Email: kbhouseofassembly.org

KEBBI STATE HOUSE OF ASSEMBLY
B/KEBBI

Gwadangaji Assembly Complex
P.M.B. 1054
Birnin Kebbi - Kebbi State

OFFICE OF THE HON. SPEAKER
KEBBI STATE HOUSE OF ASSEMBLY

KBHA/LEG/01/VOL. XI 27th October, 2026

Executive Governor,
Office of the Executive Governor,
Government House,
Birnin Kebbi.

Your Excellency,

HOUSE RESOLUTION

At its sitting of Tuesday, 27th October 2026, the Hon. House has unanimously adopted the Kebbi State Medium Term Expenditure Framework (MTEF) documents which covers the year 2027 – 2029.

2. ***Your Excellency*** may therefore wish to be notified of this Development.

3. Accept the assurances of my highest regards.

27-10-26

(Rt. HON. SALIHU MAIKASUWA DANGOJE),
Gamjin Sakaba,
Speaker.

KEBBI STATE GOVERNMENT

Economic and Fiscal Update, Fiscal Strategy Paper and Budget Policy Statement

Medium-Term Expenditure Framework: 2027 – 2029

Prepared by the EFU-FSP-BPS Technical Working Group

Ministry of Budget and Economic Planning, Kebbi State Government

Document Version VII

Approved by: Kebbi State House of Assembly **OCTOBER 2026**

Document Control	
Document Version Number:	VII
Document Prepared By:	EFU-FSP-BPS Technical Working Group
Document Approved By:	Kebbi State House of Assembly
Date of Approval:	27th October 2026
Date of Publication:	28th October 2026
Distribution List:	kebbistate.gov.ng

Table of Contents

1 Introduction and Background 7
1.A Introduction 7
1.A.1 Budget Process 7
1.A.2 Summary of Document Content 8
1.A.3 Preparation and Audience 9
1.B Background 9
1.B.1 Legislative and Institutional Arrangement for PFM 9
1.B.2 Overview of Budget Calendar 11
2 Economic and Fiscal Update 12
2.A Economic Overview 12
2.A.1 Global Economy 12
2.A.1 Africa 16
2.A.2 Nigerian Economy 18
2.A.3 Kebbi State Economy 24
2.B Fiscal Update 25
2.B.1 Historic Trends 25
2.B.2 Debt Position 40
3 Fiscal Strategy Paper 41
3.A Macroeconomic Framework 41
3.B Fiscal Strategy and Assumptions 41
3.C Indicative Three-Year Fiscal Framework 42
3.C.1 Assumptions 43
3.C.2 Fiscal Trends 44
3.D Local Government Estimates 47
3.E Fiscal Risks 47
3.E.1 Table 9: Fiscal Risks 47
4 Budget Policy Statement 50
4.A Budget Policy Thrust 50
4.B Sector/Main Organization Allocations (Fiscal year 2027) 52
4.C Considerations for the Annual Budget Process 56
5 Summary of Key Points and Recommendations 57
Annex 1 Detailed Capital Receipts Table 13 Capital Receipts by Item – 2027-2029 59

List of Figures

Figure 1: MTEF Process 8
Figure 2: National Real GDP Growth and Inflation (2014 – 2025) 19
Figure 3 NGN: USD Exchange Rate 21
Figure 4 Crude Oil Price 21
Figure 5 Crude Oil Production 22
Figure 6 CIT Revenues 23
Figure 7: Trend in Macroeconomic and Monetary sector variables 24
Figure 8: Statutory Allocation 25
Figure 9: VAT 26
Figure 10: IGR 27
Figure 11: Other Federation Account 28
Figure 12: Grants 29
Figure 13: Other Capital Receipts 30
Figure 14: Loans/Financing 30
Figure 15: Personnel 31
Figure 16: Social Contributions and Social Benefits 32
Figure 17: Overheads 33
Figure 18: Public Debt Service 34
Figure 19: Capital Expenditure 35
Figure 20: Recurrent: Capital Expenditure Ratio 36
Figure 21: Kebbi State Macroeconomic Framework 41
Figure 22: Kebbi State Revenue Trend 45
Figure 23: Kebbi State Expenditure Trend 46

List of Tables

Table 1: Budget Calendar 11
Table 2 Real GDP Growth – Sub-Saharan African Economies 16
Table 3: Sector Expenditure – Personnel - Budget Vs Actual 37
Table 4: Sector Expenditure – Overhead - Budget Vs Actual 38
Table 5: Sector Expenditure – Capital - Budget Vs Actual 39
Table 6: Debt Position as at 31st December 2025 40
Table 7: Kebbi State Medium Term Fiscal Framework 42
Table 8 Local Government FAAC and State IGR Share Estimates 2026-2028 47
Table 10Table 10: Indicative Sector Expenditure Ceilings 2027-2029 – Personnel (Salaries and Allowances)53
Table 11: Indicative Sector Expenditure Ceilings 2027-2029 – Overhead (Account Class 2202) 54
Table 12: Indicative Sector Expenditure Ceilings 2027-2029 – Capital 55
Annex 1 Detailed Capital Receipts Table 13 Capital Receipts by Item – 2027-2029 59

List of Abbreviations

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

MBEP	Ministry of Budget and Economic Planning
MDAs	Ministries, Departments and Agencies
MEO	Macroeconomic Performance and Outlook
MINT	Mexico, Indonesia, Nigeria, and Turkey
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 that form the basis for the budget planning process. It is aimed primarily at policy makers and decision-makers 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, the Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) are key elements in the 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 2019 as part of the movement toward a comprehensive MTEF process. This is the seventh rolling iteration of the document and covers the period 2027-2029.

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);

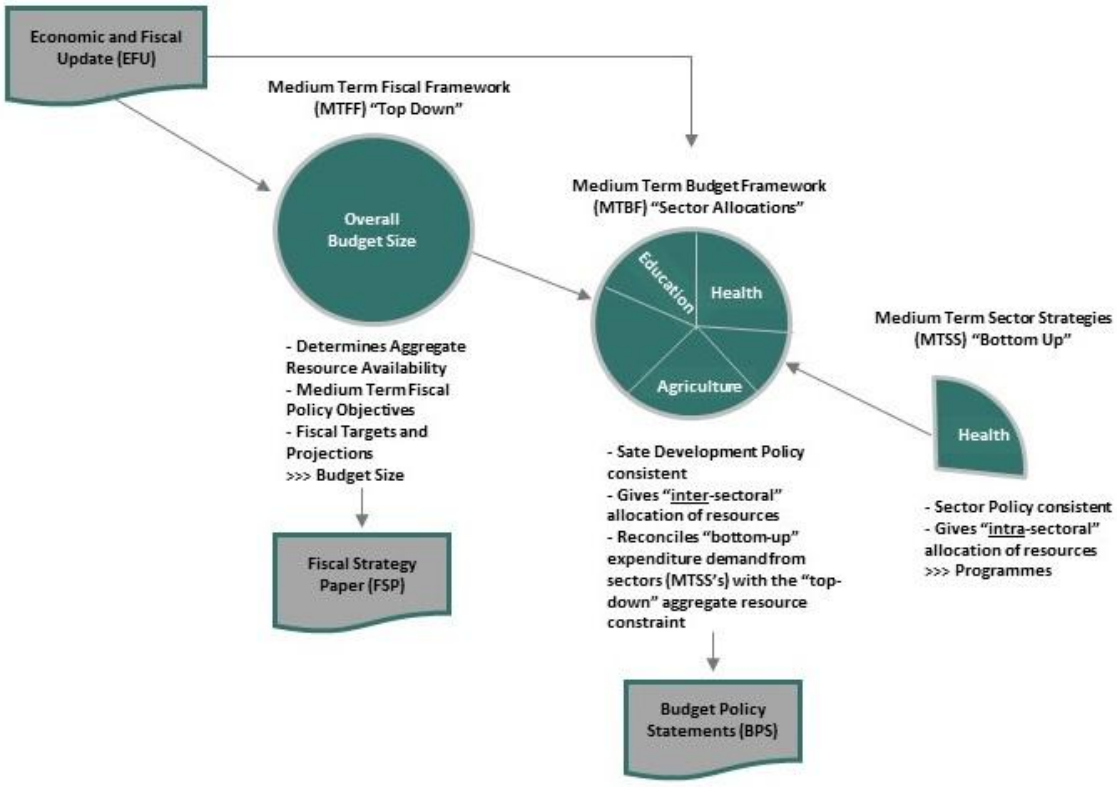
   ii. Medium Term Budget Framework (MTBF);

   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 2027-2029.

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 2027-2029, 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-makers in the Kebbi State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:

   - Overview of Global, National, and State Economic Performance;
   - Overview of the Petroleum Sector;
   - Trends in budget performance over the last six years.

10. The FSP is a key element in the KBSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund the Government's growth and poverty reduction programme from a fiscally sustainable perspective.

1.A.3 Preparation and Audience

11. The purpose of this document is to provide an informed basis for the 2026 budget preparation cycle for all the key Stakeholders, specifically:

- Kebbi State House of Assembly (SHoA);
- Executive Council (ExCo);
- Ministry of Economic Planning and Budget;
- Ministry of Finance;
- All Government Ministries, Departments, and Agencies (MDA's);
- Civil Society Organisations (CSOs).
- Private Sectors and Development Partners

12. The document is prepared within the first two quarters of the year prior to the annual budget preparation period. It is prepared by the Kebbi State Government MTEF Technical Working Group (TWG) 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. Sections 120 and 121 of the Constitution provide 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 CRF[1].

14. Apart from the Nigerian Constitution, KEBBI State has a set of laws and regulations that regulate its budget preparation and implementation. The laws are:

- KEBBI State Finance Management Law, 2017, with provisions for the control and management of the finances of KEBBI State.
- KEBBI State Government, 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,

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

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), 2021. The FRL was enacted in 2021 based on the Federal Fiscal Responsibility Act of 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 preparation of the medium-term fiscal framework and its approval by the State House of Assembly. Significantly, the law outlines how public expenditure may be carried out, the borrowing process, transparency and accountability in governance, and principles of sound financial management.
- KEBBI State Public Procurement Law 2020. The Public Procurement Law was enacted based on the Federal Public Procurement Act 2007 to set the administrative arrangement, standards, and procedures for procurement in KEBBI State.
- KEBBI State Audit Law, 2021.
- Kebbi State Development Plan, 2020-2025 (Currently under review)
- 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, the Kebbi State Executive Council (EXCO) formulates the policies of the State Government, considers, and recommends the State's budget to the House of Assembly. On passage, the Governor signs the appropriation bill into law.

17. The State Ministry of Budget and Economic Planning oversees the preparation of the budget, both capital and recurrent. It is also in charge of planning (long and medium-term), setting the broad agenda for development, and statistics. The Ministry of Budget and Economic Planning is the main organ of the EXCO for the formulation and execution of fiscal policy. The Ministry also coordinates and manages the State's fiscal policies and all revenue and expenditure profiles of the government.

18. The Ministry of Finance is responsible for core treasury functions of revenue and expenditure management, accounting, and fund and cash management. One of the core departments in the Ministry of Finance is the Debt Management Department. The Debt Management Department manages KEBBI State public debt as well as liaising with the Debt Management Office at the Federal level. The Ministry of Finance has two important quasi-autonomous agencies, the Office of the Accountant General for the State (OAGS) and the Board of Internal Revenue (BIR).

19. Specific functions of the OAGS include to account for all receipts and payments of the State Government; supervise the accounts of the State Ministries, Departments and Agencies (MDAs); collate and prepare Statutory Financial Statements of the State Government and any other Statements of accounts required by the Commissioner for Finance; maintain and operate the accounts of the Consolidated Revenue Fund, development fund and other public funds and provide cash backing for the operations of the State Government; maintain and operate the State Government's accounts; conduct routine and in-depth inspection of the books of accounts of State ministries, departments and

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

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 Internal Revenue Service is responsible for the generation of State government revenue. The Revenue Service formulates and executes Joint Tax Board (JTB) policies on taxation, stamp duties, and motor vehicle licensing.

21. Another important institutional framework in the circle of financial management in the State is the Bureau of Public Procurement. The Bureau plays a significant role in ensuring that all MDAs adhere to the best practices in procurement.

22. The State Government allows line agencies some autonomy in expenditure control. Line ministries and agencies propose their budgets based on the guidelines issued by the EXCO through the Ministry of Budget and Economic Planning. There are three main categories of expenditure: personnel costs, overhead costs, and capital expenditure. The payroll is centralized under the Office of the Accountant General of the State (OAGS). MDAs receive regular monthly disbursements for general items of overhead costs. They also receive, as the need arises, funds for other specific items of overhead expenditure. MDAs have the responsibility to execute their capital program, but capital funds are paid project by project by the OAGS.

1.B.2 Overview of Budget Calendar

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

Table 1: Budget Calendar

Stages	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.A.1 Global Economy

24. The World Economic Outlook (WEO) Update released by the International Monetary Fund (IMF) in July 2026 presents a global economy caught in the crosscurrents of two opposing forces: the negative supply shock induced by the war in the Middle East and the positive technology shock driven by advances in and deployment of artificial intelligence (AI). Global growth is projected at 3.0 percent in 2026 and 3.4 percent in 2027, down from the average of 3.5 percent observed in 2024–25 and broadly unchanged on a cumulative basis compared with the forecasts in the April 2026 WEO. The modest slowdown reflects the effects of the Middle East war being partly offset by accelerated demand-driven momentum in the global technology cycle. The impact varies widely based on countries' exposure to the war and position in the technology value chain. Energy exporters outside the conflict zone benefit from favourable terms of trade, whereas economies plugged into the technology-led upturn experience stronger activity even if they are energy importers. In contrast, activity weakens for energy importers with limited participation in the technology value chain, a group that includes many low-income countries. The IMF cautions that the possibility of renewed Middle East conflict, trade fragmentation, and a potential correction in technology-driven expectations add to downside risks, underscoring the need for predictable policy frameworks, central bank independence, and structural reforms to restore resilience.

25. Growth in advanced economies is projected at 1.7 percent in 2026 and 1.8 percent in 2027. The United States is forecast to grow by 2.3 percent in 2026 and 2.2 percent in 2027, virtually unchanged from the April 2026 WEO, supported by fiscal policy, accommodative financial conditions, and continued technology-related business investment, with only limited impact from the war given the country's net energy exporter status. The euro area is projected to expand by 0.9 percent in 2026 and 1.2 percent in 2027, reflecting a sizable negative carryover from the first quarter and the drag from higher energy prices, notwithstanding some fiscal cushioning measures. In the United Kingdom, growth is projected to fall to 1.0 percent in 2026 before recovering to 1.3 percent in 2027 as the energy shock fades. Japan's growth is projected to slow to 0.6 percent in 2026, with fiscal support measures partly cushioning the impact from higher energy prices, recovering slightly to 0.7 percent in 2027. In Korea, growth is expected to rise to 2.6 percent in 2026 and 2.5 percent in 2027, buoyed by strong external demand for semiconductors, which dominates the negative impact of the war. In emerging markets and developing economies, growth is projected to slow to 3.8 percent in 2026 before recovering to 4.5 percent in 2027. China's 2026 growth is projected to slow to 4.6 percent, as higher global oil prices, together with protracted uncertainty and structural headwinds, weigh on activity. India remains among the fastest-growing major economies, with growth projected at 6.4 percent in 2026, supported by strong momentum in private consumption and services activity. Global headline inflation is expected to increase from 4.1 percent in 2025 to 4.7 percent in 2026 before declining to 3.9 percent in 2027, indicating that the disinflation trend in place since the beginning of 2024 has stalled.

