensive economies, largely countries with more diversified economic structures, are likely to sustain their resilience. Average growth for the group is projected to accelerate to 5.0 percent in 2023 and 5.6 percent in 2024 from an estimated 4.4 percent in 2022. This group recovered the strongest from the effects of COVID-19. The projected higher growth underscores the importance of economic diversification to weather the effects of exogenous shocks.

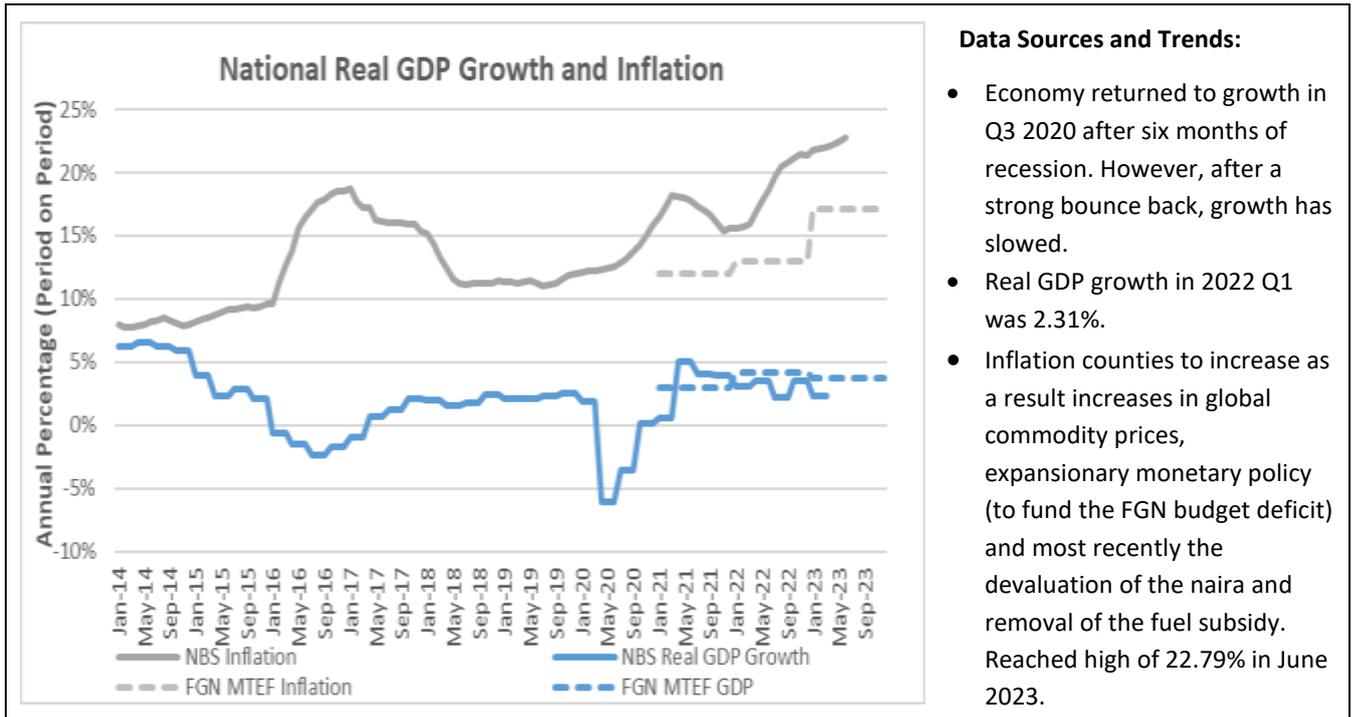
⁴ African Economic Outlook 2022 - Mobilizing Private Sector Financing for Climate and Green Growth in Africa(afdb.org)

2.A.2 Nigerian Economy⁵

47. The challenging global economic context has put pressure on Nigeria's economy. However, domestic policies play the major role in determining Nigeria's economic performance and resilience to further external shocks. The previous mix of fiscal, monetary, and exchange rate policies, including the naira redesign program, did not deliver the desired improvements in growth, inflation, and economic resilience. The new government has recognized the need to chart a new course and has already made a start on critical reforms, such as the elimination of the petrol subsidy and foreign exchange (FX) harmonization.
48. With the petrol subsidy (PMS Under Recovery) removal, the government is projected to achieve fiscal savings of approximately N2 trillion in 2023, equivalent to 0.9 percent of GDP. These savings are expected to reach over N11 trillion by the end of 2025. However, the nature of the causal relationship between fuel price and key macroeconomic variables in Nigeria is such that if appropriate mitigation strategies are not well crafted, the removal of subsidy will likely have negative ripple effects on aggregate output and employment.
49. **Real GDP** - Nigeria's Gross Domestic Products (GDP) growth remained weak and fragile as it slowed to 2.31 percent in the first quarter of 2023, from 3.5 percent in the fourth quarter of 2022. This growth rate declined from 3.11 percent recorded in the first quarter of 2022, and 3.52 percent in the fourth quarter of 2022. The reduction in growth is attributed to the adverse effects of the cash crunch experienced during the quarter, as well as the elections.
50. The performance of the GDP in the first quarter of 2023 was driven mainly by the services sector, which recorded a growth of 4.35 percent and contributed 57.29 percent to the aggregate GDP. The agriculture sector grew by -0.90 percent, lower than the growth of 3.16 percent recorded in the first quarter of 2022. Although the growth of the industry sector improved to 0.31 percent relative to 6.81 percent recorded in the first quarter of 2022, agriculture, and the industry sectors contributed less to the aggregate GDP in the quarter under review compared to the first quarter of 2022.
51. **Inflation (CPI)** - Inflation has increased consecutively for the last 17 month, from 15.60 percent in January 2022 to 22.79 percent in June 2023. Dynamics in commodity prices, which are being exacerbated by the conflict in Ukraine, are causing inflations pressures globally. Also, the devaluation of the Naira has impacts (some positive, some negative) as does the removal of the Fuel Subsidy.
52. The national quarterly real GDP growth and year on year inflation rates from January 2014 and June 2023 are shown in Figure 2 below.

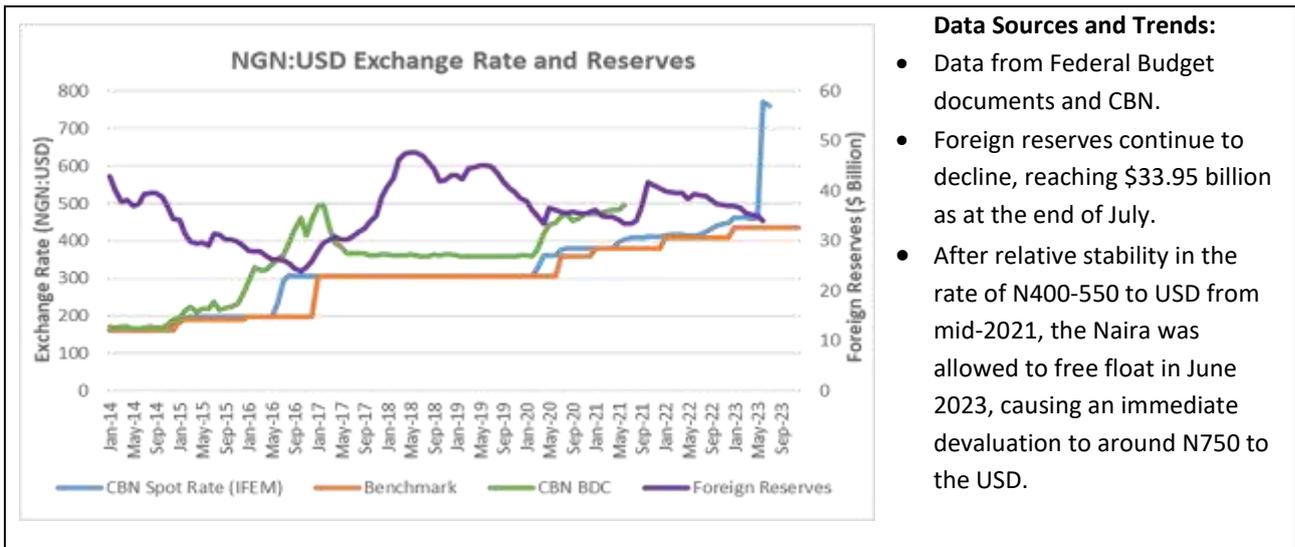
⁵ Sources: IMF WEO, July 2023, NBS Reports, CBN Reports, NNPC Reports, OPEC Reports and US Energy Information Administration Reports.

Figure 2: Real GDP Growth and Inflation



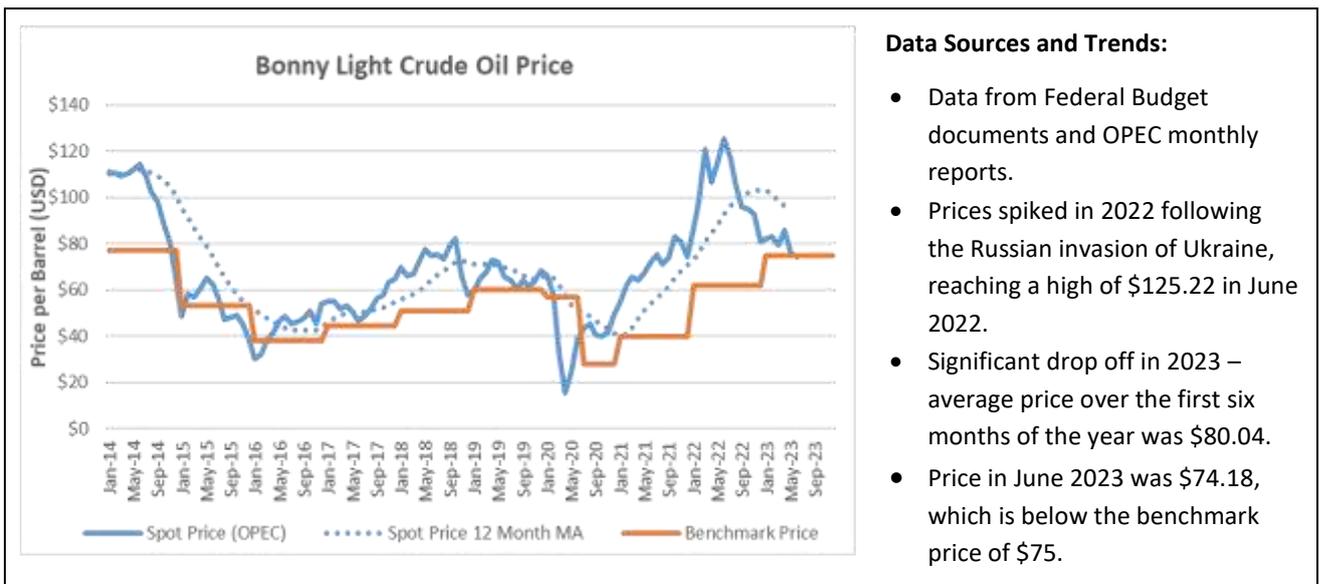
53. **Foreign Exchange Rate** – the Naira devalued against the dollar from NGN415:1\$ in May 2022 to N750 by July 2023 because of the implementation of a floating exchange rate. Foreign Reserves have been falling over the last 21 months, reaching \$33.95 billion as at the end of July 2023.
54. In 2022, arbitrage opportunities witnessed significant increase, weakening the convergence of foreign exchange windows. This is partly attributed to the ripples of economic downturn since the Russia–Ukraine conflict. Also, the fall in foreign reserve potentially condenses the policy options available to the Central bank of Nigeria (CBN) in controlling monetary aggregates.
55. **The NGN: USD exchange rate**, which is a key crude oil revenue parameter, for the period January 2014 to August 2023, along with the benchmarks assumed in the Federal Government budgets over the same period and foreign reserves, are shown in below.
56. The NGN: USD exchange rate (Import and Export Rate) is currently (1st August 2023) N 775.355. The end of the fixed exchange rate regime is likely to bring about more fluctuations in the rate. FGN adjusted 2023 budget was based on a rate of N750 to the USD.

Figure 3 NGN: USD Exchange Rate and Foreign Reserves



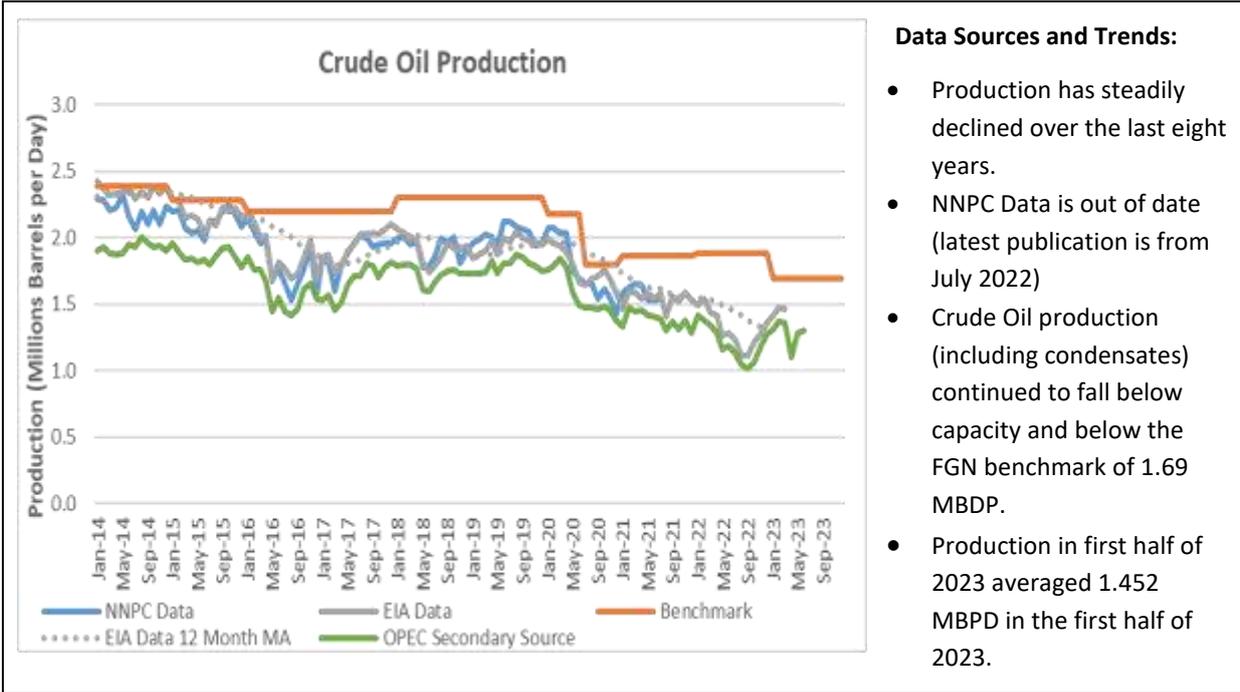
57. **Crude oil price:** Crude Oil (Bonny Light) Price (spot price and benchmark for the period of January 2014 to July 2023 are presented in Figure 4 below.

