



Kebbi State Government

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

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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
BPPP	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
MTFF	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

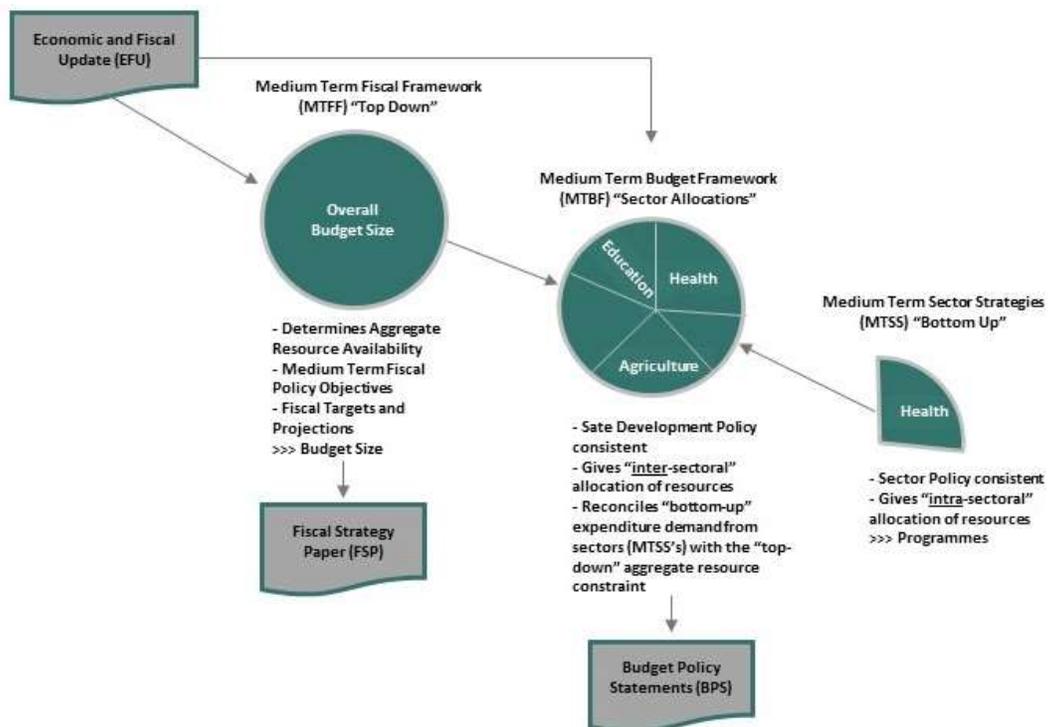
1.A Introduction

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 fourth rolling iteration of the document and covers the period 2025-2027.

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 2025-2027.
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 MTFF; and
 - iii. Provide indicative sector envelopes for the period 2025-2027 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 and non-oil sectors;
 - 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 2025 budget preparation processes 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).
 - Private Sector and Development Partners
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/MTEF) Committee 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 Government, Northern Nigeria Financial Instruction and Store Regulations, issued under the National Finance Management Law. The Financial Instruction and Store regulation 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 2021 based on the Federal Fiscal Responsibility Act 2007. The FRL Section 3 provides for the objectives and principles of responsible fiscal management and the creation of the implementation organ. Subsequently, section 14 Part III of the FRL provides for the years preparation of the medium-term fiscal framework and its approval by the State House of assembly. Significantly, the law outline show public expenditure may be carried out, borrowing process, transparency and accountability in governance and principles of sound financial management.
 - KEBBI State Price Intelligence and 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.

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

- 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 overall planning, setting the broad agenda for development and statistics. The Ministry of Budget and Economic Planning is the main organ within the executive council, responsible for the formulation, execution and monitoring of fiscal policy. The Ministry also coordinates and manages the State’s fiscal policies and all revenue and expenditure profile of state government.
 18. The Ministry of Finance is responsible for core treasury functions of revenue and expenditure management, accounting, reporting, 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. Additionally, 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 Kebbi state 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 public financial management in the State is the Price intelligence and Public Procurement Bureau. The Bureau plays a significant role in ensuring that all MDAs adhere to the best practices in price intelligence and procurement.

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

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	May	MBEP and MoF
Presentation of EFU-FSP-BPS to the Governor and SHoA	June	MBEP
Pre-Budget Preparation Meeting	June	MBEP and MDAs
Preparation and Issuance of Budget Call Circular	July	MBEP
Preparation and Update of MTSSs by 5 Pilot Sectors	July	MDAs – Sector Planning Team
Preparation of MDAs Budget, Submissions, Bilateral Discussion and Zonal Citizens Budget Engagements	August & September	MDAs
State-Level Townhall meetings	September	MBEP
Compilation of Draft Budget	September	MBEP
Presentation of Budget to the Governor and Exco	September	MBEP
Presentation of Draft Budget to the SHoA	October	Governor
Review and Approval of Budget by SHoA	December	SHoA
Signing Appropriation Bill	December	Governor

2 Economic and Fiscal Update

2.A Economic Overview

2.B Global Economy

24. The International Monetary Fund's (IMF's) April 2024 World Economic Outlook (WEO) reported a steady but slow improvement (growth of 3.2% projected in 2024 and 2025, as projected for 2023) in the performance of the global economy. The forecast indicated a slight acceleration (1.7% in 2024 to 1.8% in 2025) for advanced economies, to be offset by a modest slowdown (a decline from 4.3% in 2023 to 4.2% in both 2024 and 2025) in emerging market and developing economies. The slow growth projection is attributed to both near-term factors, such as still-high borrowing costs, withdrawal of fiscal support by multilateral and donor organizations; and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine, weak growth in productivity, and the increasing geoeconomic fragmentation globally.
25. Global inflation is forecasted to decline steadily from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, occasioned on advanced economies returning to their inflation targets sooner than the emerging market and developing economies. Generally, core inflation is expected to decline more gradually after 2025. However, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict of Gaza and Israel, could raise interest rate expectations and reduce asset prices, along with the persistent core inflation where labour markets are still tight. A divergence in disinflation speeds among major economies could also cause currency movements that put financial sectors under pressure.
26. The global unemployment rate is expected to vary across regions. The IMF projects that the unemployment rate in advanced economies will decline to 5.0% in 2024, while emerging market and developing economies are expected to have an unemployment rate of around 6.3% in the same year. The degree of labour market flexibility, including cross-country labour and migration regulations, is expected to influence global employment levels in the coming years.
27. Amid the high government debt in many economies, a disruptive turn to tax hikes and spending cuts could weaken economic activity, erode confidence in the market, and sap support for necessary reform and spending to reduce risks from climate change. Geoeconomic fragmentation could also intensify, with higher barriers to the flow of goods, capital, and people implying a supply-side slowdown. On the upside, looser fiscal policy than necessary could raise economic activity in the short term, although risking more costly policy adjustment later. Inflation could fall faster than expected amid further gains in labour force participation, allowing central banks to bring easing plans forward. Rapid growth in Artificial Intelligence (AI) and stronger structural reforms than anticipated could also spur productivity and growth.
28. Oil prices decreased in 2023 despite Middle East tensions. The weaker expectations about global oil demand growth contributed to this downward oil price pressures. On the supply side, the implementation of output curbs by OPEC+ was offset in excess by strong output growth in Iran and non-OPEC countries, led by the United States, Brazil, and Guyana. The Red Sea tensions have also led to a 50% rise in global freight rates of oil product tankers. Among the main routes affected is the one from the Middle East to Europe, for which prices increased by 200% from mid-November 2023 to mid-March 2024. The higher costs and the implied rerouting have only had a minor impact on crude oil prices. The IMF projects that oil prices will slide by 2.5% year-over-year to an average of \$78.60 per barrel in 2024 and will continue to fall to \$67.50 in 2029.

29. Risks to the above price outlook are balanced. Upside price risks could arise from an escalation of the Middle East conflict and attacks on Russian oil infrastructure. Downside risks could arise from a slowdown in Chinese oil demand and strong non-OPEC supply growth, possibly coupled with a rise in OPEC+ oil supply to regain market share. The outlook for demand growth is therefore highly uncertain.
30. The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in tables 2 and 3 below. Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

Table 2: Real GDP Growth – Selected Countries

Table 2: Real GDP Growth - Selected Countries

Country	Actual						Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Mexico	2.2	-0.2	-8.2	4.8	3.9	3.2	2.4	1.4	2.1
Indonesia	5.2	5.0	-2.1	3.7	5.3	5.0	5.0	5.1	5.1
Türkiye	3.0	0.9	1.8	11.0	5.5	4.5	3.1	3.2	3.5
United States	2.9	2.3	-3.4	5.7	1.9	2.5	2.7	1.9	2.1
Germany	1.1	1.1	-4.6	2.8	1.8	-0.3	0.2	1.3	0.7
United Kingdom	1.7	1.7	-9.3	7.4	4.3	0.1	0.5	1.5	1.4
China	6.8	6.0	2.2	8.1	3.0	5.2	4.6	4.1	3.3
Ghana	6.2	6.5	0.4	4.2	3.1	2.3	2.8	4.4	5.0
South Africa	1.5	0.1	-6.4	4.9	1.9	0.6	0.9	1.2	1.4
Brazil	1.8	1.2	-3.9	4.6	3.0	2.9	2.2	2.1	2.0
Angola	-2.0	-0.7	-5.6	0.7	3.0	0.5	2.6	3.1	3.6
Nigeria	1.9	2.2	-1.8	3.6	3.3	2.9	3.3	3.0	3.3

Source: IMF's World Economic Outlook, April 2024

Table 3: Inflation (CPI) – Selected Countries

Table 3: Inflation (CPI) - Selected Countries

Country	Actual						Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Mexico	4.9	3.6	3.4	5.7	7.9	6.3	2.4	2.0	2.0
Indonesia	3.3	2.8	2.0	1.6	4.1	3.7	2.6	2.6	2.5
Türkiye	16.3	15.2	12.3	19.6	72.3	53.9	59.5	38.4	18.6
United States	2.4	1.8	1.3	4.7	8.0	4.1	2.9	2.0	2.1
Germany	1.9	1.4	0.4	3.2	8.7	6.0	2.4	2.0	2.0
United Kingdom	2.5	1.8	0.9	2.6	9.1	7.3	2.5	2.0	2.0
China	1.9	2.9	2.5	0.9	2.0	0.2	1.0	2.0	2.0
Ghana	9.8	7.1	9.9	10.0	31.9	37.5	22.3	11.5	8.0
South Africa	4.6	4.1	3.3	4.6	6.9	5.9	3.9	2.0	2.0
Brazil	3.7	3.7	3.2	8.3	9.3	4.6	4.1	3.0	3.0
Angola	19.6	17.1	22.3	25.8	21.4	13.6	22.0	12.8	7.4
Nigeria	12.1	11.4	13.2	17.0	18.8	24.7	26.3	23.0	14.0

Source: IMF's World Economic Outlook, April 2024

2.C Africa Economy

31. The outlook for sub-Saharan Africa is gradually improving as reported in the IMF WEO, April 2024. Growth is estimated to rise from 3.4% in 2023 to 3.8% in 2024, with nearly two thirds of countries anticipating higher growth. Economic recovery is expected to also continue beyond 2024, with growth projections reaching 4.0% in 2025.
32. Within the sub regions, economic activity in the West African Economic and Monetary Union (WAEMU) is projected to increase by 5.9% in 2024 and 6.2% in 2025 due to the solid performances of Benin, Côte d'Ivoire, Niger, and Senegal. Growth in Nigeria is projected at 3.3% in 2024 and 3.6% in 2025–2026 as macroeconomic and fiscal reforms gradually start to yield results. A more stable macroeconomic environment will lead to sustained but still slow growth of the non-oil economy as the initial shocks of fiscal reforms begins to dissipate. The oil sector is expected to stabilize with recovery in production and slightly lower prices.
33. Additionally, inflation has almost halved in the regions, public debt ratios have broadly stabilized, and several countries have issued Eurobonds in 2024. From the outlook, funding squeeze persists as the region's governments continue to grapple with financing shortages, high borrowing costs, and impending debt repayments. Risks to this outlook remain tilted to the downside as the region continues to be more vulnerable to global external shocks, as well as the threat of rising political instability, and frequent climate events.
34. Three policy priorities can help African countries adapt to these challenges: first, improving public finances without undermining development; second, monetary policy focused on ensuring price stability; and third, implementing structural reforms to diversify funding sources and economies. Amid these challenges, sub-Saharan African countries will need additional support from the international community to develop a more inclusive, sustainable, and prosperous future as analysed by the IMF.
35. According to African Development Bank's African Economic Outlook, 2024 Growth in Central Africa is expected to moderate from 4.3% in 2023 to 4.1% in 2024 before improving to 4.7% in 2025. The forecast upgrade for 2024 of 0.5 percentage point over the January 2024 projections for the region is attributable to stronger-than- expected growth in Chad and the Democratic Republic of Congo (DRC). Growth in Chad is projected at 5.2% in 2024 and 5.3% in 2025, with an upward revision of 1.3 percentage point for 2024 since the January 2024.
36. Many African currencies depreciated in 2022 and 2023, especially in commodity-exporting countries and globally integrated economies like Algeria, Kenya, Nigeria, and South Africa. Currency depreciation against the dollar was substantial due to monetary policy tightening in the United States, weak investment flows, and weak external demand, among other factors.
37. The fiscal positions of African countries were stretched by the COVID-19 policy responses and support for vulnerable populations against rising food and energy prices amid high debt and the impacts of climate change. These challenges, coupled with the residual effects of Russian invasion of Ukraine and the various policies engendered by new administrations across many African countries, pushed price stability beyond most central banks' grasp and led to higher borrowing costs for sub-Saharan African countries, placing greater pressure on exchange rates. The Israel-Gaza war is gradually re-enforcing these challenges.
38. African Economic outlook is rigged with uncertainty due to the current soaring food and energy prices, tightening global financial conditions as inflationary pressures rise, and the associated increase in domestic debt service costs that continues to heighten the debt vulnerabilities of African countries. Climate change with its damaging impact on domestic

food supply and the potential risk of policy reversal in countries that recently transited to a new government equally pose significant threats to this forecast.

39. Other downside factors to this forecast include the effect of the existing Russia–Ukraine conflict and related sanctions on Russia, the Israel-Gaza war, and other socio-political and security issues. Overall, external position is expected to marginally improve, but uncertainty remains with increased food and energy prices weighing on commodity importers.
40. Upside factors include enhancing resilience by boosting intra-Africa trade, especially in manufacturing products to cushion economies from volatile commodity prices, accelerating structural reforms to build tax administration capacity and investments in digitalization and e-governance to enhance transparency, reduce illicit financial flows, and scale up domestic resource mobilization, improving institutional governance and enacting policies that can leverage the private sector financing especially in climate-proof and pandemic-proof greenfield projects, and mobilizing Africa’s resources for inclusive and sustainable development. Sustainable growth will also require taking decisive action to reduce structural budget deficits and the accumulation of public debt in countries facing a high risk of debt distress or already in debt distress.
41. The January 28, 2024, announcement of the Military Juntas in Niger, Mali, and Burkina Faso to leave the Economic Community of West African States (ECOWAS) after their suspension from the bloc and the claim that the bloc had failed to help them tackle the jihadist violence in their countries while declaring what they termed “inhumane sanctions” While ECOWAS had called on all the three countries to return to civilian rule, the announcement is considered to have the potential to weaken the bloc as a platform for regional collaboration for development.
42. Growth in tourism-dependent economies is projected to decline from an estimated 6 percent in 2023 to 4.7 percent in 2024 and 3.8 percent in 2025, reflecting an abating base effect and growth slowdowns in important tourist source markets, especially China, Europe, and United State of America.
43. 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 5.4 percent in 2024 and 5.7 percent in 2025 from an estimated 4.4 percent in 2023. This group recovered the strongest from the effects of COVID-19. Increasing investment is expected to drive growth in some part of the African Countries like Kenya and Uganda. The projected higher growth underscores the importance of economic diversification to weather the effects of exogenous shocks.
44. The effective implementation of the African Continental Free Trade Area (AfCFTA) agreement within 2025-2027 is a key ingredient to booster intra-regional trade that can improve the macroeconomic and fiscal environment of the region.

2.D Nigerian Economy³

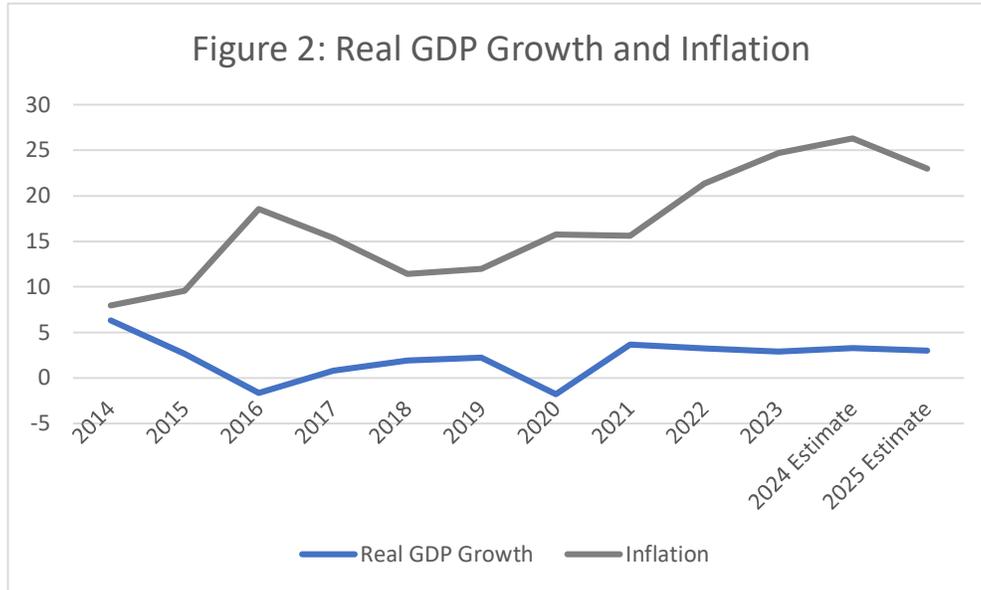
45. The effect of global economic integration has significant effect on Nigerian economy with positive and negative developments in parts of the globe having varying degrees of impact in the Nigerian economy. The shocks of higher commodity prices due to the Russia–Ukraine conflict which led to slow growth rate, regional disintegration among major global

³ Sources: IMF WEO, July 2023, NBS Reports, CBN Reports, NNPC Reports, OPEC Reports and US Energy Information Administration Reports.

trading partners and blocks as well as the volatility in global monetary policy and capital flows had implications on Nigeria. This resulted in distributional and financial shocks, arising particularly from Nigeria's huge, though declining, dependence on crude oil revenue. The ongoing Israel-Gaza war is also likely to have similar effect on Nigeria.