Annex Table 1. Selected Economies: Real GDP Growth

(Percent change)

			Projections		Difference from April 2026 WEO Projections 1/	
	2024	2025	2026	2027	2026	2027
Argentina	–1.3	4.4	3.5	4.0	0.0	0.0
Australia	1.0	2.0	1.9	1.7	–0.1	0.0
Brazil	3.4	2.3	2.4	2.2	0.5	0.2
Canada	2.0	1.9	1.1	1.7	–0.4	–0.2
China	5.0	5.0	4.6	4.1	0.2	0.1
Egypt 2/	2.4	4.4	4.6	4.4	0.4	–0.4
France	1.4	0.9	0.6	0.9	–0.3	0.0
Germany	–0.5	0.2	0.7	1.0	–0.1	–0.2
India 2/	7.1	7.7	6.4	6.7	–0.1	0.2
Indonesia	5.0	5.1	5.0	5.1	0.0	0.0
Iran 2/ 3/	3.7	–0.8	–5.4	2.9	0.7	–0.3
Italy	0.8	0.5	0.5	0.5	0.0	0.0
Japan	–0.2	1.1	0.6	0.7	–0.1	0.1
Kazakhstan	5.0	6.5	4.6	4.4	0.0	0.0
Korea	2.2	1.1	2.6	2.5	0.7	0.4
Malaysia	5.2	5.2	4.7	4.3	0.0	0.0
Mexico	1.5	0.5	1.2	1.9	–0.4	–0.3
The Netherlands	1.1	1.8	1.0	1.3	–0.2	–0.1
Nigeria	4.1	4.0	4.1	4.3	0.0	0.0
Pakistan 2/	2.6	3.2	3.6	3.5	0.0	0.0
Philippines	5.7	4.4	3.9	5.5	–0.2	–0.3
Poland	3.2	3.7	3.4	2.4	0.1	0.0
Russia	4.9	1.0	1.1	1.1	0.0	0.0
Saudi Arabia	2.6	4.6	1.7	5.5	–1.4	1.0
South Africa	0.5	1.1	1.1	1.3	0.1	0.0
Spain	3.5	2.8	2.1	1.8	0.0	0.0
Thailand	2.9	2.4	1.9	2.2	0.4	0.1
Türkiye	3.3	3.6	2.9	3.6	–0.5	0.1
United Kingdom	1.0	1.4	1.0	1.3	0.2	0.0
United States	2.8	2.1	2.3	2.2	0.0	0.1

Source: IMF staff calculations.

26. World trade volume growth is projected to slow sharply from 5.0 percent in 2025 to 3.5 percent in 2026 before recovering to 4.3 percent in 2027. These dynamics reflect earlier front-loading and the drag from tariffs, as well as the gradual adjustment of trade linkages and production chains through trade diversion, rerouting, and the brisk growth of technology-related trade flows. Current trade policies are assumed to be maintained through the forecast horizon, including measures presented as temporary. Both the effective US tariff rate underlying the forecast and the effective tariff rate imposed by the rest of the world on US imports are broadly the same as in the April 2026 WEO.

27. Commodity prices remain elevated but have cooled from their April 2026 peaks following ceasefires and a memorandum of understanding between Iran and the United States. Energy prices are roughly 25 percent higher than pre-war levels. The oil futures curve is in backwardation through the end of 2026, in line with supply disruptions and heightened geopolitical risk. The average petroleum spot price index is projected at $89 per barrel for 2026, 9 percent higher than assumed under the reference forecast in the April 2026 WEO, corresponding to an increase of 32 percent in crude oil prices relative to 2025. Natural gas prices (based on Dutch Title Transfer Facility futures) are projected at $15, 5 percent higher than the April reference forecast price, representing a 22 percent increase relative to 2025. Fertilizer prices are projected to rise by 26 percent, and food prices are expected to increase by 8 percent, reflecting higher energy and fertilizer costs and more expensive transport. The relatively muted increase in global oil prices reflects the fact that part of the decrease in oil flows through the Strait of Hormuz has been compensated for by a drawdown of inventories. However, the global picture blurs glaring differences across countries: retail gasoline prices have risen by 30 percent in emerging Asia and by only 15 percent in Latin America since the onset of the war, while liquefied natural gas prices have climbed by about 50 percent in Asia and 25 percent in Europe, compared with only about 10 percent for US Henry Hub prices.

28. In sub-Saharan Africa, growth is expected to remain broadly stable at 4.3 percent in 2026, though this masks substantial divergence across countries, reflecting differences in policy space, reform

implementation, and exposure to external shocks. Oil-importing, non-resource-intensive economies are more adversely affected by higher energy and food prices, whereas some larger economies continue to benefit from earlier stabilization and reform efforts, even though they are largely absent from the AI-driven global technology upswing and face headwinds from the decline in official development assistance. Nigeria is supported by improved macroeconomic stability and favourable terms-of-trade effects, with growth projected at 4.1 percent in 2026 and 4.3 percent in 2027, though higher prices for essentials are expected to further aggravate poverty and food insecurity. South Africa's growth outlook is expected to remain stable at 1.1 percent in 2026 and improve to 1.3 percent in 2027 on the back of strengthened policy frameworks and ongoing structural reforms. In the Middle East and Central Asia, growth is projected to drop sharply to 0.7 percent in 2026 before rebounding to 6.5 percent in 2027, consistent with a longer closure of the Strait of Hormuz compared with the assumptions in the April WEO and a corresponding larger rebound.

29. Global headline inflation is projected to rise from 4.1 percent in 2025 to 4.7 percent in 2026 before easing to 3.9 percent in 2027, with the increase for 2026 driven mainly by higher energy and food prices. Driven by surging energy prices, global headline inflation rose for a third consecutive month year over year in May 2026, breaking the downward trend that had been in place since the beginning of 2024. Sequential headline inflation jumped by almost 4 percentage points between February and April 2026 (at a seasonally adjusted annualized rate), even as core inflation has remained relatively stable to date in most countries. Core inflation is expected to return to target only gradually in several major economies: by mid-2027 in the United Kingdom, by the end of 2027 in Japan and the United States, and only in 2028 in the euro area. Elevated energy prices and higher headline inflation readings have stoked inflation expectations for 2026 across countries, whereas expectations for 2027 have moved much less, with little evidence of de-anchoring thus far.

30. Risks to the global outlook are more balanced than in April 2026 but remain tilted to the downside. The most imminent risk stems from developments in the Middle East. Re-escalation of geopolitical tensions would hurt growth and compound inflationary pressures, extending commodity price volatility, further threatening supply chains, raising prices, and weighing on financial conditions. The muted increase in oil prices and their contained impact on activity owe to the release of inventories, which are now getting closer to multi-year lows and could reach stress levels should supply disruptions persist or hoarding gather steam. Food insecurity could worsen materially if disruptions in fertilizer and energy markets intensify or linger, especially in low-income countries in South Asia and sub-Saharan Africa. Trade fragmentation could accelerate, possibly hurting output and increasing prices. Measures targeting upstream sectors or critical intermediate inputs could generate supply bottlenecks with disproportionately large effects on output and prices.

31. On the technology front, risks are distinctly two-sided. If the recent surge in AI-related investment were to translate more rapidly into broad-based deployment and efficiency gains, medium-term growth could strengthen, particularly if accompanied by policies that ease energy and infrastructure constraints, increase access to critical inputs, and facilitate labour reallocation across sectors. Conversely, expectations regarding AI-related profitability and productivity gains could be revised downward, triggering abrupt retrenchment in technology-intensive investment and sharp corrections in frothy equity valuations, particularly in AI-exporting economies and markets with high concentration in technology firms. Such a repricing could be amplified by higher risk sensitivity among AI-exposed investors and would likely weigh on private consumption through wealth effects, transmitting across borders through trade linkages, cross-border portfolio exposures, and capital flow adjustments. AI could also amplify cybersecurity risks to digital infrastructure, potentially disrupting financial intermediation and payment systems.

32. On the upside, global growth could rise above baseline if tangible progress is made in international negotiations and domestic policy agendas. A swifter-than-expected normalization in energy markets, stronger-than-expected technology investment, a revival of durable cooperation that lowers trade barriers, and structural reform that raises medium-term growth all constitute upside risks. Durable peace agreements could rapidly restore global trade routes and supply chains. Trade pacts could lower

tariffs and revive investment that has been delayed by an uncertain external environment. The gains would be larger if cooperation extended beyond goods tariffs to those on services and to foreign direct investment.

33. Financial conditions have eased since their peaks in early April 2026 and continue to be accommodative by historical standards. Strong corporate earnings and a resilient global economy have helped cushion the financial system from the effects of the Middle East conflict. More than 80 percent of firms in the S&P 500 index beat their earnings estimates in the first quarter of 2026, keeping the average price-to-earnings ratio broadly constant at a historically high level. The concentration of equity markets in AI stocks has continued to intensify, and stock markets with sizable AI exposures are outperforming others. However, the possibility of second-round effects of higher energy prices has raised expected policy rate paths through 2026. Several central banks in both advanced and emerging market economies have already been raising policy rates. Longer-term yields are also higher globally, and inflation uncertainty could compound fiscal vulnerabilities.

34. Policy rate repricing in emerging markets has varied considerably, reflecting differences in energy dependence. In crude-oil-importing Asian emerging markets, deterioration in the terms of trade has worsened the inflation outlook and put pressure on exchange rates, prompting a sharper upward repricing of expected policy paths. Energy exporters outside the Middle East, by contrast, have seen stronger currency performances, which have helped contain inflation expectations and risk premiums. Portfolio flows to emerging markets have stabilized following the sharp retrenchment at the immediate onset of the conflict. Investor appetite for hard-currency debt remains robust, with several high-yield emerging markets and frontier economies successfully issuing internationally.

35. Monetary policy is expected to be less supportive, given visible inflationary pressures combined with a relatively muted slowdown in activity. Policy rates in the euro area and the United States are assumed to be held largely steady in ex-ante real terms, whereas the policy rate in Japan is expected to gradually move toward a neutral setting. Fiscal policy in advanced economies is expected to be broadly neutral in 2026 before tightening later. In emerging market and developing economies, fiscal policy is expected to tighten gradually. Under elevated uncertainty, preserving legal and operational independence of central banks remains essential, particularly where the recent high-inflation episode has already strained credibility. Shielding monetary policy from political pressures and fiscal dominance is necessary to ensure that restrictive settings can be maintained, if needed, until inflation is durably back on track to target.

36. The economic outlook (GDP growth rate) of Sub-Saharan African Countries is shown in Table 2. The countries selected are chosen to represent G20, BRICS, MINT, N-11, petro-economies, and other large African countries.

Table 2 Real GDP Growth – Sub-Saharan African Economies

Annex Table 1.1.5. Sub-Saharan African Economies: Real GDP, Consumer Prices, Current Account Balance, and Unemployment
(Annual percent change, unless noted otherwise)

	Real GDP			Consumer Prices[1]			Current Account Balance[2]			Unemployment[3]		
		Projections			Projections			Projections			Projections	
	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
Sub-Saharan Africa	**4.5**	**4.3**	**4.4**	**12.5**	**8.8**	**8.8**	**-0.9**	**-0.6**	**-1.1**	...	...	...
Oil Exporters[4]	**4.0**	**3.7**	**4.0**	**21.3**	**14.6**	**14.5**	**2.6**	**3.8**	**1.8**	...	...	...
Nigeria[5]	4.0	4.1	4.3	23.0	16.0	15.9	5.1	5.8	3.1	...	...	...
Angola	3.1	2.3	2.6	20.2	12.9	12.8	0.4	2.2	1.0	...	...	...
Gabon	2.5	2.7	2.8	2.0	2.5	2.4	-3.1	-4.3	-5.5	...	...	...
Chad	5.6	5.2	4.9	-2.6	0.5	3.9	0.2	0.8	0.3	...	...	...
Equatorial Guinea	-6.4	-2.7	-1.3	2.8	3.2	2.9	-3.0	-1.6	-2.4	...	...	...
Middle-Income Countries[6]	**3.5**	**3.2**	**3.4**	**4.5**	**4.3**	**4.3**	**-0.7**	**-1.0**	**-1.4**	...	...	...
South Africa	1.1	1.0	1.3	3.2	3.9	3.4	-0.5	-0.9	-1.4	32.4	32.5	32.4
Kenya	4.9	4.5	4.7	4.1	5.9	5.9	-2.7	-4.1	-3.7	...	...	...
Ghana	6.0	4.8	4.9	14.2	5.8	7.8	7.9	10.1	9.5	...	...	...
Côte d'Ivoire	6.5	6.2	6.3	0.1	1.8	2.0	-1.1	-1.1	-3.1	...	...	...
Cameroon	3.1	3.3	3.8	3.4	3.5	3.2	-3.8	-5.1	-5.8	...	...	...
Senegal	7.9	2.2	2.3	1.4	2.5	2.2	-5.6	-6.2	-5.8	...	...	...
Zambia	3.8	4.3	4.7	13.9	9.0	8.0	-3.5	0.9	1.9	...	...	...
Low-Income Countries[7]	**6.5**	**6.6**	**6.4**	**11.1**	**6.6**	**6.8**	**-3.9**	**-3.9**	**-2.9**	...	...	...
Ethiopia	9.2	9.2	7.9	13.2	11.8	10.7	-0.9	-2.4	-1.9	...	...	...
Tanzania	5.9	5.9	6.1	3.3	4.0	4.3	-2.4	-2.3	-2.1	...	...	...
Democratic Republic of the Congo	5.7	5.9	5.4	7.4	3.3	6.4	-3.7	-2.0	-1.6	...	...	...
Uganda	6.7	7.5	8.2	3.6	4.0	4.9	-6.2	-3.9	-2.7	...	...	...
Mali	4.9	5.5	5.7	2.3	2.2	2.0	-0.8	-1.5	1.6	...	...	...
Burkina Faso	5.0	4.9	4.8	-0.5	1.5	2.1	6.7	8.6	8.4	...	...	...

Source: IMF staff estimates

Source: IMF World Economic Outlook, April 2025

2.A.1 Africa

37. The sub-Saharan Africa economic outlook remains broadly stable, with real GDP growth expected at 4.3 percent in 2026 and 4.5 percent in 2027, according to the IMF's July 2026 WEO Update. However, this aggregate figure masks substantial divergence across countries, reflecting differences in policy space, reform implementation, and exposure to external shocks. Oil-importing, non-resource-intensive economies are more adversely affected by higher energy and food prices stemming from the Middle East war, whereas some larger economies continue to benefit from earlier stabilization and reform efforts, even though they are largely absent from the AI-driven global technology upswing and face headwinds from the decline in official development assistance.

38. Within the sub-regions, the West African Economic and Monetary Union (WAEMU) is expected to maintain robust momentum, supported by strong performances in Benin, Côte d'Ivoire, Niger, and Senegal. In Nigeria, growth is projected at 4.1 percent in 2026 and 4.3 percent in 2027, supported by improved macroeconomic stability and favourable terms-of-trade effects, though higher prices for essentials are expected to further aggravate poverty and food insecurity. The ongoing oil-sector reforms and the gradual implementation of the Petroleum Industry Act (PIA) continue to support the non-oil sector recovery, while the oil industry stabilizes amid elevated global energy prices resulting from the Middle East conflict.

39. Africa's inflation remains a concern amid the global energy price shock. While public debt ratios have shown signs of stabilization in several countries, the continent faces heightened vulnerability from elevated energy and food prices. The war in the Middle East has driven fertilizer prices up by 26 percent and food prices up by 8 percent in 2026, disproportionately affecting smallholder farmers in low-income countries unable to outbid competitors from wealthier nations. Nonetheless, several countries have maintained access to international capital markets, indicating sustained investor confidence. The African outlook remains vulnerable to external risks ranging from the disruption in global trade and foreign aid policies to escalating geopolitical tensions and climate-related disruptions

40. To strengthen resilience and unlock sustainable growth, policy priorities for sub-Saharan Africa include: enhancing public finance systems through targeted tax reforms and transparency; aligning monetary policy to maintain price stability and combat inflation amid the energy price shock; diversifying both sources of finance and economic structures to reduce overdependence on volatile sectors; and promoting energy security and AI readiness. Given persistent challenges from global financial pressures, the Middle East conflict, climate and geopolitical risks, coordinated international support remains critical to help African nations build a more inclusive, green, and equitable future. Export bans should be avoided, as they exacerbate supply shortages and increase global price volatility.