Figure 4 Crude Oil Price



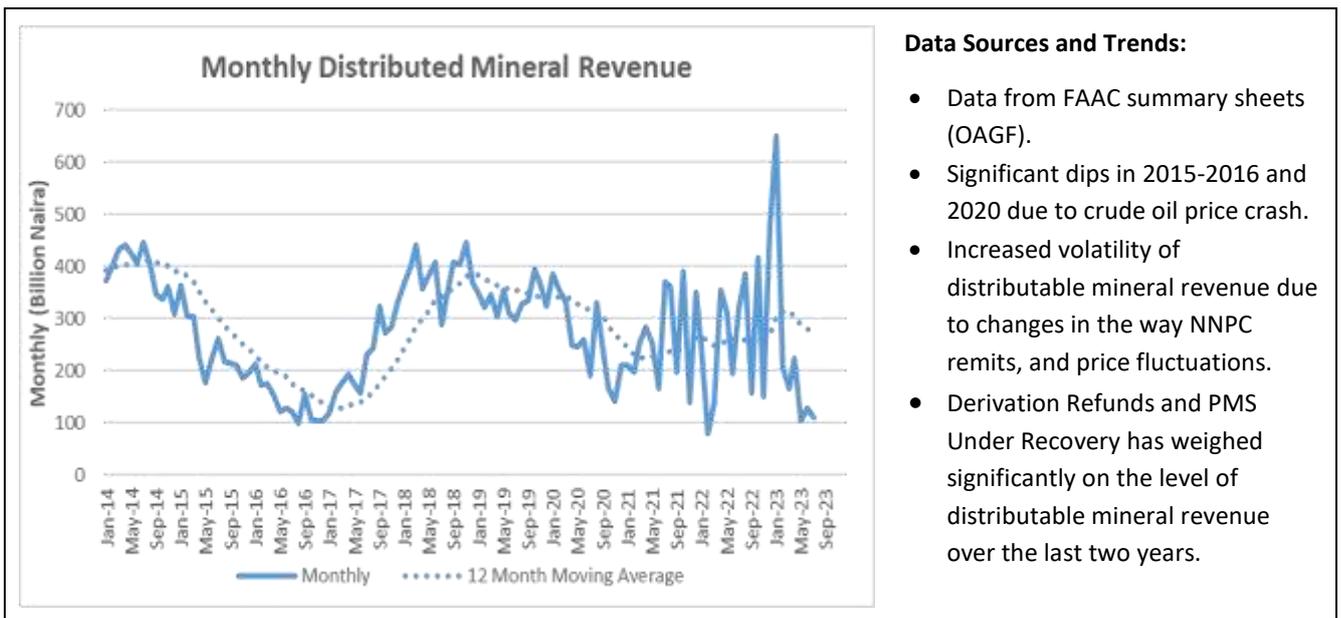
58. In its July 2023 Short-Term Energy Outlook (STEO), the US Energy Information Administration (EIA) is forecasting an average price of \$83.51 per barrel for Brent Crude in 2024, which would imply a price of \$86.33 for Bonny Light.
59. In its April 2023 WEO, IMF is slightly more cautious, forecasting a basket price of \$73.13 in 2023 and \$68.90 in 2024 which translates to \$75.06 for 2023 and \$70.71 in 2024 for Bonny Light.
60. **Crude Oil production** continues to lag below the longer-term average of 2.0 million Barrels per Day (MBPD). Production (including condensates) has averaged 1.45 MBPD over the first five months of 2023 according to figures published by the Nigerian Upstream Petroleum Regulatory Commission (NURPC). The FGN assumption is that production will average 1.72 MBPD in the second half of 2023 – this seems ambitious and might be considered a target rather than a balanced estimate (i.e. with equal potential for over or under-achievement).
61. Crude Oil Production (including condensates) for the period January 2014 to May 2023 along with the benchmark is presented in Figure 5 below.

Figure 5 Crude Oil Production



62. The policy thrust of the Economic Sustainability Plan (ESP) and National Development Plan include deregulation of the price of refined petroleum products and the establishment of a sustainable framework for maintaining the national strategic stock; remittance of 100% of royalties and taxes paid to NNPC into the Federation Account as well as sustained periodic reconciliation with DPR and FIRS. The implementation of the Finance ACT 2021 and VAT reforms, development of business continuity plans for tax and custom administration and rationalization of ineffective tax incentives and exemptions as well as increased remittances and recovery of unremitted revenues from GOEs.
63. Monthly distributed Mineral Revenues (Statutory Allocation (SA) and Net Derivation (ND)) to the three tiers of government from January 2014 to May 2023 inclusive are shown in Figure 6 below.

Figure 6 Distributed Mineral Revenues

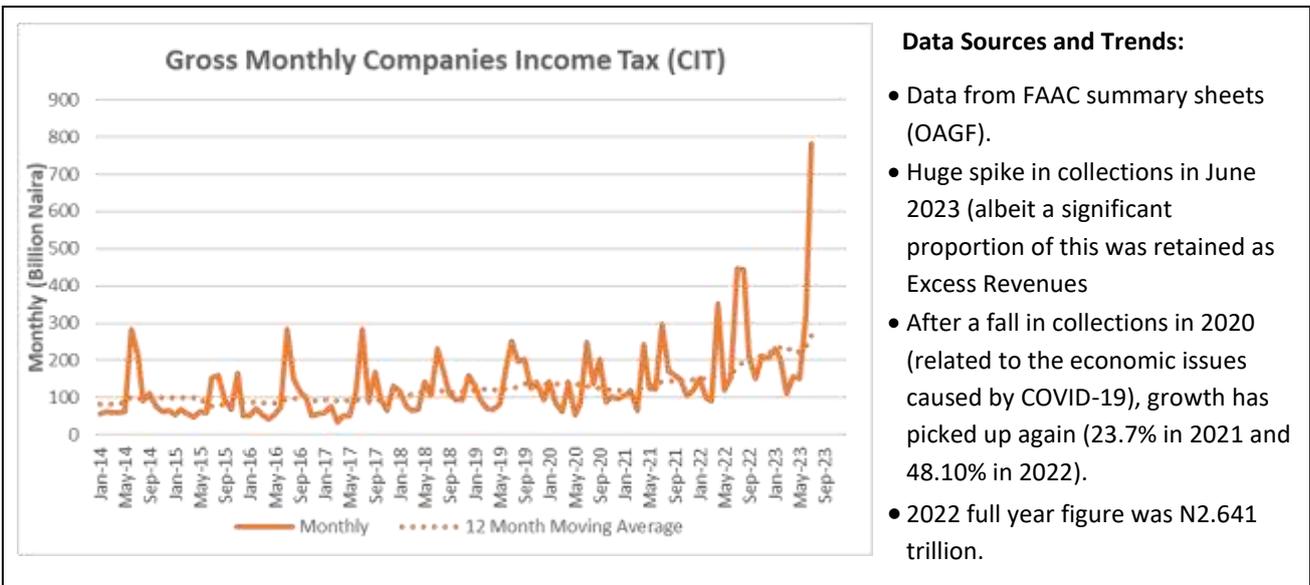


64. The impact of the Fuel Subsidy and derivation refunds mean the benefits of the crude oil price spike in 2022 (because of the conflict in the Ukraine) have not resulted in any marked increase in distributable

mineral revenues. The change in status of NNPC, specifically the way it remits to FAAC, has also brought about increased volatility in distributable mineral revenues. The removal of the subsidy, the devaluation of the Naira and conclusion of the derivation refunds should bring about a significant nominal increase in distributable mineral revenues in 2024.

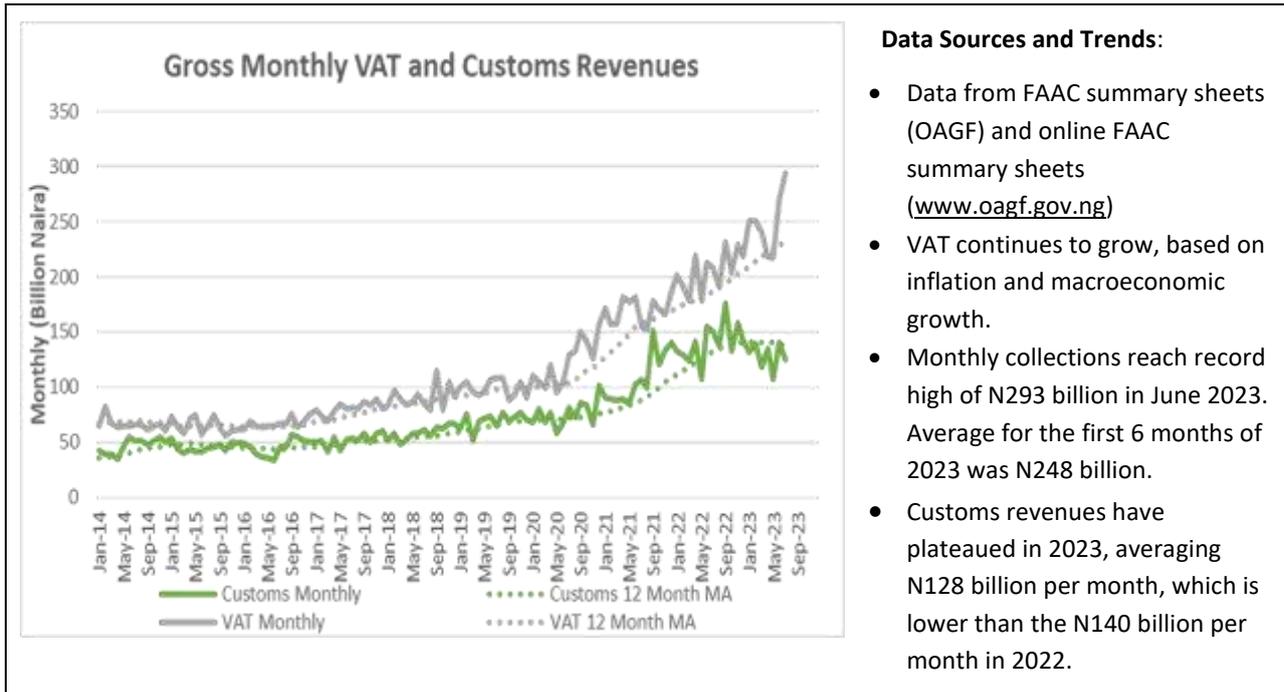
- 65. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2014 to May 2022 inclusive are shown in Figure 7 below. The graph also includes 12 month moving average.

Figure 7 CIT Revenues



- 66. The graph shows the annual spike in distributions (collections from the previous month) that is in line with the annual tax returns and payment cycle in FIRS. This generally happens in July because June collections, the month many companies file their return, are distributed in July. June 2023 collection were a record N781 billion, albeit a significant portion of this was deducted from FAAC as excess revenue. This record collection in June has helped the 12-month average more than double in the last two years.
- 67. Customs and Excise duties (NCS), which is distributed as part of Statutory Allocation, and Value Added Tax (VAT) which is distributed in its own right for the period January 2014 to May 2022 are shown in Figure 8 below.

Figure 8 NCS and VAT Revenues



68. VAT shows a clear upward trend since late-2015. This is to be expected as the general price level rose quite significantly over the same period, which should transfer straight into additional VAT (for VAT-able items). Given the increase in VAT from 5% to 7.5%, in the 2020 Finance Act, there have been significant upward trend in VAT over the last three-year from August 2020. There is still a level of monthly volatility that makes it slightly difficult to forecast. However, with the economy returning to positive real growth and inflation staying slightly above 20% for some time, it is anticipated that VAT will continue to grow in nominal terms.
69. Exchange rate controls import policy and devaluing Naira may have affected some Customs receipts historically, and they have not experienced anywhere near the level of growth that has been observed in CIT and VAT over the last two years. However, there are still some short-term volatility and Federal Revenue reforms should increase collections in the medium term, but the timing of impact remains uncertain. The free float of the Naira may help increase imports and related duties going forward.

2.A.3 Kebbi State Economy

70. Kebbi State has enjoyed impressive GDP performance over the years, although not quite as high as the national average since Kebbi does not benefit directly from the mineral sector.
71. The State is still a net importer of goods and services but is a net exporter of agricultural produce to other States. The movement of agricultural produce is not well-documented and computed to register meaningful contribution to the State economy. Despite the steady progress in economic growth and development, available data indicate that agriculture, especially crops and livestock, and fisheries as well as SMEs, which have the potential to generate large scale employment opportunities, are not currently doing so. However, these areas are undergoing transformation.
72. There is the predominance of subsistence and non-mechanized agriculture in the State. That is why the growth of the State's economy is predicated on increased transformation of the agricultural value chain (large scale agricultural production and agro-based industrial production). Although the trend of IGR in the State over the years has been varied, the present administration has demonstrated strong determination to change the prevailing situation of the State's IGR. With the establishment of Kebbi GIS (KBGIS), the state is in the process of computerization of all land records in urban centres. This when completed is expected to generate more revenue to the state. The state is also on the drive to enrol more individuals and businesses on the tax net.

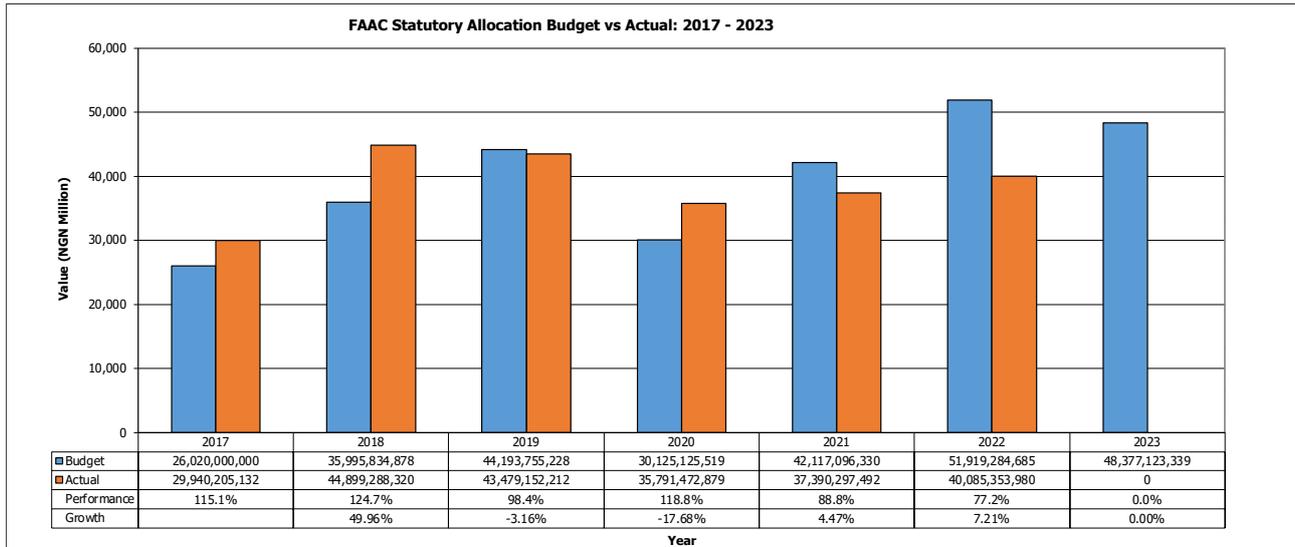
2.B Fiscal Update

2.B.1 Historic Trends

Revenue Side

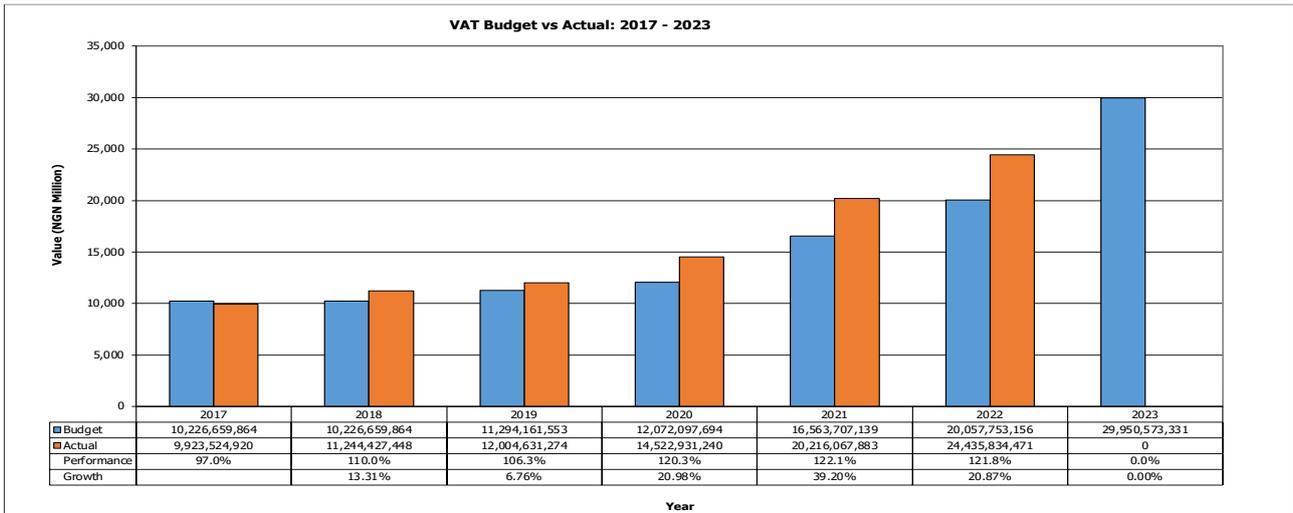
73. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Other Federation Account, and Capital Receipts (Loans, Grants, Other Capital Receipts) – budget versus actual for the period 2017-2022 (six year historic) and 2023 budget.