46. The negative effect of the volatility in oil production has continued to expose the Nigerian economy to both domestic and external vulnerabilities. Shortages in oil production and exports even with an OPEC output quota of 1.5 million barrels per day (mbpd) further reinforced this vulnerability. It is noteworthy that Nigeria has struggled to meet its oil production targets due to operational challenges and insecurity amid growing crude oil theft and pipeline vandalism in the oil producing regions. The efforts to curb crude oil theft and boost oil production in Nigeria are expected to yield an average crude oil production of 1.75mbpd in the 2024 budget. This represents a notable improvement from the 1.30 mbpd recorded in 2023.
47. To accommodate the pressures on foreign reserves, Nigeria's foreign exchange policy has been revised continually. This has generated some pass-through effects on the volume of trade and led to rising inflation especially given the nature of the exchange rate changes and access restrictions. A single exchange rate policy was instituted in 2023 to put an end to the era of regulated and multiple exchange rates and to stimulate trade and foreign investment in the economy, but its effect is yet to be felt in 2024 as this policy has caused a significant depreciation of the Naira against the US Dollar.
48. Real GDP – Data from NBS revealed that Nigeria's economy entered a recession in 2020, with the real GDP contracting by 1.8%, reversing three years of recovery from 2017 to 2020. This downturn resulted from the fall in crude oil prices on account of falling global demand and containment measures to fight the spread of COVID-19. However, in the fourth quarter of 2020, the Nigerian economy expanded by 0.11%; exiting one of its worst recessions, having posted a decline of 6.1% and 3.6% in 2020 Q2 and 2020 Q3, respectively. The data from the NBS also reveals that the real GDP growth year-on-year (YoY) from March 2011 to March 2024 shows an average real growth rate of 2.68%. Note that the data reached an all-time high of 6.9 % in March 2011 and a record low of -6.1 % in June 2020.
49. Nigeria's economy advanced at a slower rate of 2.31% in the first quarter of 2023, compared to the 3.52% rise in the previous three-month period and below the market expectation of a 3% growth. However, the GDP grew by 3.46% (year-on-year) in real terms in the fourth quarter of 2023, lower than the 3.52% recorded in the fourth quarter of 2022 but higher than the 2.54% growth witnessed in the third quarter of 2023. Nigeria ended 2023 with a GDP growth of 2.9%, continuing the slower growth after the exit from recession in 2020; the country grew by 3.6% in 2021 and 3.3% in 2022 (according to data from NBS). Despite the deceleration in growth, the non-oil sector continued to be the main catalyst of the country's economic expansion, boosted by services.
50. Overall, the lower 2023 actual real GDP growth compared with previous two years was occasioned by the persistent fuel and foreign exchange shortages, with the naira depreciating by over 50% in 2023 and further dampening economic activities. According to the IMF forecast, it is expected that Nigeria's economy will expand by 3.3% in 2024 and 3.0% in 2025. The Federal 2024-2026 MTEF/FSP anticipated 3.75% growth in 2023, increasing to 3.76% in 2024 and to later increase to 4.22% in 2025. Stable oil prices coupled with reforms initiated by the 2021 Petroleum Industry Act (PIA), the 2022 Start-up Act, and the commissioning of the Dangote refinery in May 2023 were expected to boost the economy. However, Dangote refinery could not commence operation within the year, full implementation of the PIA has also been slow.

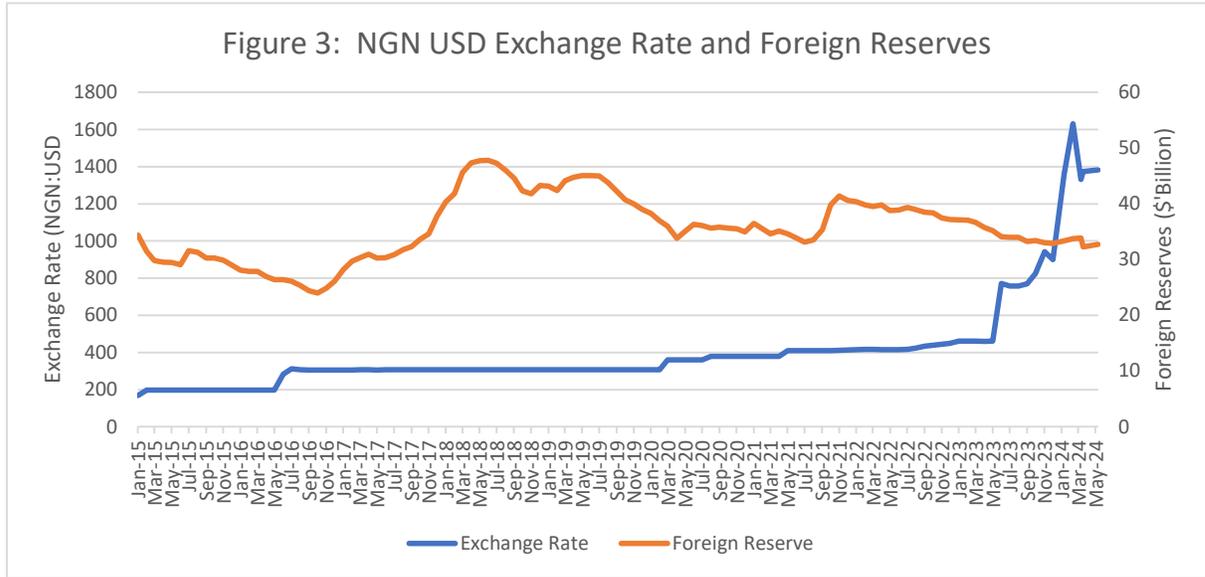
51. Nevertheless, the projections for the nation's economy paint an optimistic trajectory with the Federal Government of Nigeria anticipating real GDP growth of 3.76% in 2024 against IMF's forecast of 3.3% and slightly surpassing the estimated 3.75% for 2023. This optimism is underpinned on the implementation of key government reforms set to shape the economic landscape. Foremost among the factors contributing to this positive outlook is the expectation of improved crude oil prices and production and a proactive policy environment. Possible risks to this projection include sustained rise in fiscal deficit and debt, elevated interest rates, high inflationary trend, foreign exchange liquidity pressures, poor non-oil revenues and slower sectoral development. In terms of sectors, the main drivers of GDP growth are the financial services, information and communication, and utilities sector. The Federal Government expects these sectors to continue to drive growth in the short term.
52. Inflation (CPI) - Nigeria is expected to experience moderate inflationary pressure in 2024 according to the analysis of the Nigerian Economic Summit Group's Macroeconomic Outlook for 2024. The inflation rate is projected to average at 21.5% in 2024, from an average of 24.7% in 2023. The slowdown in inflationary pressure is expected to be driven by relative exchange rate stability and other heightened monetary measures by the Central Bank of Nigeria. In addition, food inflation will remain the fundamental driver of inflation due to increased cost of credit, insecurity, and internal displacement. The removal of fuel subsidies will continue to increase core inflation, primarily through high transport and energy costs. However, governments efforts aimed at inflation reduction and price stability, strategic fiscal policy measures, and the Accelerated Stabilisation and Advancement Plan (ASAP) submitted to the Presidency by the Federal Ministry of Finance and Economic Development are expected to curb the trend of inflation in the short to mid-term and stabilize the economy for development to take place.
53. The IMF projects inflation to rise to 26.3% in 2024 and slow down to 23% in 2025 and 14% in 2026. As of April 2024, headline inflation rate stood at 33.69%, rising from 29.9% in January 2024 to 31.7% in February and 33.2% in March 2024. This rise has resulted to frequent tightening of monetary policies with the Central Bank of Nigeria (CBN) increasing the interest rate from 18.75% in January 2024 to 22.75% in February, 24.75% in March, and to 26.25% in May 2024 (the highest rate since 2009) to cushion continued rise in headline inflation driven largely by food prices because of supply shortages and the high cost of logistics and distribution. The high lending rate is also anticipated to foster an environment conducive to increase the inflow of investment that can increase productivity and reduce supply-based inflationary trend.
54. The national annual real GDP growth and year-on-year inflation rates from 2014 to 2023 and 2024-2025 estimate is shown in Figure 2 below.

Figure 2: Real GDP Growth and Inflation

Data Source: WEO Database

55. While anticipating enhanced productivity and output in labour-intensive sectors such as Construction, Agriculture, Trade, and Manufacturing sectors, the acceleration of unemployment rate is projected to slowdown in 2024 and 2025. The rate is anticipated to remain around 5.0% in 2024 due to the anticipated improved performance in these job-intensive sectors. With a population growth rate estimated at 3.2%, this trajectory is set to bolster the overall impact of economic growth on real per capita income of the country.
56. Foreign Exchange Rate – the exchange rate at the Importers and Exporters window depreciated by 5.7% in 2022, closing the year at N461.5/\$1 compared to N435/\$1 recorded in 2021. Similarly, the Naira has devalued against the dollar from N461/\$1 in January 2023 to N770.4/\$1 by the end of June 2023 and to N899.4/\$1 by end of December 2023. This depreciation followed the abolition of foreign exchange rate segmentation by the Central Bank of Nigeria by collapsing all foreign exchange windows into the investors & exporters (I&E) window on June 14, 2023. Consequent upon the new exchange rate regime, the exchange rate continued to rise from N899.4/\$1 by end of December 2023 to N1,356.9/\$1 in January 2024, rising to an all-time high of over N1600/\$1 in February 2024 and was at N1482.5/\$1 as of May 31, 2024.
57. Foreign reserves was on the decline since mid-2019 but. The reserve stood at \$37.1 billion on December 31, 2022, compared to \$40.52 billion as of the end of December 31, 2021. The reserve was decreasing marginally amidst steady increase in global oil prices observed during the period. Nigeria commenced January 2023 with \$36.99 billion reserve, it fell to \$34.12bn as of the end of June 2023, and further down to \$32.91bn as of end of December 2023 according to data from the Central Bank of Nigeria (CBN), The fall was largely due to the CBN's effort to manage the depreciation of the Naira. Although the reserve rose marginally to \$33.83bn as of March 2024, the rise was not sustained as the reserve fell back to \$32.25bn in April 2024 before rising marginally to \$32.69bn in May 2024 also due to the CBN's effort to manage the depreciation of the Naira. The falling foreign reserve potentially condenses the policy options available to the CBN in controlling monetary aggregates.
58. The NGN:USD exchange rate, which is a key crude oil revenue parameter, for the period January 2015 to May 2024, is shown in Figure 3 below.

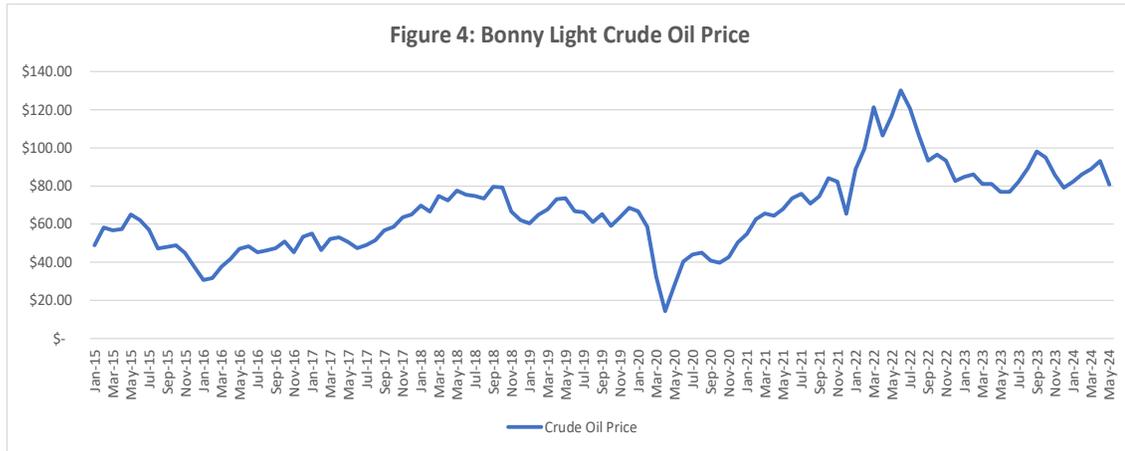
Figure 3: NGN:USD Exchange Rate and Foreign Reserves



Data Source: CBN

59. Crude oil price trended upward in 2022 following the Ukraine-Russian conflict which began on February 24, 2022. Rising from \$99.64 in February 2022, oil price rose to \$130.1 in June 2022 and closed at \$82.5 in December 2022. This implies that crude oil price generally increased in the first half of 2022 but gradually decreased in the second half. The increase in the price of crude oil in 2022 was driven by the Ukraine-Russian conflict and other factors such as the failure of OPEC and non-OPEC members to increase their production level when the conflict began.
60. Oil price picked up at \$84.78 in January 2023 but declined to \$81.10 in March due to the rising crude supply availability and the building of unsold cargoes for April loading, specifically in the Atlantic Basin. The price however picked up in July 2023 at \$82.27, rose to \$98.16 in September, before declining again to \$79.12 in December 2023 due to geopolitical turmoil and concerns/sentiments about the oil output levels of major producers around the world as non-OPEC+ supply strength coincided with slowing global oil demand growth.
61. The extension of OPEC+ output cuts through first quarter of 2024 propped up oil prices a little as prices picked up in January 2024 at \$82.18 and steadily increased to \$93.12 in April 2024. It is therefore important to always consider that the crude oil market is highly volatile, delicate, and unpredictable, reinforcing the rationale for a benchmark that is set significantly below the current/forecast price.
62. Crude Oil (Bonny Light) Price for the period of January 2015 to April 2024 from the data from CBN are presented in Figure 4 below.

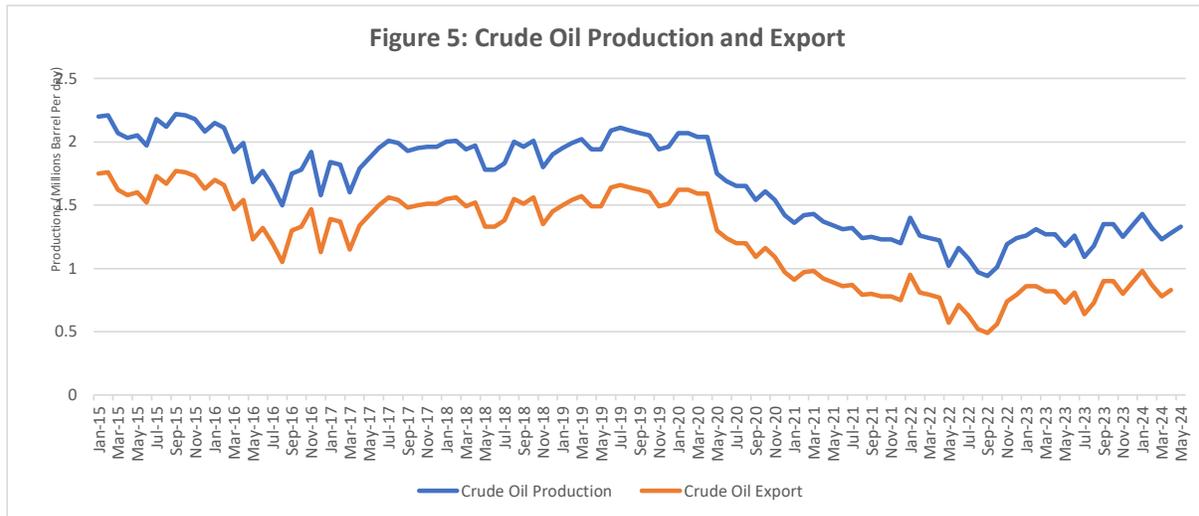
Figure 4: Bonny Light Crude Oil Price



Data Source: CBN

63. The U.S. Energy Information Administration (EIA) is forecasting an average price of \$89 in 2024 and \$87 in 2025 for Brent Crude. The IMF forecast in its April 2024 WEO suggest a price of around \$78.60 in 2024 and will continue to fall to \$67.50 by 2029– lower than the EIA forecasts.
64. Crude Oil Production – The average crude oil production for Nigeria in the first quarter of 2024 rose by a meagre 1.03% to 1.327mbpd compared to an average of 1.313mbpd produced in the fourth quarter of 2023. However, this number fell to an average of 1.28mbpd in April 2024, representing a 4.07% decline compared to the production recorded in March 2024. These daily productions are far below the OPEC quota of 1.5mbpd till December 2025. This lower production is attributable to the occurrence of oil theft and pipeline vandalism in the oil producing region of Nigeria. The consistent inability to meet OPEC’s output targets also led to the reduction of oil production quota for Nigeria.
65. Several things are likely to impact crude oil production and price in the medium term, including the full implementation of the Petroleum Industry Act (PIA), exploration of new oil wells like that of the Koimani oil site in Gombe State, and any significant boycott of Russian oil because of the ongoing conflict in Ukraine. The ability of the Federal Government to also effectively secure oil pipelines or eradicate oil theft can also increase Nigeria’s production output.