41. Real growth in Central Africa is projected to moderate, reflecting weaker diversification and challenges in managing resource wealth amid elevated energy prices. However, select economies remain bright spots, benefiting from non-oil sector expansion and sustained private consumption. The region's medium-term prospects hinge on structural reforms and improved governance, as well as the ability to navigate the dual challenges of the Middle East war's impact on commodity markets and the limited participation in the AI-driven technology upturn.

42. In 2026, several African currencies face depreciation pressures against the US dollar, driven by geopolitical tensions from the Middle East conflict, elevated energy import bills, and tightened global financial conditions. Countries with high energy import dependence and limited participation in the technology value chain are most vulnerable. Energy exporters outside the conflict zone, by contrast, benefit from favourable terms-of-trade effects and stronger currency performances, which help contain inflation expectations and risk premiums.

43. African countries continue to grapple with elevated debt levels, rising debt service costs, and limited fiscal space. The lingering effects of prior economic and climate shocks, combined with the Middle East war and broader geopolitical instability, have compounded fiscal vulnerabilities. Higher energy and food prices heighten the risk of social unrest and domestic political instability, especially in vulnerable economies. For many low-income countries, declining official development assistance further complicates fiscal adjustment needed to restore market confidence, weakening health, education, and social protection systems in the presence of looming hazards, including the Ebola public health emergency and the high probability of extreme weather events driven by an extraordinarily strong El Niño.

44. The continent's outlook remains clouded by persistent inflation driven by the energy price shock, volatile commodity prices, and climate-related disruptions. Domestic debt service costs are rising, and policy reversals in newly transitioned governments pose additional risks. External financial flows remain fragile, with foreign direct investment and aid declining, while portfolio investments offer limited relief. Increased global risk aversion and greater frictions in cross-border finance could trigger capital outflows and abrupt asset repricing in emerging markets with weaker fundamentals.

45. Africa's economic outlook remains vulnerable to multiple downside risks, including the ongoing Middle East conflict and potential re-escalation, broader geopolitical instability, trade protectionism and fragmentation, climate shocks, and persistently high interest rates that exacerbate debt distress, especially for commodity-importing nations. Yet, opportunities for upside growth abound. Key drivers include full implementation of the African Continental Free Trade Area (AfCFTA) to boost regional trade; digitalization and e-governance initiatives to enhance transparency and curb illicit financial flows; structural reforms aimed at strengthening tax administration and mobilizing domestic resources; faster adoption of renewable and energy-efficient technologies to improve energy security; and harnessing private sector financing for climate-resilient and health-secure infrastructure projects. The path to sustainable development also calls for decisive action to reduce structural budget deficits and slow the accumulation of public debt in high-risk economies.

46. Tourism-dependent economies across Africa are expected to experience slower growth because of higher energy costs as well as weaker tourism and remittances linked to the Middle East conflict and global uncertainty. In contrast, non-resource-intensive economies with more diversified economic structures are better positioned to sustain momentum, highlighting the critical role of economic

diversification in shielding African economies from external shocks and sustaining long-term resilience. Small island developing states are expected to experience slower growth because of higher energy costs as well as weaker tourism and remittances.

47. The effective rollout of the African Continental Free Trade Area (AfCFTA) between 2025 and 2027 remains pivotal for enhancing regional trade, macroeconomic stability, and fiscal sustainability. Full implementation could generate $560 billion in additional exports and lift continental income by $450 billion by 2035. Regional and plurilateral arrangements can help if they minimize distortive provisions, and commonly agreed international economic rules are essential to produce more sustainable growth and promote international economic integration.

2.A.2 Nigerian Economy[3]

48. Nigeria's economy remains highly sensitive to global developments. The war in the Middle East has disrupted commodity markets and global trade flows, amplifying volatility in monetary policy and capital movements. These shocks have had distributional and fiscal implications for Nigeria, particularly due to its historical reliance on crude oil exports. However, as a net energy exporter outside the conflict zone, Nigeria partially benefits from favourable terms-of-trade effects arising from elevated global energy prices. The IMF's July 2026 WEO Update projects Nigeria's growth at 4.1 percent in 2026 and 4.3 percent in 2027, supported by improved macroeconomic stability, though higher prices for essentials are expected to further aggravate poverty and food insecurity. The IMF underscores the need for structural reforms across Sub-Saharan Africa to mitigate vulnerabilities and promote energy security and AI readiness.

49. Nigeria's oil sector has long been susceptible to external and internal shocks, with persistent underperformance relative to its OPEC production quota. Operational inefficiencies, insecurity, and widespread crude oil theft have hampered output, reinforcing the economy's vulnerability to global oil market swings and revenue shortfalls. However, the current elevated oil price environment—driven by the Middle East war and the closure of the Strait of Hormuz provides a significant revenue windfall. The average petroleum spot price index is projected at $89 per barrel for 2026, representing a 32 percent increase relative to 2025. Improved surveillance measures, pipeline infrastructure upgrades, and stronger regulatory oversight under the NNPCL have begun to yield results, with production recovery supported by the gradual implementation of the Petroleum Industry Act (PIA) and new upstream investment commitments. The FGN's production assumption for the 2026 budget must be assessed against actual output performance, which has been trending between 1.60 and 1.82 MBPD.

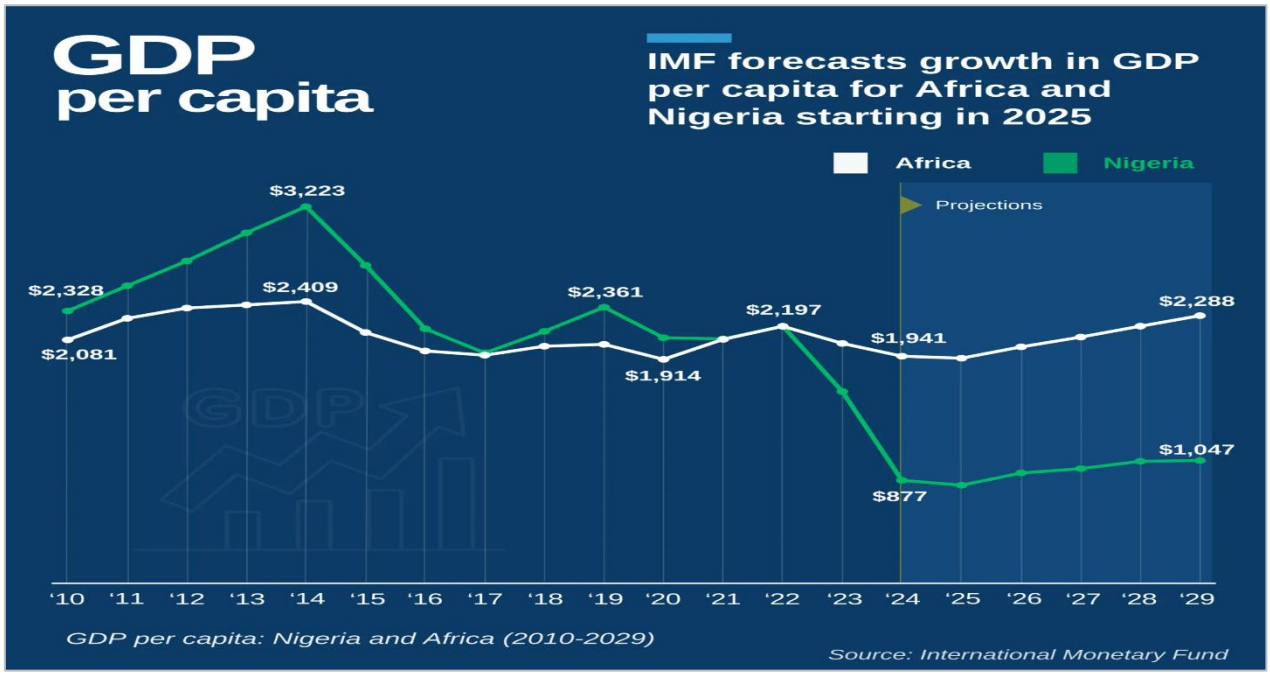
50. Nigeria's exchange rate and monetary policy in 2026 reflect a nuanced balancing act between domestic stabilization and global pressures. The Central Bank of Nigeria (CBN) maintains a tight stance amid persistent inflationary pressures exacerbated by the global energy price shock and investor concerns. The naira has shown relative stability, supported by rising oil output, improved capital inflows, and a stronger non-oil export base. Gross external reserves provide robust import cover, buffering external shocks. Convergence between official and parallel market rates has been supported by reforms such as the Electronic FX Matching System (B-Match) and the Nigeria FX Code. On the monetary front, inflation remains elevated but on a downward trajectory, though the global energy price shock poses risks to sustained price stability. The IMF notes that where inflationary pressures are visible but judged to be temporary and inflation expectations remain anchored, central banks should keep real rates broadly constant over a reasonable horizon, which may imply raising nominal policy rates.

[3] Sources: IMF WEO, April 2025, Africa Economic Outlook, 2025 NBS Reports, CBN Reports, NNPC Reports and OPEC Reports.

51. . Nigeria's GDP performance in 2026 is marked by cautious optimism. The IMF projects growth at 4.1 percent in 2026 and 4.3 percent in 2027, supported by improved macroeconomic stability and favourable terms of trade effects from elevated energy prices. The services sector continues to account for over 57 percent of total output, led by telecommunications, finance, and trade. The non-oil sector benefits from ongoing fiscal and macroeconomic reforms, while the oil industry stabilizes amid elevated global prices. However, risks tied to global market volatility, domestic insecurity, and reform implementation continue to shape the medium-term outlook. The IMF cautions that Nigeria, while benefiting from commodity windfalls, should avoid procyclical spending and save or redeploy gains within a credible medium-term fiscal framework anchored in debt sustainability.

52. In 2026, Nigeria's inflation dynamics remain a major concern amid the global energy price shock. Higher energy and food prices—driven by the Middle East war pose upside risks to the disinflation path. The IMF projects global headline inflation at 4.7 percent in 2026, with emerging market and developing economies facing 5.8 percent. Food inflation continues to drive overall price trends in Nigeria, exacerbated by logistics challenges, exchange rate volatility, and production bottlenecks. The 26 percent rise in fertilizer prices and 8 percent increase in food prices globally pose particular risks to food security. While current domestic figures suggest a downward trajectory from the 2024 peak, underlying pressures remain, with global commodity prices and domestic supply chain vulnerabilities posing risks to sustained price stability. The CBN's monetary policy stance must balance containing inflationary pressures with supporting activity, consistent with the IMF's guidance that policy may need to remain tighter for longer where inflation was still above target when the shock hit.

Figure 2: National Real GDP Growth and Inflation (2014 – 2025)



Source: IMF.

In 2026, Nigeria's labour-intensive sectors and non-oil sectors contributing to GDP—such as Construction, Agriculture, Trade, and Manufacturing—are expected to continue driving productivity gains, supported by targeted fiscal reforms and infrastructure investments. The unemployment rate is projected to stabilize, reflecting improved job creation and economic activity. With a population growth rate estimated at 3.2 percent, the sustained expansion in these sectors is anticipated to enhance real per capita income, especially as labour productivity improves and informal employment transitions into more structured roles. The IMF projects Nigeria's growth at 4.3 percent for 2027, signalling continued momentum. However, structural reforms—particularly in education, energy, and trade facilitation, will be critical to sustaining employment gains and mitigating underemployment.

53. The foreign exchange market in Nigeria continues to evolve following the June 2023 unification of FX windows by the Central Bank of Nigeria (CBN). In 2026, the Naira faces pressures from the global energy price shock and elevated import costs, but is supported by higher oil export revenues and improved capital inflows. The elevated oil price environment ($89 per barrel projected for 2026) provides a significant buffer for the external sector. Projections for the exchange rate assume continued FX market reforms, improved external reserves, and the gradual normalization of the Strait of Hormuz beginning in mid-July 2026, with conditions broadly returning to the pre-war state by March 2027.

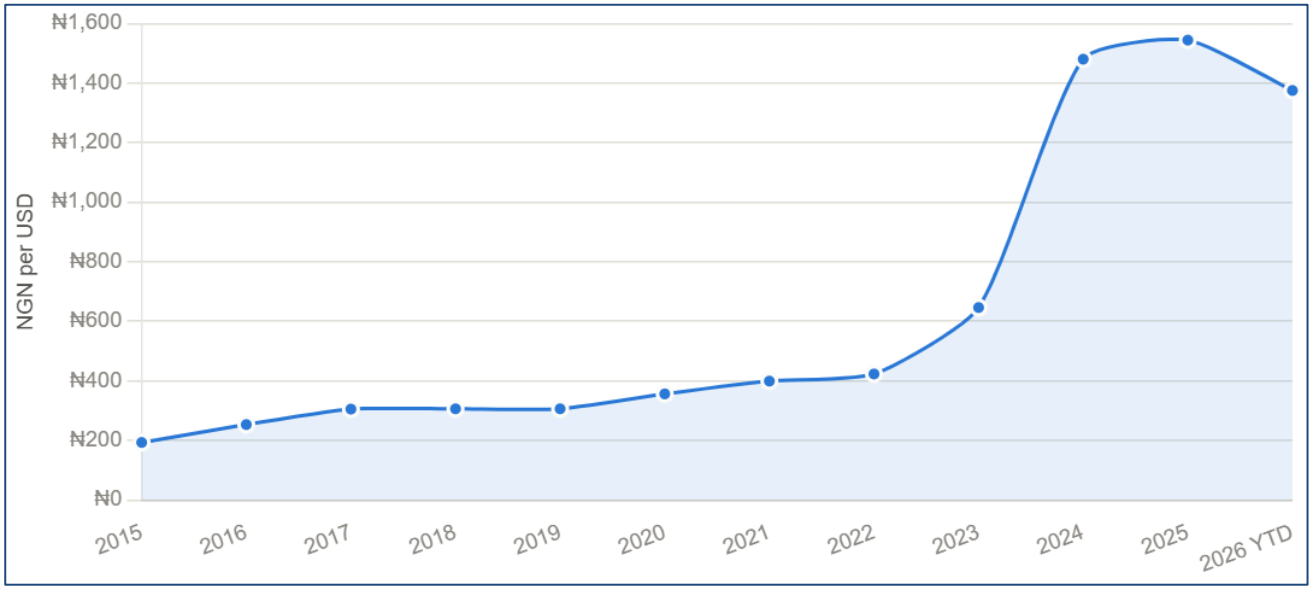
54. Nigeria's foreign reserves showed significant recovery through 2025 and into 2026, supported by improvements in oil production, increased capital inflows, rising non-oil exports, and reduced imports easing pressure on foreign exchange demand. The elevated global energy prices resulting from the Middle East conflict have provided additional support to export earnings. The strengthened foreign reserve position has expanded the CBN's policy space, allowing for more flexibility in managing monetary aggregates and stabilizing the exchange rate. However, external debt servicing and foreign exchange interventions remain key risks to reserve sustainability. Looking ahead, reserve projections depend on oil market dynamics, the pace of Strait of Hormuz normalization, debt obligations, and investor sentiment.

55. The strengthened foreign reserve position equivalent to 9.5 months of import cover has expanded the Central Bank of Nigeria’s (CBN) policy space, allowing for more flexibility in managing monetary aggregates and stabilizing the exchange rate. However, external debt servicing and foreign exchange interventions remain key risks to reserve sustainability. Looking ahead to 2026, projections suggest reserves may fluctuate between $37.65 billion and $40 billion, depending on oil market dynamics, debt obligations, and investor sentiment.