Figure 9: Statutory Allocation



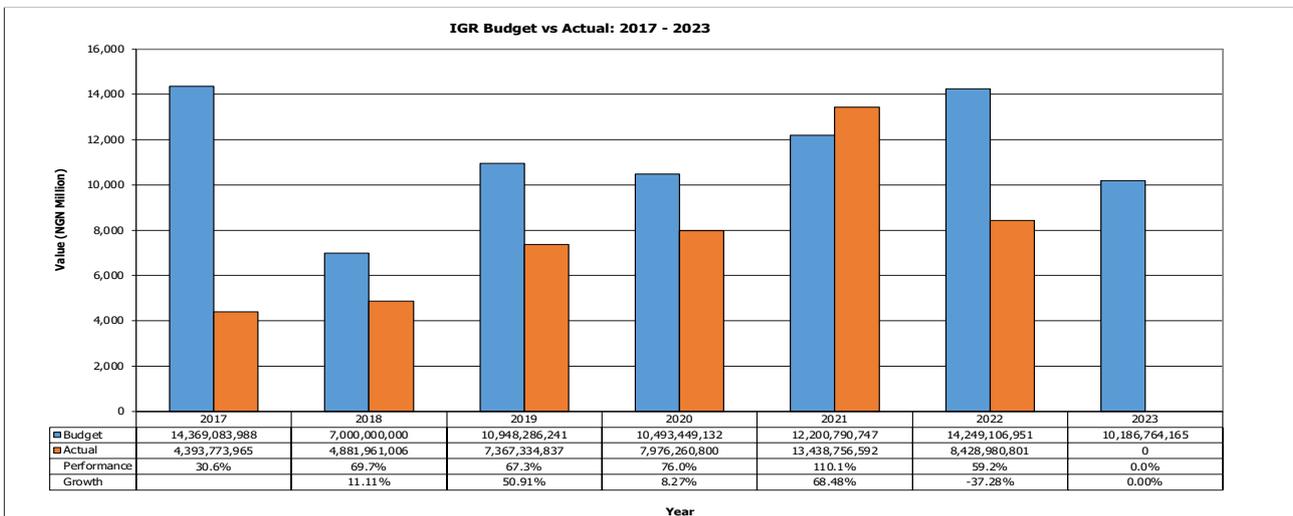
74. Statutory Allocation is a transfer from the Federation Allocation Accounts Committee (FAAC) and is based on the collection of minerals (largely Oil) and non-mineral revenues (companies’ income tax, custom and excise duties) at the national level, which is then shared between the three tiers of government using sharing ratios.
75. Actual receipts increased from 2017 to 2019 considerably. This could be due to an increase in the price of crude oil and a sustained production level. The onset of Covid 19 pandemic in the last quarter of 2019 through 2020 and most part of 2021 grossly affected oil prices due to the Global Economic lockdown. This was reflected in the decreased allocation by -3.16% in 2019 and a huge decline of -17.68% in 2020 when Covid was at its peak. However, it increased marginally (by 4.47%) in 2021 because the Global Economy was gradually coming back to normal with a further increase in 2022 by 7.21% as the economy continue improve.

Figure 10: VAT



- 76. VAT is an ad valorem tax on most goods and services at a rate of 7.5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government monthly – partially based on set ratios, and partially based on the amount of VAT a particular State generated. States receive 50% of the total VAT collections nationally, from which KEBBI gets around 2.2% of the States’ allocation.
- 77. VAT receipts has continued to grow over the last five years (2017 to 2022) increased marginally from particularly with the increase in the VAT rate from 5% to 7.5% and the ease of doing business reforms of the Federal Government. Performance relative to budget (i.e. budget accuracy) has been good.
- 78. The forecast for the next three years is in consonant with the progressive increase of VAT receipts and may even be more. This is a dependable source of Revenue.

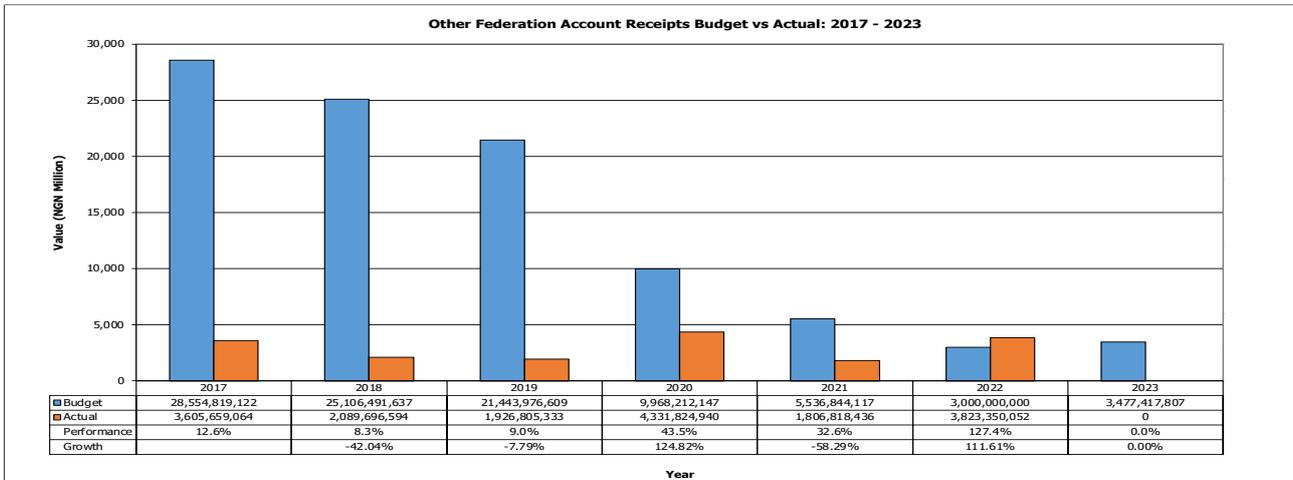
Figure 11: IGR



- 79. Internally Generated Revenue (IGR) also known as Independent Revenue (IR) is revenue collected within KEBBI State related to income tax (PAYE represents the highest contributor to IGR), fines, levies, fees, and other sources of revenue within the State.
- 80. From 2016 – 2022 actual collections have been lower than the budget, but the increase in performance has been steady and continues with a negative growth in 2022. The Government is doing all it can to widen the tax net and block all leakages in administration and collection of IGR. The IGR collections grew in 2021 by 68.48% due to an inclusion of a non-IGR component into the consolidated Revenue account with 2022 performance reflecting the normal trend in the IGR growth. Large reforms being

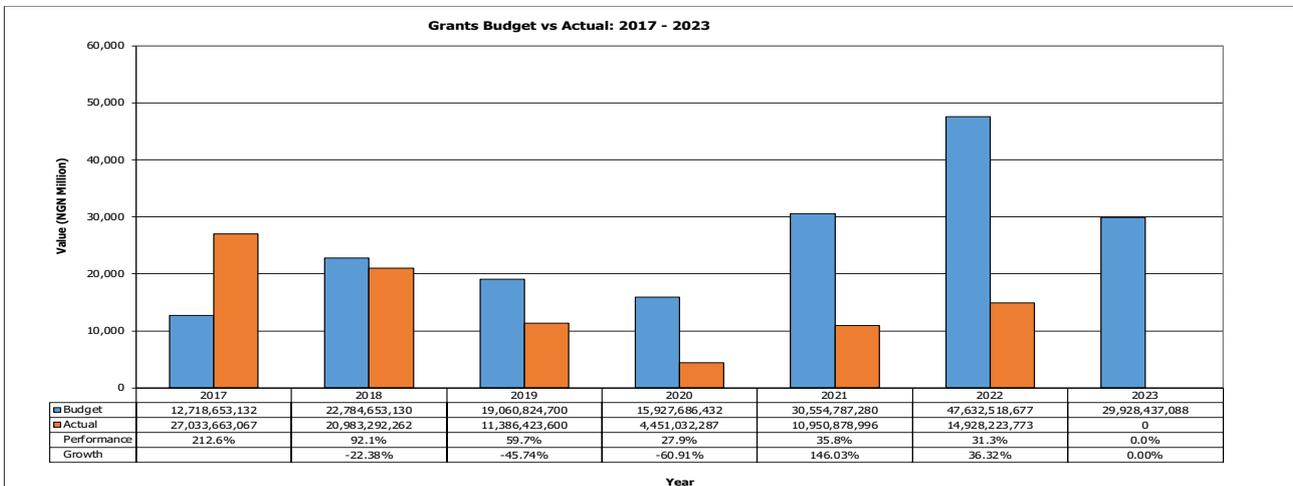
carried out by the State Government in the KEBBI State Board of Internal Revenue have contributed a lot to improved performance.

Figure 12: Other Federation Account



81. Other Federation Account Receipts are other receipts from Federation Accounts which include Exchange Gain, NNPC refund, etc.
82. Over the years, the state budget captured other FAAC receipts as miscellaneous revenues with same components as other FAAC receipts. The huge gap recorded in terms of performance to the budget provisions for 2017 to 2019 is due to the unrealistic projections made by the State, however, this has improved since 2020 as the draws close to realistic projection with the State recording 127% performance in 2022. The State is committed to making realistic projections.

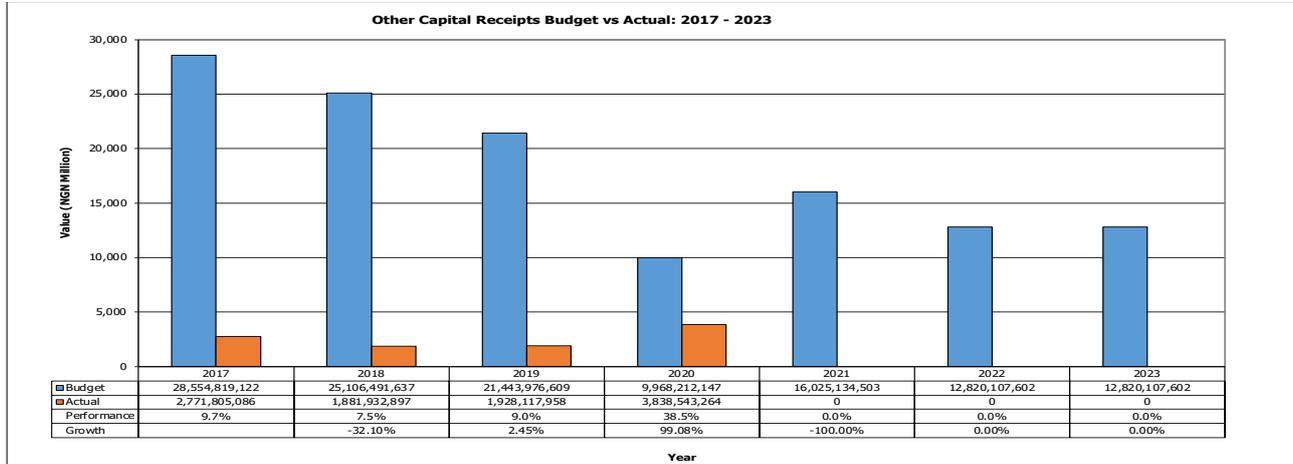
Figure 13: Grants



83. Grants are receipts from both internal and external sources such as Federal Government MDGs Conditional Grants Scheme, as well as grants from the international development partners (including UK - Department for International Development (DFID), European Union (EU) and United Nations Children’s Fund (UNICEF). KEBBI State has proactively included as much grant expenditure “on-budget” as possible, even if the funds don’t travel through the State treasury.
84. Actual grant receipts have been inconsistent over the years with performance remarkably high in 2017 and 2018 while in 2019, 2020, 2021 and 2022 performance were abysmally low. This was not unconnected to the COVID-19 pandemic which truncated both the activities of the State and the Development partners.

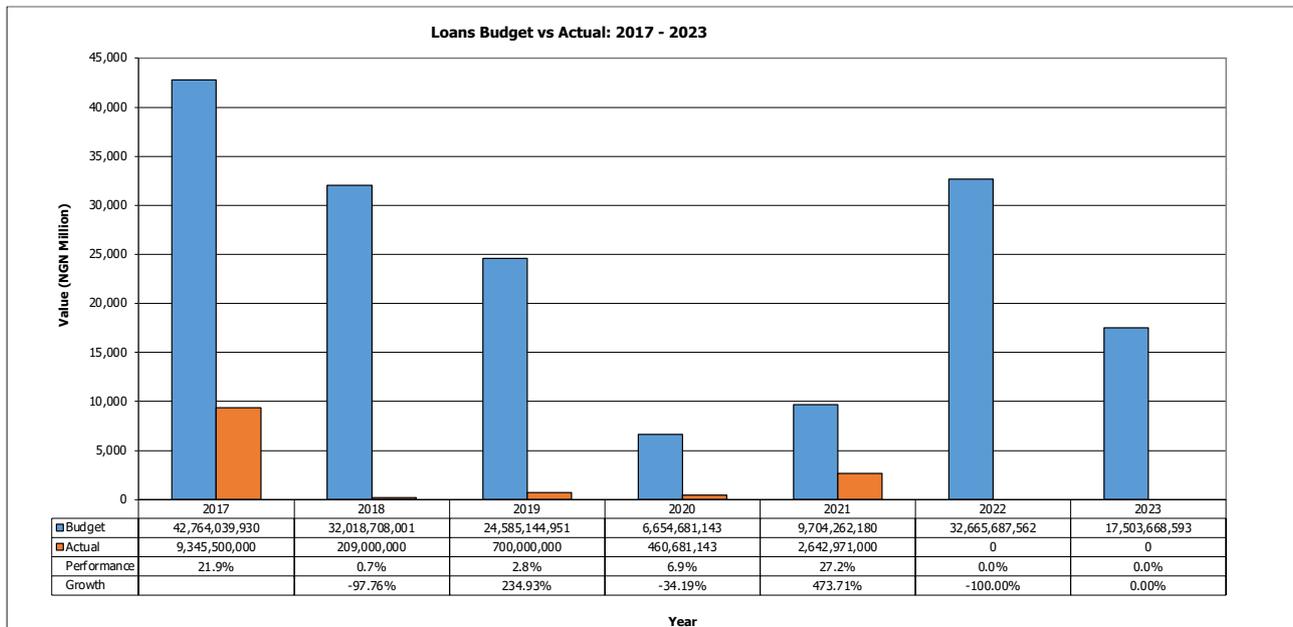
85. With the Global economy getting back to normal, more grants are expected as many Development partners are more than ever ready to work with the State to provide technical assistance and funding. Grant estimates going forward should be consistent with signed agreements; any “blue-sky” should be specifically linked to the implementation of specific projects.

Figure 14: Other Capital Receipts



86. Other capital receipts here include refund on federal roads constructed by the State, budget support, Excess Paris Club deduction refund and refunds from withholding tax 2016 the state received more than it anticipated.
87. The performance on this item is surrounded by uncertainties. Refunds on Road construction from the Federal Government may or may not happen in any given Fiscal year. Despite the poor performance in 2020, increase provision from refund on sale of government assets which did not materialise in 2021 and 2022 was moved over to 2023.

Figure 15: Loans/Financing



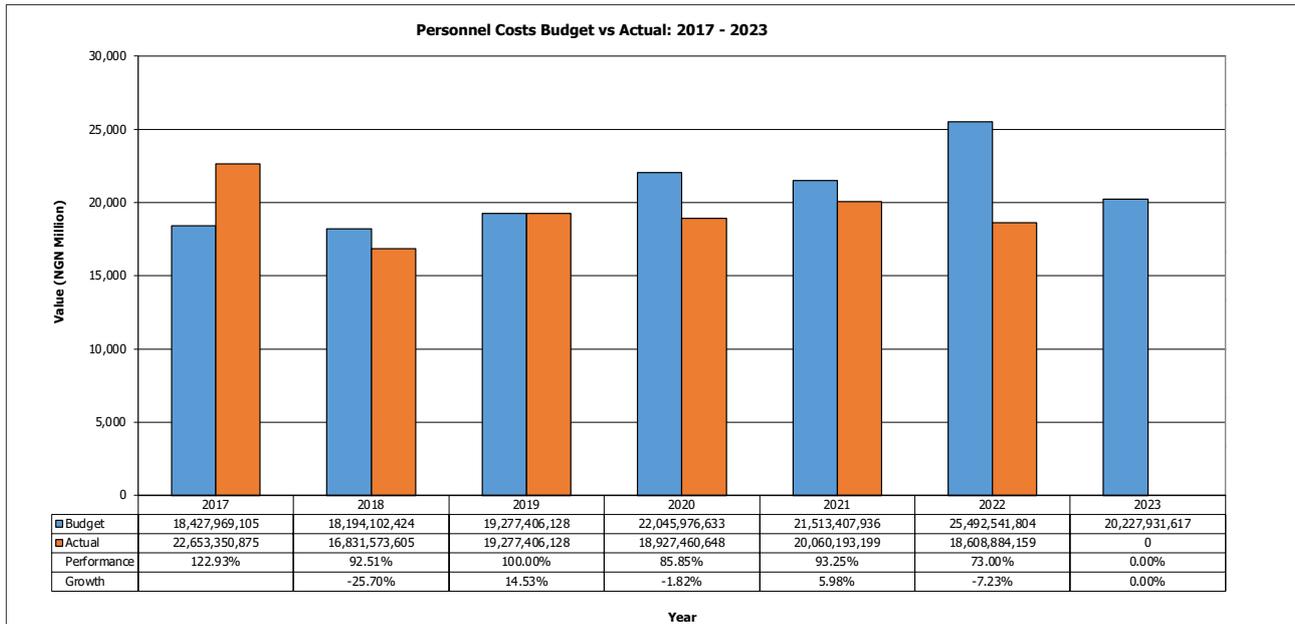
88. Loans and financing, refers to the additional outside funding sourced by the Government to finance some capital projects. Some of these loans could be external or internal. States such as Kebbi with inadequate funds and infrastructural deficits need to borrow to fill in the gap.