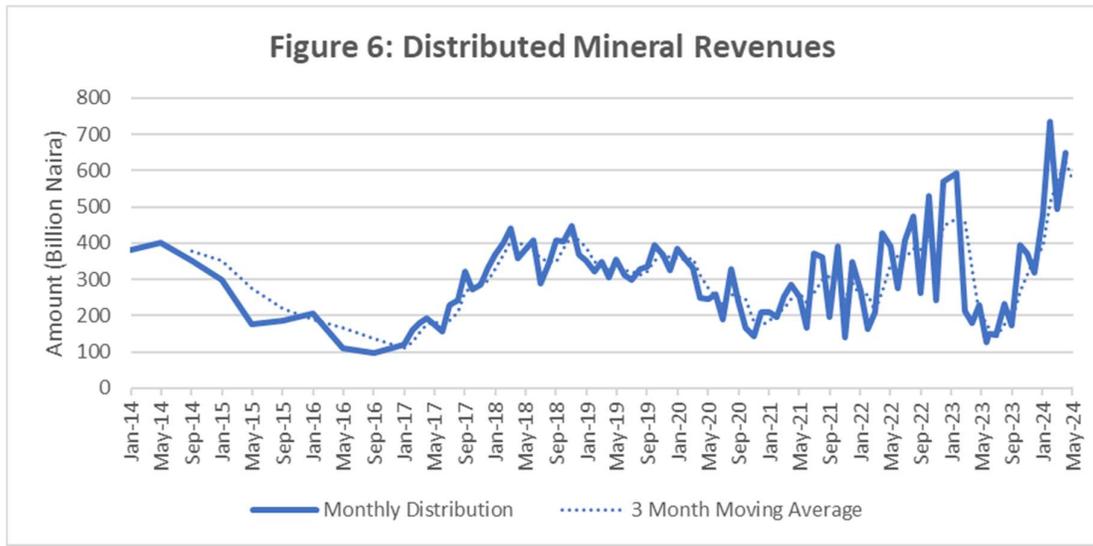
Crude Oil Production and Export (including condensates) for the period January 2015 to May 2024 from data from CBN is presented in Figure 5 below. Figure 5: Crude Oil Production and Export



Data Source: CBN

66. The effective implementation of the Finance Act (Effective Date Variation) Order, 2023 and Customs, Excise Tariff (Variation) Amendment Order, 2023, the development of business continuity plans for tax and custom administration, rationalization of ineffective tax incentives and exemptions, as well as increased remittances and recovery of unremitted revenues from Government Owned Enterprises (GOEs) are critical to grow Nigeria's fiscal space. The proposed Accelerated Stabilisation and Advancement Plan (ASAP) by the Federal Ministry of Finance also contains strategies to urgently grow Nigeria's fiscal space.
67. A total of N648.58 billion generated as mineral revenue in the month of April 2023 was disbursed to the federal, states and local governments as part of the statutory allocation for May 2023. This was higher than the previous month's (March allocation distributed in April) of N494.784 billion. The highest mineral revenue earned as of May 2024 was in February 2024 where N736.47 billion was earned as mineral revenue.
68. Monthly distributed Mineral Revenues (Statutory Allocation (SA) and Net Derivation (ND)) to the three tiers of government from January 2014 to May 2024 inclusive are shown in Figure 6 below.

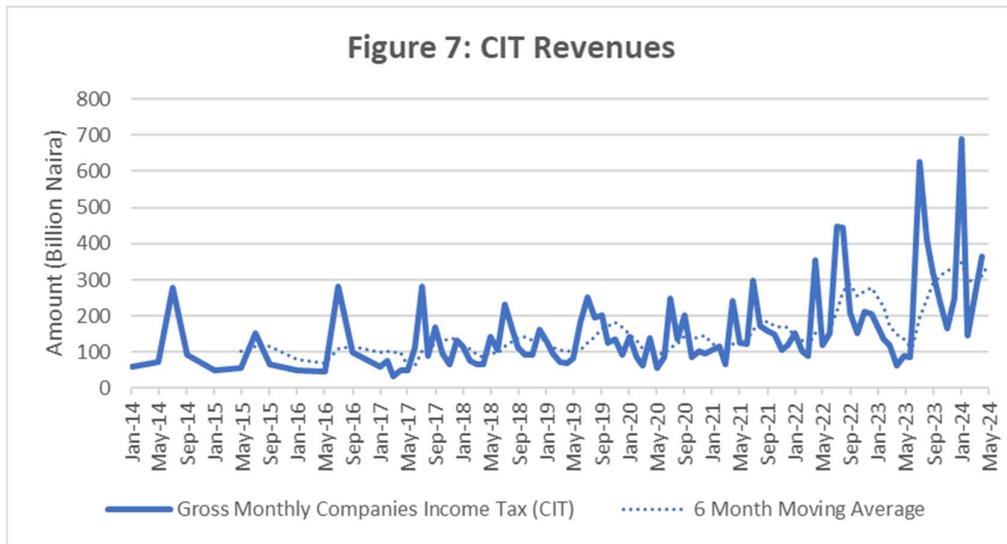
Figure 6: Distributed Mineral Revenue



Data Source: FAAC summary Sheets, OAG/NBS

69. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2014 to May 2024 inclusive are shown in Figure 7 below. The graph also includes linear trend.

Figure 7: CIT Revenues



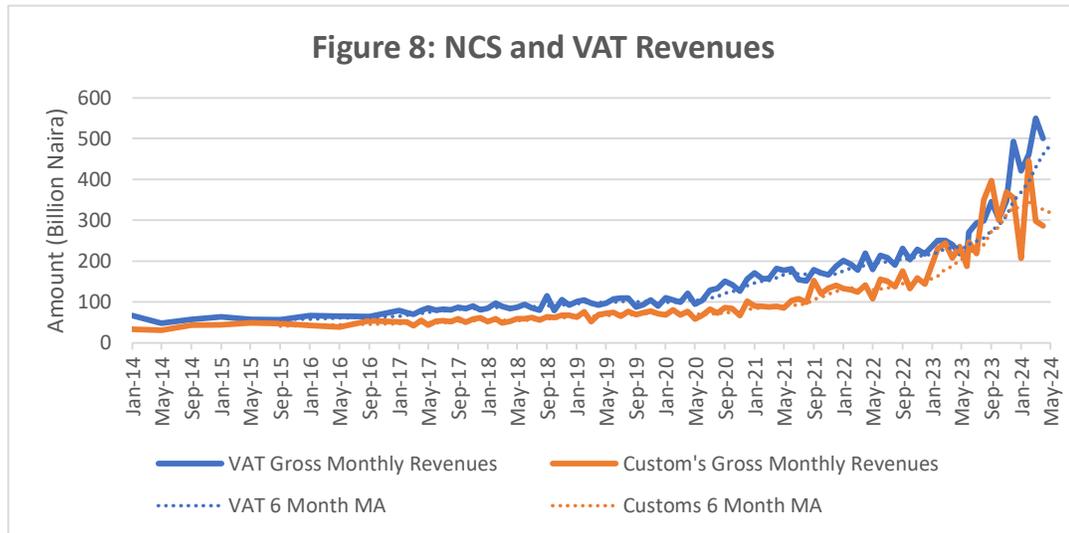
Data Source: FAAC Summary Sheet, OAG/NBS

70. The graph (Figure 7) 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 are distributed in July, the month many companies file their return.
71. Nigeria generated a sum of N2.69 trillion from Company Income Tax (CIT) in 2023, a little higher than the N2.64 trillion generated in 2022, an increase of 2% compared to 2022. The high CIT generated in 2023 started in 2022 where CIT witnessed over 30% growth compared to the volume generated in 2021. This sustained increase is something to cheer

Nigeria as this shows growth of the non-oil sector. It is also a signal for policy makers towards planning for a sustainable increase in non-oil revenue.

72. Customs and Excise duties (NCS), which is distributed as part of Statutory Allocation, and Value Added Tax (VAT) and is distributed separately for the period January 2014 to May 2024 are shown in Figure 8 below.

Figure 8: NCS and VAT Revenue



Data Source: FAAC Summary Sheet, OAGF/NBS.

73. VAT showed a clear upward trend since late-2015, rising to N2.46 trillion in 2022 from N2 trillion in 2021. VAT collections further rose to N3.53 trillion in 2023 and currently at N1.93 trillion as of April 2024. 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). The increase in VAT rate from 5% to 7.5% in the 2020 Finance Act contributed to the significant spike in VAT from August 2020. There is still a level of monthly volatility that makes it slightly difficult to forecast VAT, however, with the economy maintaining a positive real growth and inflation staying above 11% for a longer time, it is anticipated that VAT will continue to grow in nominal terms.
74. Exchange rate controls import policy, and the devaluation of the Naira may have affected some Customs receipts. However, there are still some short-term volatility and Federal Revenue reforms expected to increase collections in the medium term, but the timing of impact remains uncertain as Custom and Excise Duty stood at N3.34 trillion as of the end of 2023 and at N1.24 trillion as of April 2024.
75. The Federal Government, in April 2023, adopted a new Fiscal Policy Measures (FPM 2023) which was amended on July 6, 2023. The amended FPM provides for Supplementary Protection Measures (SPM) for the implementation of the ECOWAS Common External Tariff (CET) 2022 to 2026, increased excise duty rates on certain items such as tobacco and alcoholic beverages, and reduced import duty rates on some manufacturing items available to verifiable manufacturers. A new Fiscal Policy Measure 2024 is currently being considered by the Federal Government to address the implications of the implementation of the President Bola Ahmed Tinubu' inaugural address on a unified exchange rate regime and the removal of petroleum subsidy. These policies, and the expected reduction in the importation of petroleum products when Dangote Refinery commences full operation is

expected to positively affect Nigeria's vulnerability to exchange rate volatility and food inflation that drives up the headline inflation of the country.

76. The policy thrust of the National Development Plan (NDP) 2021-2025, a medium-term plan for the implementation of the Nigeria Agenda (NA) 2050 (Nigeria's long term development plan) include a broad-based real GDP growth rate of about 5% on average during the plan period; an increased employment generation of about 21 million jobs; and an inclusive growth that will lift 35 million people out of poverty over the plan period (2021-2025). The implementation of this plan will affect the aggregate macro-fiscal performance of Nigeria and will set the stage for achieving the government's target of lifting 100 million Nigerians out of poverty in 10 years under the National Poverty Reduction and Growth Strategy.
77. In addition, the 16 amendments to the 1999 Constitution of the Federal Republic of Nigeria (as amended) which was approved in March 2023 gave powers to state governments to invest in railway and power infrastructure by moving railways and power from the exclusive list to the concurrent list is also expected to boost Nigeria's economic performance in the medium term, provided state governments maximises the opportunity.

2.E Kebbi State Economy

78. 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.
79. The State is still a net importer of goods and services but is a net exporter of agricultural produce majorly rice, sorghum, millet and beans 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.
80. 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.

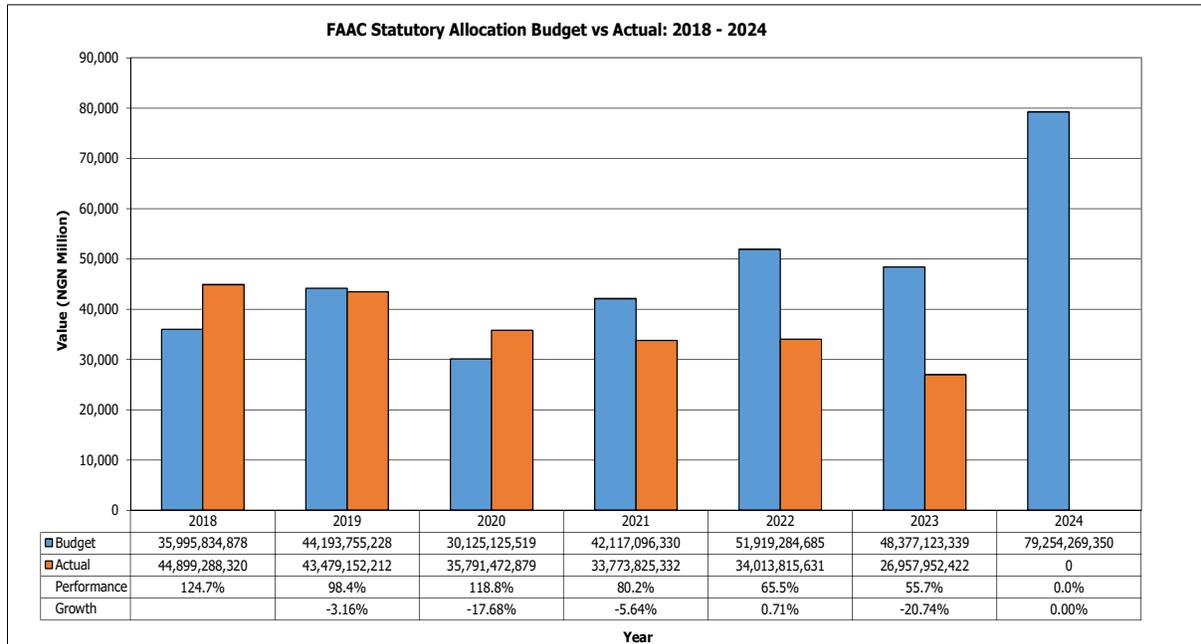
2.F Fiscal Update

2.F.1 Historic Trends

2.F.2 Revenue Side

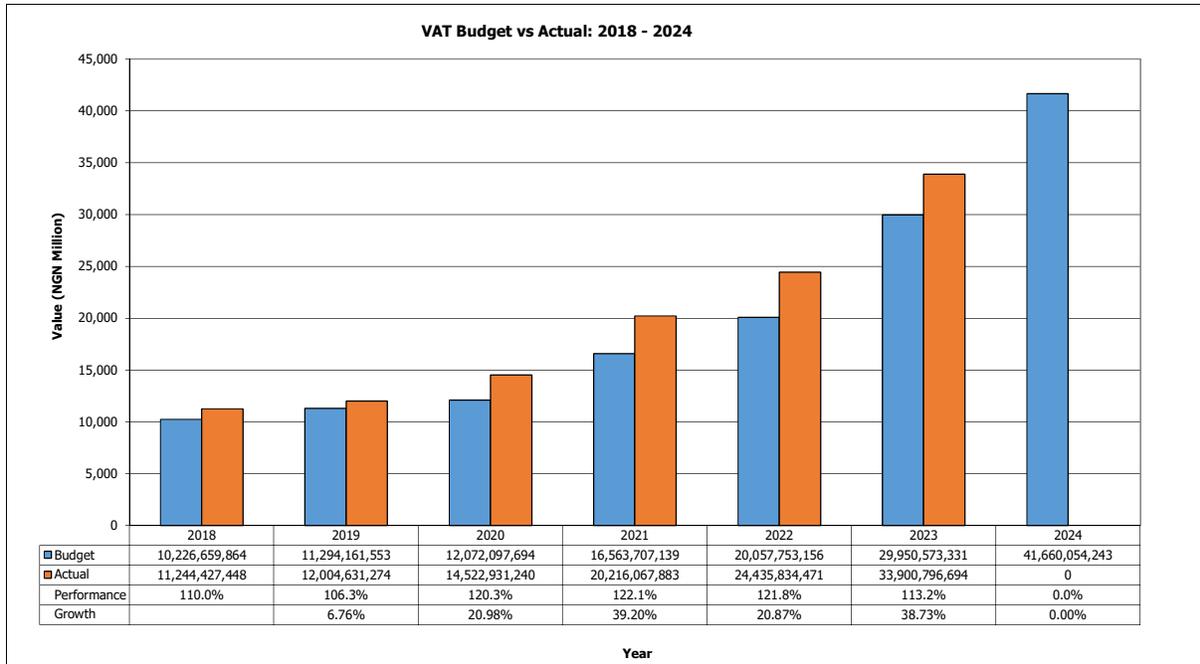
81. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Other Federation Account, and Capital Receipts (Loans, Grants, Other Capital Receipts) – budget versus actual for the period 2017-2022 (six year historic) and 2023 budget.

Figure 9: Statutory Allocation



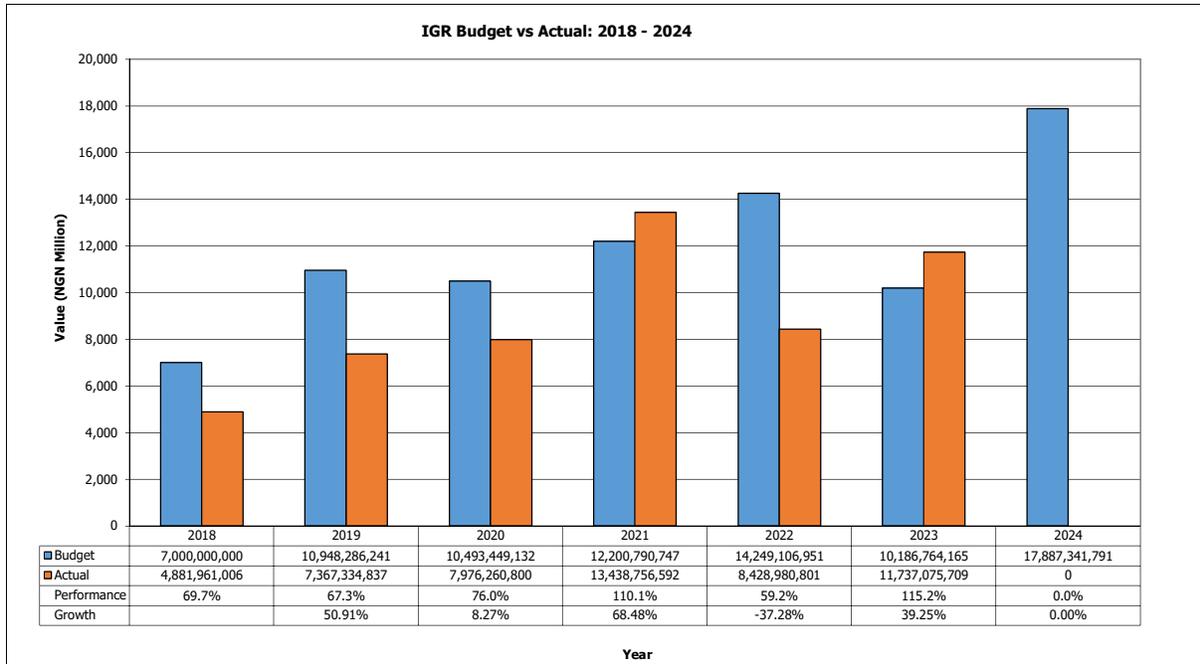
82. Statutory Allocation is a transfer from the Federation Allocation Accounts Committee (FAAC) and is based on the collection of minerals (largely Oil) and non-mineral revenues (companies' income tax, custom and excise duties) at the national level, which is then shared between the three tiers of government using sharing ratios.
83. 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



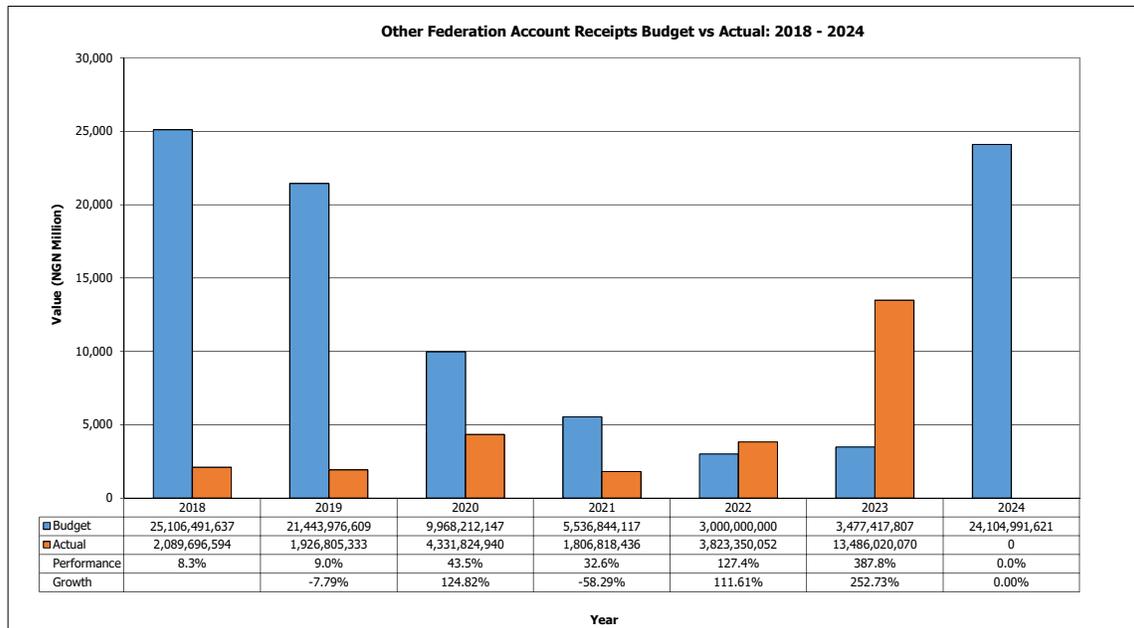
84. VAT is an ad valorem tax on most goods and services at a rate of 7.5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government monthly – partially based on set ratios, and partially based on the amount of VAT a particular State generated. States receive 50% of the total VAT collections nationally, from which KEBBI gets around 2.2% of the States’ allocation.
85. VAT receipts has continued to grow over the last six years (2018 to 2023) 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.
86. The forecast for the next three years is premised on the likelihood of the Federal Government tax reform initiatives, which is expected to expand informal tax collections and making VAT more progressive. The Finance Act is expected to be revised by December 2024 to capture the Federal government ambition on fiscal reforms and effective tax coordination.