56. The Naira and US Dollar exchange rate, a critical parameter for crude oil revenue and macroeconomic planning, has experienced significant volatility. The elevated oil price environment in 2026 provides a favourable backdrop for the external sector, though pass-through to domestic prices varies depending on taxes, subsidies, and market regulation. The IMF's assumption that the reopening of the Strait of Hormuz begins in mid-July 2026, with conditions broadly returning to the pre-war state by March 2027, implies gradual normalization of energy markets and reduced pressure on import costs through 2027.

57. The NGN:USD exchange rate, which is a key crude oil revenue parameter, for the period January 2015 to April 2026, is shown in Figure 3 below.

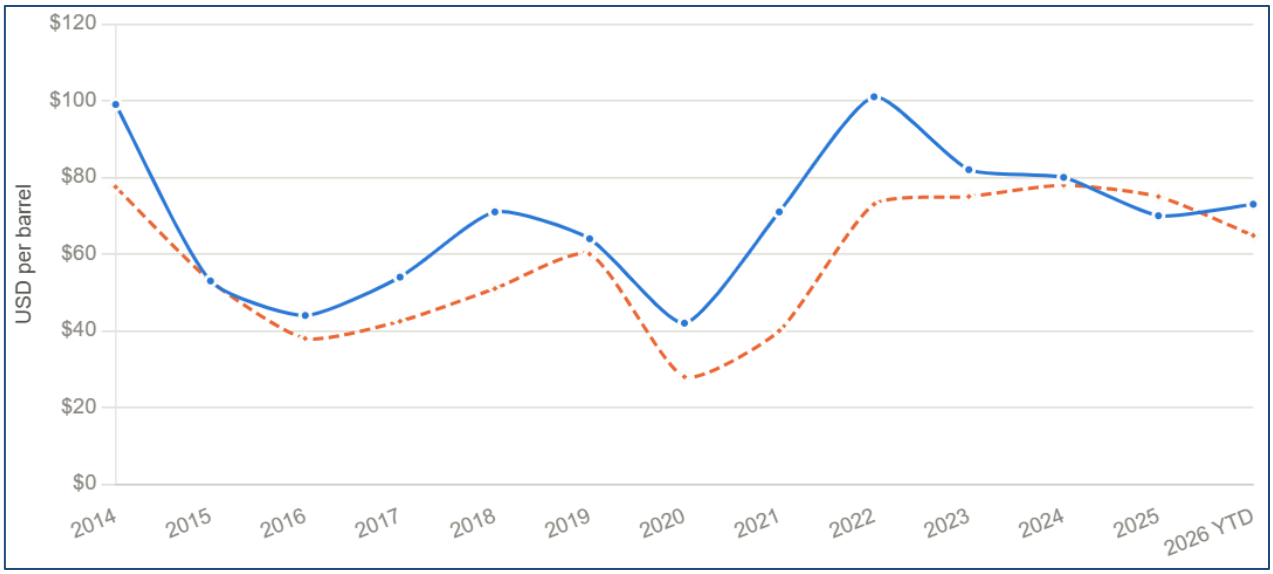
Figure 3 NGN: USD Exchange Rate



Source: Central Bank of Nigeria

58. **Crude oil price:** Crude Oil (Bonny Light) Price (spot price and benchmark for the period of January 2014 to July 2026 are presented in **Error! Reference source not found.** Below.

Figure 4 Crude Oil Price



59. The Middle East war has fundamentally altered the crude oil price outlook. The average petroleum spot price index is projected at $89 per barrel for 2026, 9 percent higher than assumed under the reference forecast in the April 2026 WEO, and natural gas prices at $15, 5 percent higher. This corresponds to an increase of 32 percent in crude oil prices and 22 percent in natural gas prices in 2026, relative to 2025. The oil futures curve is in backwardation through the end of 2026, in line with supply disruptions and heightened geopolitical risk. Even so, the curve implies moderation in 2027, with the average petroleum spot price index projected at $78.70 per barrel, as the Strait of Hormuz reopens and supply conditions normalize. Applying the historical premium for Bonny Light, these projections translate to approximately $91–$92 per barrel for Bonny Light in 2026. However, significant uncertainty remains: if the reopening of the Strait of Hormuz goes more smoothly than

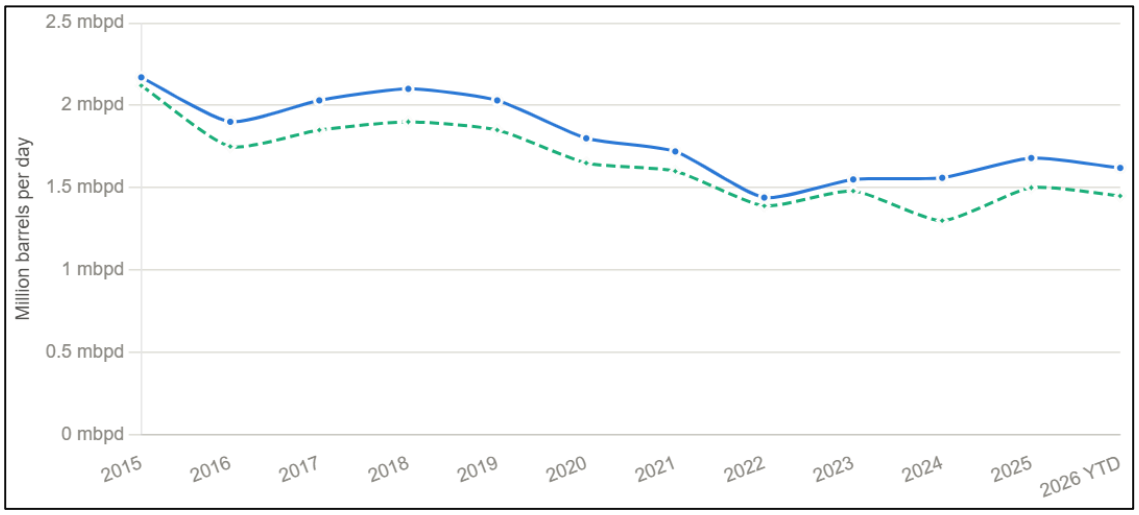
assumed, commodity prices could turn out lower than the baseline; conversely, re-escalation could push prices significantly higher.

60. Crude oil production continues to be a critical variable for Nigeria's fiscal outlook. According to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), production performance must be assessed against realistic benchmarks. The FGN's production assumptions for the 2026 budget should be calibrated against actual output trends, which have been gradually improving supported by the Petroleum Industry Act implementation, improved surveillance, and pipeline infrastructure upgrades. The elevated price environment provides a revenue cushion even if production falls short of aspirational targets, but the IMF cautions that economies benefiting from commodity windfalls should avoid procyclical spending and save or redeploy gains within a credible medium-term fiscal framework anchored in debt sustainability.

61. Crude oil production continues to underperform relative to the longer-term benchmark of 2.0 million barrels per day (MBPD). According to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Nigeria averaged 1.45 MBPD (excluding condensates) in May 2025, down from 1.485 MBPD in April. The FGN's assumption of 2.06 MBPD for the 2025 budget appears overly optimistic, with actual output ranging between 1.60 and 1.82 MBPD in H1 2025. This shortfall places pressure on budget funding and reinforces the view that the production target is more aspirational than balanced.

62. Crude Oil Production (including condensates) for the period January 2015 to mid-2026, along with the benchmark, is presented in Figure 5 below.

Figure 5 Crude Oil Production

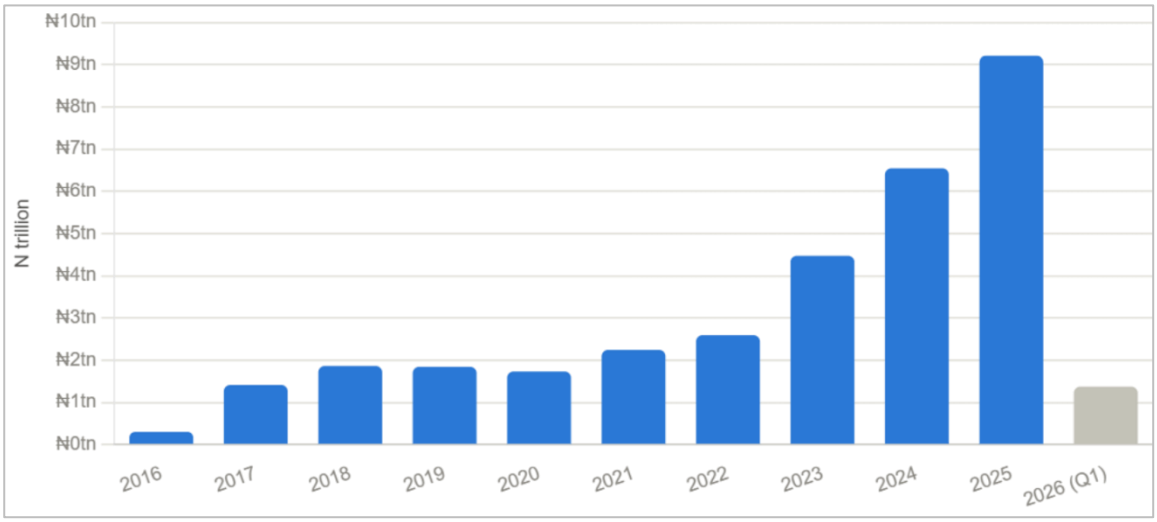


63. Mineral revenue disbursements have benefited significantly from the elevated oil price environment in 2026. The 32 percent increase in crude oil prices relative to 2025 provides a substantial boost to federation account allocations. However, the IMF cautions that energy-related fiscal support, especially price-distorting measures, should be removed as the energy shock abates so as to preserve fiscal buffers. More generally, fiscal policy should avoid broad-based subsidies, tax cuts, and price controls, which are typically poorly targeted, fiscally costly, and politically difficult to unwind. If support is deemed necessary, it should be temporary, tightly targeted to vulnerable households, and embedded in a macroeconomic policy mix consistent with price stability.

64. In 2026, mineral revenue continues its upward trend, supported by elevated global energy prices. Monthly distributed Mineral Revenues (Statutory Allocation and Net Derivation) to the three tiers of government reflect the favourable commodity price environment. However, the IMF emphasizes that economies benefiting from commodity windfalls should avoid procyclical spending and save or redeploy gains within a credible medium-term fiscal framework anchored in debt sustainability. Rebuilding fiscal space remains essential given elevated debt, higher borrowing costs, and heightened external uncertainty.

65. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2016 to mid-2026 inclusive, are shown in Figure 7 below. The graph also includes a linear trend.

Figure 6 CIT Revenues



66. Figure 7 illustrates the consistent rise in CIT revenues; a pattern tied to corporate tax filing deadlines. This trend has remained consistent from 2016 through 2026. In July 2024, FAAC disbursed ₦2.61 trillion, while July 2025 saw a sharper spike with ₦2.94 trillion distributed, driven by record-high CIT and VAT inflows. The July 2025 disbursement marks the largest mid-year allocation in the past decade, confirming a pronounced seasonal spike rather than a steady monthly growth.

67. NCS revenue in 2026 benefits from Nigeria Customs Service modernization, the National Single Window Project, and AfCFTA participation. However, the IMF projects world trade volume growth slowing from 5.0 percent in 2025 to 3.5 percent in 2026, reflecting earlier front-loading and tariff drag — which may moderate customs revenue growth, alongside trade diversion and rerouting dynamics.

68. The Federal Government's Tax Reform Acts, signed June 26, 2025, are the most comprehensive overhaul of Nigeria's tax system in decades. The four Acts, the Nigeria Tax Act, Nigeria Tax Administration Act, Nigeria Revenue Service Act, and Joint Revenue Board Act consolidate fragmented tax laws and introduce a 4 percent Development Levy on assessable profits, replacing multiple sectoral levies. Businesses with turnover below ₦50 million are exempt from CIT, Capital Gains Tax, and the Development Levy; individuals earning under ₦800,000 annually are exempt from Personal Income Tax. The reforms also establish a Tax Ombudsman to protect taxpayer rights and resolve disputes independently.

69. These reforms coincide with the final year of the National Development Plan (2021–2025), which targets 5 percent average real GDP growth, 21 million new jobs, and lifting 35 million Nigerians out of poverty. The new tax laws support these goals by improving revenue mobilization, easing the burden on small enterprises, and incentivizing capital investment through the Economic Development Incentive - a 5 percent annual tax credit on qualifying capital expenditure for five years. The IMF further emphasizes the need for structural reforms promoting energy security, AI readiness, and domestic rebalancing, alongside stronger international cooperation to ease ongoing global tensions.

70. The overall macroeconomic and Monetary sector variable trends can be seen in the figure below;

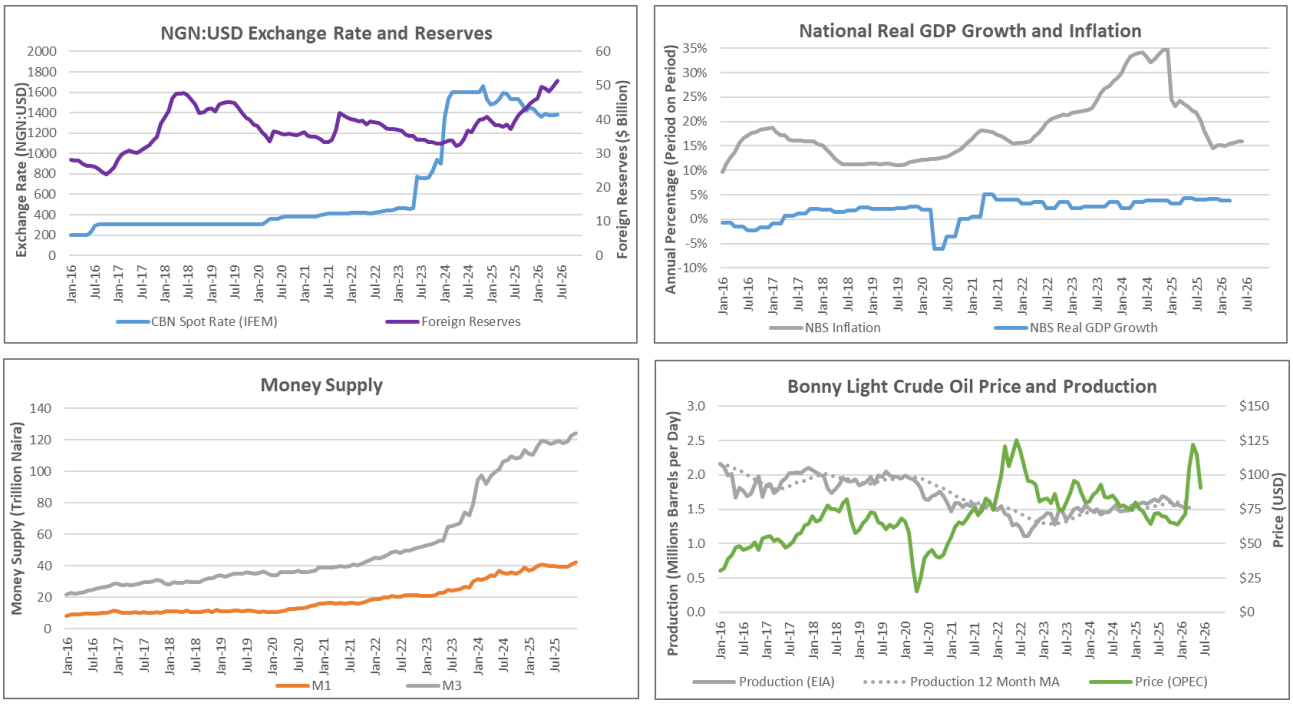


Figure 7: Trend in Macroeconomic and Monetary sector variables

2.A.3 Kebbi State Economy

71. Kebbi State's economic outlook in 2026 is undergoing a strategic shift, driven by the discovery of five new solid mineral deposits, lithium, limestone, iron ore, bauxite, coal, and kaolin—across key local government areas including Jega, Ngaski, Gwandu, Suru, and Birnin Kebbi. These discoveries have positioned the state to diversify beyond agriculture, federal allocation, and grants, with the newly established Ministry of Solid Minerals Development overseeing exploration, licensing, and investor engagement. The state's GDP growth potential is projected to accelerate as mining activities ramp up, supported by federal concessions and a crackdown on illegal mining operations. The elevated global commodity price environment in 2026, driven by the Middle East conflict, provides additional impetus for solid mineral development.