- 89. The performance of this item 2016 was quite impressive but started to decline in 2017 through 2020 due to delay in the start-up of some projects and none materialisation of some loans. This however picked up by 27% in 2021 due to loans obtained for Housing and Covid programme.
- 90. Budgetary Provisions under the loan component have decreased retrogressively from 2023 to 2025. The State is forecasted to secure more loans to finance its projects within its capacity for repayment.

Expenditure Side

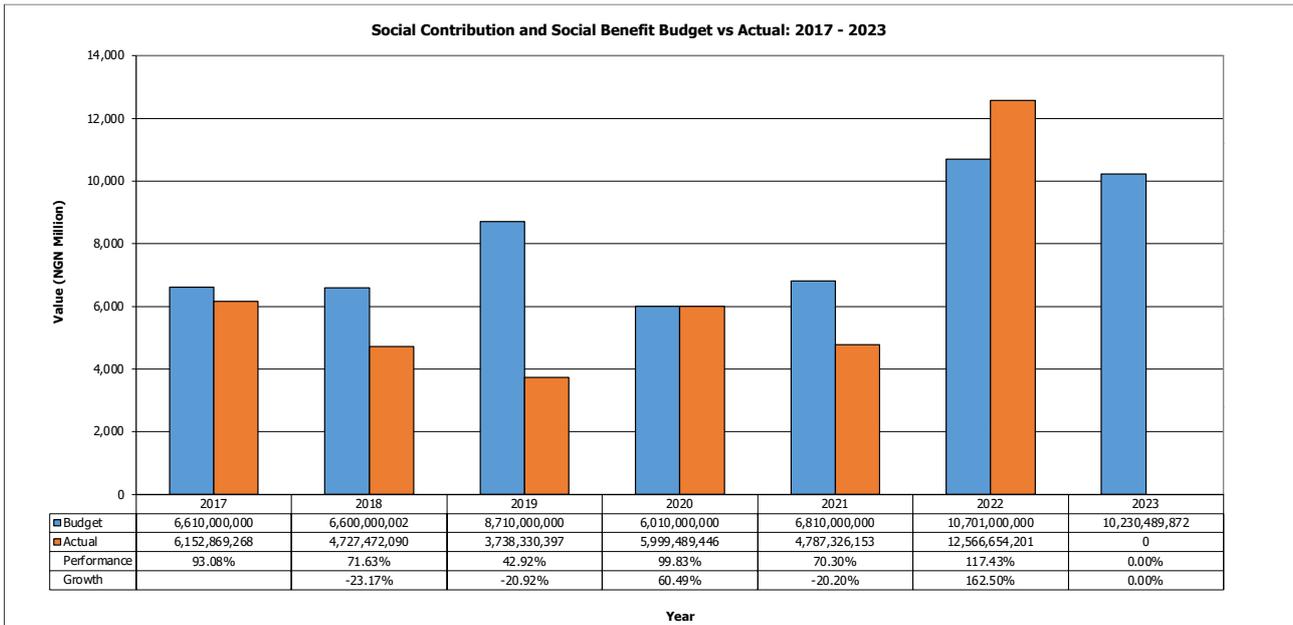
- 91. On the expenditure side, the document looks at Personnel (Salaries and Allowance), Social Contributions and Social Benefits, Overheads, Debt Service, and Capital Expenditure – budget versus actual for the period 2016-2021 (six years) and 2022 budget.
- 92. Expenditures are directly linked to available resources at any given time. As a State that is conscious of the welfare of its citizens, priority is given to payment of salaries, pensions, gratuities and provision of security. These items are non-negotiable and so they continue to attract funding irrespective of how much the state receives. There is the need to also fill up the infrastructure gap and this requires a lot of funds.
- 93. The implication for the year 2024- 2026 is for the State to vigorously pursue IGR and other sources of funding to be able to keep up with the above requisite expenditures and other capital expenditures in view of the rising budgetary allocations.

Figure 16: Personnel



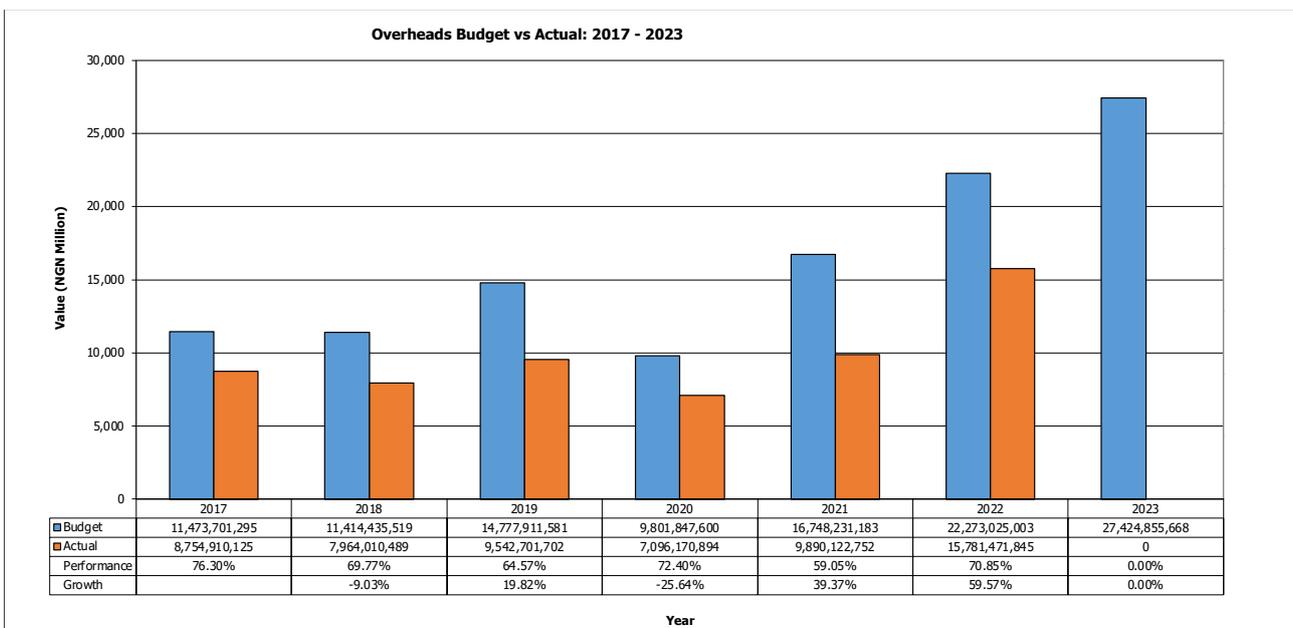
- 94. Personnel expenditure includes salaries, allowances, and benefits of core civil servants of the State. Personnel costs have risen year on year since 2017 though not astronomically.
- 95. Actual expenditure has been close to budget in all years. This is because actual personnel cost is known and can be correctly determined and the fact that as personnel retire, they are paid gratuities and enrolled unto pensions which is sometimes high than the salary.
- 96. For the 3-year forecast, personnel cost is expected to rise due to the commitment of the State Government to ease the burden posed by the fuel subsidy and floating of the Naira on the civil servant and the citizens in general. The State therefore need to work hard on its IGR to support its personnel cost so as to leave a bigger amount for capital projects.

Figure 17: Social Contributions and Social Benefits



- 97. Social Contributions and social benefit Budget refer to payments of Gratuities and pensions to retired civil servants. In Kebbi once a civil servant retires, he gets enrolled on to the pension payroll.
- 98. From the graph, performances record highs and lows from 2017 to 2021. In 2017, performance was almost as the actual amount budgeted due to backlog of retirees Gratuities. In 2019, it dropped and picked up in 2020 with very high figures due to high number of retirees in 2020 with the State exceeding budget in 2022, this is due to the commitment of the state Government to clear all the arrears before the administration exit.
- 99. For the 3-year forecast, adequate provision was made to take care of any retirement of civil servants.

Figure 18: Overheads

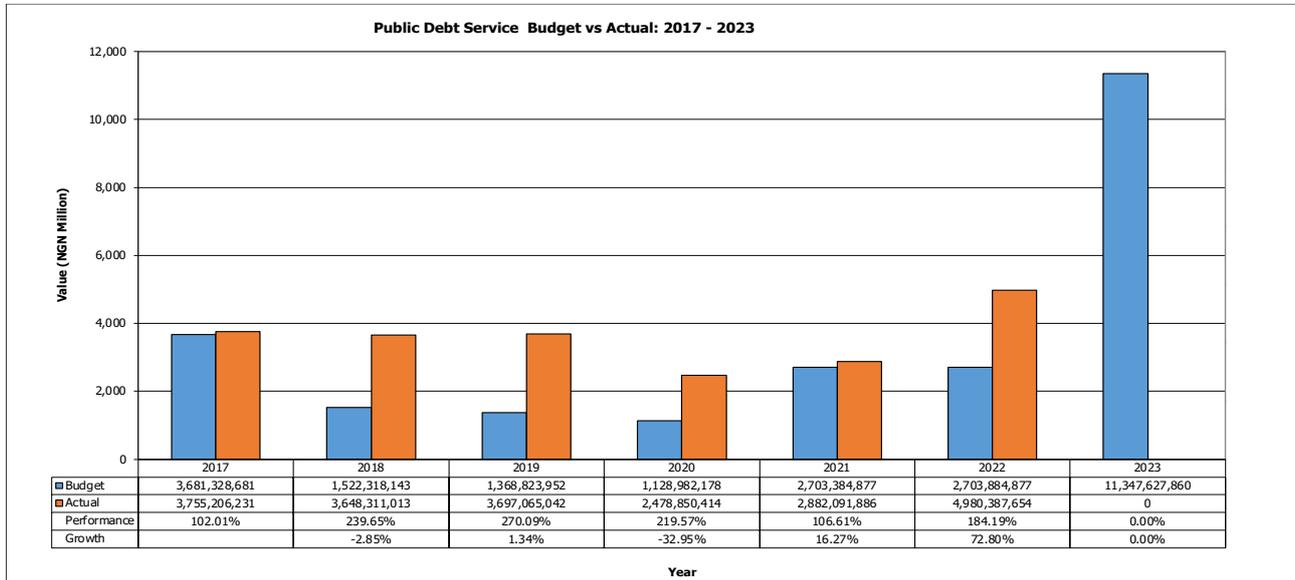


- 100. Overheads comprise mainly of operational and maintenance costs for running day-to-day activities of the Government. Overhead allocations are transferred to MDAs monthly.
- 101. Overheads had been above 60% from 2017 -2020 to keep the Government machinery Functional. Overhead expenditure both provision and expenditure were reduced significantly in the year 2020 due

to COVID-19, but gradually picked up in 2021 and 2022. While the State was unable to cross the traditional 60% performance in 2021, it had 70.85% in 2022, this was caused by the high number of casual workers engaged by the State Government.

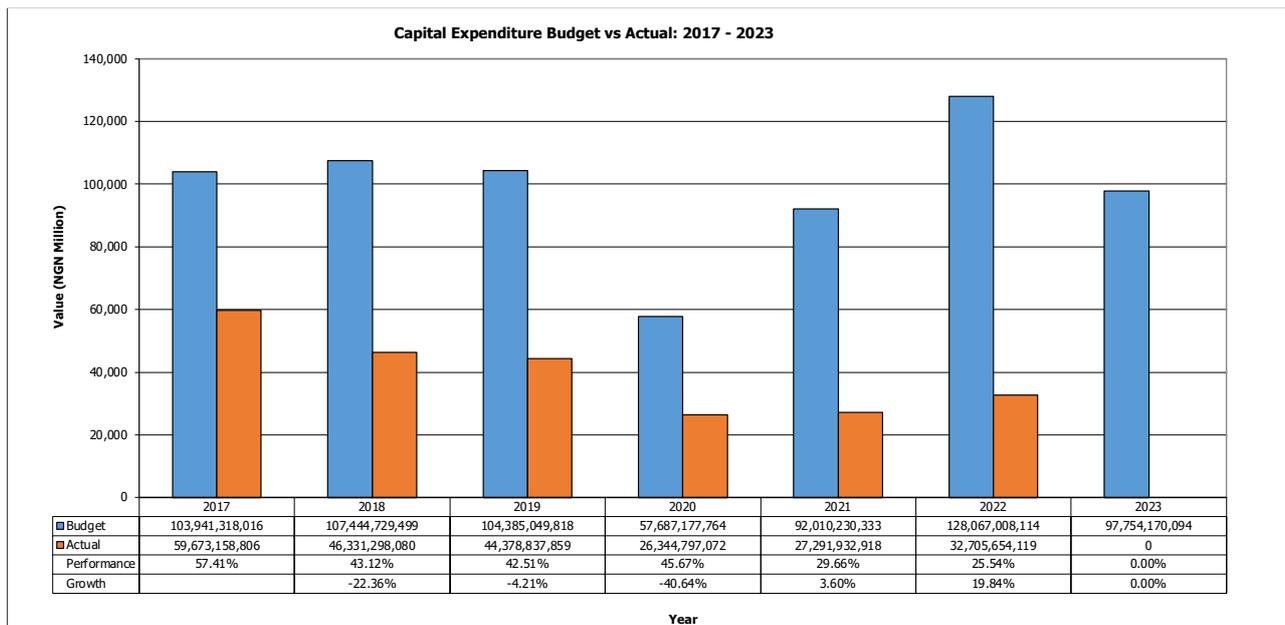
- 102. Overheads are very important but must be kept in check in consideration of funding availability. Provisions for the next 3 years have been kept to the barest minimum to ensure full implementation.

Figure 19: Public Debt Service



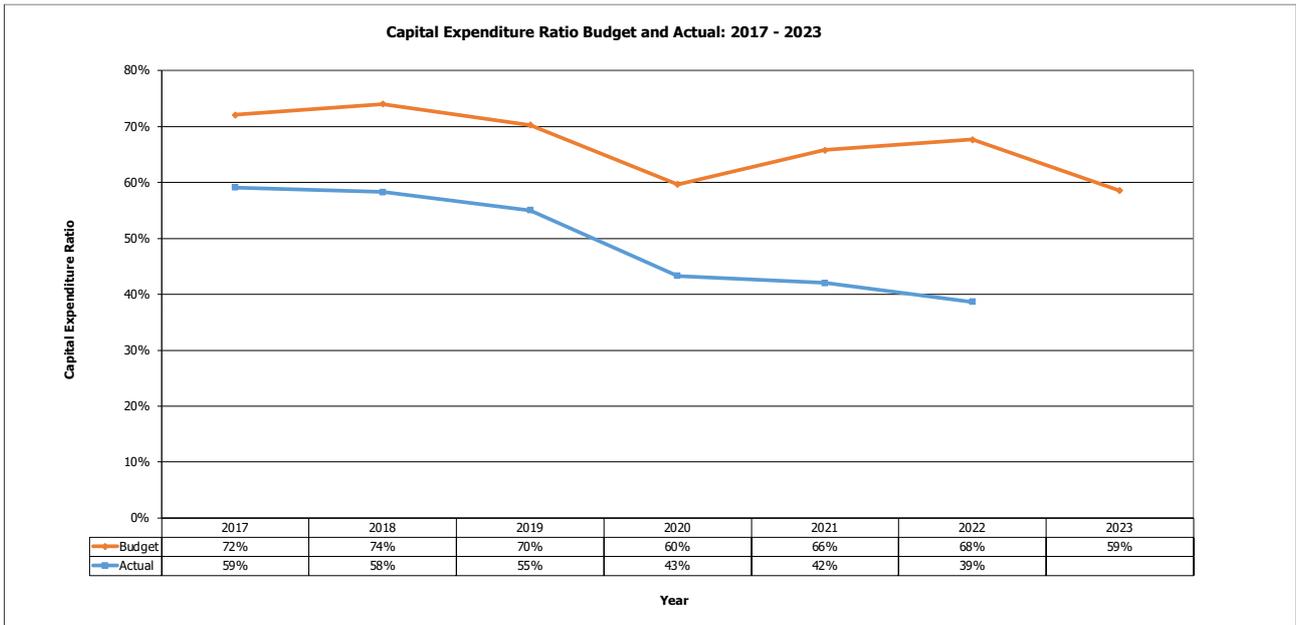
- 103. Public debt service is dept repayment of loans/dept contracted into by the State either internally or externally. The debt burden of the State is not very high and adequate provisions had been made previously for repayment.
- 104. Performance have been above the provision from 2017 – 2022.This could be because of very poor forecasting of the debt burden and transmission of the correct figures to the Ministry of Budget. The 2023 budget for public debt service reflects the principal and interest element of the Foreign and Domestic debt payment as against the practice of making provision for only the interest element in the previous years.
- 105. For the next 3 years adequate provisions had been made taking into acct the loans contracted by the State Government. Government may also borrow to fill up the infrastructure deficit of the State.