Figure 11: IGR



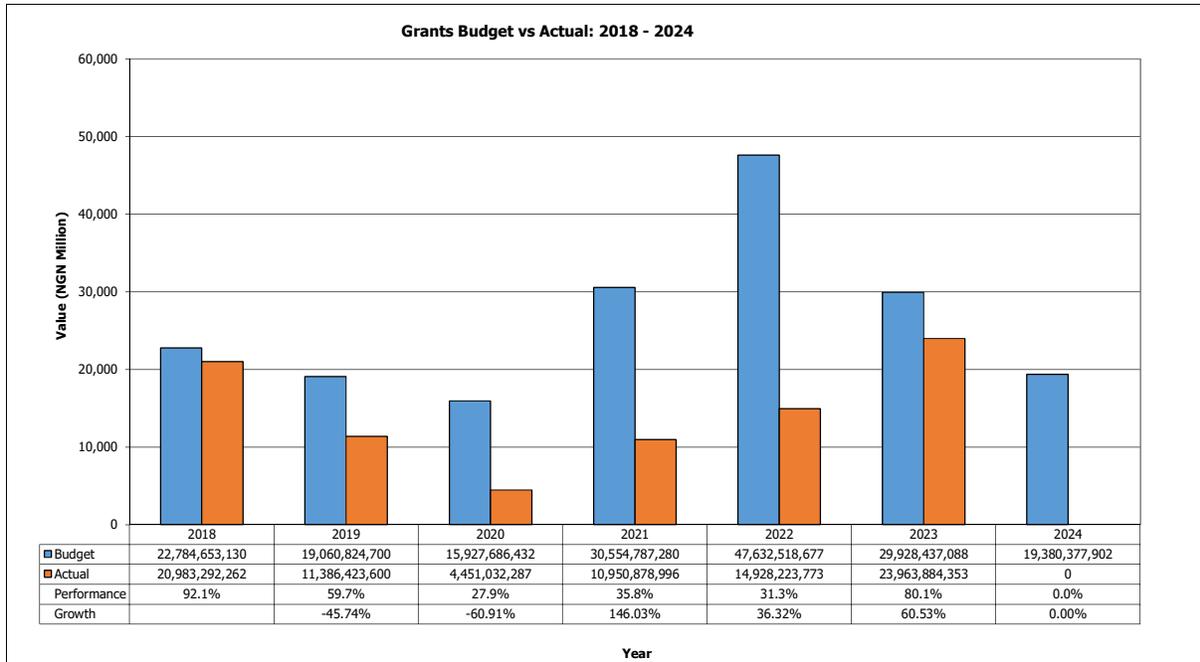
87. Internally Generated Revenue (IGR) also known as Independent Revenue (IR) is revenue collected within KEBBI State related to income tax (PAYE represents the highest contributor to IGR), fines, levies, fees, and other sources of revenue within the State.
88. From 2018 – 2020 actual collections have been lower than the budget, but the increase in performance has been steady and continues with a negative growth in 2022 but picked up significantly in 2023 at 39.25%. The Kebbi State internal revenue service is currently implementing several tax reforms such as review of revenue law to update rates, fees, and levies, kick-started the implementation to expand the informal tax net through the collection of tricycle and motorcycles taxes, insurance of dedicated POS to all revenue generating entities, amongst others. The State IGR grew spontaneously at 115.2% in 2023, owing to the decisive implementation of tax reforms and the expansion of IGR sources in the state. This performance is expected to be sustained to facilitate increase revenue and productivity within the state.

Figure 12: Other Federation Account



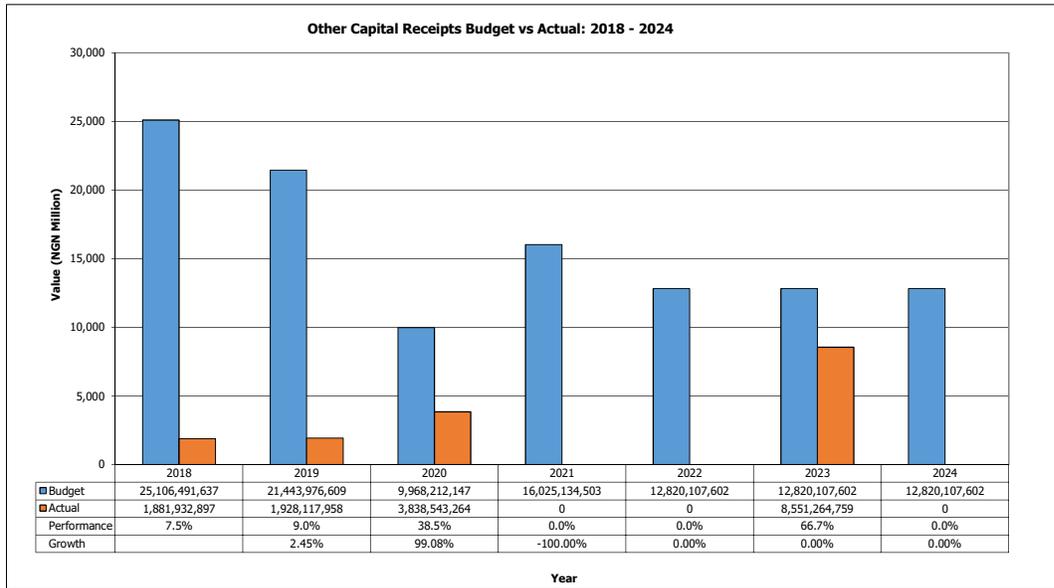
- 89. Other Federation Account Receipts are other receipts from Federation Accounts which include Exchange Gain, NNPC refund, etc.
- 90. Over the years, the state budget captured other FAAC receipts as miscellaneous revenues with same components as other FAAC receipts. The huge gap recorded in terms of performance to the budget provisions for 2018 and 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% and 387.8% performance in 2022 and 2023 respectively. The State remains committed to making realistic projections across all revenue receipts.

Figure 13: Grants



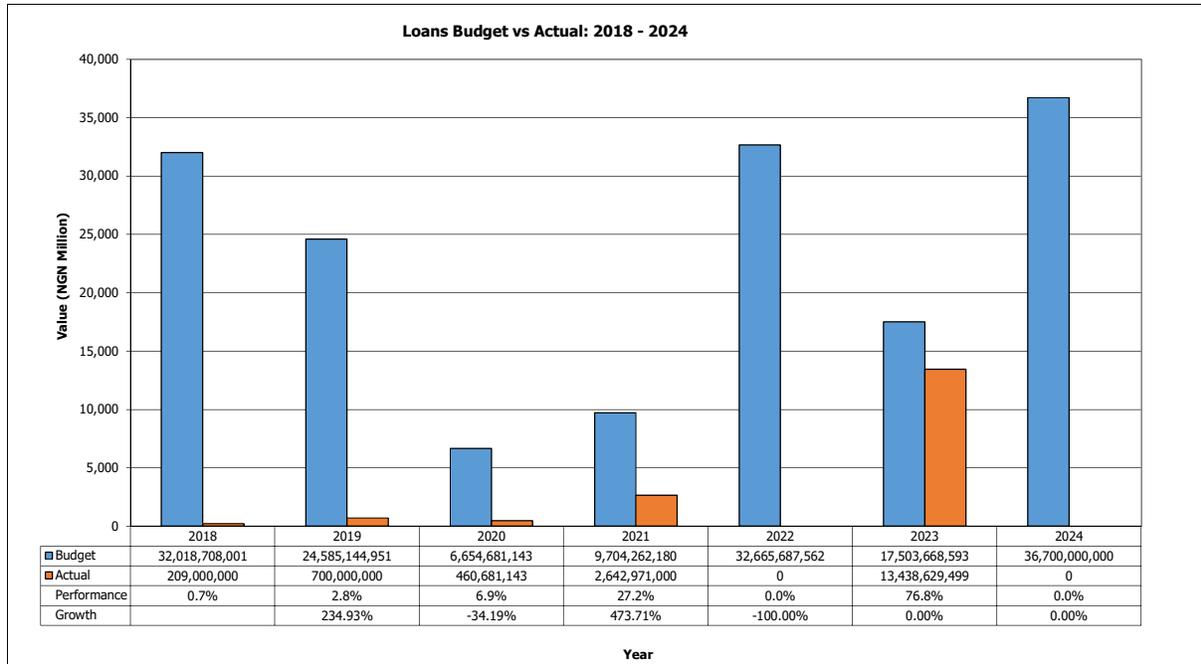
91. Grants are receipts from both internal and external sources such as Federal Government SDGs Conditional Grants Scheme, as well as grants from the international development partners and foundational donors such as USAID, European Union (EU) and United Nations Children’s Fund (UNICEF), WHO, Bill and Melinda Gates Foundation, Malaria Consortium, Medicine sens Frontiers, amongst others. Kebbi State has proactively included as much grant expenditure “on-budget” as possible, even if the funds are not paid into the State treasury.
92. Actual grant receipts have been inconsistent over the years with performance remarkably high in 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.
93. 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



94. Other capital receipts here include dividend received from Kebbi stock investments in 2023, however refund on federal roads constructed by the State and sales of Kebbi International Airport to federal government is expected with the current fiscal year.
95. 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.

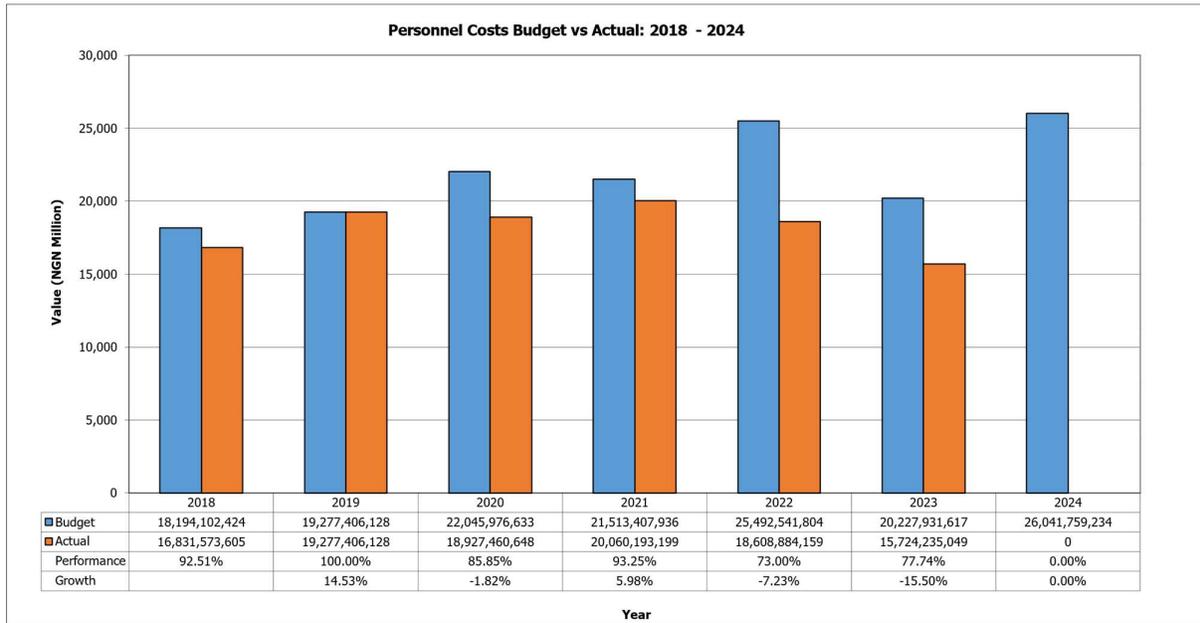
Figure 15: Loans/Financing



96. 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.
97. The performance started to decline in 2017 through 2020 due to delay in the start-up of some projects and no materialisation of some loans. This however picked up by 27.2% in 2021 due to loans obtained for Housing and Covid programme. 2023 stands out at 76.8% which indicates progressive loan financing within the fiscal year.
98. Budgetary Provisions under the loan component have decreased retrogressively in 2023 but surged upwards in 2024 with the government plans to obtain infrastructural loan from internal creditor. The State is forecasted to secure more loans to finance its potential infrastructural projects within its capacity for repayment and its evident solvency.

2.F.3 Expenditure Side

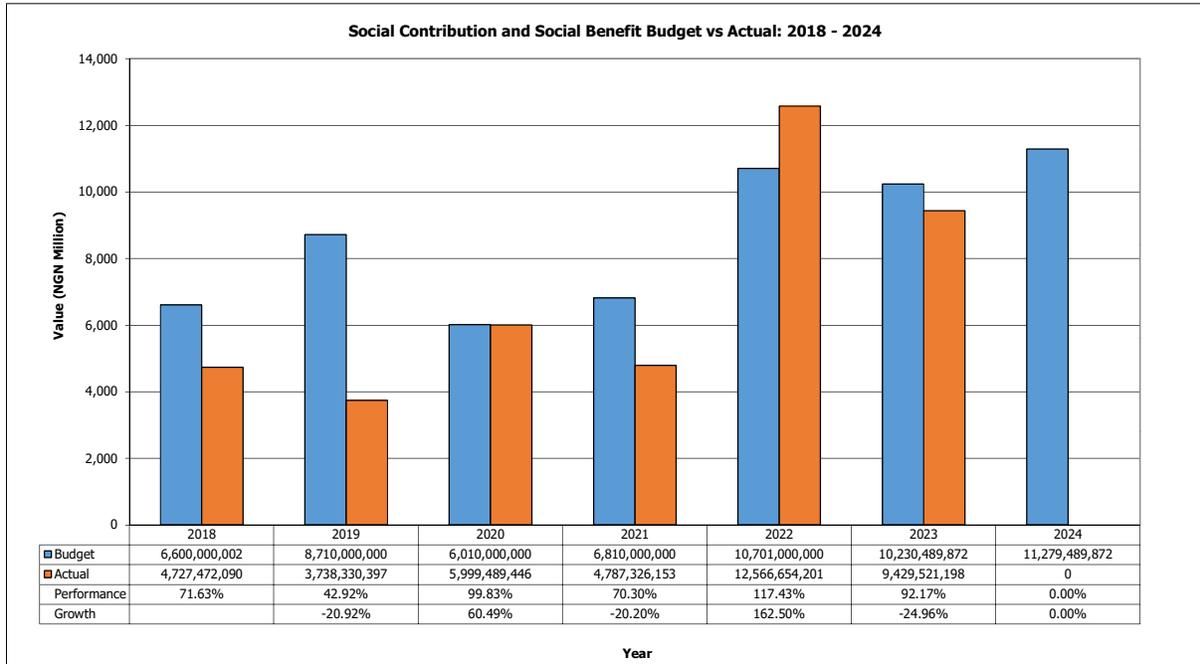
Figure 16: Personnel



99. 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 2017-2023 (six years) and 2024 budget.
100. 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.
101. Within the fiscal year 2025- 2027, the state plans to ensure increasing infrastructural development, urbanization, and provision of welfare provision to the people of Kebbi State, these will be achieved through realistic revenue forecast, effective cash flow managements, extensive tax reforms and commitments to pursue other revenue financing option through capital receipts and public private partnerships.
102. Personnel expenditure includes salaries, allowances, and benefits of core civil servants of the State. Personnel costs have risen year on year since 2018 but recorded a shape decline growth of 7. 23% and 15.5% in 2022 and 2023 respectively, owing to the cumulative actual performance of 73% and 77.74% in both years compared to 2021 with overall startling performance of 93.25%. The state is committed to ensuring a more realistic personnel forecast while taking into consideration all variables such as revised minimum wage, pension and gratuity payments and promotions.
103. Actual personnel expenditure has been close to budget in all years except 2022 and 2023. This is because actual personnel cost is known and can be correctly determined, essentially because personnels are paid retirements benefits and enrolled unto pensions which is sometimes high than the salary.
104. For the 3-year forecast, personnel cost is expected to rise due to the commitment of the State Government to ease the burden of the Kebbi populace posed by the fuel subsidy and floating of the Naira. The State therefore need to work hard on its IGR collections and other

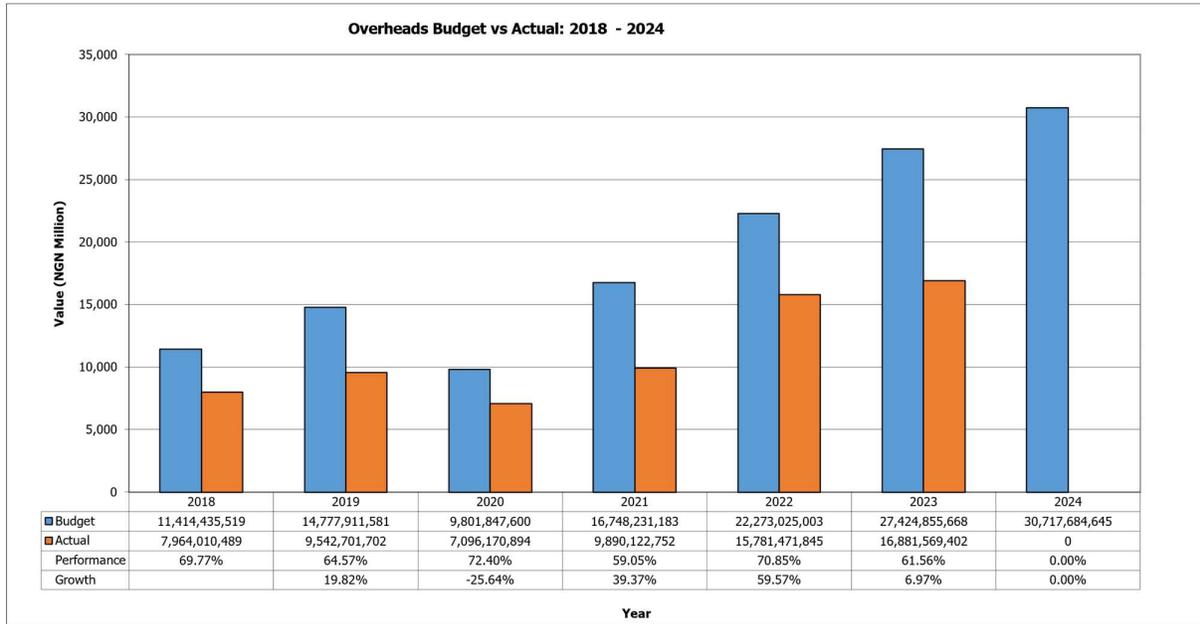
capital receipts to support its personnel cost independent of federal allocation, thereby allowing more resources to flow into the implementation of the economic viable capital projects.