72. The State economy still majorly revolves around agriculture, but recent reforms have elevated its scale and sophistication. The dry season farming initiative, the Residual Moisture Crop Production Scheme, and the cross-border trade protocol with the Benin Republic continue to transform Kebbi into a model for climate-resilient and export-oriented agriculture. However, the IMF's projection of an 8 percent increase in global food prices and a 26 percent rise in fertilizer prices in 2026 poses challenges for input costs. The establishment of the Kebbi State Investment Promotion Agency (KIPA) positions the state to attract diverse investors and channel investment opportunities in a more refined fashion. The IMF's emphasis on structural reforms to promote energy security and the need for faster adoption of renewable and energy-efficient technologies presents opportunities for Kebbi's agricultural transformation.

73. Internally Generated Revenue (IGR) in the state is gaining traction through digital reforms. The Kebbi Geographic Information Service (KEBGIS) continues to target increased IGR, while the Ministry of Solid Minerals is generating revenue from the sales and issuance of mining licences and haulage taxis also generated through the Kebbi IRS. The state's unified electronic tax system simplifies compliance and expands the tax base. The Citizens' Budget reflects a significant increase in total spending, with substantial allocation to infrastructure, health, education, and economic development. This signals a bold fiscal stance aimed at unlocking private sector growth and reducing dependency on federal allocations. In line with the IMF's guidance, the state should ensure that fiscal support is temporary,

tightly targeted, and preserves price signals, while rebuilding fiscal buffers and using fiscal tools sparingly through temporary, targeted support.

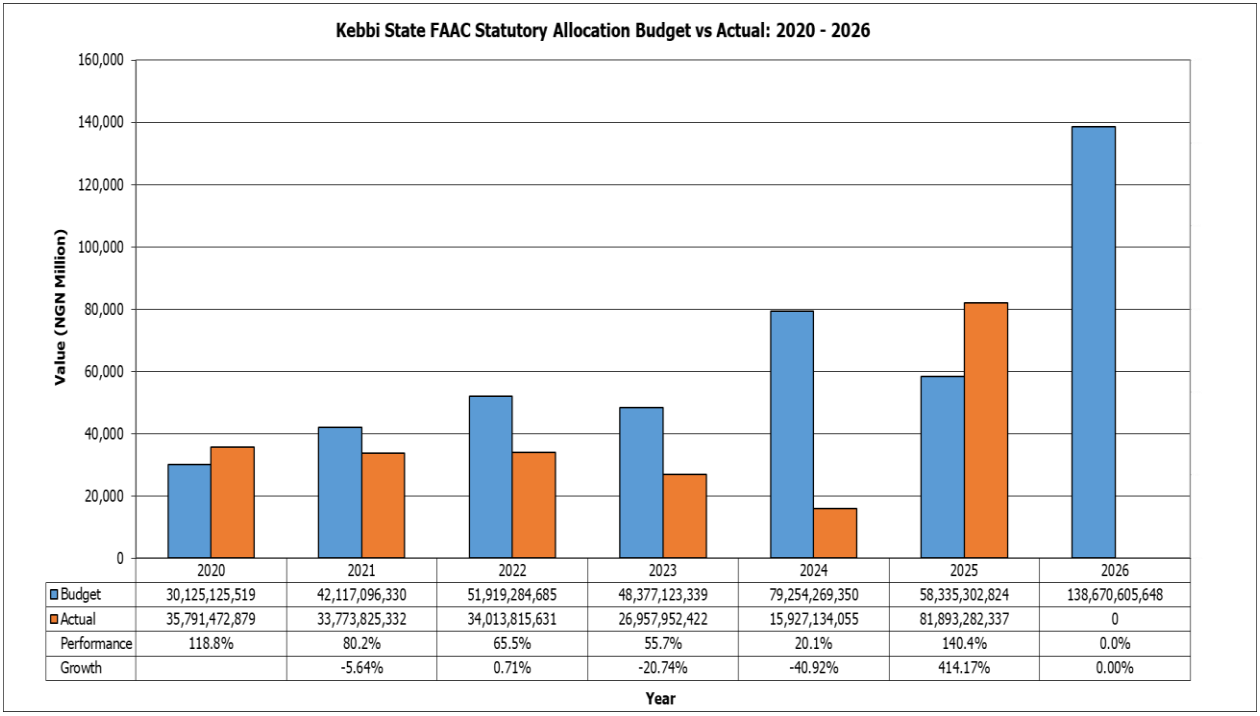
2.B Fiscal Update

2.B.1 Historic Trends

Revenue Side

74. 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 2020-2025 (six-year historic) and 2026 budget.

Figure 8: Statutory Allocation



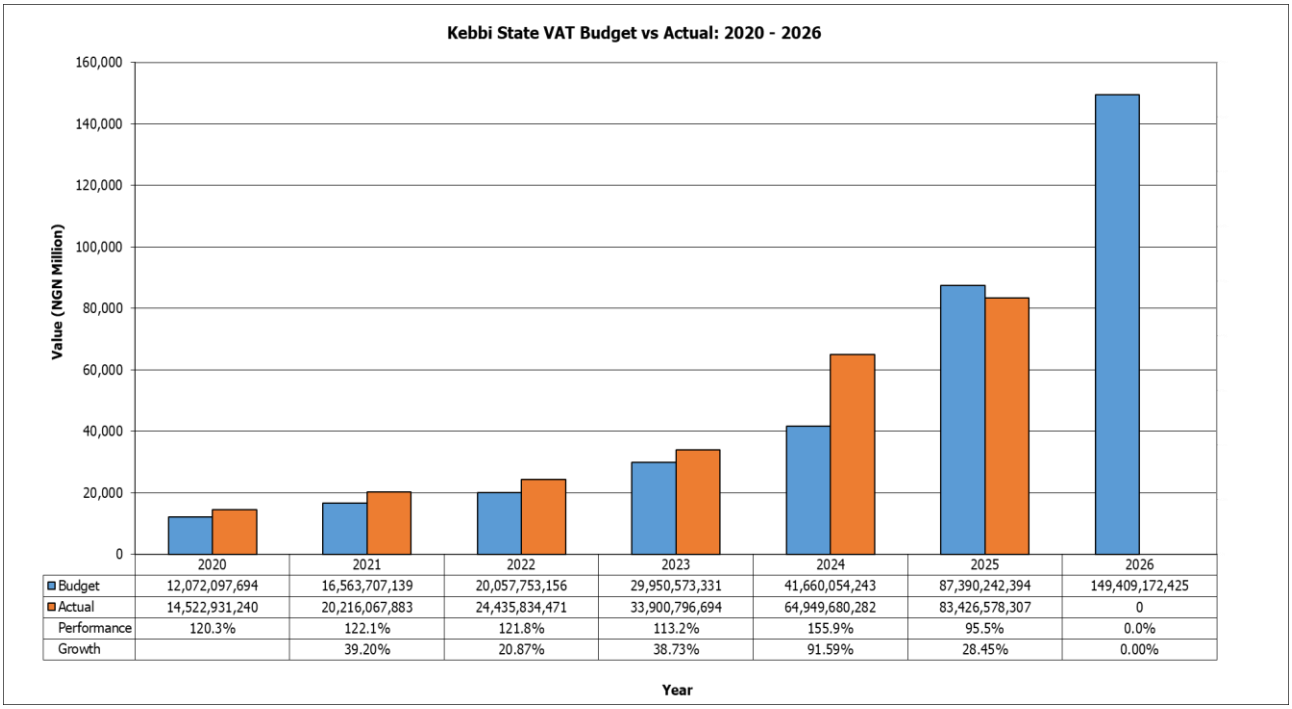
	2020	2021	2022	2023	2024	2025	2026
Budget	30,125,125,519	42,117,096,330	51,919,284,685	48,377,123,339	79,254,269,350	58,335,302,824	138,670,605,648
Actual	35,791,472,879	33,773,825,332	34,013,815,631	26,957,952,422	15,927,134,055	81,893,282,337	0
Performance	118.8%	80.2%	65.5%	55.7%	20.1%	140.4%	0.0%
Growth		-5.64%	0.71%	-20.74%	-40.92%	414.17%	0.00%

75. Statutory Allocation is a transfer from the Federation Accounts Allocation Committee (FAAC) and is based on the collection of mineral (largely oil) and non-mineral revenues (companies' income tax, and customs and excise duties) at the national level, which is then shared among the three tiers of government using statutory sharing ratios.

76. Actual Statutory Allocation receipts followed a volatile trend between 2020 and 2024, driven by macroeconomic and political disruptions. The 2021 dip (-5.64%) reflects the global oil market downturn, which dampened mineral revenue. 2022 saw a marginal recovery of just 0.71%, essentially flat and still well below the 2020 level, indicating the ripple effect of the oil shock persisted rather than reversed. This weakness deepened in 2023, when receipts fell a further 20.74%, before deteriorating sharply in 2024 with a 40.92% year-on-year decline, the steepest drop in the period. The 2024 shortfall is particularly stark against the budget: that year carried the highest budgeted allocation on record at the time (₦79.25 billion), yet actual receipts came in at only ₦15.93 billion, a performance ratio of just 20.1% by far the weakest budget-to-actual outturn across the seven years reviewed, and consistent with the disruption to federal revenue stability linked to domestic political turbulence and the 2023 fuel subsidy removal.

77. Receipts rebounded sharply in 2025, rising 414.17% year-on-year to ₦81.89 billion the strongest single-year increase in the series. This also pushed actual receipts to 140.4% of the ₦58.34 billion budgeted for the year, the best budget performance in the entire period, suggesting a marked improvement in both national revenue collection and disbursement to the state. For 2026, the budget has been set at ₦138.67 billion, nearly 2.4 times the prior year's figure and the highest on record; actual receipts for the year are not yet available, so no performance or growth figure can be assessed at this stage.

Figure 9: VAT



	2020	2021	2022	2023	2024	2025	2026
Budget	12,072,097,694	16,563,707,139	20,057,753,156	29,950,573,331	41,660,054,243	87,390,242,394	149,409,172,425
Actual	14,522,931,240	20,216,067,883	24,435,834,471	33,900,796,694	64,949,680,282	83,426,578,307	0
Performance	120.3%	122.1%	121.8%	113.2%	155.9%	95.5%	0.0%
Growth		39.20%	20.87%	38.73%	91.59%	28.45%	0.00%

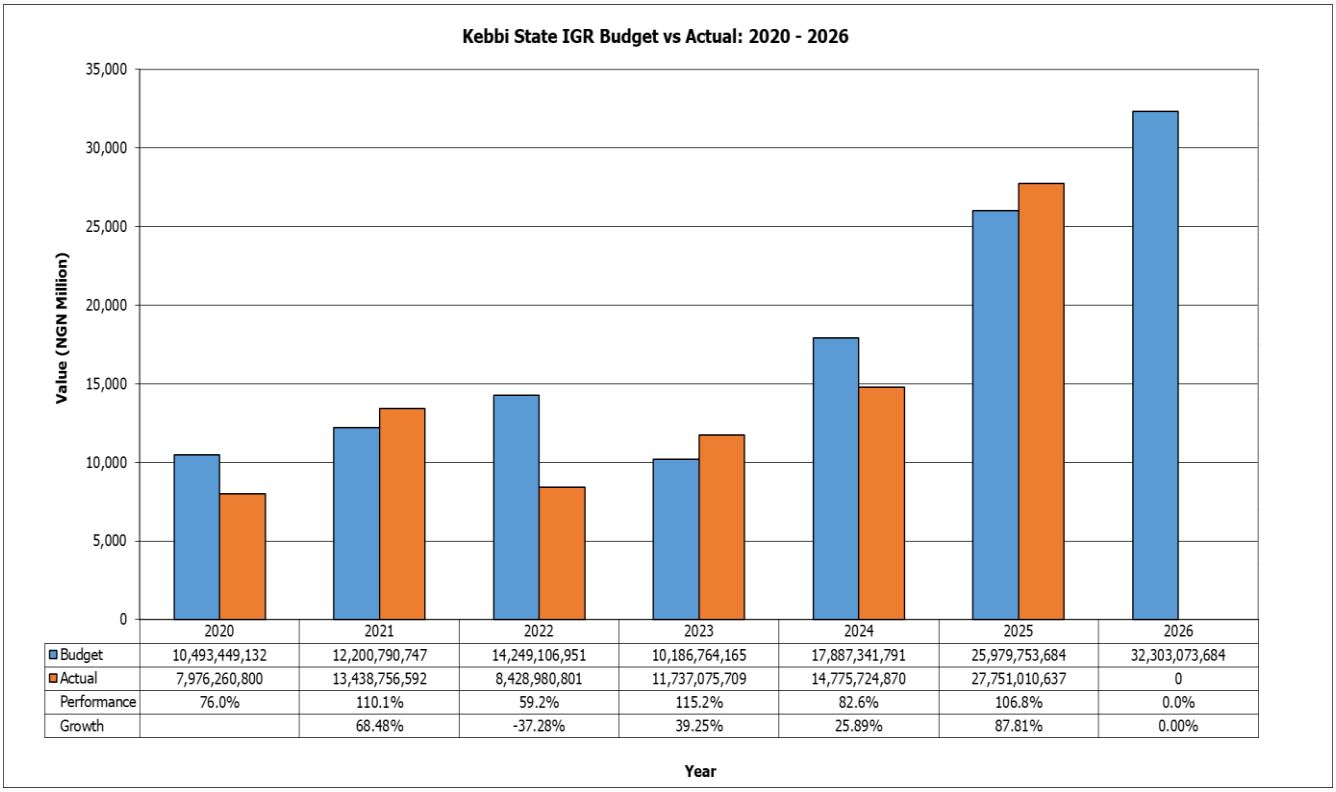
78. VAT is an ad valorem tax on most goods and services at a rate of 7.5%. It is collected by the Nigeria Revenue Service (NRS) and distributed among the three tiers of government monthly, partly based on fixed sharing ratios and partly based on the amount of VAT a particular state generates. States receive 26.7% of total national VAT collections, of which Kebbi's share is around 2.1%–2.2% of the states' allocation.

79. VAT receipts have grown consistently over the review period, with the 2026 budget of ₦149.41 billion representing the largest allocation on record, more than 12x the 2020 budget. This growth has been driven largely by the increase in the VAT rate from 5% to 7.5% in early 2020 (Finance Act 2019) and the Federal Government's ease-of-doing-business reforms. Budget accuracy for VAT has generally been strong, though not uniform: actual collections exceeded budget in every year from 2020 to 2024, before coming in just short of budget in 2025 (95.5% performance); 2026 actuals are not yet available.

80. VAT receipts in Kebbi State have shown a strong upward trend from 2020 to 2025, with actual collections surpassing budgeted expectations in every year except 2025. This growth was fueled by the increase in the VAT rate from 5% to 7.5% in early 2020, ongoing federal reforms focused on ease of doing business and tax administration, and improvements in compliance and revenue administration. VAT collections rose from ₦14.52 billion in 2020 to ₦83.43 billion in 2025, a cumulative increase of approximately 474%. Performance ratios were strong across most years, ranging from 113.2% (2023) up to a peak of 155.9% in 2024, before dipping below budget to 95.5% in 2025.