Figure 20: Capital Expenditure



106. Capital expenditure refers to projects that generate State assets (e.g. roads, schools, hospitals).
107. Capital expenditure provisions have consistently been higher due to the deliberate effort of the Government to continuously provide infrastructural facilities and improve the livelihood of the people. However, in 2020 this was reduced due to the impact of the COVID 19 pandemic on the Global Economy which caused National and States Budgets to be revised in accordance with economic realities. In all these years, actual capital receipts have greatly affected the capital expenditure performance as actual revenues were much below the budgetary provisions.
108. In 2017, capital expenditure performance was over 57% and this was because the capital receipts of the State performed considerably well and so the state had adequate funds to spend. There was a gradual decline 2018/2019 which was also not unconnected with receivable revenue. 2020 to 2021 was a Covid and recovery year respectively, performances were very low because capital receipts were low.
109. In 2022, the State continue to witness underperformance of the capital expenditure due to the low receipts of anticipated fund to actualise it.
110. There should be tight control on recurrent expenditure which will make more funds available for capital expenditure for improved budget performance. Going forward, concerted efforts should be made by the state to ensure that grants and loans are obtained as envisaged to increase capital receipt for capital expenditure.

Figure 21: Recurrent: Capital Expenditure Ratio



- 111. The capital expenditure ratio seeks to explain the actual capital budget performance visa-vis the Budgeted provision. The ratio between 2017 to 2019 was on a relatively steady until 2020 when performances dropped drastically because of the effect of COVID-19 pandemic despite the drop in the allocation.
- 112. It will be observed that in all the years reviewed (i.e. 2017 – 2022, the actual capital expenditure ratio was lower than capital budget ratio. This may be because of lack of accuracy in the budgetary process coupled with the instability of the oil market and in recent years, falling prices of oil caused by the COVID-19 pandemic and poor planning.
- 113. The implication for 2024 – 2026 forecast is that if more capital receipts are not obtained and the IGR increased, same scenario may still be recorded since the State IGR cannot fund recurrent expenditure.

By Sector

- 114. The emphasis of expenditure of the current administration has been on infrastructure which was, up till 2016, in a State of dis-repair. The allocations of high percentage of capital expenditure reflect this and the investment in this sector is expected to ultimately boost economic activity in the State.
- 115. The performance of personnel and overhead are detailed in Table 4 and Table 5 while performance of capital expenditure is detailed in Table 6 below.

Table 4: Sector Expenditure – Personnel - Budget Vs Actual

Personnel Expenditure by Sector											
Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
Governor's Office	301,821,746	259,945,950	324,650,000	318,038,546	358,905,782	312,035,249	381,687,649	301,374,318	87.15%	1.55%	1.55%
Office of the Secretary to the State Govern	630,900,000	213,468,190	579,600,000	410,724,276	580,627,624	545,828,138	630,627,624	316,131,089	61.37%	2.74%	1.93%
State Assembly	152,129,184	152,129,184	410,000,000	376,443,744	539,848,317	127,521,014	502,753,538	138,162,792	49.49%	1.82%	1.03%
Ministry of Information and Culture	327,989,586	287,974,885	330,000,000	335,345,873	366,721,286	335,358,881	364,285,840	340,390,559	93.53%	1.57%	1.69%
Office of the Head of State Civil Service	174,000,000	172,268,594	222,000,000	220,606,002	242,000,000	224,138,480	256,000,000	221,646,741	93.81%	1.01%	1.09%
Ministry of Special Duties	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Office of the State Auditor General	80,429,224	56,710,868	50,550,000	78,149,632	89,909,548	81,956,689	210,078,663	78,678,433	68.57%	0.49%	0.38%
Civil Service Commission (CSC)	37,217,750	32,084,517	34,000,000	27,457,152	35,000,000	23,620,533	70,313,976	5,596,404	50.28%	0.20%	0.12%
Kebbi State Independent Electoral Commi	0	0	3,800,000	3,626,428	3,800,000	3,660,399	43,407,924	30,765,986	74.60%	0.06%	0.05%
Local Government Service Commission	7,099,564	6,176,651	7,500,000	6,686,802	8,000,000	7,111,982	8,010,000	7,123,219	88.53%	0.03%	0.04%
Ministry of Agriculture	1,423,400,000	938,540,722	1,330,000,000	1,282,070,201	267,000,000	619,762,962	657,000,000	584,873,857	93.14%	4.16%	4.46%
Ministry of Animal Health Husbandry and	499,838,763	471,129,070	533,000,000	462,890,308	632,947,778	661,100,457	760,113,091	663,579,446	93.11%	2.75%	2.94%
Ministry of Finance	1,337,920,089	3,354,922,197	1,184,126,633	1,247,202,380	1,004,562,158	1,955,920,050	1,302,923,721	628,532,715	148.80%	5.47%	9.35%
Ministry of Commerce and Industry	137,100,000	135,755,924	151,500,000	150,589,897	160,937,350	139,612,994	165,293,699	139,707,054	92.00%	0.70%	0.74%
Ministry of Information Communication a	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of Works and Transport	425,500,000	220,449,885	408,000,000	400,536,993	440,000,000	388,872,366	431,200,000	376,793,123	81.34%	1.93%	1.80%
Ministry of Budget & Economic Planning	44,000,000	27,858,002	24,000,000	23,903,820	24,500,000	27,396,124	32,526,274	29,894,661	87.22%	0.14%	0.14%
Fiscal Responsibility Commission	0	0	0	0	0	0	20,249,387	0	0.00%	0.02%	0.00%
Ministry of Water Resources and Rural De	239,861,847	99,173,823	254,691,460	264,478,864	276,000,000	249,462,273	281,000,000	248,298,537	81.92%	1.19%	1.12%
Ministry of Lands and Housing	311,500,000	237,954,819	268,100,000	253,278,398	295,899,000	263,649,601	293,559,356	249,676,856	85.93%	1.32%	1.31%
Judiciary	1,005,927,092	903,975,149	935,958,540	805,292,821	1,333,000,000	1,044,620,747	2,317,782,949	1,067,304,021	68.33%	6.33%	4.97%
Ministry of Justice	107,481,499	62,513,740	64,200,000	60,848,326	69,700,000	60,450,173	87,418,245	61,209,866	74.52%	0.37%	0.32%
Ministry of Youths & Sports	50,000,000	0	60,000,000	57,128,638	63,857,951	55,933,682	61,347,282	53,944,816	71.00%	0.27%	0.22%
Ministry of Women Affairs and Social Dev	60,500,000	46,853,121	63,000,000	61,953,778	64,500,000	56,639,263	63,000,000	56,301,316	88.35%	0.28%	0.29%
Ministry for Basic and Secondary Educatio	3,969,500,000	3,959,191,585	5,509,000,000	5,008,404,845	5,381,461,142	4,811,987,728	6,685,075,031	4,748,835,896	86.00%	24.39%	24.10%
Ministry for Higher Education	3,278,264,284	3,187,264,284	3,748,200,000	3,648,200,000	3,930,200,000	2,964,097,073	4,043,546,235	3,019,052,236	85.46%	16.98%	16.67%
Ministry of Health	4,460,750,000	4,260,750,000	5,330,000,000	3,231,000,000	5,120,000,000	4,884,657,658	5,597,661,320	5,029,148,385	84.87%	23.22%	22.64%
Ministry of Environment	151,700,000	142,074,800	163,500,000	137,638,047	165,430,000	159,425,966	165,580,000	155,618,719	92.04%	0.73%	0.77%
Ministry of Local Government and Chiefta	62,575,500	48,240,168	56,600,000	54,964,877	58,600,000	55,372,716	60,100,000	56,243,114	90.31%	0.27%	0.28%
Ministry of solid Minerals Development ar	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of Physical planning and Urban D	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of rural and Community Develop	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of Humanitarian Affairs and Emp	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of Digital Economy	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of Home affairs and Internal sec	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry for Religious affairs	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%

Table 5: Sector Expenditure – Overhead - Budget Vs Actual

Sector Expenditure by Sector											
Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
Governor's Office	4,019,065,377	3,919,410,386	1,865,799,600	2,084,851,000	3,479,384,308	3,721,029,550	5,957,691,957	4,564,574,064	93.26%	24.09%	33.77%
Office of the Secretary to the State Government	2,331,525,000	2,114,302,627	1,264,650,000	1,261,800,000	2,509,150,000	552,594,000	4,321,600,000	4,341,074,048	79.31%	16.39%	19.55%
State Assembly	1,655,530,779	400,350,000	1,497,100,000	435,635,000	2,635,530,779	1,560,947,052	2,323,249,999	1,472,342,507	47.70%	12.75%	9.14%
Ministry of Information and Culture	76,250,001	46,965,000	67,910,000	23,970,000	82,710,000	47,829,000	90,710,000	49,498,533	52.98%	0.50%	0.40%
Office of the Head of State Civil Service	144,024,081	36,090,000	27,660,000	18,177,000	78,890,000	45,169,146	131,060,000	89,406,000	49.48%	0.60%	0.45%
Ministry of Special Duties	0	0	0	0	0	0	1,200,000	0	0.00%	0.00%	0.00%
Office of the State Auditor General	17,550,000	7,194,500	10,460,000	7,905,000	27,160,000	26,645,000	110,750,000	15,200,000	34.32%	0.26%	0.13%
Civil Service Commission (CSC)	13,350,000	11,505,000	12,850,000	12,000,000	13,350,000	11,210,000	13,350,000	11,950,000	88.21%	0.08%	0.11%
Kebbi State Independent Electoral Commission	9,750,000	6,100,000	6,200,000	6,000,000	6,200,000	5,747,000	24,000,000	5,997,100	51.67%	0.07%	0.06%
Local Government Service Commission	15,450,000	15,450,000	14,050,000	14,050,000	14,050,000	13,280,000	23,550,000	13,700,000	84.17%	0.11%	0.13%
Ministry of Agriculture	466,700,000	32,300,000	35,330,000	32,400,000	35,640,000	21,641,000	59,320,000	25,474,000	18.73%	0.94%	0.26%
Ministry of Animal Health Husbandry and Fisheries	10,700,000	10,700,000	509,600,000	8,400,000	16,200,000	10,275,000	30,000,000	10,670,000	7.07%	0.89%	0.09%
Ministry of Finance	624,950,692	303,403,191	651,900,000	325,048,354	881,150,692	1,227,228,210	1,314,763,043	988,422,558	81.90%	5.46%	6.72%
Ministry of Commerce and Industry	43,700,000	43,326,060	78,100,000	69,400,000	305,350,000	13,609,500	310,350,000	21,029,690	19.98%	1.16%	0.35%
Ministry of Information Communication and Technology	0	0	17,400,000	5,670,000	17,400,000	10,475,000	80,400,000	7,290,000	20.34%	0.18%	0.06%
Ministry of Works and Transport	106,218,000	78,090,000	267,868,000	73,200,000	278,618,000	71,678,000	287,918,000	82,214,000	32.44%	1.48%	0.72%
Ministry of Budget & Economic Planning	71,900,000	29,538,000	50,900,000	20,960,000	45,700,000	36,356,099	58,900,000	41,134,000	56.28%	0.36%	0.30%
Fiscal Responsibility Commission	21,500,000	3,600,000	3,640,000	3,600,000	3,640,000	2,529,000	3,640,000	3,600,000	41.11%	0.05%	0.03%
Ministry of Water Resources and Rural Development	202,550,000	9,295,000	160,585,000	3,135,000	186,985,000	134,666,490	197,047,000	210,028,000	47.80%	1.17%	0.84%
Ministry of Lands and Housing	47,650,000	24,104,500	32,900,000	22,350,000	53,385,000	23,887,000	57,750,000	29,039,900	51.85%	0.30%	0.23%
Judiciary	440,845,000	317,354,000	278,375,000	258,124,000	1,592,524,000	364,394,750	711,048,000	420,727,400	45.01%	4.75%	3.22%
Ministry of Justice	706,600,000	211,901,000	436,100,000	320,020,000	603,100,000	171,611,500	936,660,000	282,279,000	36.75%	4.22%	2.33%
Ministry of Youths & Sports	376,700,000	47,935,000	8,700,000	18,125,500	147,000,000	14,800,000	535,500,000	382,636,000	43.40%	1.68%	1.10%
Ministry of Women Affairs and Social Development	46,010,000	25,941,990	34,060,000	27,010,590	75,160,000	23,587,388	80,170,000	29,522,388	45.06%	0.37%	0.25%
Ministry for Basic and Secondary Education	1,728,504,822	1,076,501,888	1,241,800,000	1,129,992,000	1,971,060,000	1,069,551,550	2,212,320,000	1,800,877,799	70.97%	11.25%	12.00%
Ministry for Higher Education	552,050,000	117,970,000	367,050,000	130,350,000	498,970,000	348,860,257	860,350,000	394,028,558	43.50%	3.58%	2.34%
Ministry of Health	1,022,237,829	635,544,000	843,510,000	767,447,890	1,160,223,404	339,136,700	1,508,877,004	469,786,750	48.78%	7.13%	5.23%
Ministry of Environment	15,300,000	9,680,000	9,000,000	8,400,000	14,500,000	12,930,000	16,850,000	11,710,000	76.77%	0.09%	0.10%
Ministry of Local Government and Chieftaincy Affairs	11,300,000	8,149,560	8,350,000	8,149,560	15,200,000	8,454,560	15,200,000	7,259,550	63.96%	0.08%	0.08%
Ministry of solid Minerals Development and Mining	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of Physical planning and Urban Development	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of rural and Community Development	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of Humanitarian Affairs and Empowerment	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of Digital Economy	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry of Home affairs and Internal security	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Ministry for Religious affairs	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%