Figure 17: Social Contributions and Social Benefits



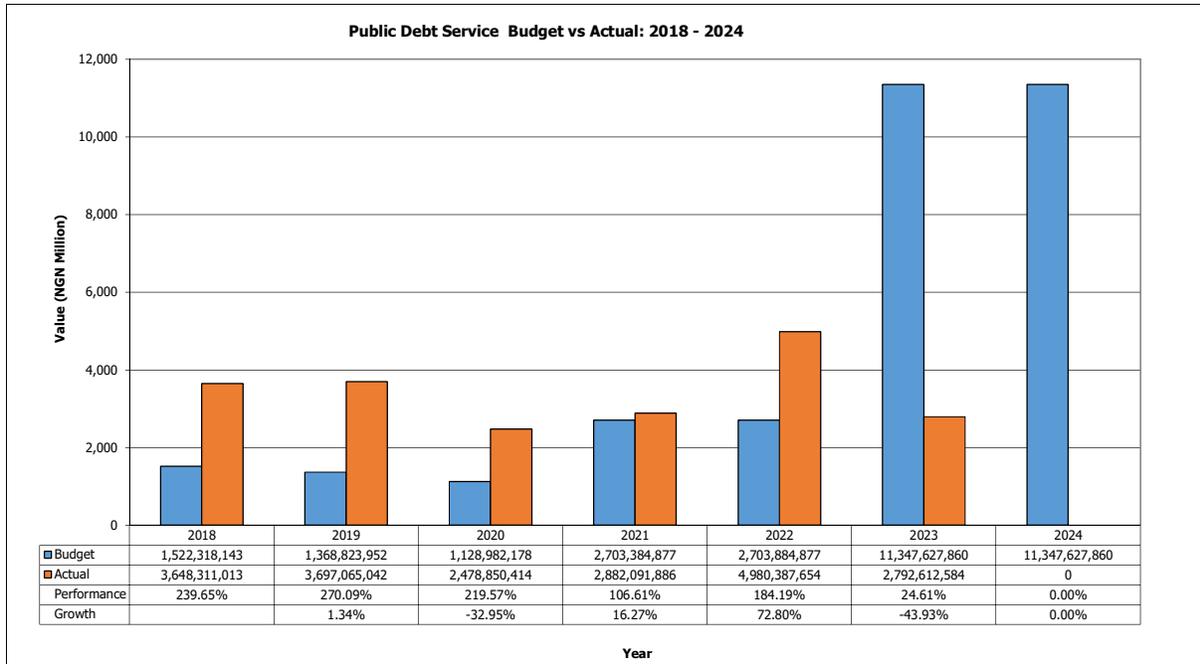
- 105. Social Contributions and social benefit Budget refer to payments of Gratuities and pensions to retired civil servants. In Kebbi once a civil servant retires, he gets enrolled on to the pension payroll.
- 106. From the graph, performances record highs and lows from 2018 to 2022. In 2019, this expenditure dropped and picked up in 2020 with very high performance due to high number of retirees in 2020 with the State exceeding its performance of 117.43% in 2022, which was due to the commitment of the state Government to clear all the arrears before the administration exit. Subsequently, the state has continued to fulfil its obligation to retirees as shown on the remarkable performance of 92.17% in 2023.
- 107. For the 3-year forecast, adequate provision was made to take care of any retirement of civil servants and the payments of all their entitlements.

Figure 18: Overheads



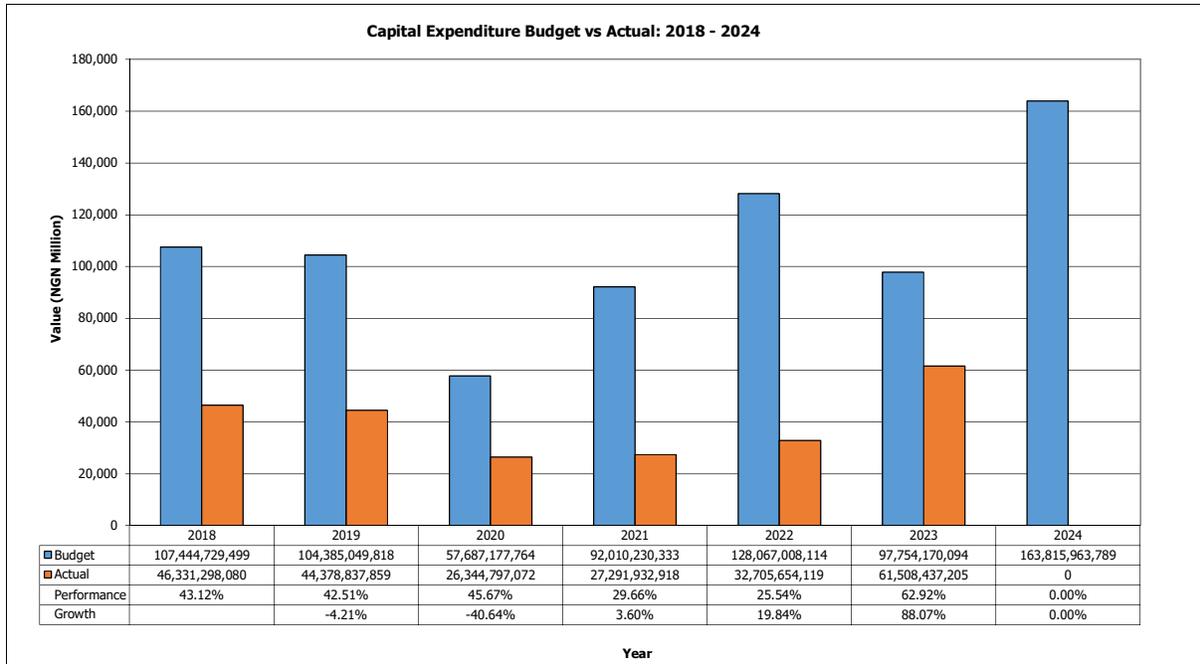
- 108. Overheads comprise mainly of operational and maintenance costs for running day-to-day activities of the Government. Overhead allocations are transferred to MDAs monthly.
- 109. Overheads had been above 60% from 2018 -2020 to keep the Government operations functional. A positive growth has been experienced from 2021 to 2023, Government remains committed to ensuring adequate provisions for overhead expenditure inline with rising inflations due to the removal of fuel subsidy, as seen in the fair performance of 61.56% in 2023 which also has the highest volume of actual expenditure of 16.8 billion.
- 110. Overheads are very important but must be kept in check in consideration of funding availability. Expenditure forecast of the current year and preceding year to come is expected to take into considerations Government policy commitment to improving sector performance.

Figure 19: Public Debt Service



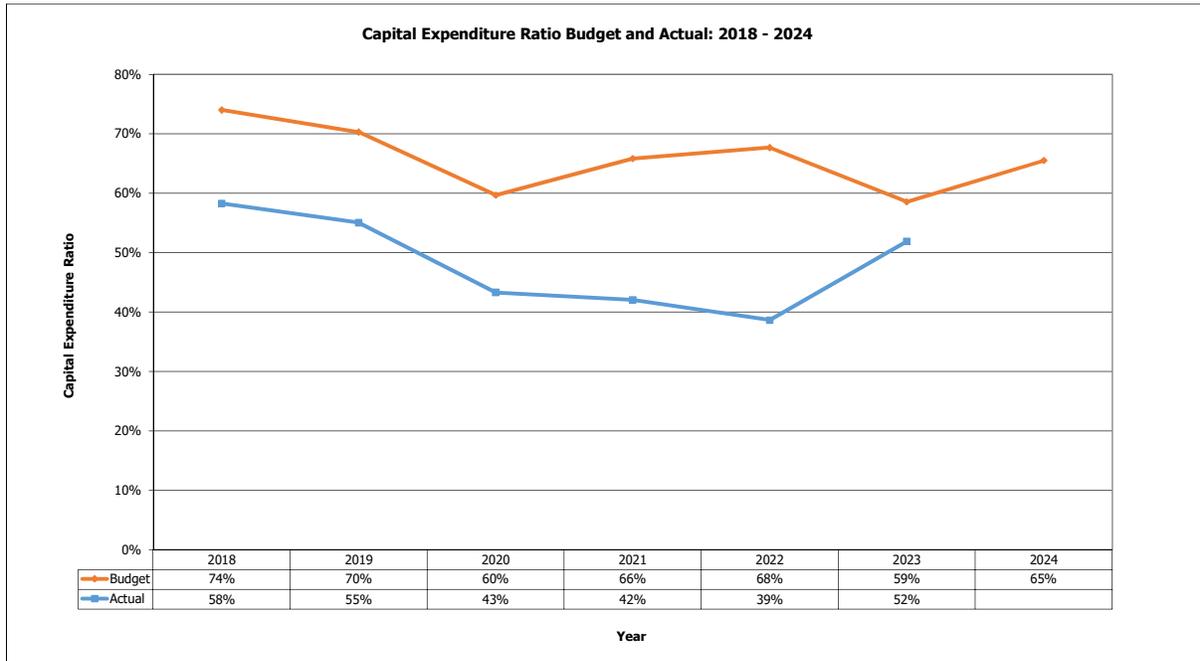
- I 11. Public debt service is debt repayment of loans/debt contracted into by the State either internally or externally. The debt burden of the State is not very high and adequate provisions had been made previously for repayment.
- I 12. Performance have been above the provision from 2018 – 2023 due to the state solvency to service its debt components. Extensively, the state planned to service contractor arrears, hence the significant provision of 11.3billion allocated in the 2023 and 2024 budget which recorded a poor performance of 24.61% in 2023 specifically. This situation has sent a signal for an improved debt service forecast in subsequent years, to better reflect identified debt repayments commitments from contractors, and from internal and external creditors.
- I 13. For the next 3 years adequate provisions had been made considering the loans contracted by the State Government. Government may also borrow to fill up the infrastructure deficit of the State.

Figure 20: Capital Expenditure



- I14. Capital expenditure refers to projects that generate State assets (e.g. roads, schools, hospitals).
- I15. Capital expenditure provisions have consistently been higher due to the deliberate effort of the State Government to continuously provide infrastructural facilities such as urban development, modernization of health facilities, upgrading of schools’ infrastructure and improve the livelihood of the people. However, a significance growth of 88.07% was recorded in the year 2023 compared to 2022 which has 19.8% growth. In all these years, actual capital receipts have greatly affected the capital expenditure performance as actual revenues were much below the budgetary provisions.
- I16. However, in 2019 and 2020 the capital expenditure performance growth was -4.21% and -40.64% respectively but picked up with 3.6% in the year 2021 and continue to make increased performance in the year 2022 and 2023 with 19.8% and 88% respectively.
- I17. 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



- I18. 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.
- I19. 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.
- I20. The implication for 2025 – 2027 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.

2.F.4 By Sector

- I21. 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.
- I22. 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												
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	324,650,000	318,038,546	358,905,782	312,035,249	381,687,649	301,374,318	335,308,514	124,760,776	75.41%	1.57%	1.36%
2	Office of the Secretary to the State Government	579,600,000	410,724,276	580,627,624	545,828,138	630,627,624	316,131,089	504,339,215	495,840,280	77.05%	2.57%	2.28%
3	State Assembly	410,000,000	376,443,744	539,848,317	127,521,014	502,753,538	138,162,792	377,593,696	314,647,071	52.28%	2.05%	1.23%
4	Ministry of Information and Culture	330,000,000	335,345,873	366,721,286	335,358,881	364,285,840	340,390,559	320,750,636	323,033,997	96.55%	1.55%	1.72%
5	Office of the Head of State Civil Service	222,000,000	220,606,002	242,000,000	224,138,480	256,000,000	221,646,741	218,802,076	207,344,502	93.07%	1.05%	1.13%
6	Ministry of Special Duties	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
7	Office of the State Auditor General	50,550,000	78,149,632	89,909,548	81,956,689	210,078,663	78,678,433	100,145,830	84,493,024	71.73%	0.50%	0.42%
8	Civil Service Commission (CSC)	34,000,000	27,457,152	35,000,000	23,620,533	70,313,976	5,596,404	33,549,252	2,837,892	34.43%	0.19%	0.08%
9	Kebbi State Independent Electoral Commission	3,800,000	3,626,428	3,800,000	3,660,399	43,407,924	30,765,986	25,292,109	32,850,773	92.93%	0.09%	0.09%
10	Local Government Service Commission	7,500,000	6,686,802	8,000,000	7,111,982	8,010,000	7,123,219	34,095,944	30,802,907	89.79%	0.06%	0.07%
11	Ministry of Agriculture	1,330,000,000	1,282,070,201	267,000,000	619,762,962	657,000,000	584,873,857	543,719,775	537,728,787	108.10%	3.13%	3.89%
12	Ministry of Animal Health Husbandry and Fisheries	533,000,000	462,890,308	632,947,778	661,100,457	760,113,091	663,579,446	739,548,768	735,388,662	94.65%	2.99%	3.25%
13	Ministry of Finance	1,184,126,633	1,247,202,380	1,004,562,158	1,955,920,050	1,302,923,721	628,532,715	679,458,704	697,005,123	108.57%	4.67%	5.83%
14	Ministry of Commerce and Industry	151,500,000	150,589,897	160,937,350	139,612,994	165,293,699	139,707,054	137,955,136	137,648,307	92.18%	0.69%	0.73%
15	Ministry of Information Communication and Technology (ICT)	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
16	Ministry of Works and Transport	408,000,000	400,536,993	440,000,000	388,872,366	431,200,000	376,793,123	377,014,799	347,960,102	91.42%	1.86%	1.95%
17	Ministry of Budget & Economic Planning	24,000,000	23,903,820	24,500,000	27,396,124	32,526,274	29,894,661	56,852,702	29,833,383	80.53%	0.15%	0.14%
18	Fiscal Responsibility Commission	0	0	0	0	20,249,387	0	27,000,000	0	0.00%	0.05%	0.00%
19	Ministry of Water Resources and Rural Development	254,691,460	264,478,864	276,000,000	249,462,273	281,000,000	248,298,537	239,869,675	234,417,647	94.78%	1.18%	1.28%
20	Ministry of Lands and Housing	268,100,000	253,278,398	295,899,000	263,649,601	293,559,356	249,676,856	262,459,688	118,664,621	79.04%	1.25%	1.14%
21	Judiciary	935,958,540	805,292,821	1,333,000,000	1,044,620,747	2,317,782,949	1,067,304,021	1,135,368,994	1,096,266,004	70.14%	6.41%	5.17%
22	Ministry of Justice	64,200,000	60,848,326	69,700,000	60,450,173	87,418,245	61,209,866	78,297,252	66,262,177	83.03%	0.34%	0.32%
23	Ministry of Youths & Sports	60,000,000	57,128,638	63,857,951	55,933,682	61,347,282	53,944,816	53,410,761	56,410,761	93.63%	0.27%	0.29%
24	Ministry of Women Affairs and Social Development	63,000,000	61,953,778	64,500,000	56,639,263	63,000,000	56,301,316	56,342,430	56,342,430	93.68%	0.28%	0.30%
25	Ministry for Basic and Secondary Education	5,509,000,000	5,008,404,845	5,381,461,142	4,811,987,728	6,685,075,031	4,748,835,896	4,720,812,776	4,633,561,902	86.13%	24.97%	24.73%
26	Ministry for Higher Education	3,748,200,000	3,648,200,000	3,930,200,000	2,964,097,073	4,043,546,235	3,019,052,236	3,227,780,257	3,160,703,813	85.57%	16.74%	16.47%
27	Ministry of Health	5,330,000,000	3,231,000,000	5,120,000,000	4,884,657,658	5,597,661,320	5,029,148,385	5,733,096,993	6,004,472,573	87.92%	24.40%	24.66%
28	Ministry of Environment	163,500,000	137,638,047	165,430,000	159,425,966	165,580,000	155,618,719	155,037,661	160,630,818	94.42%	0.73%	0.79%
29	Ministry of Local Government and Chieftaincy Affairs	56,600,000	54,964,877	58,600,000	55,372,716	60,100,000	56,243,114	54,027,972	52,195,798	95.40%	0.26%	0.28%
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	140,612,443	0.00%	0.00%	0.18%
32	Ministry of rural and Community Development	0	0	0	0	0	0	0	19,443,951	0.00%	0.00%	0.03%
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	3,412,309	0.00%	0.00%	0.00%
37	Ministry of Establishment, Training and Pension	0	0	0	0	0	0	0	161,601,303	0.00%	0.00%	0.21%
	Total	22,045,976,633	18,927,460,648	21,513,407,936	20,060,193,199	25,492,541,804	18,608,884,159	20,227,931,617	20,067,174,137	86.99%	100.00%	100.00%