81. Kebbi State's current VAT share is projected to rise from around 2.1 - 2.2% to approximately 2.6 - 2.8%, depending on the state's actual VAT generation and compliance improvements, premised on the new Tax Reform Act. However, Kebbi State will need to intensify VAT collection by stimulating business activity within the state, to benefit more fully from the derivation-based provisions of the new law.

Figure 10: IGR



	2020	2021	2022	2023	2024	2025	2026
Budget	10,493,449,132	12,200,790,747	14,249,106,951	10,186,764,165	17,887,341,791	25,979,753,684	32,303,073,684
Actual	7,976,260,800	13,438,756,592	8,428,980,801	11,737,075,709	14,775,724,870	27,751,010,637	0
Performance	76.0%	110.1%	59.2%	115.2%	82.6%	106.8%	0.0%
Growth		68.48%	-37.28%	39.25%	25.89%	87.81%	0.00%

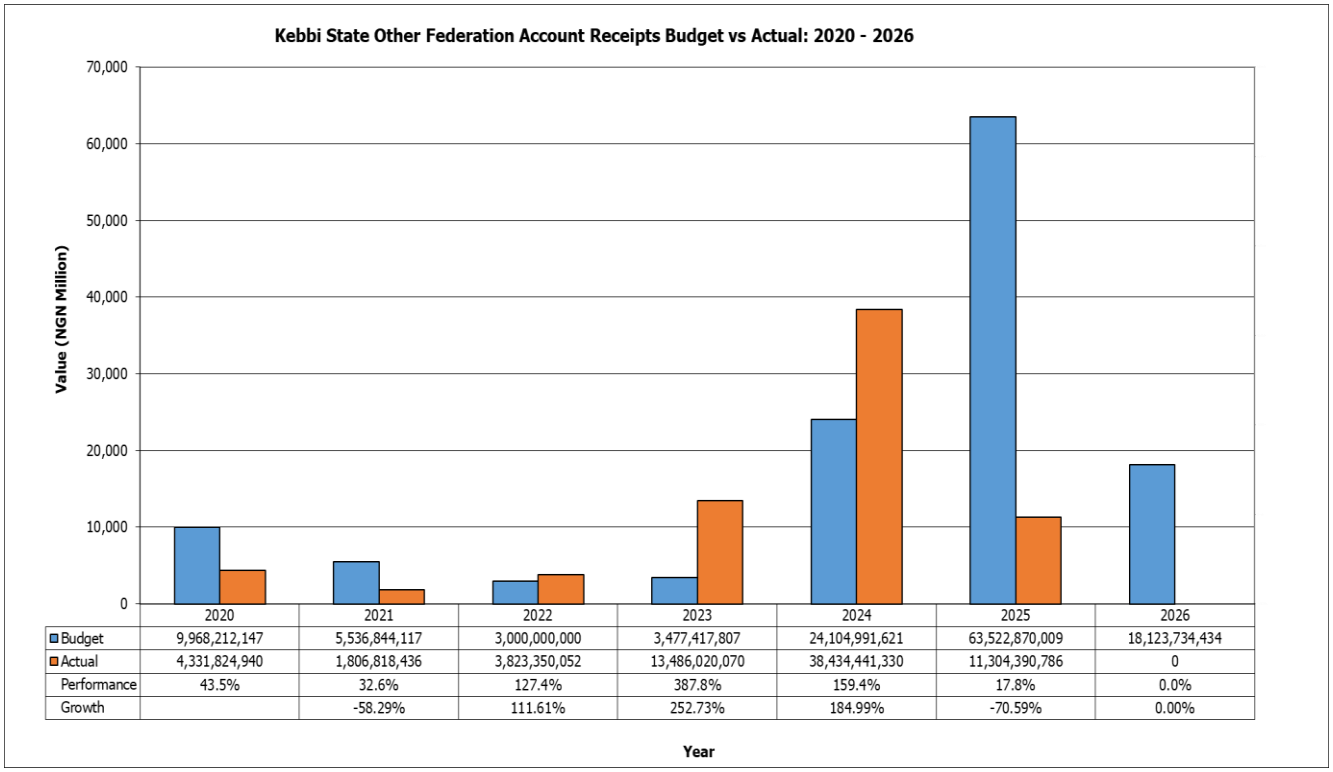
82. Internally Generated Revenue (IGR), also known as Independent Revenue (IR), is revenue collected within Kebbi State from sources such as income tax (PAYE is the largest single contributor to IGR), fines, levies, fees, and other internally generated sources.

83. IGR performance has fluctuated rather than followed a steady trend over the period. In 2020, actual collections reached only 76.0% of budget. 2021 saw a sharp turnaround, actual receipts grew 68.48% and exceeded budget for the first time (110.1% performance), a jump the administration attributes in part to the inclusion of a non-IGR component in the consolidated revenue account that year. That gain reversed just as sharply in 2022, when collections fell 37.28% and performance dropped to 59.2% of budget, the weakest outturn in the period. 2023 marked a genuine rebound: collections grew 39.25% and helped by a reduced budget target that year (₦10.19 billion, down from ₦14.25 billion), actual receipts again exceeded budget, reaching 115.2% performance.

84. Growth continued into 2024 (+25.89%) and accelerated further in 2025 (+87.81%), though performance against budget slipped to 82.6% in 2024 as the budget target itself rose sharply, before recovering to 106.8% in 2025 as collections outpaced the higher target.

85. The sustained growth in actual receipts across 2023–2025 reflects reforms carried out by the Kebbi State Government and the State Internal Revenue Service to widen the tax net and block leakages in IGR administration and collection. For 2026, the budget has been set at ₦32.30 billion, a new high, though actual collections are not yet available for assessment.

Figure 11: Other Federation Account

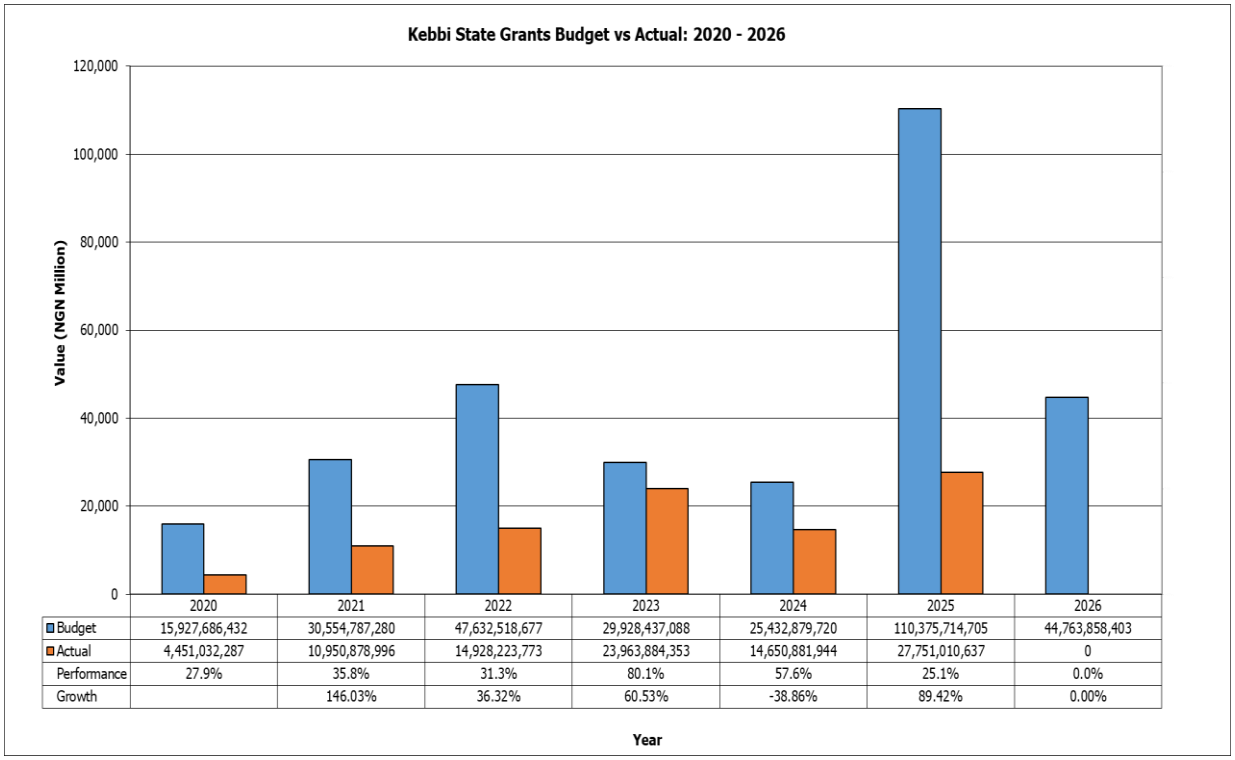


	2020	2021	2022	2023	2024	2025	2026
Budget	9,968,212,147	5,536,844,117	3,000,000,000	3,477,417,807	24,104,991,621	63,522,870,009	18,123,734,434
Actual	4,331,824,940	1,806,818,436	3,823,350,052	13,486,020,070	38,434,441,330	11,304,390,786	0
Performance	43.5%	32.6%	127.4%	387.8%	159.4%	17.8%	0.0%
Growth		-58.29%	111.61%	252.73%	184.99%	-70.59%	0.00%

86. Other Federation Account Receipts are other receipts from Federation Accounts, which include Exchange Gain, NNPC refund, EMTL, etc.

87. Over the years, the state budget captured other FAAC receipts as miscellaneous revenues with the same components as other FAAC receipts. The huge gap recorded in terms of performance to the budget provisions for 2020 & 2025 is due to the unrealistic projections made by the State. However, this has improved since 2022 as the draws close to a realistic projection. There is also a component of EMTL that was captured from the 2023 - 2025, which was sudden. The State is committed to making realistic projections.

Figure 12: Grants



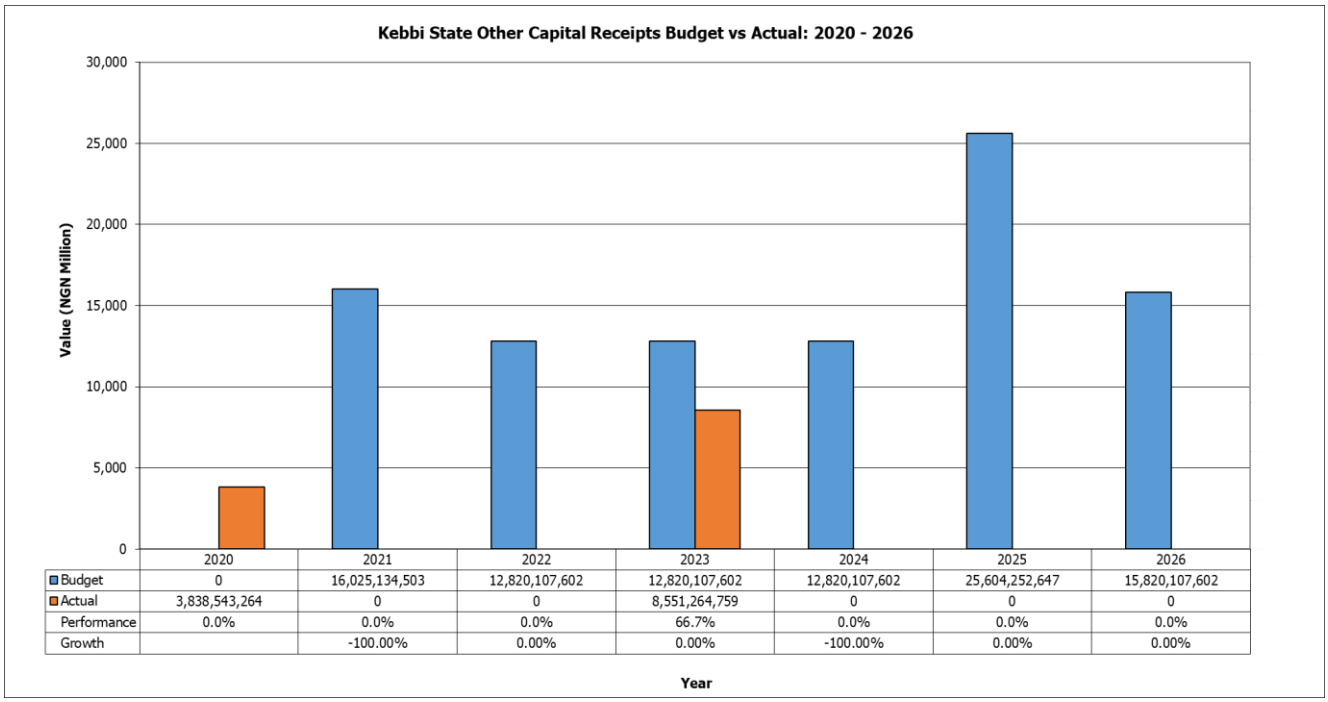
	2020	2021	2022	2023	2024	2025	2026
Budget	15,927,686,432	30,554,787,280	47,632,518,677	29,928,437,088	25,432,879,720	110,375,714,705	44,763,858,403
Actual	4,451,032,287	10,950,878,996	14,928,223,773	23,963,884,353	14,650,881,944	27,751,010,637	0
Performance	27.9%	35.8%	31.3%	80.1%	57.6%	25.1%	0.0%
Growth		146.03%	36.32%	60.53%	-38.86%	89.42%	0.00%

88. Grants are receipts from both internal and external sources, such as Federal Government UBEC, TETFUND, as well as grants from the international development partners, Kebbi State has proactively included as much grant expenditure “on budget” as possible, even if the funds don’t travel through the State treasury.

89. Actual grant receipts have been inconsistent over the years, with performance remarkably high in 2022 and 2023, while 2024 and 2025 performance was abysmally low.

90. 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 13: Other Capital Receipts

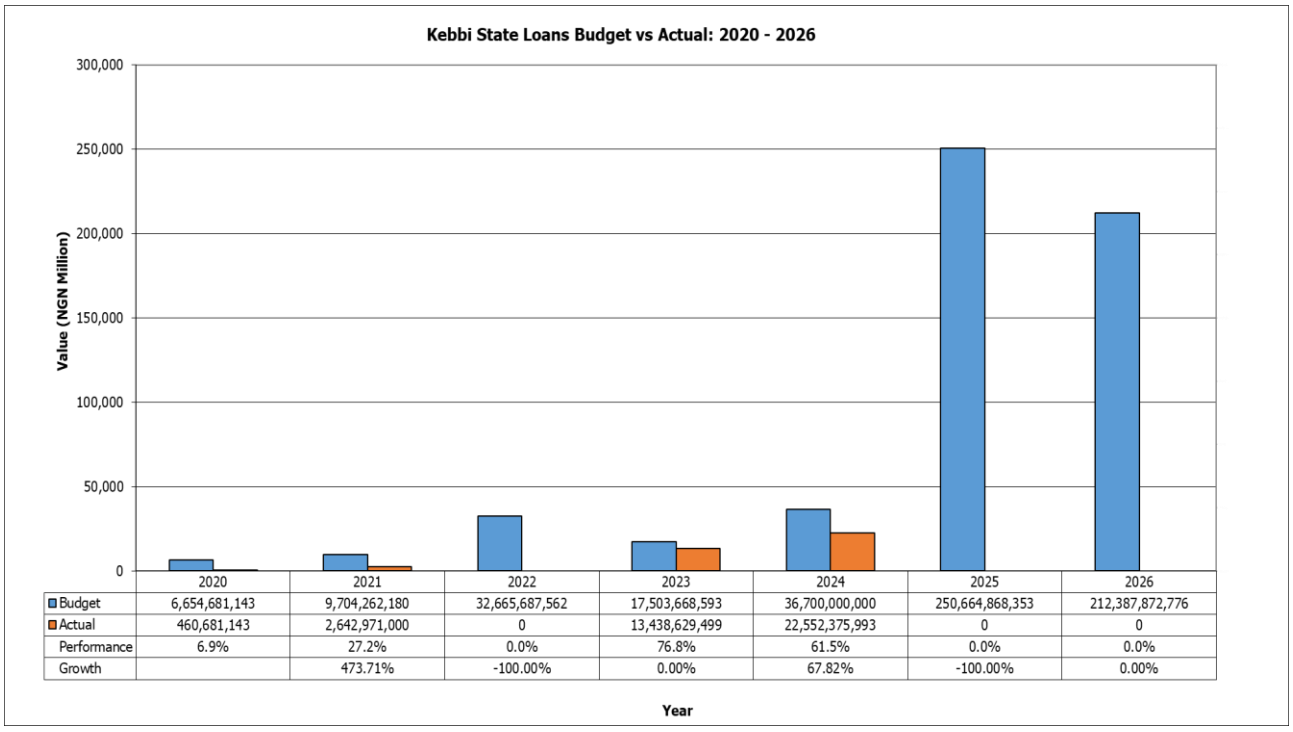


	2020	2021	2022	2023	2024	2025	2026
Budget	0	16,025,134,503	12,820,107,602	12,820,107,602	12,820,107,602	25,604,252,647	15,820,107,602
Actual	3,838,543,264	0	0	8,551,264,759	0	0	0
Performance	0.0%	0.0%	0.0%	66.7%	0.0%	0.0%	0.0%
Growth		-100.00%	0.00%	0.00%	-100.00%	0.00%	0.00%

91. Other capital receipts here include refund on federal roads constructed by the State, budget support, Excess Paris Club deduction refund, and refunds from withholding tax.