Note: The Overhead cost in Table 5 is inclusive of Special Programmes

Table 6: Sector Expenditure – Capital - Budget Vs Actual

Capital Expenditure by Sector												
No.	Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	637,000,000	144,336,127	1,125,000,000	1,124,698,315	3,490,000,000	1,133,859,338	3,540,000,000	3,000,000	27.36%	2.30%	1.69%
2	Office of the Secretary to the State Government	16,120,120,643	12,438,321,171	6,390,000,000	4,699,000,000	8,620,105,000	3,600,611,617	10,285,620,640	4,691,897,410	61.40%	10.86%	17.88%
3	State Assembly	673,000,000	0	316,500,000	316,500,000	1,653,495,000	1,681,069,616	2,126,128,721	124,943,465	44.51%	1.25%	1.49%
4	Ministry of Information and Culture	1,315,672,700	352,911,263	235,000,000	41,000,000	256,000,000	9,195,000	228,000,000	33,000,000	21.43%	0.53%	0.31%
5	Office of the Head of State Civil Service	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
6	Ministry of Special Duties	0	0	0	0	0	0	650,000,000	0	0.00%	0.17%	0.00%
7	Office of the State Auditor General	0	0	0	0	0	0	182,646,405	0	0.00%	0.05%	0.00%
8	Civil Service Commission (CSC)	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
9	Kebbi State Independent Electoral Commission	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
10	Local Government Service Commission	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
11	Ministry of Agriculture	10,487,500,027	49,124,650	8,263,798,211	3,130,387,750	7,791,537,363	2,168,568,000	10,115,742,696	2,612,192,799	21.71%	9.61%	5.60%
12	Ministry of Animal Health Husbandry and Fisheries	1,883,500,000	108,750,707	1,944,000,000	109,953,466	2,285,000,000	2,285,000,000	4,930,000,500	532,281,426	27.49%	2.89%	2.13%
13	Ministry of Finance	3,392,000,000	2,230,612,115	1,511,000,000	1,511,000,000	2,914,000,000	1,887,387,565	7,514,000,000	2,806,654,004	55.02%	4.02%	5.93%
14	Ministry of Commerce and Industry	1,869,000,000	7,748,610	2,059,000,000	401,500,000	2,612,000,000	39,000,000	2,727,000,000	10,500,000	4.95%	2.43%	0.32%
15	Ministry of Information Communication and Technology (ICT)	0	0	353,000,000	0	1,513,000,000	18,295,850	3,524,000,000	18,200,000	0.68%	1.41%	0.03%
16	Ministry of Works and Transport	18,871,273,083	11,388,017,658	8,433,000,000	6,111,237,601	12,704,000,000	8,194,605,319	14,695,485,919	6,702,251,181	59.22%	14.34%	22.77%
17	Ministry of Budget & Economic Planning	3,067,015,178	4,600,000	1,268,898,120	275,960,000	2,889,761,446	228,970,000	6,896,827,612	0	3.61%	3.70%	0.36%
18	Fiscal Responsibility Commission	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
19	Ministry of Water Resources and Rural Development	5,837,400,000	2,231,523,297	3,126,000,000	1,688,609,197	3,831,000,000	2,624,206,352	4,295,000,000	1,881,541,002	49.30%	4.48%	5.92%
20	Ministry of Lands and Housing	4,567,065,373	881,866,436	6,194,600,000	449,260,866	8,439,000,000	2,503,921,607	14,292,247,655	2,370,760,190	18.53%	8.78%	4.36%
21	Judiciary	672,000,000	207,360,000	265,000,000	164,885,000	1,763,240,380	139,109,020	1,628,240,380	147,000,000	15.21%	1.13%	0.46%
22	Ministry of Justice	110,000,000	110,000,000	30,000,000	691,000,000	243,000,000	237,687,500	168,000,000	0	188.51%	0.14%	0.73%
23	Ministry of Youths & Sports	990,000,000	242,726,855	175,000,000	174,732,541	1,604,000,000	163,085,000	1,493,500,000	195,982,587	18.22%	1.12%	0.55%
24	Ministry of Women Affairs and Social Development	616,502,577	616,502,577	789,515,966	99,750,000	1,468,212,000	943,287,928	1,514,500,000	498,870,504	49.18%	1.15%	1.52%
25	Ministry for Basic and Secondary Education	19,136,872,200	7,472,772,738	8,282,907,585	2,921,305,303	14,520,000,000	7,497,818,023	14,990,941,632	7,265,488,178	44.19%	14.93%	17.68%
26	Ministry for Higher Education	5,817,000,000	2,622,889,838	1,850,020,000	1,171,195,000	5,120,000,000	1,520,878,449	9,666,649,955	814,157,482	27.30%	5.89%	4.31%
27	Ministry of Health	5,014,060,824	3,254,893,816	4,116,637,882	1,147,211,029	6,889,879,144	979,089,355	10,212,976,000	1,853,873,891	27.58%	6.88%	5.09%
28	Ministry of Environment	2,548,702,391	13,880,000	942,000,000	98,200,000	1,373,000,000	116,660,000	2,277,000,000	143,060,000	5.21%	1.87%	0.26%
29	Ministry of Local Government and Chieftaincy Affairs	52,800,000	0	16,300,000	16,300,000	30,000,000	854,546,646	112,500,000	0	411.55%	0.06%	0.61%
30	Ministry of solid Minerals Development and Mining	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
31	Ministry of Physical planning and Urban Development	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
32	Ministry of rural and Community Development	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
33	Ministry of Humanitarian Affairs and Empowerment	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
34	Ministry of Digital Economy	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
35	Ministry of Home affairs and Internal security	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
36	Ministry for Religious affairs	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%

2.B.2 Debt Position

116. A summary of the consolidated debt position for Kebbi State Government is provided in the table below.

Table 7: Debt Position as at 31st December 2022

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2022
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	429.14%
2	Total External Debt/Gross FAAC	150%	26.86%
3	Total Public Debt/Total Recurrent Revenue	150%	71.03%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	49.68%
6	External Debt Service/Gross FAAC	10%	1.16%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	7.29%
8	Total Debt Service/Total Recurrent Revenue	25%	6.49%
B	PUBLIC DEBT DATA AS AT 31st DECEMBER 2022		Naira
1	Total Domestic Debt		36,172,203,996
2	Total External Debt		18,359,934,211
3	Total Public Debt		54,532,138,207
4	Total Domestic Debt Service 2022		4,187,535,072
5	Total External Debt Service in 2022		792,852,582
6	Total Public Debt Service		4,980,387,654

117. By December 2022, the State's total public debt was N54,532,138,207 broken into N36,172,203,996 for domestic debt and N18,359,934,211 for external debt. In general, the State is fairing not too badly in the analysis except for those related to IGR – specifically domestic debt to IGR solvency ratio and domestic debt service to IGR liquidity ratio. This is largely due to a low IGR base which must be increased in the short-medium term. Moreover, the state is anticipating generating more revenue with the inception of Kebbi State Geographic Information System (KBGIS) which is due to generate more revenue in the state, on the other hand the upward review of the state TAX will improve revenue generation and the state will ensure that all revenue leakages will be blocked. Once IGR is at a more appropriate level compared to the level of economic activity in the State, more domestic borrowing will be possible.
118. In the interim, although foreign exchange represents a risk considering the volatility of the naira, foreign loans represent a more affordable solution to borrowing.

3 Fiscal Strategy Paper

3.A Macroeconomic Framework

119. The Macroeconomic framework is based on IMF’s national real GDP growth and inflation forecasts from the April 2022 IMF World Economic Outlook document, and mineral benchmarks are based on a thorough analysis of the current outlook for crude oil prices, production, and mineral ratio. The current NGN: USD exchange rate has been adopted throughout the period. This translates to the following figures which underpin the Kebbi State 2024 – 2026 MTEF.

Figure 22: Kebbi State Macroeconomic Framework

Macro-Economic Framework

Item	2024	2025	2026
National Inflation	21.40%	20.30%	18.60%
National Real GDP Growth	3.00%	3.00%	3.00%
Oil Production Benchmark (MBPD)	1.7300	1.6700	1.5800
Oil Price Benchmark	\$74.00	\$73.80	\$69.90
NGN:USD Exchange Rate	750	750	750
Other Assumptions			
Mineral Ratio	13%	13%	13%

3.B Fiscal Strategy and Assumptions

Policy Statement

120. KEBBI State’s mission is to mobilize the people of the State to harness all its God-given resources, create and use wealth for the ends of individual happiness, collective fulfilment, and peaceful cohabitation in a safe and secure environment of transparent and honest leadership. The State’s fiscal policy is envisaged to control and enforce compliance with established spending and budgeting system, which include aggregate fiscal discipline, allocative efficiency, and effective spending.

Objectives and Targets

121. The key targets for Kebbi State Government from a fiscal perspective are:

- Create efficiencies in personnel and overhead expenditure to allow greater resource for capital development;
- Grow IGR by a minimum of 10% every year from 2024 to 2026
- Ensure loans will only be used for capital expenditure projects;
- Achieve long term target of funding all recurrent expenditure with revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation);
- Target sources of capital receipts and financing outside of loans (e.g. Grants, PPP, etc.);
- Give priority to the completion of ongoing capital projects before new projects are commenced; and
- Grow the economy through targeted spending in areas of comparative advantage.

3.C Indicative Three-Year Fiscal Framework

122. The indicative three-year fiscal framework for the period 2024-2026 is presented in the table below.

Table 8: Kebbi State Medium Term Fiscal Framework

Item	2024	2025	2026
Recurrent Revenue			
Statutory Allocation	79,254,269,350	92,131,594,370	105,980,203,238
VAT	41,660,054,243	56,031,697,350	72,429,635,302
IGR	14,792,861,305	19,230,719,697	24,999,935,606
Excess Crude / Other Revenue	1,021,776,332	1,120,376,332	1,029,776,647
Total Recurrent Revenue	136,728,961,231	168,514,387,749	204,439,550,793
Recurrent Expenditure			
Personnel Costs	23,540,238,461	27,777,481,384	33,888,527,289
Social Contribution and Social Benefit	13,461,399,980	13,730,627,979	13,867,934,259
Overheads	18,227,599,981	18,774,427,980	19,337,660,820
Public Debt Service	3,771,178,826	3,771,178,826	3,771,178,826
Total	59,000,417,248	64,053,716,170	70,865,301,194
Transfer to Capital Account	77,728,543,983	104,460,671,579	133,574,249,599
Capital Receipts			
Grants	23,672,781,090	25,963,346,851	30,751,271,447
Other Capital Receipts	12,820,107,602	0	0
Total	36,492,888,692	25,963,346,851	30,751,271,447
Reserves			
Contingency Reserve	9,061,092,496	9,923,886,730	11,984,541,112
Planning Reserve	6,111,071,634	6,721,200,922	8,441,276,052
Total Reserves	15,172,164,130	16,645,087,652	20,425,817,164
Capital Expenditure	107,049,268,545	117,778,930,779	148,399,703,882
Discretionary Funds	92,321,168,911	108,412,866,104	139,715,523,800
Non-Discretionary Funds	14,728,099,634	9,366,064,675	8,684,180,082
Financing (Loans)	8,000,000,000	4,000,000,000	4,500,000,000
Total Revenue (Including Opening Balance)	181,221,849,923	198,477,734,600	239,690,822,240
Total Expenditure (including Contingency Reserve)	181,221,849,923	198,477,734,600	239,690,822,240

123. A detailed schedule of Capital receipt estimates is provided in Annex 1.

3.C.1 Assumptions

124. **Statutory Allocation** – The forecast for the statutory allocation is based on the benchmarked oil price, exchange rate and the oil production Benchmark for the 3 years. Once they are actualised coupled with the subsidy removal, the State can receive the forecasted figures for cash allocation. It is based on historical mineral revenue flows and elasticity-based forecast was used.
125. **VAT** – elasticity based on the past performance is used to forecast VAT for 2024-2026. This forecast should be revisited if there are any changes to the VAT rates.
126. **Other Federation Account receipts** – the estimation is based on the historical trend (i.e. from 2017-2022). The State is developing its mineral sector and is expected to receive more funds from derivation and other sources of funds.
127. **Internally Generated Revenue (IGR)** – the current administration is improving on the ongoing measures to grow IGR. These measures have started yielding results as actual IGR for the current year is increasing. It is anticipated that IGR will continue to increase by 30% in the current year and start to

stabilise from 2024 with a minimum annual growth of 30%. Own Percentage is therefore used to forecast IGR for 2024 – 2026.

128. **Grants** – The internal grants are based on the actual receipts for 2021 and performance from 2017 to June 2022. External grants are based on signed grant agreements with the development partners.
129. **Financing** – Kebbi State intends to secure an external loan/borrowing of about N8.9 billion in 2024. All internal and external loans are projections based on signed agreements.
130. A full schedule of estimated capital receipts is provided in Annex 1.
131. **Personnel** – It is anticipated that there will be a new minimum wage before the end of 2023 to cushion the effect of the subsidy removal and naira devaluation which will impact on the wage bill from the fourth quarter of 2023. The projection is that total wage bill will increase by 10% in 2023, with a gradual increase of 15%, 18% and 22% over the 2024 – 2026 fiscal years.
132. **Social Contribution and Social Benefits** – A substantial amount is being owed as pension and gratuity payment. It is appropriate to make adequate provision for these items and other social commitments. Hence, the own value, representing computation for outstanding commitments as well as estimation for next medium term is used.
133. **Overheads** – Overhead has been relatively stable between 2017 and 2021 before the sharp increase in 2022. It is anticipated that it will increase further by 10% at the end of 2023. Consequently, own percentage method is used to forecast overhead for 2024, 2025 and 2026 (5%, 3% and 3% respectively).
134. Special programme is expected to increase marginally on the actual performance level of 2022. This trend is expected in the period of forecast and have been incorporated in the basis of the forecast for 2024 – 2026.
135. **Public Debt Service** - is based on the projected principal and interest repayments for 2024, 2025 and 2026.
136. **Contingency and Planning Reserves** – This will be allocated when a deficit occurs as it might result from getting less than 100% from projections such as the Statutory Allocation, VAT or excess crude oil account. This is expected to cover the unforeseen that might occur. Contingency is estimated at 5% of total revenues (including opening balance) whilst 5% of the capital development fund is set aside as planning reserve.
137. **Capital Expenditure** – is based on the balance from the recurrent account plus capital receipts, less contingency reserve as outlined above.

3.C.2 Fiscal Trends

138. Based on the above, plus actual figures for 2017-2022 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below.

Figure 23: Kebbi State Revenue Trend

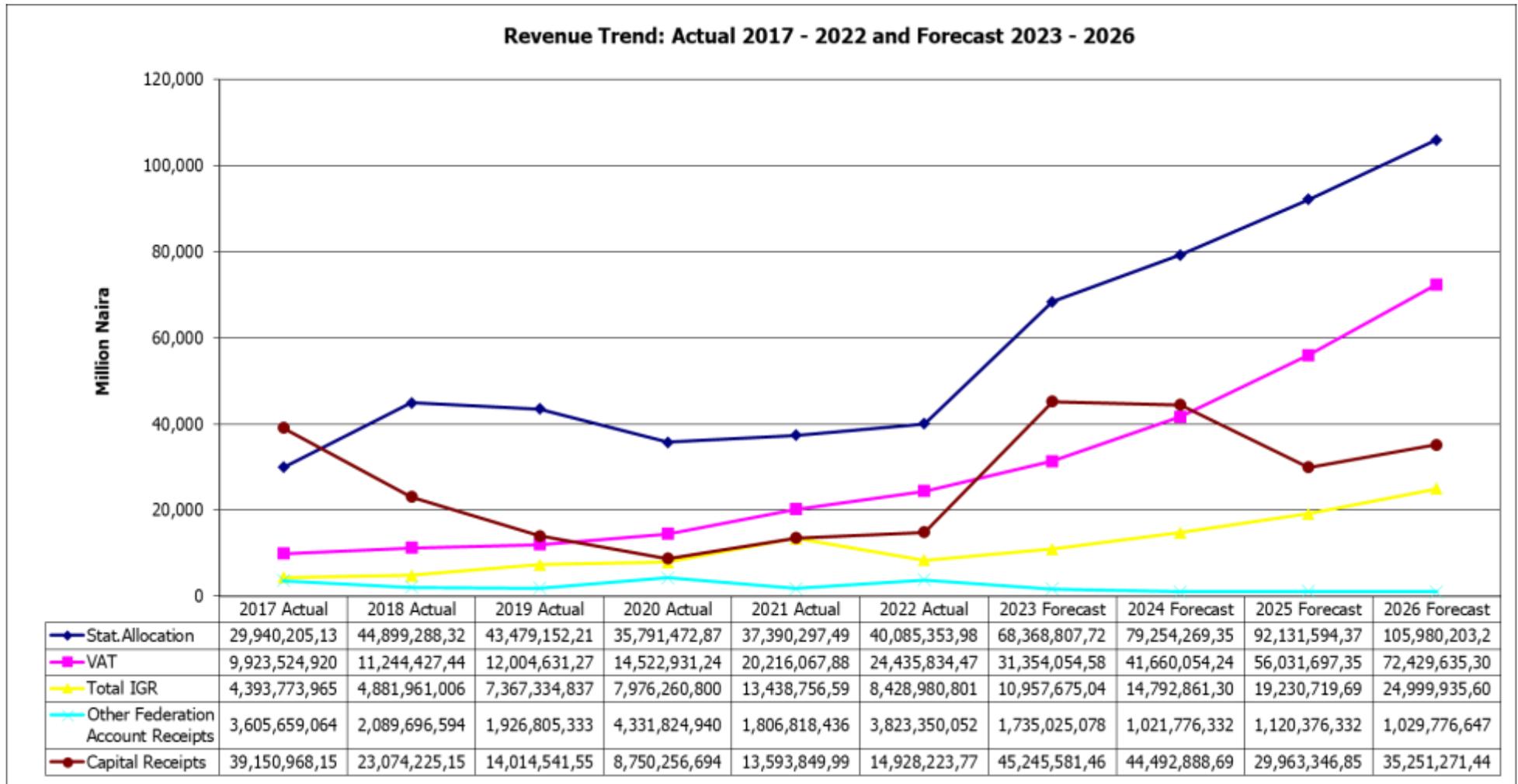
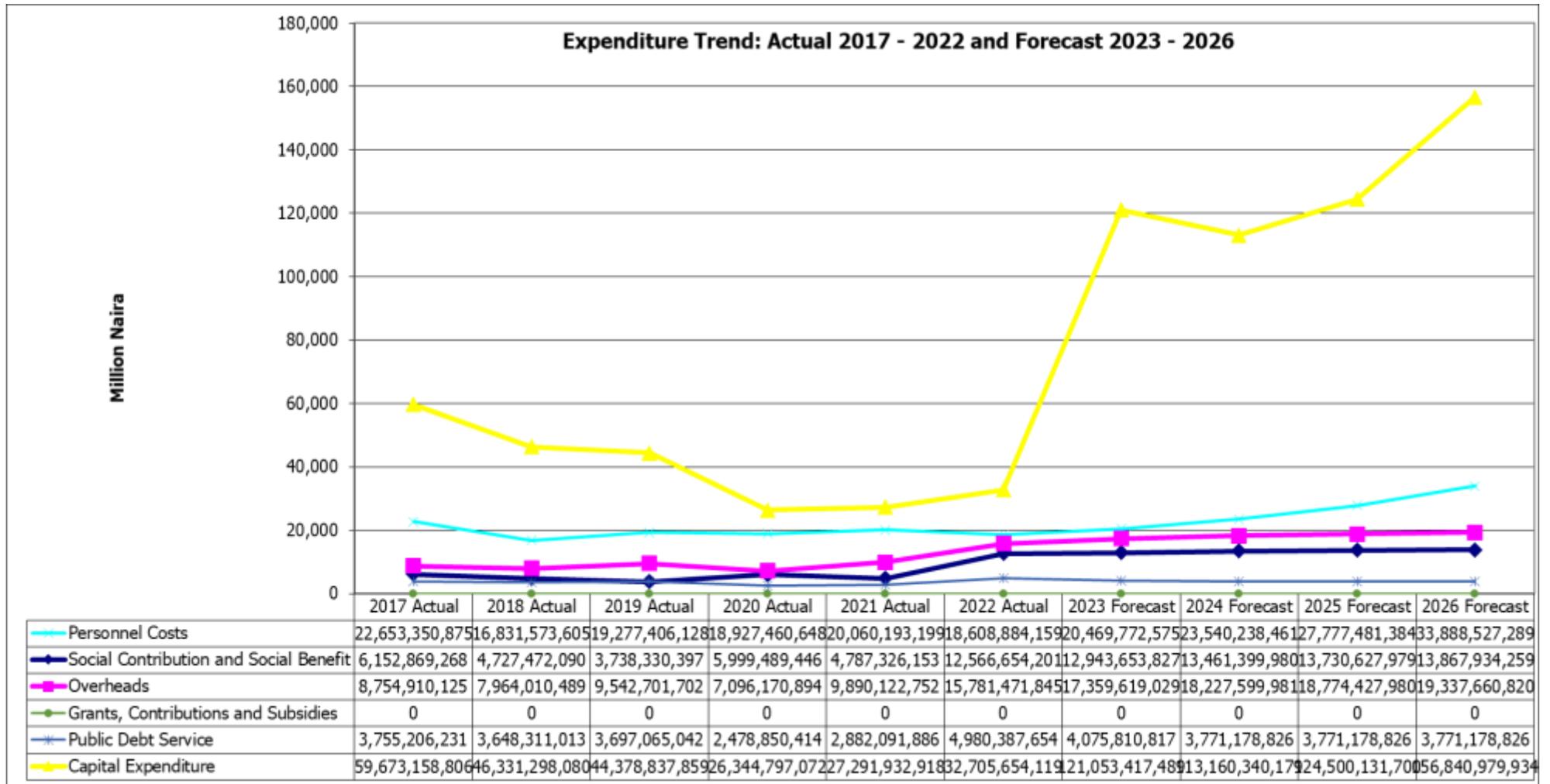