Table 5: Sector Expenditure – Overhead - Budget Vs Actual

Overhead Expenditure by Sector												
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	1,865,799,600	2,084,851,000	3,479,384,308	3,721,029,550	5,957,691,957	4,564,574,064	6,343,462,762	4,373,395,760	83.55%	23.14%	27.98%
	Office of the Secretary to the State									80.47%		
2	Government	1,264,650,000	1,261,800,000	2,509,150,000	552,594,000	4,321,600,000	4,341,074,048	5,311,250,000	4,632,336,107		17.58%	20.47%
3	State Assembly	1,497,100,000	435,635,000	2,635,530,779	1,560,947,052	2,323,249,999	1,472,342,507	2,323,249,999	1,789,812,815	59.90%	11.51%	9.98%
4	Ministry of Information and Culture	67,910,000	23,970,000	82,710,000	47,829,000	90,710,000	49,498,533	91,910,000	54,294,000	52.69%	0.44%	0.33%
5	Office of the Head of State Civil Service	27,660,000	18,177,000	78,890,000	45,169,146	131,060,000	89,406,000	131,060,000	196,167,345	94.64%	0.48%	0.66%
6	Ministry of Special Duties	0	0	0	0	1,200,000	0	0	14,040,000	1170.00%	0.00%	0.03%
7	Office of the State Auditor General	10,460,000	7,905,000	27,160,000	26,645,000	110,750,000	15,200,000	107,112,024	36,490,000	33.76%	0.34%	0.16%
8	Civil Service Commission (CSC)	12,850,000	12,000,000	13,350,000	11,210,000	13,350,000	11,950,000	13,350,000	6,000,000	77.81%	0.07%	0.08%
	Kebbi State Independent Electoral Commission									40.31%		
9	Commission	6,200,000	6,000,000	6,200,000	5,747,000	24,000,000	5,997,100	24,000,000	6,602,000		0.08%	0.05%
10	Local Government Service Commission	14,050,000	14,050,000	14,050,000	13,280,000	23,550,000	13,700,000	23,550,000	13,700,000	72.78%	0.10%	0.10%
11	Ministry of Agriculture	35,330,000	32,400,000	35,640,000	21,641,000	59,320,000	25,474,000	188,470,000	19,910,000	31.19%	0.42%	0.19%
	Ministry of Animal Health Husbandry and Fisheries									6.30%		
12	Fisheries	509,600,000	8,400,000	16,200,000	10,275,000	30,000,000	10,670,000	80,000,000	10,690,000		0.83%	0.08%
13	Ministry of Finance	651,900,000	325,048,354	881,150,692	1,227,228,210	1,314,763,043	988,422,558	1,642,950,692	1,200,519,353	83.31%	5.89%	7.10%
14	Ministry of Commerce and Industry	78,100,000	69,400,000	305,350,000	13,609,500	310,350,000	21,029,690	305,850,000	21,007,790	12.51%	1.31%	0.24%
	Ministry of Information Communication and Technology (ICT)									21.86%		
15	Ministry of Works and Transport	17,400,000	5,670,000	17,400,000	10,475,000	80,400,000	7,290,000	38,400,000	10,136,995		0.20%	0.06%
16	Ministry of Works and Transport	267,868,000	73,200,000	278,618,000	71,678,000	287,918,000	82,214,000	289,218,000	77,159,000	27.08%	1.47%	0.58%
	Ministry of Budget & Economic Planning									23.16%		
17	Ministry of Budget & Economic Planning	50,900,000	20,960,000	45,700,000	36,356,099	58,900,000	41,134,000	605,920,000	77,923,500		1.00%	0.33%
18	Fiscal Responsibility Commission	3,640,000	3,600,000	3,640,000	2,529,000	3,640,000	3,600,000	3,640,000	3,600,000	91.55%	0.02%	0.03%
	Ministry of Water Resources and Rural Development									44.42%		
19	Development	160,585,000	3,135,000	186,985,000	134,666,490	197,047,000	210,028,000	550,071,036	138,472,000		1.44%	0.92%
20	Ministry of Lands and Housing	32,900,000	22,350,000	53,385,000	23,887,000	57,750,000	29,039,900	92,250,000	11,120,000	36.56%	0.31%	0.16%
21	Judiciary	278,375,000	258,124,000	1,592,524,000	364,394,750	711,048,000	420,727,400	685,724,000	580,905,420	49.70%	4.29%	3.08%
22	Ministry of Justice	436,100,000	320,020,000	603,100,000	171,611,500	936,660,000	282,279,000	936,660,000	1,841,748,000	89.81%	3.82%	4.96%
23	Ministry of Youths & Sports	8,700,000	18,125,500	147,000,000	14,800,000	535,500,000	382,636,000	365,600,000	237,545,000	61.80%	1.39%	1.24%
	Ministry of Women Affairs and Social Development									26.30%		
24	Ministry of Women Affairs and Social Development	34,060,000	27,010,590	75,160,000	23,587,388	80,170,000	29,522,388	285,230,000	44,682,388		0.62%	0.24%
	Ministry for Basic and Secondary Education									71.13%		
25	Education	1,241,800,000	1,129,992,000	1,971,060,000	1,069,551,550	2,212,320,000	1,800,877,799	4,653,845,000	3,168,749,207		13.22%	13.60%
26	Ministry for Higher Education	367,050,000	130,350,000	498,970,000	348,860,257	860,350,000	394,028,558	788,450,000	473,672,341	53.56%	3.30%	2.56%
27	Ministry of Health	843,510,000	767,447,890	1,160,223,404	339,136,700	1,508,877,004	469,786,750	1,511,382,155	631,461,100	43.95%	6.59%	4.19%
28	Ministry of Environment	9,000,000	8,400,000	14,500,000	12,930,000	16,850,000	11,710,000	16,850,000	7,915,000	71.60%	0.08%	0.08%
	Ministry of Local Government and Chieftaincy Affairs									134.59%		
29	Ministry of Local Government and Chieftaincy Affairs	8,350,000	8,149,560	15,200,000	8,454,560	15,200,000	7,259,550	15,400,000	49,015,550		0.07%	0.14%
	Ministry of solid Minerals Development and Mining									0.00%		
30	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									0.00%		
31	Ministry of Physical planning and Urban Development	0	0	0	0	0	0	0	34,153,500		0.00%	0.06%
	Ministry of rural and Community Development									0.00%		
32	Ministry of rural and Community Development	0	0	0	0	0	0	0	3,299,000		0.00%	0.01%
	Ministry of Humanitarian Affairs and Empowerment									0.00%		
33	Ministry of Humanitarian Affairs and Empowerment	0	0	0	0	0	0	0	6,200,000		0.00%	0.01%
	Ministry of Digital Economy									0.00%		
34	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									0.00%		
35	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									0.00%		
36	Ministry for Religious affairs	0	0	0	0	0	0	0	44,260,000		0.00%	0.08%
	Ministry of Establishment, Training and Pension									0.00%		
37	Ministry of Establishment, Training and Pension	0	0	0	0	0	0	0	117,866,161		0.00%	0.22%
	Total	9,801,847,600	7,096,170,894	16,748,231,183	9,890,122,752	22,274,225,003	15,781,471,845	27,424,855,668	19,934,849,331	69.12%	100.00%	100.00%

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	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	1,125,000,000	1,124,698,315	3,490,000,000	1,133,859,338	3,540,000,000	3,000,000	3,610,000,000	0	19.22%	3.13%	1.43%
	Office of the Secretary to the State									78.23%		
2	Government	6,390,000,000	4,699,000,000	8,620,105,000	3,600,611,617	10,285,620,640	4,691,897,410	8,740,000,000	13,635,128,848		9.06%	16.83%
3	State Assembly	316,500,000	316,500,000	1,653,495,000	1,681,069,616	2,126,128,721	124,943,465	1,828,980,750	5,504,537	35.92%	1.58%	1.34%
4	Ministry of Information and Culture	235,000,000	41,000,000	256,000,000	9,195,000	228,000,000	33,000,000	381,500,000	36,000,000	10.83%	0.29%	0.08%
5	Office of the Head of State Civil Service	0	0	0	0	0	0	0	5,565,255,670	0.00%	0.00%	3.52%
6	Ministry of Special Duties	0	0	0	0	650,000,000	0	0	0	0.00%	0.17%	0.00%
7	Office of the State Auditor General	0	0	0	0	182,646,405	0	295,075,405	90,438,790	18.93%	0.13%	0.06%
8	Civil Service Commission (CSC)	0	0	0	0	0	0	0	0	0.00%	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	8,263,798,211	3,130,387,750	7,791,537,363	2,168,568,000	10,115,742,696	2,612,192,799	5,607,862,000	10,221,429,736	57.06%	8.46%	11.46%
	Ministry of Animal Health Husbandry and Fisheries									21.98%		
12	Fisheries	1,944,000,000	109,953,466	2,285,000,000	2,285,000,000	4,930,000,500	532,281,426	4,432,500,000	60,000,000		3.62%	1.89%
13	Ministry of Finance	1,511,000,000	1,511,000,000	2,914,000,000	1,887,387,565	7,514,000,000	2,806,654,004	2,090,000,000	2,292,689,766	60.57%	3.74%	5.37%
14	Ministry of Commerce and Industry	2,059,000,000	401,500,000	2,612,000,000	39,000,000	2,727,000,000	10,500,000	2,622,000,000	156,013,750	6.06%	2.67%	0.38%
	Ministry of Information Communication and Technology (ICT)									1.20%		
15	Technology (ICT)	353,000,000	0	1,513,000,000	18,295,850	3,524,000,000	18,200,000	980,000,000	39,661,825		1.70%	0.05%
16	Ministry of Works and Transport	8,433,000,000	6,111,237,601	12,704,000,000	8,194,605,319	14,695,485,919	6,702,251,181	13,939,485,919	14,095,888,551	70.53%	13.25%	22.18%
17	Ministry of Budget & Economic Planning	1,268,898,120	275,960,000	2,889,761,446	228,970,000	6,896,827,612	0	5,557,353,595	2,133,720,000	15.88%	4.42%	1.67%
18	Fiscal Responsibility Commission	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
	Ministry of Water Resources and Rural Development									47.63%		
19	Development	3,126,000,000	1,688,609,197	3,831,000,000	2,624,206,352	4,295,000,000	1,881,541,002	3,787,000,000	968,340,764		4.00%	4.53%
20	Ministry of Lands and Housing	6,194,600,000	449,260,866	8,439,000,000	2,503,921,607	14,292,247,655	2,370,760,190	8,667,113,455	762,423,545	16.19%	10.01%	3.85%
21	Judiciary	265,000,000	164,885,000	1,763,240,380	139,109,020	1,628,240,380	147,000,000	2,119,225,506	212,000,000	11.48%	1.54%	0.42%
22	Ministry of Justice	30,000,000	691,000,000	243,000,000	237,687,500	168,000,000	0	148,000,000	10,000,000	159.37%	0.16%	0.59%
23	Ministry of Youths & Sports	175,000,000	174,732,541	1,604,000,000	163,085,000	1,493,500,000	195,982,587	1,868,820,000	465,685,700	19.44%	1.37%	0.63%
	Ministry of Women Affairs and Social Development									45.15%		
24	Development	789,515,966	99,750,000	1,468,212,000	943,287,928	1,514,500,000	498,870,504	2,014,000,000	1,070,601,121		1.54%	1.65%
25	Ministry for Basic and Secondary Education	8,282,907,585	2,921,305,303	14,520,000,000	7,497,818,023	14,990,941,632	7,265,488,178	10,915,000,000	4,855,905,512	46.28%	12.97%	14.24%
26	Ministry for Higher Education	1,850,020,000	1,171,195,000	5,120,000,000	1,520,878,449	9,666,649,955	814,157,482	7,221,779,575	1,360,942,240	20.40%	6.35%	3.08%
27	Ministry of Health	4,116,637,882	1,147,211,029	6,889,879,144	979,089,355	10,212,976,000	1,853,873,891	9,435,473,888	1,039,346,285	16.37%	8.16%	3.17%
28	Ministry of Environment	942,000,000	98,200,000	1,373,000,000	116,660,000	2,277,000,000	143,060,000	1,370,000,000	230,000,000	9.86%	1.59%	0.37%
	Ministry of Local Government and Chieftaincy Affairs									309.03%		
29	Affairs	16,300,000	16,300,000	30,000,000	854,546,646	112,500,000	0	123,000,000	0		0.08%	0.55%
	Ministry of solid Minerals Development and Mining									0.00%		
30	Mining	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
	Ministry of Physical planning and Urban Development									0.00%		
31	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	1,012,074,580	0.00%	0.00%	0.64%
	Ministry of Humanitarian Affairs and Empowerment									0.00%		
33	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	43,540,265	0.00%	0.00%	0.03%
36	Ministry for Religious affairs	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
										0.00%		
37	Ministry of Establishment, Training and Pension	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
	Total	57,687,177,764	26,343,686,069	92,010,230,333	38,826,852,186	128,067,008,114	32,705,654,119	97,754,170,094	60,362,591,485	42.14%	100.00%	100.00%

2.F.5 Debt Position

123. 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 2023

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2023
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	537.97%
2	Total External Debt/Gross FAAC	150%	48.75%
3	Total Public Debt/Total Recurrent Revenue	150%	115.45%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	41.82%
6	External Debt Service/Gross FAAC	10%	1.38%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	1.23%
8	Total Debt Service/Total Recurrent Revenue	25%	6.89%
B PUBLIC DEBT DATA AS AT 31st DECEMBER 2023			Naira
1	Total Domestic Debt		63,142,242,503
2	Total External Debt		36,241,664,603
3	Total Public Debt		99,383,907,106
4	Total Domestic Debt Service 2023		4,908,459,319
5	Total External Debt Service in 2023		1,026,797,989
6	Total Public Debt Service		5,935,257,309
C STATE GDP FOR 2023			
1	State GDP		0

124. By December 2023, the State's total public debt was N99,383,907,106 broken into N63,142,242,503 for domestic debt and N36,241,664,603 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.
125. 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

126. The Macroeconomic framework is based on IMF's national real GDP growth and inflation forecasts from the April 2023 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 2025 – 2027 MTEF.

Figure 22: Kebbi State Macroeconomic Framework

Macro-Economic Framework

Item	2025	2026	2027
National Inflation	29.50%	27.00%	30.00%
National Real GDP Growth	3.00%	3.12%	3.20%
Oil Production Benchmark (MBPD)	1.5000	1.8000	1.8000
Oil Price Benchmark	\$81.00	\$79.00	\$79.00
NGN:USD Exchange Rate	1400	1420	1450
Other Assumptions			
Mineral Ratio	11%	10%	10%

3.B Fiscal Strategy and Assumptions

Policy Statement

127. 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

128. 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 about 15% every year from 2025 to 2027
- 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

129. The indicative three-year fiscal framework for the period 2025-2027 is presented in the table below.

Table 8: Kebbi State Medium Term Fiscal Framework

Fiscal Framework			
Item	2025	2026	2027
Recurrent Revenue			
Statutory Allocation	49,063,473,408	58,876,168,090	67,707,593,303
VAT	58,968,382,916	79,119,418,343	104,953,621,705
IGR	25,528,139,667	31,910,174,584	36,696,700,771
Excess Crude / Other Revenue	4,352,337,776	6,029,776,431	7,656,431,238
Total Recurrent Revenue	137,912,333,767	175,935,537,448	217,014,347,017
Recurrent Expenditure			
Personnel Costs	23,688,560,101	27,241,844,116	29,966,028,528
Social Contribution and Social Benefit	9,906,654,970	10,055,254,795	10,155,807,343
Overheads	20,426,698,977	23,490,703,823	27,249,216,435
Public Debt Service	1,771,178,826	2,471,178,826	3,776,308,826
Total	55,793,092,874	63,258,981,561	71,147,361,132
Transfer to Capital Account	82,119,240,893	112,676,555,887	145,866,985,886
Capital Receipts			
Grants	31,646,389,921	31,885,289,015	30,463,098,205
Other Capital Receipts	12,820,107,602	0	0
Total	44,466,497,523	31,885,289,015	30,463,098,205
Reserves			
Contingency Reserve	10,874,774,898	12,326,041,323	14,168,872,261
Planning Reserve	8,085,120,254	9,163,092,245	10,611,504,205
Total Reserves	18,959,895,152	21,489,133,568	24,780,376,466
Capital Expenditure			
Discretionary Funds	91,490,801,466	112,784,704,495	146,653,700,786
Non-Discretionary Funds	51,251,708,465	48,988,006,839	40,796,006,839
Financing (Loans)	35,116,666,667	38,700,000,000	35,900,000,000
Total Revenue (Including Opening Balance)	217,495,497,957	246,520,826,463	283,377,445,222
Total Expenditure (including Contingency Reserve)	217,495,497,957	246,520,826,463	283,377,445,222

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

3.C.1 Assumptions

131. **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 Own-percentage forecast was used.
132. **VAT – MA-3 Year simple** based on the past performance is used to forecast VAT for 2025-2027. This forecast should be revisited if there are any changes to the VAT rates.
133. **Other Federation Account receipts** – the estimation is based on the historical trend (i.e. from 2018- 2023). The State is developing its mineral sector and is expected to receive more funds from derivation and other sources of funds.
134. **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 a 30% in the current year and start to increase from 2025 with a minimum annual growth of 15%. Own Percentage is therefore used to forecast IGR for 2025 – 2027.
135. **Grants** – The internal grants are based on the actual receipts for 2023 and performance from 2018 to March 2024. External grants are based on signed grant agreements with the development partners.
136. **Financing** – Kebbi State intends to secure loan/borrowing of about N35 billion in 2025. All internal and external loans are projections based on signed agreements.
137. A full schedule of estimated capital receipts is provided in Annex I.
138. **Personnel** – It is anticipated that there will be a new minimum wage before the end of 2024 to cushion the effect of the subsidy removal and naira devaluation which will impact on the wage bill from the fourth quarter of 2024. The projection is that total wage bill will increase by 15% in 2024, with a gradual increase of 31%, 15% and 10% over the 2025 – 2027 fiscal years.
139. **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.
140. **Overheads** – Overhead has been relatively stable between 2018 and 2022 before the sharp increase in 2023. It is anticipated that it will increase further by 10% at the end of 2024. Consequently, own percentage method is used to forecast overhead for 2025, 2026 and 2027 (10%, 15% and 16% respectively).
141. Special programme is expected to increase marginally on the actual performance level of 2024. This trend is expected in the period of forecast and have been incorporated in the basis of the forecast for 2025 – 2027.
142. **Public Debt Service** - is based on the projected principal and interest repayments for 2025, 2026 and 2027.
143. **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.