92. 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 non-performance in 2021 & 2022 increase in provision from refund on sale of government assets, which did not materialise in 2021 and 2022, was moved over to 2023 - 2025.

Figure 14: Loans/Financing



	2020	2021	2022	2023	2024	2025	2026
Budget	6,654,681,143	9,704,262,180	32,665,687,562	17,503,668,593	36,700,000,000	250,664,868,353	212,387,872,776
Actual	460,681,143	2,642,971,000	0	13,438,629,499	22,552,375,993	0	0
Performance	6.9%	27.2%	0.0%	76.8%	61.5%	0.0%	0.0%
Growth		473.71%	-100.00%	0.00%	67.82%	-100.00%	0.00%

93. Loans and financing refer 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.

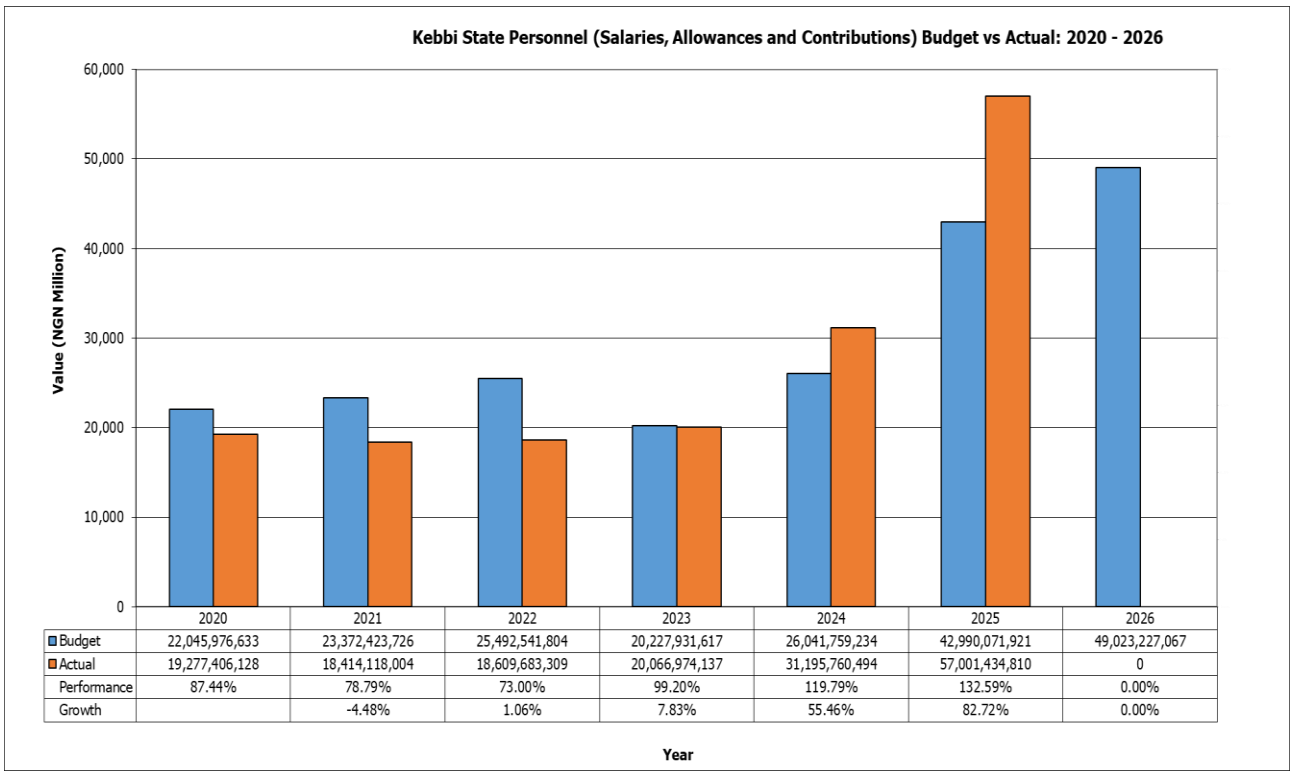
Expenditure Side

94. 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 2020-2025 (six years) and 2026 budget.

95. 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 the payment of salaries, pensions, gratuities, and the provision of security. These items are non-negotiable, and so they continue to attract funding irrespective of how much the state receives. There is a need to also fill up the infrastructure gap, and this requires a lot of funds.

96. The implication for the years 2027- 2029 is for the State to vigorously pursue IGR and other sources of funding to be able to keep up with the above requisite expenditures and other capital expenditures in view of the rising budgetary allocations.

Figure 15: Personnel

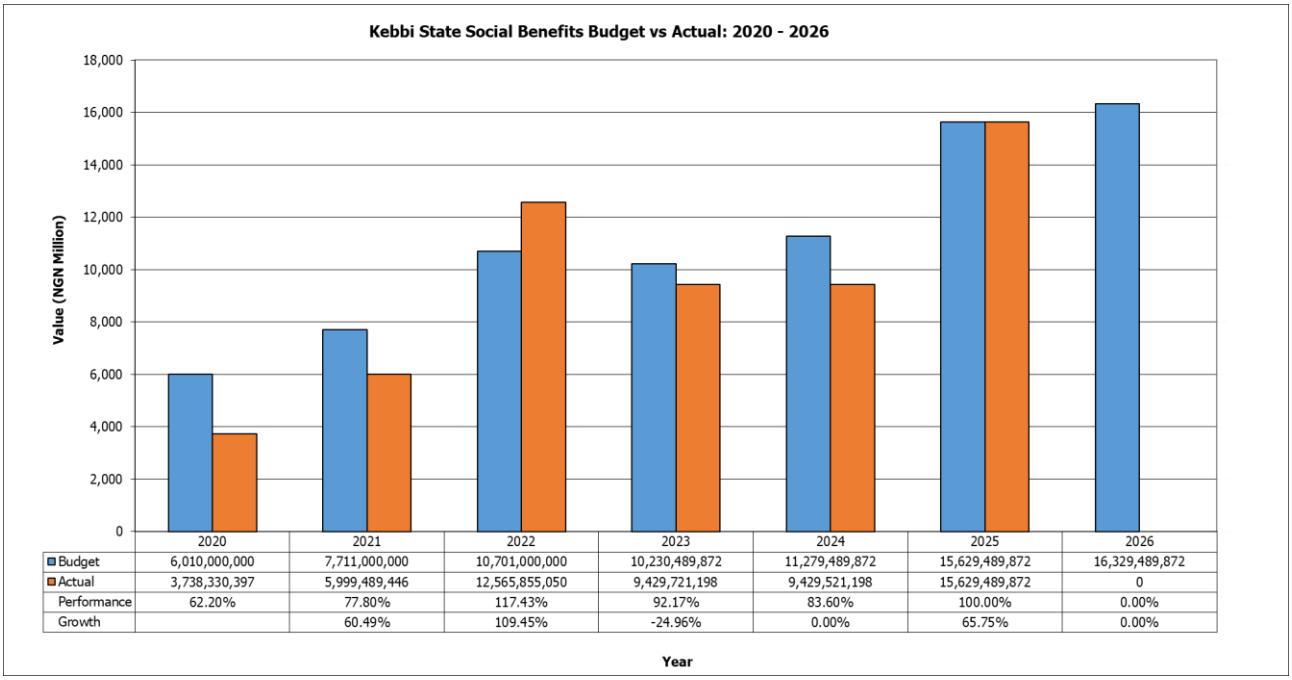


	2020	2021	2022	2023	2024	2025	2026
Budget	22,045,976,633	23,372,423,726	25,492,541,804	20,227,931,617	26,041,759,234	42,990,071,921	49,023,227,067
Actual	19,277,406,128	18,414,118,004	18,609,683,309	20,066,974,137	31,195,760,494	57,001,434,810	0
Performance	87.44%	78.79%	73.00%	99.20%	119.79%	132.59%	0.00%
Growth		-4.48%	1.06%	7.83%	55.46%	82.72%	0.00%

97. Personnel expenditure covers salaries, allowances, and benefits for the State's core civil servants. Actual personnel costs dipped slightly in 2021 before rising each year from 2022 through 2025, with sharp increases in 2024 (+55.46%) and 2025 (+82.72%).

98. Budget performance has varied rather than stayed consistently close to target: actual spending fell short of budget from 2020 to 2022 (as low as 73.0% of budget in 2022), came very close to budget in 2023 (99.2%), then exceeded budget in both 2024 (119.8%) and 2025 (132.6%). Personnel costs are generally easier to plan for than other expenditure lines, since staff numbers and salary scales are known in advance, but retirements can still push actual spending above budget, since departing staff are paid gratuities and enrolled into pensions, which are sometimes higher than their prior salary.

Figure 16: Social Contributions and Social Benefits



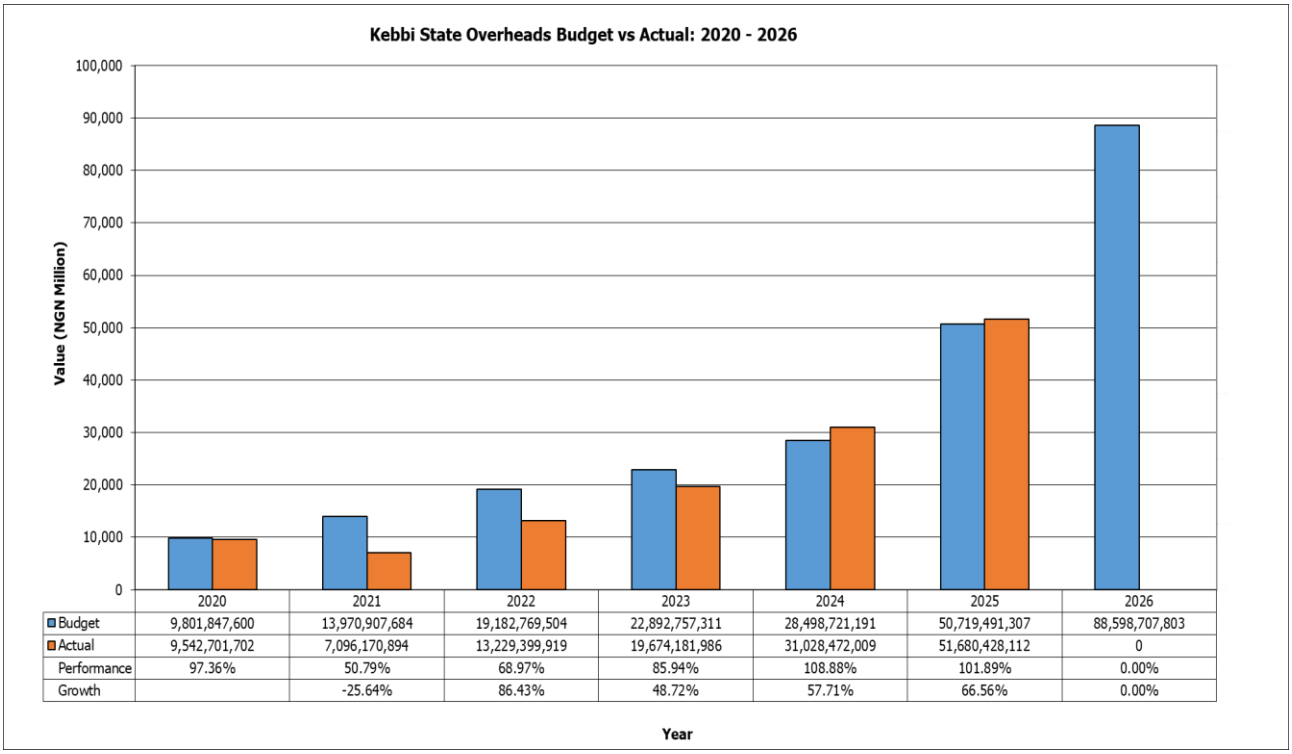
	2020	2021	2022	2023	2024	2025	2026
Budget	6,010,000,000	7,711,000,000	10,701,000,000	10,230,489,872	11,279,489,872	15,629,489,872	16,329,489,872
Actual	3,738,330,397	5,999,489,446	12,565,855,050	9,429,721,198	9,429,521,198	15,629,489,872	0
Performance	62.20%	77.80%	117.43%	92.17%	83.60%	100.00%	0.00%
Growth		60.49%	109.45%	-24.96%	0.00%	65.75%	0.00%

99. Social Contributions and Social Benefits represent payments of gratuities and pensions to retired civil servants. In Kebbi State, once a civil servant retires, they are enrolled on the pension payroll.

100. Budget performance for Social Benefits has swung between highs and lows from 2020 to 2025. Actual spending fell well short of budget in 2020 and 2021 (62.2% and 77.8% respectively), then exceeded budget in 2022 (117.43%), likely due to a backlog of retirees' gratuities being cleared that year. Performance eased back below budget in 2023 and 2024 (92.17% and 83.60%), with actual spending essentially flat across both years (around ₦9.43 billion) even as the budget kept rising. In 2025, actual spending matched budget exactly (100%), and the budget rises further to ₦16.33 billion in 2026.

101. The steady rise in the Social Benefits budget through 2025 and 2026 reflects the State Government's continued provision for gratuity and pension obligations as more civil servants retire.