Figure 24: Kebbi State Expenditure Trend



3.D Local Government Estimates

139. Based on the Macroeconomic assumptions in section 3.A, the forecasting techniques noted in section 3.B and the vertical and horizontal sharing ratios, the Federation Account revenues and share of State IGR have been forecasted for the 21 Local Governments (LGs) of Kebbi State for 2024-2026 as follows:

Table 9 Local Government FAAC and State IGR Share Estimates 2024-2026

Local Government Council	2024				
	Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
ALIERU	2,152,670,334	1,115,952,127	31,900,056	52,850,436	3,353,372,953
AREWA	3,517,378,082	1,460,805,284	52,123,428	86,355,520	5,116,662,313
ARGUNGU	2,962,658,555	1,494,263,258	43,903,134	72,736,542	4,573,561,489
AUGIE	2,446,173,568	1,265,844,085	36,249,431	60,056,265	3,808,323,349
BAGUDO	3,257,826,349	1,617,921,056	48,277,175	79,983,238	5,004,007,818
BIRNIN -KEBBI	3,985,753,464	1,707,314,664	59,064,204	97,854,653	5,849,986,984
BUNZA	2,715,383,537	1,278,036,645	40,238,807	66,665,667	4,100,324,656
DANDI KAMBA	2,884,700,641	1,344,672,170	42,747,889	70,822,589	4,342,943,290
DANKO /WASAGU	3,583,703,720	1,697,917,571	53,106,297	87,983,888	5,422,711,475
FAKAI	2,495,359,284	1,277,309,298	36,978,305	61,263,829	3,870,910,716
GWANDU	2,635,750,656	1,364,377,731	39,058,741	64,710,592	4,103,897,720
JEGA	2,907,805,889	1,488,035,529	43,090,282	71,389,849	4,510,321,549
KALGO	2,419,929,657	1,172,708,582	35,860,527	59,411,948	3,687,910,713
KOKO/BESSE	2,777,027,431	1,374,852,700	41,152,298	68,179,093	4,261,211,522
MAIYAMA	3,212,757,787	1,436,431,847	47,609,312	78,876,755	4,775,675,701
NGASKI	2,574,041,588	1,287,690,792	38,144,285	63,195,566	3,963,072,232
SAKABA	2,536,637,715	1,185,952,729	37,590,003	62,277,260	3,822,457,707
SHANGA	2,632,394,007	1,294,642,947	39,009,000	64,628,183	4,030,674,136
SURU	3,184,844,589	1,362,073,004	47,195,671	78,191,455	4,672,304,720
YAURI	2,447,332,885	1,214,696,090	36,266,610	60,084,728	3,758,380,314
ZURU	2,923,211,546	1,406,815,085	43,318,575	71,768,075	4,445,113,281
Total	60,253,341,285	28,848,313,193	892,884,029	1,479,286,131	91,473,824,638

Local Government Council	2025				
	Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
ALIERU	2,502,438,691	1,500,926,798	34,978,367	68,705,567	4,107,049,423
AREWA	4,088,885,726	1,964,745,390	57,153,267	112,262,176	6,223,046,559
ARGUNGU	3,444,034,732	2,009,745,502	48,139,725	94,557,505	5,596,477,464
AUGIE	2,843,630,669	1,702,527,612	39,747,450	78,073,145	4,663,978,875
BAGUDO	3,787,161,729	2,176,062,048	52,935,856	103,978,209	6,120,137,841
BIRNIN -KEBBI	4,633,363,280	2,296,294,142	64,763,817	127,211,049	7,121,632,289
BUNZA	3,156,582,183	1,718,926,290	44,121,797	86,665,368	5,006,295,637
DANDI KAMBA	3,353,410,126	1,808,549,351	46,873,001	92,069,366	5,300,901,844
DANKO /WASAGU	4,165,988,030	2,283,655,295	58,230,981	114,379,054	6,622,253,360
FAKAI	2,900,808,137	1,717,948,027	40,546,661	79,642,977	4,738,945,802
GWANDU	3,064,010,460	1,835,052,822	42,827,856	84,123,770	5,026,014,907
JEGA	3,380,269,541	2,001,369,368	47,248,434	92,806,803	5,521,694,146
KALGO	2,813,122,616	1,577,262,765	39,321,018	77,235,532	4,506,941,931
KOKO/BESSE	3,228,242,048	1,849,141,385	45,123,437	88,632,821	5,211,139,692
MAIYAMA	3,734,770,375	1,931,963,748	52,203,544	102,539,781	5,821,477,449
NGASKI	2,992,274,832	1,731,910,869	41,825,156	82,154,236	4,848,165,093
SAKABA	2,948,793,535	1,595,075,800	41,217,387	80,960,438	4,666,047,159
SHANGA	3,060,108,419	1,741,261,338	42,773,314	84,016,637	4,928,159,708
SURU	3,702,321,809	1,831,953,024	51,749,988	101,648,892	5,687,673,712
YAURI	2,844,978,353	1,633,734,880	39,766,288	78,110,146	4,596,589,666
ZURU	3,398,178,327	1,892,129,967	47,498,758	93,298,497	5,431,105,548
Total	70,043,373,615	38,800,236,420	979,046,100	1,923,071,970	111,745,728,105

Local Government Council	2026				
	Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
ALIERU	2,878,588,641	1,940,180,036	32,149,827	89,317,237	4,940,235,742
AREWA	4,703,499,849	2,539,737,306	52,531,545	145,940,829	7,441,709,529
ARGUNGU	3,961,719,140	2,597,906,910	44,246,887	122,924,757	6,726,797,694
AUGIE	3,271,066,329	2,200,780,270	36,533,257	101,495,088	5,609,874,944
BAGUDO	4,356,422,706	2,812,896,770	48,655,176	135,171,672	7,353,146,325
BIRNIN -KEBBI	5,329,819,650	2,968,315,349	59,526,665	165,374,364	8,523,036,028
BUNZA	3,631,058,635	2,221,978,098	40,553,870	112,664,978	6,006,255,580
DANDI KAMBA	3,857,472,446	2,337,829,767	43,082,597	119,690,176	6,358,074,985
DANKO /WASAGU	4,792,191,660	2,951,977,684	53,522,109	148,692,770	7,946,384,222
FAKAI	3,336,838,334	2,220,713,541	37,267,838	103,535,871	5,698,355,585
GWANDU	3,524,572,146	2,372,089,602	39,364,564	109,360,901	6,045,387,212
JEGA	3,888,369,190	2,587,079,462	43,427,670	120,648,844	6,639,525,166
KALGO	3,235,972,509	2,038,856,080	36,141,308	100,406,192	5,411,376,090
KOKO/BESSE	3,713,489,935	2,390,301,248	41,474,512	115,222,667	6,260,488,363
MAIYAMA	4,296,156,232	2,497,361,963	47,982,084	133,301,716	6,974,801,995
NGASKI	3,442,053,695	2,238,762,675	38,442,948	106,800,507	5,826,059,825
SAKABA	3,392,036,578	2,061,882,184	37,884,326	105,248,569	5,597,051,657
SHANGA	3,520,083,575	2,250,849,602	39,314,433	109,221,629	5,919,469,238
SURU	4,258,830,214	2,368,082,633	47,565,204	132,143,559	6,806,621,610
YAURI	3,272,616,588	2,111,855,023	36,550,571	101,543,190	5,522,565,372
ZURU	3,908,969,905	2,445,870,640	43,657,752	121,288,046	6,519,786,343
Total	80,571,827,959	50,155,306,843	899,875,142	2,499,993,561	134,127,003,505

3.E Fiscal Risks

140. The analysis and forecasting basis as laid out above implies some fiscal risks, including but not limited to.

Table 10: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Militancy/Pipeline vandalism and oil theft may lead to reduction in daily oil production.	Medium	High	Dependence on Statutory allocation and Mineral derivation is crucial to the budget, however, clear prioritisation of projects in the capital budget is required. Increased IGR effort to decrease reliance on federal transfers and seeking alternative means of funding (grants, PPP etc.)
Security situation countrywide could affect economic activity and oil production, resulting in risk to VAT and Statutory Allocation	Medium	High	The estimates for VAT and statutory allocation are not overly ambitious. In addition, clear prioritisation of projects in the capital budget is required. Increased IGR effort to decrease reliance on federal transfers and seeking alternative means of funding (grants, PPP etc.)
Risks associated with debt financing	Low	Medium	Use of external borrowing to finance budget deficit
Mismanagement and inefficient use of financial resources	Medium	High	Adherence to existing and new institutional and legal/regulatory framework that will require more transparent and efficient use of financial resources.

Risk	Likelihood	Impact	Reaction
Floods, Fulani herdsmen/farmers crises and other natural disasters impact on economic activity and hence IGR tax base, causing increased overhead expenditure	Medium	Medium	Increased investment to increase climate resilience (flood control and irrigation), improved security situation, adaptation, and awareness

141. It should be noted however that no budget is without risk. The ongoing implementation of the 2023 budget should be closely monitored, as should the security situation and impact of the fiscal and economic outlook.

4 Budget Policy Statement

4.A Budget Policy Thrust

142. The overall policy objectives are captured by the following points:
- To reduce over-dependence on Federal transfers through improved independent revenue generation achievable via a technological-driven and autonomous Board of Internal Revenue;
 - To ensure quality human-capital development initiative through continuous improvement in access to - and quality of - public services, which include education and Health Care Delivery Systems at all levels. Inherent in this is the resolve of government to promote gender equality and inclusive development;
 - To pursue initiatives that would continue to generate economic growth and guarantee security. This would involve implementation of programmes that generate employment and create wealth and ensure adequate security.
 - To broaden governance reforms particularly in the area of policy and strategy; public expenditure and financial management; and public service management. As part of this process, Government intends to produce the KEBBI State Development Plan (KBSDP) and Medium-Term Sector Strategy for the key sectors.

4.B Sector/Main Organization Allocations (3 Year)

143. The total forecast budget size for the 2024 fiscal year as explained in Section 3.C above is **N181,221,849,923** of which the sum of **N59,000,417,248** will be for recurrent expenditure (i.e. Personnel, Overhead, Social Contributions, Special Programmes, Grants & Contributions Public Debt Charge, Transfer to Internal Revenue Services and Transfer to Local Governments), **N107,049,268,545** will be for capital expenditure, **N77,728,543,983** as transfer to Capital and **N9,061,092,496** will be for contingency reserve that will be allocated during the budget year after getting approval from the SHoA. A planning reserve of **N6,111,071,634** provision was made which will be allocated to sectors at bilateral discussion stage to fund critical expenditure items not envisaged at the stage of issuing budget call circular. The capital component of the budget is derived from discretionary and non-discretionary funds. Discretionary fund of **N92,321,168,911** will be distributed to all MDAs while non-discretionary capital fund of **N12,728,099,634** is specifically earmarked for special projects. The non-discretionary fund is in the form of loans and grants.
144. The indicative three year envelopes for Main Organisations for Personnel, Overhead and Capital Expenditure are presented in Table 11, Table 12 and Table 13.

Table 11: Indicative Sector Expenditure Ceilings 2024-2026 – Personnel (Salaries and Allowances)

Personnel Expenditure by Sector							
No.	Sector	% 2024	2024 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation
1	Governor's Office	1.59%	373,124,099	1.59%	440,286,436	1.59%	537,149,452
2	Office of the Secretary to the State Govern	2.39%	562,474,153	2.39%	663,719,501	2.39%	809,737,791
3	State Assembly	1.57%	370,103,330	1.57%	436,721,929	1.57%	532,800,753
4	Ministry of Information and Culture	1.62%	380,415,965	1.62%	448,890,838	1.62%	547,646,823
5	Office of the Head of State Civil Service	1.06%	249,899,938	1.06%	294,881,927	1.06%	359,755,951
6	Ministry of Special Duties	0.00%	0	0.00%	0	0.00%	0
7	Office of the State Auditor General	0.46%	107,295,343	0.46%	126,608,505	0.46%	154,462,376
8	Civil Service Commission (CSC)	0.16%	37,756,368	0.16%	44,552,514	0.16%	54,354,068
9	Kebbi State Independent Electoral Commi	0.08%	18,226,679	0.08%	21,507,481	0.08%	26,239,127
10	Local Government Service Commission	0.08%	18,711,618	0.08%	22,079,709	0.08%	26,937,245
11	Ministry of Agriculture	3.77%	887,225,011	3.77%	1,046,925,513	3.77%	1,277,249,126
12	Ministry of Animal Health Husbandry and	3.11%	732,940,130	3.11%	864,869,354	3.11%	1,055,140,612
13	Ministry of Finance	6.06%	1,426,160,002	6.06%	1,682,868,802	6.06%	2,053,099,939
14	Ministry of Commerce and Industry	0.70%	165,872,797	0.70%	195,729,900	0.70%	238,790,479
15	Ministry of Information Communication a	0.00%	0	0.00%	0	0.00%	0
16	Ministry of Works and Transport	1.87%	439,227,058	1.87%	518,287,928	1.87%	632,311,273
17	Ministry of Budget & Economic Planning	0.19%	44,292,133	0.19%	52,264,717	0.19%	63,762,955
18	Fiscal Responsibility Commission	0.05%	12,272,599	0.05%	14,481,667	0.05%	17,667,634
19	Ministry of Water Resources and Rural De	1.17%	274,391,205	1.17%	323,781,621	1.17%	395,013,578
20	Ministry of Lands and Housing	1.31%	308,204,160	1.31%	363,680,909	1.31%	443,690,709
21	Judiciary	5.64%	1,327,293,790	5.64%	1,566,206,672	5.64%	1,910,772,140
22	Ministry of Justice	0.36%	84,591,865	0.36%	99,818,401	0.36%	121,778,449
23	Ministry of Youths & Sports	0.25%	58,660,295	0.25%	69,219,148	0.25%	84,447,360
24	Ministry of Women Affairs and Social Dev	0.28%	66,788,172	0.28%	78,810,044	0.28%	96,148,253
25	Ministry for Basic and Secondary Educatio	23.94%	5,636,485,845	23.94%	6,651,053,297	23.94%	8,114,285,023
26	Ministry for Higher Education	16.54%	3,893,087,260	16.54%	4,593,842,966	16.54%	5,604,488,419
27	Ministry of Health	24.73%	5,822,464,815	24.73%	6,870,508,481	24.73%	8,382,020,347
28	Ministry of Environment	0.76%	178,256,411	0.76%	210,342,565	0.76%	256,617,929
29	Ministry of Local Government and Chiefta	0.27%	64,017,422	0.27%	75,540,557	0.27%	92,159,480
30	Ministry of solid Minerals Development ar	0.00%	0		0		0
31	Ministry of Physical planning and Urban D	0.00%	0		0		0
32	Ministry of rural and Community Develop	0.00%	0		0		0
33	Ministry of Humanitarian Affairs and Emp	0.00%	0		0		0
34	Ministry of Digital Economy	0.00%	0		0		0
35	Ministry of Home affairs and Internal secu	0.00%	0		0		0
36	Ministry for Religious affairs	0.00%	0		0		0
	Total	100.00%	23,540,238,461	100.00%	27,777,481,384	100.00%	33,888,527,289