144. **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

145. Based on the above, plus actual figures for 2018-2023 (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

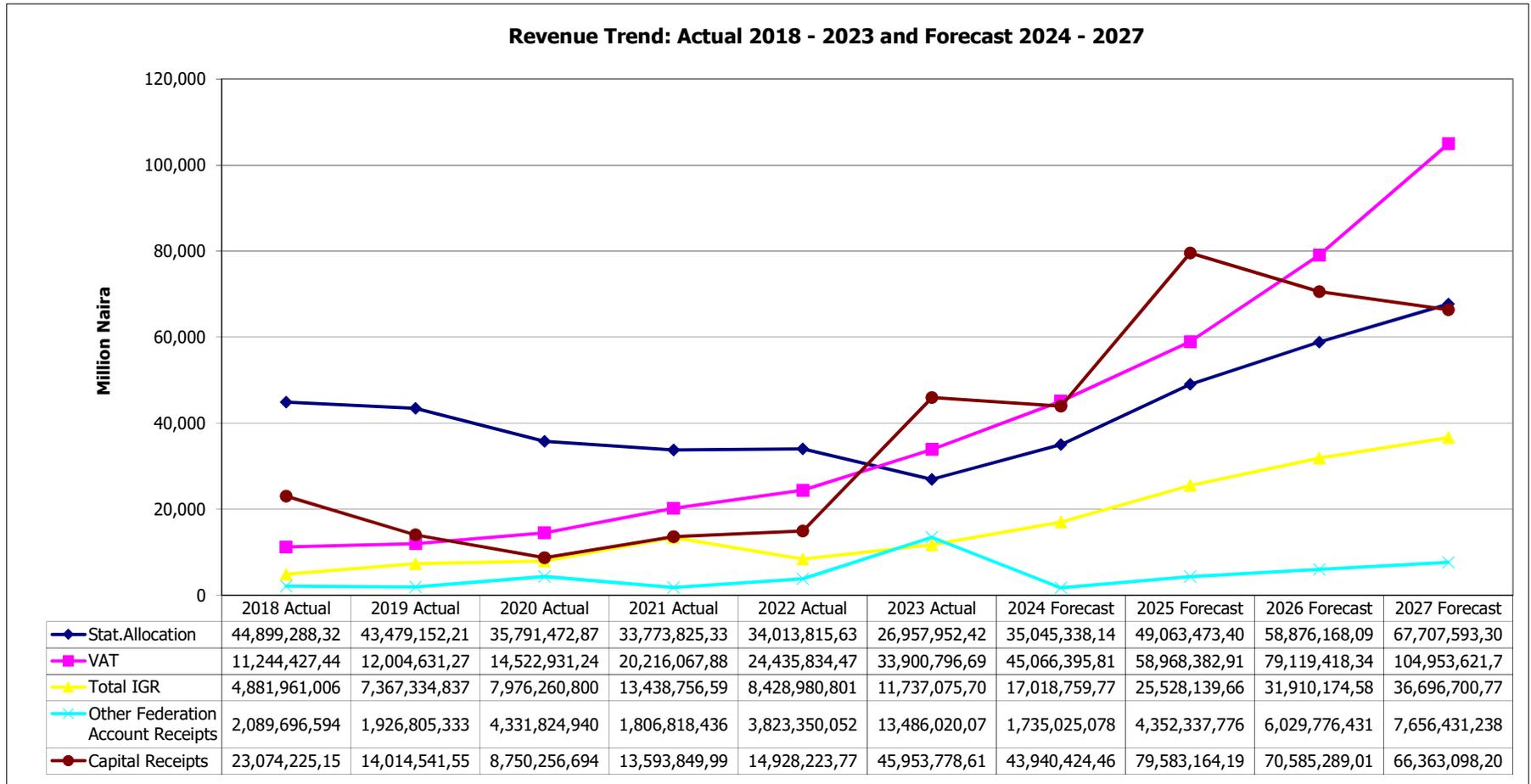
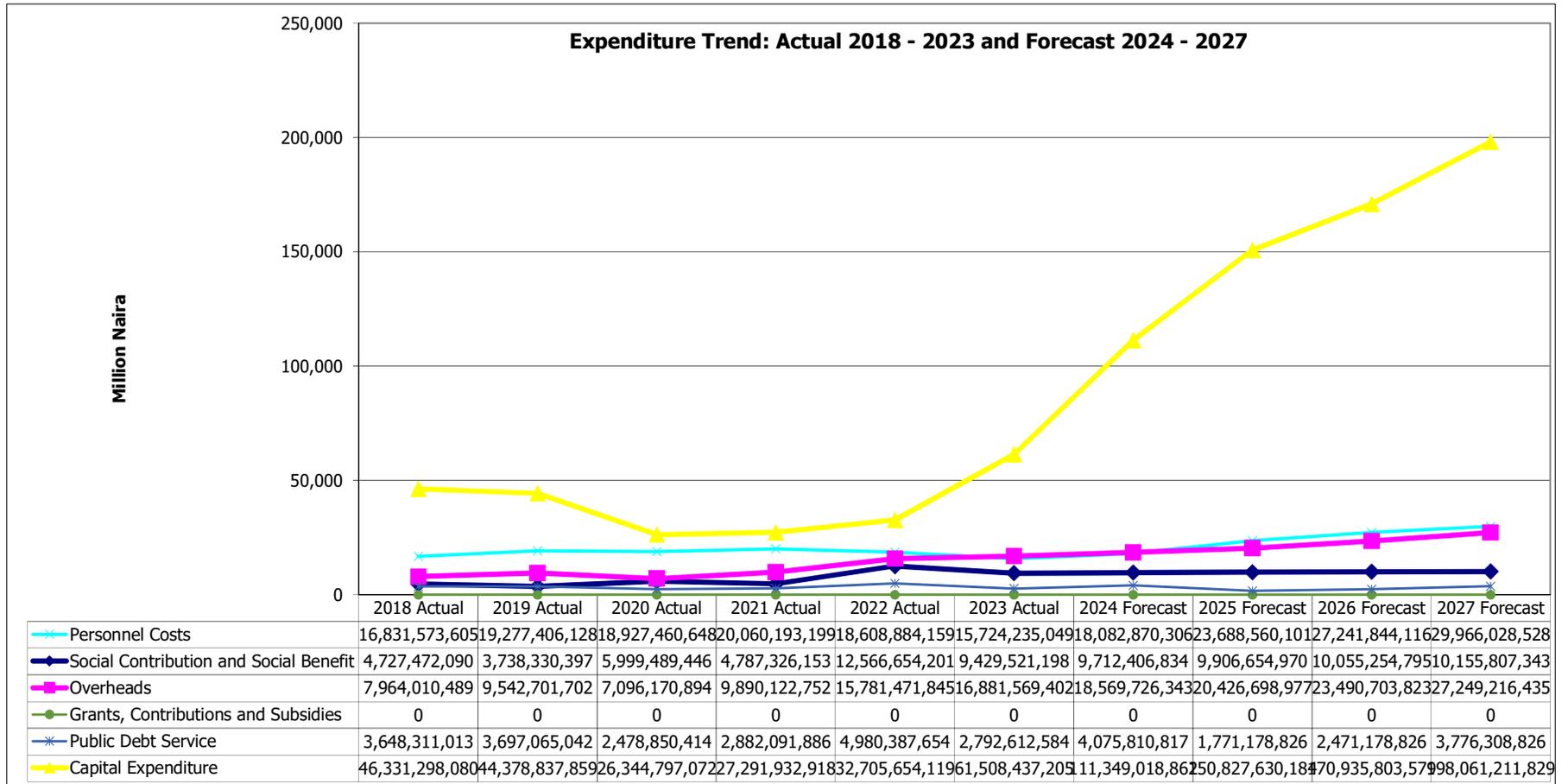


Figure 24: Kebbi State Expenditure Trend



3.D Local Government Estimates

146. 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 2025-2027 as follows:

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

Local Government Council	2025				
	Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
ALIERU	1,332,640,936	1,579,592,094	135,880,833	91,204,351	3,139,318,214
AREWA	2,177,482,518	2,067,719,951	222,023,900	149,024,298	4,616,250,667
ARGUNGU	1,834,075,570	2,115,078,570	187,008,900	125,521,937	4,261,684,978
AUGIE	1,514,338,253	1,791,759,038	154,407,340	103,639,498	3,564,144,130
BAGUDO	2,016,803,356	2,290,111,957	205,640,478	138,027,609	4,650,583,400
BIRNIN -KEBBI	2,467,436,905	2,416,645,554	251,588,685	168,868,429	5,304,539,574
BUNZA	1,680,996,482	1,809,017,190	171,400,409	115,045,388	3,776,459,469
DANDI KAMBA	1,785,814,624	1,903,337,499	182,088,041	122,219,016	3,993,459,180
DANKO /WASAGU	2,218,542,340	2,403,344,290	226,210,506	151,834,383	4,999,931,519
FAKAI	1,544,787,365	1,807,987,655	157,512,041	105,723,399	3,616,010,459
GWANDU	1,631,698,623	1,931,230,046	166,373,823	111,671,501	3,840,973,995
JEGA	1,800,118,253	2,106,263,433	183,546,491	123,197,939	4,213,126,117
KALGO	1,498,091,590	1,659,928,917	152,750,773	102,527,596	3,413,298,875
KOKO/BESSE	1,719,158,004	1,946,057,007	175,291,494	117,657,117	3,958,163,622
MAIYAMA	1,988,903,027	2,033,220,185	202,795,661	136,118,143	4,361,037,017
NGASKI	1,593,496,755	1,822,682,306	162,478,624	109,057,011	3,687,714,696
SAKABA	1,570,341,360	1,678,675,554	160,117,617	107,472,284	3,516,606,814
SHANGA	1,629,620,643	1,832,522,843	166,161,945	111,529,287	3,739,834,717
SURU	1,971,622,969	1,927,967,784	201,033,724	134,935,517	4,235,559,994
YAURI	1,515,055,945	1,719,360,800	154,480,519	103,688,616	3,492,585,880
ZURU	1,809,655,343	1,991,298,670	184,518,926	123,850,646	4,109,323,585
Total	37,300,680,861	40,833,801,342	3,803,310,731	2,552,813,967	84,490,606,900

Local Government Council	2026				
	Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
ALIERU	1,599,169,123	2,119,379,938	188,250,794	114,005,439	4,020,805,294
AREWA	2,612,979,021	2,774,313,823	307,594,343	186,280,373	5,881,167,560
ARGUNGU	2,200,890,684	2,837,856,118	259,084,179	156,902,422	5,454,733,402
AUGIE	1,817,205,904	2,404,049,863	213,917,621	129,549,373	4,564,722,761
BAGUDO	2,420,164,028	3,072,702,981	284,896,571	172,534,511	5,950,298,091
BIRNIN -KEBBI	2,960,924,286	3,242,476,410	348,553,721	211,085,537	6,763,039,954
BUNZA	2,017,195,778	2,427,205,576	237,460,004	143,806,735	4,825,668,093
DANDI KAMBA	2,142,977,549	2,553,757,596	252,266,767	152,773,770	5,101,775,682
DANKO /WASAGU	2,662,250,808	3,224,629,757	313,394,513	189,792,979	6,390,068,057
FAKAI	1,853,744,838	2,425,824,222	218,218,907	132,154,249	4,629,942,215
GWANDU	1,958,038,348	2,591,181,755	230,496,117	139,589,377	4,919,305,598
JEGA	2,160,141,904	2,826,028,619	254,287,319	153,997,424	5,394,455,266
KALGO	1,797,709,908	2,227,169,949	211,622,594	128,159,495	4,364,661,945
KOKO/BESSE	2,062,989,605	2,611,075,475	242,850,756	147,071,396	5,063,987,233
MAIYAMA	2,386,683,633	2,728,024,587	280,955,330	170,147,679	5,565,811,229
NGASKI	1,912,196,106	2,445,540,419	225,099,666	136,321,264	4,719,157,454
SAKABA	1,884,409,632	2,252,322,801	221,828,701	134,340,355	4,492,901,488
SHANGA	1,955,544,771	2,458,743,724	230,202,579	139,411,609	4,783,902,683
SURU	2,365,947,562	2,586,804,693	278,514,324	168,669,396	5,399,935,976
YAURI	1,818,067,134	2,306,911,258	214,019,003	129,610,770	4,468,608,165
ZURU	2,171,586,411	2,671,777,396	255,634,542	154,813,308	5,253,811,656
Total	44,760,817,033	54,787,776,960	5,269,148,349	3,191,017,458	108,008,759,800

Local Government Council	2027				
	Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
ALIERU	1,839,044,492	2,811,403,381	239,035,274	131,106,255	5,020,589,401
AREWA	3,004,925,875	3,680,187,362	390,574,172	214,222,429	7,289,909,836
ARGUNGU	2,531,024,287	3,764,477,592	328,977,404	180,437,785	6,804,917,068
AUGIE	2,089,786,790	3,189,024,201	271,626,249	148,981,779	5,699,419,019
BAGUDO	2,783,188,632	4,076,007,042	361,753,214	198,414,687	7,419,363,575
BIRNIN -KEBBI	3,405,062,929	4,301,215,172	442,583,175	242,748,367	8,391,609,642
BUNZA	2,319,775,145	3,219,740,756	301,519,669	165,377,745	6,006,413,315
DANDI KAMBA	2,464,424,181	3,387,614,751	320,320,858	175,689,836	6,348,049,625
DANKO /WASAGU	3,061,588,429	4,277,541,200	397,939,056	218,261,926	7,955,330,610
FAKAI	2,131,806,563	3,217,908,360	277,087,894	151,977,386	5,778,780,203
GWANDU	2,251,744,100	3,437,258,709	292,677,132	160,527,783	6,142,207,724
JEGA	2,484,163,189	3,748,788,159	322,886,494	177,097,038	6,732,934,880
KALGO	2,067,366,394	2,954,389,165	268,712,092	147,383,419	5,437,851,070
KOKO/BESSE	2,372,438,046	3,463,648,159	308,364,686	169,132,105	6,313,582,997
MAIYAMA	2,744,686,178	3,618,783,688	356,748,744	195,669,831	6,915,888,440
NGASKI	2,199,025,522	3,244,062,322	285,824,878	156,769,454	5,885,682,175
SAKABA	2,167,071,076	2,987,754,968	281,671,504	154,491,408	5,590,988,956
SHANGA	2,248,876,487	3,261,576,793	292,304,405	160,323,350	5,963,081,034
SURU	2,720,839,697	3,431,452,441	353,649,226	193,969,806	6,699,911,170
YAURI	2,090,777,204	3,060,167,738	271,754,981	149,052,386	5,571,752,309
ZURU	2,497,324,373	3,544,170,571	324,597,158	178,035,304	6,544,127,405
Total	51,474,939,588	72,677,172,527	6,690,608,264	3,669,670,077	134,512,390,455

3.E Fiscal Risks

147. 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

Risk	Likelihood	Impact	Reaction
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.
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
Labour Union Strike Action and incessant major economic short down.	High	High	During the recent June 2024 NLC strike action, Nigeria lost about NI49BN in oil revenue, and additional downtime across other sectors including power and aviation. It is expected that minimum wage issues will be dealt with and legislated towards the last quarter of 2024, giving a smooth fiscal run in the implementation of the 2025 budget.

148. It should be noted however that no budget is without risk. The ongoing implementation of the 2024 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

149. 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)

150. The total forecast budget size for the 2025 fiscal year as explained in Section 3.C above is **N217,495,497,957** of which the sum of **N55,793,092,874** 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), **N142,742,509,930** will be for capital expenditure, **N82,119,240,893** as transfer to Capital and **N10,874,774,898** will be for contingency reserve that will be allocated during the budget year after getting approval from the SHoA. A planning reserve of **N8,085,120,254** 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 **N91,490,801,466** will be distributed to all MDAs while non-discretionary capital fund of **N51,251,708,465** is specifically earmarked for special projects. The non-discretionary fund is in the form of loans and grants.

151. The indicative three year envelopes for Main Organisations for Personnel, Overhead and Capital Expenditure are presented in **Error! Reference source not found.**, Table 11 and Table 12.