Table 12: Indicative Sector Expenditure Ceilings 2024-2026 – Overhead (Account Class 2202)

Overhead Expenditure by Sector						
No.	Sector	% 2024	2024 Allocation	% 2025	2025 Allocation	2026 Allocation
1	Governor's Office	27.00%	4,921,113,830	27.00%	5,068,747,245	5,220,809,662
2	Office of the Secretary to the State Govern	18.44%	3,360,316,976	18.44%	3,461,126,486	3,564,960,280
3	State Assembly	10.12%	1,845,218,569	10.12%	1,900,575,126	1,957,592,379
4	Ministry of Information and Culture	0.41%	74,863,277	0.41%	77,109,175	79,422,450
5	Office of the Head of State Civil Service	0.51%	92,611,108	0.51%	95,389,441	98,251,124
6	Ministry of Special Duties	0.00%	114,635	0.00%	118,074	121,616
7	Office of the State Auditor General	0.26%	47,757,781	0.26%	49,190,514	50,666,230
8	Civil Service Commission (CSC)	0.08%	14,712,318	0.08%	15,153,688	15,608,298
9	Kebbi State Independent Electoral Commi	0.07%	13,149,835	0.07%	13,544,330	13,950,659
10	Local Government Service Commission	0.11%	19,738,055	0.11%	20,330,196	20,940,102
11	Ministry of Agriculture	0.63%	114,841,584	0.63%	118,286,832	121,835,437
12	Ministry of Animal Health Husbandry and	0.43%	77,591,493	0.43%	79,919,238	82,316,815
13	Ministry of Finance	6.06%	1,104,158,132	6.06%	1,137,282,876	1,171,401,363
14	Ministry of Commerce and Industry	0.87%	159,374,541	0.87%	164,155,777	169,080,451
15	Ministry of Information Communication a	0.13%	22,877,638	0.13%	23,563,967	24,270,886
16	Ministry of Works and Transport	1.08%	197,756,661	1.08%	203,689,361	209,800,042
17	Ministry of Budget & Economic Planning	0.96%	174,341,820	0.96%	179,572,074	184,959,236
18	Fiscal Responsibility Commission	0.03%	5,817,554	0.03%	5,992,080	6,171,843
19	Ministry of Water Resources and Rural De	1.34%	244,526,053	1.34%	251,861,834	259,417,689
20	Ministry of Lands and Housing	0.29%	53,020,491	0.29%	54,611,106	56,249,439
21	Judiciary	3.49%	636,069,070	3.49%	655,151,142	674,805,676
22	Ministry of Justice	3.32%	605,330,910	3.32%	623,490,838	642,195,563
23	Ministry of Youths & Sports	1.37%	249,571,823	1.37%	257,058,977	264,770,747
24	Ministry of Women Affairs and Social Dev	0.55%	100,909,891	0.55%	103,937,188	107,055,303
25	Ministry for Basic and Secondary Educatio	13.41%	2,443,482,432	13.41%	2,516,786,905	2,592,290,512
26	Ministry for Higher Education	2.93%	534,673,040	2.93%	550,713,232	567,234,629
27	Ministry of Health	5.96%	1,085,686,335	5.96%	1,118,256,925	1,151,804,633
28	Ministry of Environment	0.08%	15,183,924	0.08%	15,639,442	16,108,625
29	Ministry of Local Government and Chiefta	0.07%	12,790,206	0.07%	13,173,912	13,569,130
30	Ministry of solid Minerals Development ar	0.00%	0	0.00%	0	0
31	Ministry of Physical planning and Urban D	0.00%	0	0.00%	0	0
32	Ministry of rural and Community Developi	0.00%	0	0.00%	0	0
33	Ministry of Humanitarian Affairs and Emp	0.00%	0	0.00%	0	0
34	Ministry of Digital Economy	0.00%	0	0.00%	0	0
35	Ministry of Home affairs and Internal secu	0.00%	0	0.00%	0	0
36	Ministry for Religious affairs	0.00%	0	0.00%	0	0
	Total	100.00%	18,227,599,981	100.00%	18,774,427,980	19,337,660,820

Table 13: Indicative Sector Expenditure Ceilings 2024-2026 – Capital

Capital Expenditure by Sector	Discretionary Funds						Non-Discretionary Funds			Total Capital Envelope						
	No. Sector	% 2024	2024 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation	2024 Allocation	2025 Allocation	2026 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation
1 Governor's Office		2.56%	2,366,229,455	2.56%	2,778,666,259	2.56%	3,580,966,225	0	0	0	2.2%	2,366,229,455	2.4%	2,778,666,259	2.4%	3,580,966,225
2 Office of the Secretary to the State Government		12.56%	11,593,907,755	12.56%	13,614,740,626	12.56%	17,545,801,401	0	0	0	10.8%	11,593,907,755	11.6%	13,614,740,626	11.8%	17,545,801,401
3 State Assembly		1.54%	1,419,694,362	1.54%	1,667,148,895	1.54%	2,148,514,190	0	0	0	1.3%	1,419,694,362	1.4%	1,667,148,895	1.4%	2,148,514,190
4 Ministry of Information and Culture		0.41%	378,592,474	0.41%	444,581,624	0.41%	572,948,181	0	0	0	0.4%	378,592,474	0.4%	444,581,624	0.4%	572,948,181
5 Office of the Head of State Civil Service		0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
6 Ministry of Special Duties		0.06%	52,440,142	0.06%	61,580,526	0.06%	79,361,018	0	0	0	0.0%	52,440,142	0.1%	61,580,526	0.1%	79,361,018
7 Office of the State Auditor General		0.12%	107,627,271	0.12%	126,386,842	0.12%	162,879,227	0	0	0	0.1%	107,627,271	0.1%	126,386,842	0.1%	162,879,227
8 Civil Service Commission (CSC)		0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
9 Kebbi State Independent Electoral Commission		0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
10 Local Government Service Commission		0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
11 Ministry of Agriculture		6.98%	6,444,933,697	6.98%	7,568,293,839	6.98%	9,753,529,964	0	0	0	6.0%	6,444,933,697	6.4%	7,568,293,839	6.6%	9,753,529,964
12 Ministry of Animal Health Husbandry and Fisheries		3.19%	2,943,028,778	3.19%	3,456,002,438	3.19%	4,453,873,496	2,500,000,000	0	0	5.1%	5,443,028,778	2.9%	3,456,002,438	3.0%	4,453,873,496
13 Ministry of Finance		4.03%	3,719,675,157	4.03%	4,368,019,269	4.03%	5,629,222,085	0	0	0	3.5%	3,719,675,157	3.7%	4,368,019,269	3.8%	5,629,222,085
14 Ministry of Commerce and Industry		1.81%	1,672,299,816	1.81%	1,963,783,801	1.81%	2,530,798,164	0	0	0	1.6%	1,672,299,816	1.7%	1,963,783,801	1.7%	2,530,798,164
15 Ministry of Information Communication and Technology		0.81%	751,255,982	0.81%	882,200,855	0.81%	1,136,923,679	0	0	0	0.7%	751,255,982	0.7%	882,200,855	0.8%	1,136,923,679
16 Ministry of Works and Transport		17.12%	15,809,775,136	17.12%	18,565,439,055	17.12%	23,925,942,883	0	0	0	14.8%	15,809,775,136	15.8%	18,565,439,055	16.1%	23,925,942,883
17 Ministry of Budget & Economic Planning		3.25%	2,999,083,934	3.25%	3,521,828,079	3.25%	4,538,705,344	0	0	0	2.8%	2,999,083,934	3.0%	3,521,828,079	3.1%	4,538,705,344
18 Fiscal Responsibility Commission		0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
19 Ministry of Water Resources and Rural Development		4.76%	4,393,651,420	4.76%	5,159,470,452	4.76%	6,649,193,427	0	0	0	4.1%	4,393,651,420	4.4%	5,159,470,452	4.5%	6,649,193,427
20 Ministry of Lands and Housing		7.34%	6,773,072,033	7.34%	7,953,627,105	7.34%	10,250,122,674	0	0	0	6.3%	6,773,072,033	6.8%	7,953,627,105	6.9%	10,250,122,674
21 Judiciary		1.26%	1,158,777,343	1.26%	1,360,753,708	1.26%	1,753,651,793	0	0	0	1.1%	1,158,777,343	1.2%	1,360,753,708	1.2%	1,753,651,793
22 Ministry of Justice		0.34%	315,741,600	0.34%	370,775,763	0.34%	477,831,938	0	0	0	0.3%	315,741,600	0.3%	370,775,763	0.3%	477,831,938
23 Ministry of Youths & Sports		1.19%	1,100,188,833	1.19%	1,291,953,146	1.19%	1,664,986,057	0	0	0	1.0%	1,100,188,833	1.1%	1,291,953,146	1.1%	1,664,986,057
24 Ministry of Women Affairs and Social Development		1.58%	1,455,016,453	1.58%	1,708,627,671	1.58%	2,201,969,367	2,700,000,000	0	0	3.9%	4,155,016,453	1.5%	1,708,627,671	1.5%	2,201,969,367
25 Ministry for Basic and Secondary Education		14.59%	13,471,371,692	14.59%	15,819,448,916	14.59%	20,387,087,538	4,904,215,041	4,742,180,082	4,742,180,082	17.2%	18,375,586,733	17.5%	20,561,628,998	16.9%	25,129,267,620
26 Ministry for Higher Education		5.86%	5,410,866,029	5.86%	6,353,986,861	5.86%	8,188,609,290	2,042,000,000	2,042,000,000	2,042,000,000	7.0%	7,452,866,029	7.1%	8,395,986,861	6.9%	10,230,609,290
27 Ministry of Health		7.21%	6,651,950,502	7.21%	7,811,393,937	7.21%	10,066,821,723	2,581,884,593	2,581,884,593	1,900,000,000	8.6%	9,233,835,095	8.8%	10,393,278,530	8.1%	11,966,821,723
28 Ministry of Environment		1.18%	1,087,808,102	1.18%	1,277,414,438	1.18%	1,646,249,506	0	0	0	1.0%	1,087,808,102	1.1%	1,277,414,438	1.1%	1,646,249,506
29 Ministry of Local Government and Chieftaincy Affairs		0.26%	244,180,948	0.26%	286,741,998	0.26%	369,534,631	0	0	0	0.2%	244,180,948	0.2%	286,741,998	0.2%	369,534,631
30 Ministry of solid Minerals Development and Mining		0.00%	0	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
31 Ministry of Physical planning and Urban Development		0.00%	0	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
32 Ministry of rural and Community Development		0.00%	0	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
33 Ministry of Humanitarian Affairs and Empowerment		0.00%	0	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
34 Ministry of Digital Economy		0.00%	0	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
35 Ministry of Home affairs and Internal security		0.00%	0	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
36 Ministry for Religious affairs		0.00%	0	0	0	0	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
Total		100.00%	92,321,168,911	100.00%	108,412,866,104	100.00%	139,715,523,800	14,728,099,634	9,366,064,675	8,684,180,082	100.00%	107,049,268,545	100.00%	117,778,930,779	100.00%	148,399,703,882

4.C Considerations for the Annual Budget Process

145. The budget call circular should include the following instructions to MDAs for the annual budget submissions:
- Only prioritised projects contained in the sectors' MTSS should be in the MDAs capital budget proposal;
 - Budget submissions for capital projects must include full life-time capital investment requirements (costs) and also sources of funding (particularly if grants and/or loans are being used to partially/fully fund the project).

5 Summary of Key Points and Recommendations

146. We summarise below a list of the key points arising in this document:

- Kebbi State should sustain the current Budget reform programme particularly as it relates to the preparation of a realistic budget, ensuring policy-plan-budget linkages using the State MTSSs, and early passage of the budget. Efforts should be made to prepare MTSS for other sectors not yet provided for.
- Kebbi State must continue to monitor the performance of mineral-based revenues to ensure estimates are consistent with the latest development globally and within the Federal Government's budget process. If the benchmark price of crude in the Federal FSP is lower or higher than \$65 per barrel used herein and IMF, World Bank, OPEC and US Energy Information Administration Reports validates the oil price benchmark provided in Federal FSP, the State would revisit the assumptions and recalculate statutory allocation.

Annex 1 Detailed Capital Receipts Table 14 Capital Receipts by Item – 2024-2026

Internal Grants			
Federal Grant for Universal Basic (UBE)	1,395,784,959	1,233,750,000	1,233,750,000
Social Investment Programmes (FGN Intervention Grants)			
Better Education Service Delivery for All (BESDA)	3,508,430,082	3,508,430,082	3,508,430,082
World Bank SFTAS			
Social security Welfare Fund (Local Government grant)	57,183,274	68,190,651	81,662,097
National Urban Water Supply			
Tertiary Education Trust Fund Intervention (COE Arg)	242,000,000	242,000,000	242,000,000
Tertiary Education Trust Fund Intervention (KSUSTA)	500,000,000	500,000,000	500,000,000
Tertiary Education Trust Fund Intervention Poly Dakin	1,300,000,000	1,300,000,000	1,300,000,000
Primary Healthcare Under One Roof (Local governme	860,000,000	860,000,000	860,000,000
25% Contribution from LG for Joint Capital Project	8,587,498,183	13,529,091,525	17,985,429,268
National Health Insurance Scheme (NHIS - KECHEMA	520,000,000	520,000,000	520,000,000
National Health Insurance Scheme (NHIS - PHCDA)	520,000,000	520,000,000	520,000,000
Sub-Total Internal Grant	17,490,896,497	22,281,462,258	26,751,271,447

External Grants			
UNICEF Grant General	2,800,000,000	3,000,000,000	4,000,000,000
GAVI Support on Health System Strengthening (HSS)	681,884,593	681,884,593	0
Sustainability Development Goals (UNDP Grant)(SDGs)			
Agricultural Transformation Agenda Support Program Phase-1 (ATASP-1) (AfDB Grants)			
USAID Support for Human Resource for Health (HRH)			
EatSafe Nigeria Project (GAIN)			
National Livestock Transformation Plan			
Nigeria for Women Project (NFWP)			
Adolescent Girls Initiative for Learning and Empowerm	2,700,000,000		
Integrated Health Programme (IHP) USAID Grant			
Sub-Total External Grant	6,181,884,593	3,681,884,593	4,000,000,000

Grant Balancing Item / Blue Sky			
Total Grants	23,672,781,090	25,963,346,851	30,751,271,447

Internal Loans			
Family Homes Fund Housing (Federal Loans)			
Total	0	0	0

External Loans			
Rural Access Mobility Project (RAMP) World Bank Loan			
World Bank SABER - PforR Loan	3,500,000,000	4,000,000,000	4,500,000,000
COVID-19 Action Recovery and Economic Stimulus (C	2,000,000,000	0	0
Primary Healthcare Under One Roof (African Development Bank Loan)			
Livestock Productivity & Resilience Support Project (L	2,500,000,000		
Total	8,000,000,000	4,000,000,000	4,500,000,000

Loan Balancing Item / Blue Sky			
Total Loans	8,000,000,000	4,000,000,000	4,500,000,000

OCR Balancing Item / Blue Sky	12,820,107,602		
Total Other Capital Receipts	12,820,107,602	0	0