Error! Reference source not found.: Indicative Sector Expenditure Ceilings 2025-2027 – Personnel (Salaries and Allowances)

Personnel Expenditure by Sector							
No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Governor's Office	1.22%	287,992,573	1.59%	431,796,328	1.59%	474,975,961
2	Office of the Secretary to the State Govern	1.94%	460,222,903	2.39%	650,920,900	2.39%	716,012,990
3	State Assembly	1.65%	389,703,664	1.57%	428,300,556	1.57%	471,130,611
4	Ministry of Information and Culture	1.46%	346,070,896	1.62%	440,234,810	1.62%	484,258,291
5	Office of the Head of State Civil Service	0.96%	226,810,910	1.06%	289,195,675	1.06%	318,115,243
6	Ministry of Special Duties	0.00%	0	0.00%	0	0.00%	0
7	Office of the State Auditor General	0.42%	99,124,179	0.46%	124,167,094	0.46%	136,583,804
8	Civil Service Commission (CSC)	0.13%	29,936,208	0.16%	43,693,402	0.16%	48,062,742
9	Kebbi State Independent Electoral Comm	0.09%	20,873,043	0.08%	21,092,749	0.08%	23,202,024
10	Local Government Service Commission	0.08%	18,035,846	0.08%	21,653,942	0.08%	23,819,337
11	Ministry of Agriculture	2.97%	704,485,497	3.77%	1,026,737,494	3.77%	1,129,411,243
12	Ministry of Animal Health Husbandry and	2.94%	695,677,373	3.11%	848,191,951	3.11%	933,011,146
13	Ministry of Finance	13.62%	3,226,948,493	6.06%	1,650,417,795	6.06%	1,815,459,574
14	Ministry of Commerce and Industry	0.63%	150,101,636	0.70%	191,955,612	0.70%	211,151,173
15	Ministry of Information Communication a	0.00%	0	0.00%	0	0.00%	0
16	Ministry of Works and Transport	1.68%	397,872,381	1.87%	508,293,706	1.87%	559,123,077
17	Ministry of Budget & Economic Planning	0.16%	37,766,845	0.19%	51,256,889	0.19%	56,382,578
18	Fiscal Responsibility Commission	0.04%	9,891,366	0.05%	14,202,415	0.05%	15,622,656
19	Ministry of Water Resources and Rural De	1.10%	260,309,228	1.17%	317,538,093	1.17%	349,291,902
20	Ministry of Lands and Housing	0.93%	219,364,828	1.31%	356,667,996	1.31%	392,334,796
21	Judiciary	5.17%	1,224,035,850	5.64%	1,536,005,278	5.64%	1,689,605,806
22	Ministry of Justice	0.30%	72,202,493	0.36%	97,893,588	0.36%	107,682,947
23	Ministry of Youths & Sports	0.25%	58,509,562	0.25%	67,884,385	0.25%	74,672,823
24	Ministry of Women Affairs and Social Dev	0.26%	60,838,434	0.28%	77,290,338	0.28%	85,019,372
25	Ministry for Basic and Secondary Educatio	20.32%	4,813,515,412	23.94%	6,522,800,056	23.94%	7,175,080,062
26	Ministry for Higher Education	14.47%	3,428,478,472	16.54%	4,505,259,215	16.54%	4,955,785,137
27	Ministry of Health	25.70%	6,087,959,946	24.73%	6,738,023,453	24.73%	7,411,825,799
28	Ministry of Environment	0.69%	162,446,932	0.76%	206,286,498	0.76%	226,915,148
29	Ministry of Local Government and Chiefta	0.24%	57,385,964	0.27%	74,083,898	0.27%	81,492,287
30	Ministry of solid Minerals Development ar	0.00%	0		0		0
31	Ministry of Physical planning and Urban D	0.24%	55,866,992		0		0
32	Ministry of rural and Community Develop	0.03%	8,228,701		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 sec	0.00%	0		0		0
36	Ministry for Religious affairs	0.01%	1,392,108		0		0
37	Ministry of Establishment, Training and Pe	0.32%	76,610,781		0		0
	Total	100.00%	23,688,560,101	100.00%	27,241,844,116	100.00%	29,966,028,528

Table 11: Indicative Sector Expenditure Ceilings 2025-2027 – Overhead (Account Class 2202)

Overhead Expenditure by Sector							
No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Governor's Office	19.11%	3,903,542,174	27.00%	6,342,054,225	27.00%	7,356,782,901
2	Office of the Secretary to the State Govern	14.54%	2,970,674,081	18.44%	4,330,587,183	18.44%	5,023,481,132
3	State Assembly	9.99%	2,040,926,280	10.12%	2,378,013,723	10.12%	2,758,495,918
4	Ministry of Information and Culture	0.32%	65,215,538	0.41%	96,479,573	0.41%	111,916,304
5	Office of the Head of State Civil Service	0.45%	92,744,352	0.51%	119,351,978	0.51%	138,448,294
6	Ministry of Special Duties	0.06%	12,802,088	0.00%	147,735	0.00%	171,373
7	Office of the State Auditor General	0.24%	48,840,722	0.26%	61,547,537	0.26%	71,395,143
8	Civil Service Commission (CSC)	0.13%	26,717,439	0.08%	18,960,406	0.08%	21,994,072
9	Kebbi State Independent Electoral Comm	0.06%	11,874,172	0.07%	16,946,766	0.07%	19,658,248
10	Local Government Service Commission	0.08%	17,058,688	0.11%	25,437,293	0.11%	29,507,259
11	Ministry of Agriculture	0.28%	57,675,849	0.63%	148,001,363	0.63%	171,681,581
12	Ministry of Animal Health Husbandry and	0.36%	73,065,277	0.43%	99,995,544	0.43%	115,994,831
13	Ministry of Finance	10.17%	2,077,395,286	6.06%	1,422,976,787	6.06%	1,650,653,073
14	Ministry of Commerce and Industry	0.75%	153,157,001	0.87%	205,392,929	0.87%	238,255,797
15	Ministry of Information Communication a	0.13%	26,586,013	0.13%	29,483,411	0.13%	34,200,757
16	Ministry of Works and Transport	0.89%	181,431,926	1.08%	254,857,642	1.08%	295,634,865
17	Ministry of Budget & Economic Planning	1.03%	210,429,559	0.96%	224,681,914	0.96%	260,631,020
18	Fiscal Responsibility Commission	0.03%	5,523,604	0.03%	7,497,335	0.03%	8,696,909
19	Ministry of Water Resources and Rural De	1.32%	269,017,764	1.34%	315,131,399	1.34%	365,552,423
20	Ministry of Lands and Housing	0.18%	36,812,944	0.29%	68,329,821	0.29%	79,262,593
21	Judiciary	3.02%	616,653,873	3.49%	819,729,978	3.49%	950,886,775
22	Ministry of Justice	6.79%	1,387,227,204	3.32%	780,116,370	3.32%	904,934,989
23	Ministry of Youths & Sports	1.05%	215,143,262	1.37%	321,634,103	1.37%	373,095,559
24	Ministry of Women Affairs and Social Dev	0.37%	74,624,458	0.55%	130,046,982	0.55%	150,854,499
25	Ministry for Basic and Secondary Educatio	6.65%	1,358,375,482	13.41%	3,149,022,480	13.41%	3,652,866,077
26	Ministry for Higher Education	2.38%	486,026,629	2.93%	689,056,488	2.93%	799,305,526
27	Ministry of Health	18.60%	3,799,366,010	5.96%	1,399,171,376	5.96%	1,623,038,796
28	Ministry of Environment	0.07%	13,978,434	0.08%	19,568,186	0.08%	22,699,096
29	Ministry of Local Government and Chiefta	0.15%	31,260,536	0.07%	16,483,297	0.07%	19,120,624
30	Ministry of solid Minerals Development ar	0.04%	8,337,959	0.00%	0	0.00%	0
31	Ministry of Physical planning and Urban D	0.11%	21,699,821	0.00%	0	0.00%	0
32	Ministry of rural and Community Develop	0.05%	9,475,401	0.00%	0	0.00%	0
33	Ministry of Humanitarian Affairs and Emp	0.19%	38,488,583	0.00%	0	0.00%	0
34	Ministry of Digital Economy	0.00%	0	0.00%	0	0.00%	0
35	Ministry of Home affairs and Internal sec	0.11%	22,234,558	0.00%	0	0.00%	0
36	Ministry for Religious affairs	0.12%	24,527,205	0.00%	0	0.00%	0
37	Ministry of Establishment, Training and P	0.18%	37,095,374	0.00%	0	0.00%	0
	Total	100.00%	20,426,698,977	100.00%	23,490,703,823	100.00%	27,249,216,435

Table 12: Indicative Sector Expenditure Ceilings 2025-2027 – Capital

No.	Sector	Discretionary Funds						Non-Discretionary Funds			Total Capital Envelope					
		% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation	2025 Allocation	2026 Allocation	2027 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Governor's Office	1.57%	1,438,083,938	2.56%	2,890,718,271	2.56%	3,758,794,549	0	0	0	1.0%	1,438,083,938	1.8%	2,890,718,271	2.0%	3,758,794,549
2	Office of the Secretary to the State Government	9.39%	8,590,986,258	12.56%	14,163,766,290	12.56%	18,417,113,852	0	0	0	6.0%	8,590,986,258	8.8%	14,163,766,290	9.8%	18,417,113,852
3	State Assembly	1.37%	1,254,505,715	1.54%	1,734,378,052	1.54%	2,255,207,929	0	0	0	0.9%	1,254,505,715	1.1%	1,734,378,052	1.2%	2,255,207,929
4	Ministry of Information and Culture	0.24%	215,479,309	0.41%	462,509,745	0.41%	601,400,394	0	0	0	0.2%	215,479,309	0.3%	462,509,745	0.3%	601,400,394
5	Office of the Head of State Civil Service	1.46%	1,335,765,701	0.00%	0	0.00%	0	0	0	0	0.9%	1,335,765,701	0.0%	0	0.0%	0
6	Ministry of Special Duties	1.09%	1,001,793,799	0.06%	64,063,811	0.06%	83,302,031	0	0	0	0.7%	1,001,793,799	0.0%	64,063,811	0.0%	83,302,031
7	Office of the State Auditor General	0.12%	111,407,311	0.12%	131,483,495	0.12%	170,967,697	0	0	0	0.1%	111,407,311	0.1%	131,483,495	0.1%	170,967,697
8	Civil Service Commission (CSC)	0.04%	37,400,703	0.00%	0	0.00%	0	0	0	0	0.0%	37,400,703	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	9.14%	8,361,668,115	6.98%	7,873,491,541	6.98%	10,237,883,565	5,416,666,667	15,000,000,000	15,000,000,000	9.7%	13,778,334,782	14.1%	22,873,491,541	13.5%	25,237,883,565
12	Ministry of Animal Health Husbandry and Fisheries	2.55%	2,330,298,421	3.19%	3,595,368,592	3.19%	4,675,049,796	5,200,000,000	5,200,000,000	5,200,000,000	5.3%	7,530,298,421	5.4%	8,795,368,592	5.3%	9,875,049,796
13	Ministry of Finance	3.56%	3,256,114,491	4.03%	4,544,163,255	4.03%	5,908,765,389	3,500,000,000	4,000,000,000	4,500,000,000	4.7%	6,756,114,491	5.3%	8,544,163,255	5.6%	10,408,765,389
14	Ministry of Commerce and Industry	1.23%	1,123,013,715	1.81%	2,042,975,006	1.81%	2,656,475,863	0	0	0	0.8%	1,123,013,715	1.3%	2,042,975,006	1.4%	2,656,475,863
15	Ministry of Information Communication and Technology	0.78%	715,266,951	0.81%	917,776,334	0.81%	1,193,382,528	0	0	0	0.5%	715,266,951	0.6%	917,776,334	0.6%	1,193,382,528
16	Ministry of Works and Transport	15.00%	13,723,620,220	17.12%	19,314,105,723	17.12%	25,114,088,780	0	0	0	9.6%	13,723,620,220	11.9%	19,314,105,723	13.4%	25,114,088,780
17	Ministry of Budget & Economic Planning	3.87%	3,543,891,828	3.25%	3,663,848,706	3.25%	4,764,094,336	14,266,256,839	8,446,256,839	5,121,256,839	12.5%	17,810,148,667	7.5%	12,110,105,545	5.3%	9,885,351,175
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	4.20%	3,839,583,624	4.76%	5,367,530,360	4.76%	6,979,387,807	0	0	0	2.7%	3,839,583,624	3.3%	5,367,530,360	3.7%	6,979,387,807
20	Ministry of Lands and Housing	3.60%	3,293,668,853	7.34%	8,274,363,689	7.34%	10,759,136,729	4,000,000,000	2,500,000,000	1,200,000,000	5.1%	7,293,668,853	6.7%	10,774,363,689	6.4%	11,959,136,729
21	Judiciary	1.14%	1,043,491,923	1.26%	1,415,627,225	1.26%	1,840,736,937	0	0	0	0.7%	1,043,491,923	0.9%	1,415,627,225	1.0%	1,840,736,937
22	Ministry of Justice	0.38%	345,622,274	0.34%	385,727,602	0.34%	501,560,744	0	0	0	0.2%	345,622,274	0.2%	385,727,602	0.3%	501,560,744
23	Ministry of Youths & Sports	0.96%	880,296,026	1.19%	1,344,052,224	1.19%	1,747,668,122	0	0	0	0.6%	880,296,026	0.8%	1,344,052,224	0.9%	1,747,668,122
24	Ministry of Women Affairs and Social Development	1.88%	1,721,058,029	1.58%	1,777,529,494	1.58%	2,311,317,653	1,800,000,000	1,300,000,000	658,000,000	2.5%	3,521,058,029	1.9%	3,077,529,494	1.6%	2,969,317,653
25	Ministry for Basic and Secondary Education	9.03%	8,261,619,372	14.59%	16,457,381,263	14.59%	21,399,496,308	7,685,784,959	5,333,750,000	1,733,750,000	11.2%	15,947,404,331	13.5%	21,791,131,263	12.3%	23,133,246,308
26	Ministry for Higher Education	4.49%	4,111,466,793	5.86%	6,610,216,631	5.86%	8,595,250,005	4,342,000,000	2,102,000,000	1,922,000,000	5.9%	8,453,466,793	5.4%	8,712,216,631	5.6%	10,517,250,005
27	Ministry of Health	17.25%	15,782,163,253	7.21%	8,126,394,851	7.21%	10,566,733,178	4,041,000,000	4,106,000,000	4,461,000,000	13.9%	19,823,163,253	7.6%	12,232,394,851	8.0%	15,027,733,178
28	Ministry of Environment	1.63%	1,492,498,066	1.18%	1,328,927,230	1.18%	1,728,001,126	1,000,000,000	1,000,000,000	1,000,000,000	1.7%	2,492,498,066	1.4%	2,328,927,230	1.5%	2,728,001,126
29	Ministry of Local Government and Chieftaincy Affairs	0.30%	274,162,503	0.26%	298,305,106	0.26%	387,885,467	0	0	0	0.2%	274,162,503	0.2%	298,305,106	0.2%	387,885,467
30	Ministry of solid Minerals Development and Mining	0.15%	132,772,497	0	0	0	0	0	0	0	0.1%	132,772,497	0.0%	0	0.0%	0
31	Ministry of Physical planning and Urban Development	1.31%	1,195,887,491	0	0	0	0	0	0	0	0.8%	1,195,887,491	0.0%	0	0.0%	0
32	Ministry of rural and Community Development	0.74%	677,523,477	0	0	0	0	0	0	0	0.5%	677,523,477	0.0%	0	0.0%	0
33	Ministry of Humanitarian Affairs and Empowerment	0.90%	824,615,383	0	0	0	0	0	0	0	0.6%	824,615,383	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	0.11%	96,657,058	0	0	0	0	0	0	0	0.1%	96,657,058	0.0%	0	0.0%	0
36	Ministry for Religious affairs	0.52%	478,542,000	0	0	0	0	0	0	0	0.3%	478,542,000	0.0%	0	0.0%	0
Total		100.00%	91,490,801,466	100.00%	112,784,704,495	100.00%	146,653,700,786	51,251,708,465	48,988,006,839	40,796,006,839	100.00%	142,742,633,564	100.00%	161,772,711,334	100.00%	187,449,707,625

4.C Considerations for the Annual Budget Process

152. 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 fund partially/fully the project).

5 Summary of Key Points and Recommendations

153. 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 \$81 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 13 Capital Receipts by Item – 2025-2027

ITEM	2025	2026	2027
Internal Grants			
Federal Grant for Universal Basic (UBE)	1,585,784,959	2,133,750,000	1,733,750,000
Social Investment Programmes (FGN Intervention Gra	2,221,256,839	2,221,256,839	2,221,256,839
Better Education Service Delivery for All (BESDA)	1,100,000,000	0	0
World Bank SFTAS	0	0	0
Social security Welfare Fund (Local Government grant)	57,183,274	68,190,651	81,662,097
National Urban Water Supply	0	0	0
Tertiary Education Trust Fund Intervention (COE Arg	342,000,000	452,000,000	142,000,000
Tertiary Education Trust Fund Intervention (KSUSTA	700,000,000	750,000,000	480,000,000
Tertiary Education Trust Fund Intervention Poly Dakin	3,300,000,000	900,000,000	1,300,000,000
Primary Healthcare Under One Roof (Local governme	1,060,000,000	1,060,000,000	1,060,000,000
25% Contribution from LG for Joint Capital Project	7,587,498,183	12,529,091,525	15,985,429,268
National Health Insurance Scheme (NHIS - KECHEMA	1,300,000,000	1,500,000,000	1,800,000,000
National Health Insurance Scheme (NHIS - PHCDA)	1,263,000,000	1,389,000,000	1,510,000,000
Sub-Total Internal Grant	20,516,723,254	23,003,289,015	26,314,098,205
External Grants			
UNICEF General Grant	2,800,000,000	3,000,000,000	2,900,000,000
GAVI Support on Health System Strengthening (HSS)	0	0	0
Sustainability Development Goals (UNDP Grant)(SDG	245,000,000	225,000,000	0
Agricultural Transformation Agenda Support Program Phase-1 (ATASP-1) (AfDB Grants)			
USAID Support for Human Resource for Health (HRH	320,000,000	120,000,000	75,000,000
EatSafe Nigeria Project (GAIN)	43,000,000	37,000,000	16,000,000
National Livestock Transformation Plan	0	0	0
Nigeria for Women Project (NFWP)	1,800,000,000	1,300,000,000	658,000,000
Adolescent Girls Initiative for Learning and Empowerm	5,000,000,000	3,200,000,000	0
USAID State2State	55,000,000	0	0
FRILIA World Bank Grants	866,666,667	1,000,000,000	500,000,000
Sub-Total External Grant	11,129,666,667	8,882,000,000	4,149,000,000
Grant Balancing Item / Blue Sky			
Total Grants	31,646,389,921	31,885,289,015	30,463,098,205
Internal Loans			
Commercial Bank Loans (Including Infrastructural Loa	7,000,000,000	8,000,000,000	9,000,000,000
Family Homes Fund Housing (Federal Loans)	4,000,000,000	2,500,000,000	1,200,000,000
Total	11,000,000,000	10,500,000,000	10,200,000,000
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 (9,000,000,000	3,000,000,000	
Livestock Productivity & Resilience Support Project (5,200,000,000	5,200,000,000	5,200,000,000
World Bank ACRESAL	1,000,000,000	1,000,000,000	1,000,000,000
Special Agro Industrial Processing Zone (SAIPZ - AfD	5,416,666,667	15,000,000,000	15,000,000,000
Total	24,116,666,667	28,200,000,000	25,700,000,000
OCR Balancing Item / Blue Sky			
Total Other Capital Receipts	12,820,107,602	0	0