Figure 17: Overheads



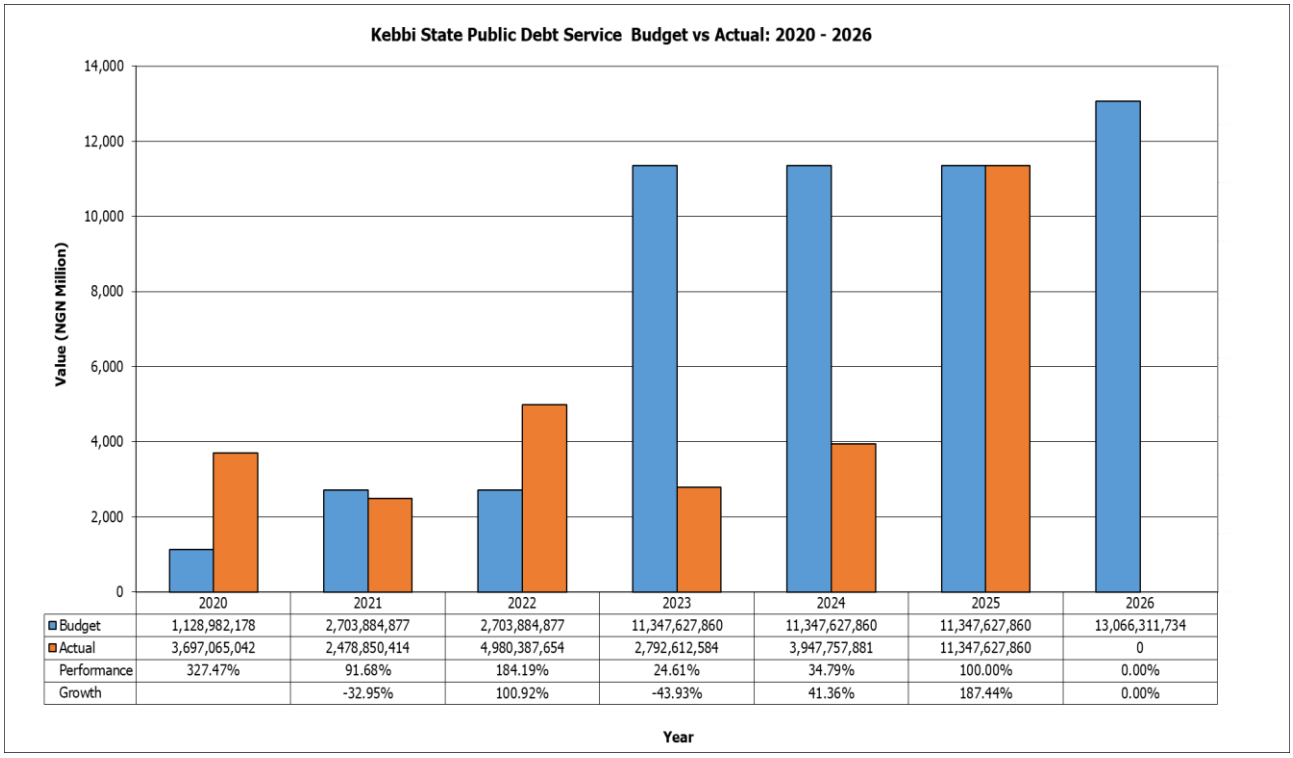
	2020	2021	2022	2023	2024	2025	2026
Budget	9,801,847,600	13,970,907,684	19,182,769,504	22,892,757,311	28,498,721,191	50,719,491,307	88,598,707,803
Actual	9,542,701,702	7,096,170,894	13,229,399,919	19,674,181,986	31,028,472,009	51,680,428,112	0
Performance	97.36%	50.79%	68.97%	85.94%	108.88%	101.89%	0.00%
Growth		-25.64%	86.43%	48.72%	57.71%	66.56%	0.00%

102. Overheads comprise mainly operational and maintenance costs for running the day-to-day activities of Government. Overhead allocations are transferred to MDAs monthly.

103. Overhead performance improved markedly following a sharp dip in 2021. Actual overhead spending fell 25.64% that year, with performance dropping to just 50.79% of budget, the weakest year in the series. From 2022 onward, both the overhead provision and actual releases rose sharply (actual spending grew 86.43% in 2022 alone), which the State Government attributes to the harmonization of the overhead structure to ensure MDAs receive sufficient monthly resources to function effectively. Performance has stayed strong since, running above 85% from 2023 through 2025, and exceeding budget in both 2024 (108.88%) and 2025 (101.89%), with a slight easing between those two years.

104. While overheads must be kept in check relative to available funding, the budgeted provision has in fact grown substantially in recent years, rising from ₦28.50 billion in 2024 to ₦50.72 billion in 2025, and further to ₦88.60 billion in 2026, reflecting the scale of resources being committed to keep MDAs fully functional. Actual expenditure for 2026 is not yet available.

Figure 18: Public Debt Service



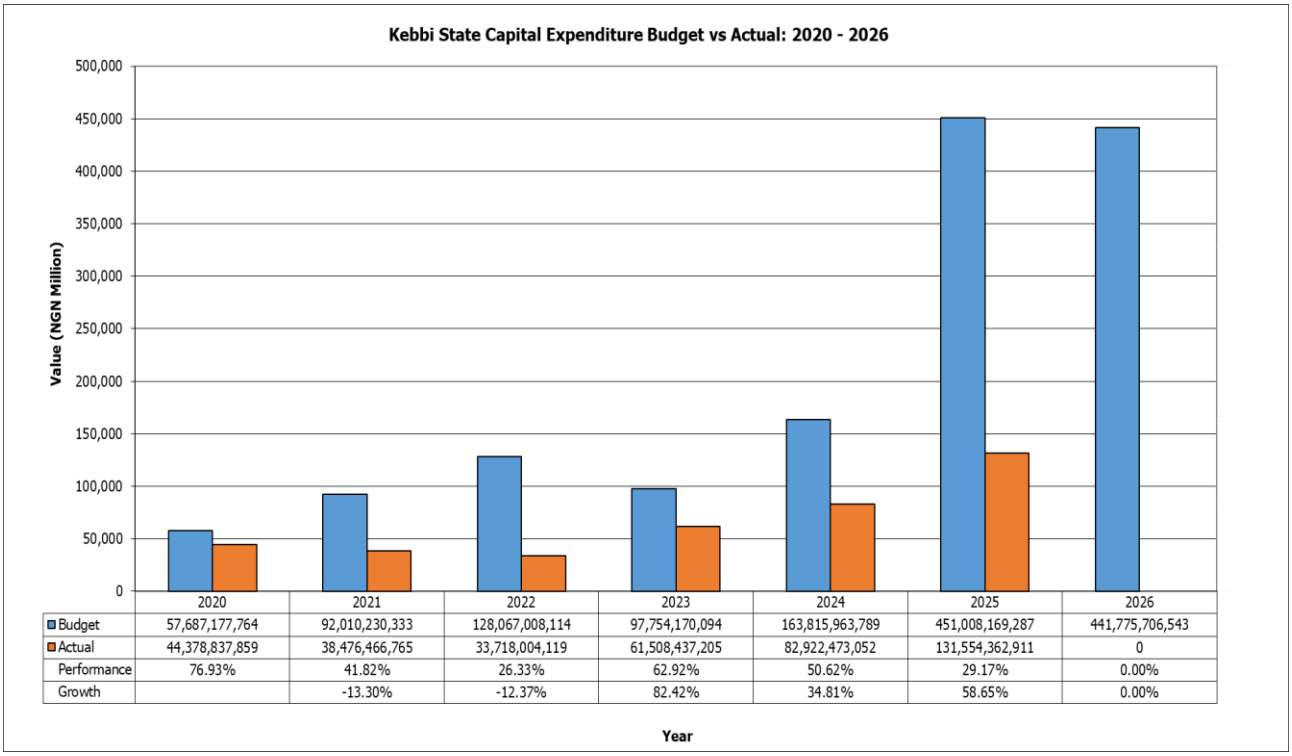
	2020	2021	2022	2023	2024	2025	2026
Budget	1,128,982,178	2,703,884,877	2,703,884,877	11,347,627,860	11,347,627,860	11,347,627,860	13,066,311,734
Actual	3,697,065,042	2,478,850,414	4,980,387,654	2,792,612,584	3,947,757,881	11,347,627,860	0
Performance	327.47%	91.68%	184.19%	24.61%	34.79%	100.00%	0.00%
Growth		-32.95%	100.92%	-43.93%	41.36%	187.44%	0.00%

105. Public debt service refers to the repayment of loans/debt contracted by the State, either internally or externally. The State's overall debt burden is relatively low, though budget provisioning for debt service has fluctuated notably, from significant under-provision in some years to over-provision in others.

106. Actual debt service payments exceeded the budgeted provision in 2020 (327.47% of budget) and 2022 (184.19%), which may point to underestimation of the debt burden or delays in transmitting accurate figures to the Ministry of Budget. 2021, by contrast, came in below budget (91.68%). From 2023 onward, the budget rose sharply to ₦11.35 billion, roughly four times the 2022 level - reflecting a shift to provision for both the principal and interest elements of foreign and domestic debt repayment, rather than the interest-only provision used previously. This higher budget was held flat from 2023 through 2025, though actual releases lagged well behind it in 2023 and 2024 (24.61% and 34.79% performance respectively), before actual spending matched budget exactly in 2025 (100%).

107. Provision for public debt service has been increased further for 2026, to ₦13.07 billion, in line with the State Government's contracted loan obligations. The Government may also take on additional borrowing where needed to help close the State's infrastructure deficit.

Figure 19: Capital Expenditure



	2020	2021	2022	2023	2024	2025	2026
Budget	57,687,177,764	92,010,230,333	128,067,008,114	97,754,170,094	163,815,963,789	451,008,169,287	441,775,706,543
Actual	44,378,837,859	38,476,466,765	33,718,004,119	61,508,437,205	82,922,473,052	131,554,362,911	0
Performance	76.93%	41.82%	26.33%	62.92%	50.62%	29.17%	0.00%
Growth		-13.30%	-12.37%	82.42%	34.81%	58.65%	0.00%

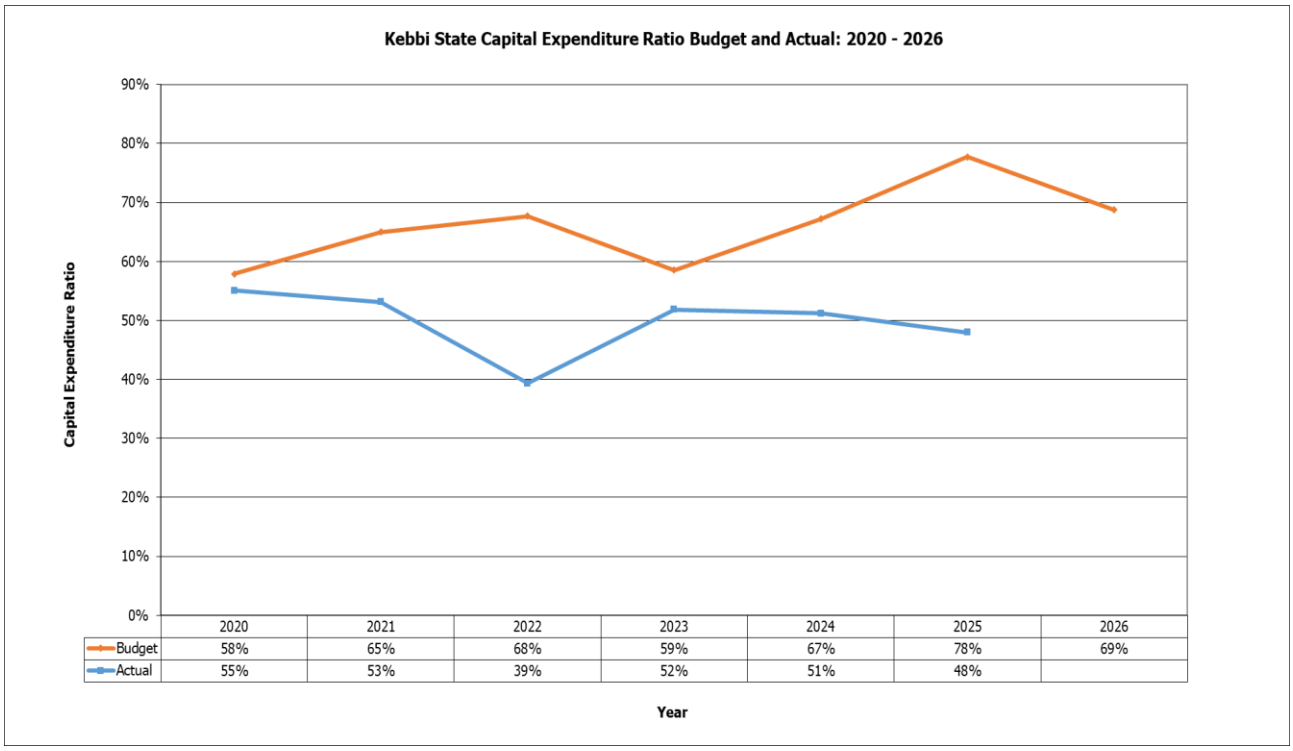
108. Capital expenditure refers to projects that generate State assets (e.g. roads, schools, hospitals).

109. Capital expenditure provisions have consistently exceeded actual releases in every year of the period, reflecting the Government's deliberate effort to keep committing sizeable budgets toward infrastructure and improving livelihoods. Actual capital expenditure has, however, been constrained in most years, performance ranged from a low of 26.33% (2022) to a high of 76.93% (2020), pointing to capital receipts consistently coming in below budgetary projections.

110. Performance improved from 2021 to 2023, rising from 41.82% to 62.92%, before easing to 50.62% in 2024 still over half the budget released, but a decline from 2023's level, since the budget grew faster (+67.6%) than actual releases (+34.81%) that year. In 2025, actual capital expenditure grew sharply in absolute terms (+58.65%, to ₦131.55 billion), but performance fell further to 29.17% the second lowest in the series, because the 2025 budget was raised dramatically to ₦451.01 billion, far outpacing the growth in actual releases. The 2026 budget of ₦441.78 billion remains at a similarly elevated level, with actual figures not yet available.

111. There should be tighter control on recurrent expenditure, which would free up more funds for capital expenditure and improve budget performance. Continued efforts should also be made to secure grants and loans as planned, to boost capital receipts available for capital expenditure.

Figure 20: Recurrent: Capital Expenditure Ratio



112. The capital expenditure ratio compares actual capital expenditure against the budgeted provision. The actual ratio held relatively steady in 2020–2021 (55% to 53%) before dropping sharply to 39% in 2022, the lowest point in the series, then recovering to around 50–52% through 2023–2024, before easing slightly to 48% in 2025.

113. In every year reviewed (2020–2025), the actual ratio stayed below the budgeted ratio, though the gap has fluctuated rather than widened steadily narrowest in 2020 (3 points) and widest in 2022 and 2025 (around 29–30 points each). This may reflect inaccuracies in the budgetary process, as well as instability in the oil market and declining oil prices in recent years.

114. This recurring shortfall suggests that without a meaningful improvement in capital receipts and IGR, financing space for capital expenditure will remain constrained, particularly since IGR alone isn't enough to cover recurrent expenditure, let alone free up funds for capital projects.

By Sector

115. The emphasis of expenditure of the current administration has been on infrastructure, which was, up till 2022, in a State of disrepair. The allocations of a high percentage of capital expenditure reflect this, and the investment in this sector is expected to ultimately boost economic activity in the State.

116. The performance of personnel and overhead is detailed in Table 3 and Table 4 While performance of capital expenditure is detailed in Table 5 Below.

Table 3: Sector Expenditure – Personnel - Budget Vs Actual

Kebbi State Personnel (Salaries, Allowances and Social Contributions) Expenditure by Sector												
No.	Sector	2022 Budget	2022 Actual	2023 Budget	2023 Actual	2024 Budget	2024 Actual	2025 Budget	2025 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	381,687,649	83,673,870	335,308,514	124,760,776	268,167,246	85,911,502	402,899,489	3,393,542,802	265.69%	1.06%	2.91%
2	Office of the Secretary to the State Government	630,627,624	295,966,147	504,339,215	478,931,419	365,926,423	748,586,468	1,102,515,584	1,045,950,838	98.70%	2.00%	2.03%
3	State Assembly	502,753,538	138,162,792	377,593,696	314,647,071	617,084,851	589,509,423	912,428,541	672,156,425	71.14%	1.85%	1.35%
4	Ministry of Information and Culture	364,285,840	340,390,559	320,750,636	323,033,997	416,975,827	361,466,395	573,538,041	497,075,877	90.83%	1.29%	1.20%
5	Office of the Head of State Civil Service	256,000,000	217,700,448	218,802,076	207,344,502	259,703,259	247,933,001	555,239,993	411,053,304	84.05%	0.99%	0.85%
6	Ministry of Special Duties	0	0	0	0	0	0	23,000,000	0	0.00%	0.02%	0.00%
7	Office of the State Auditor General	210,078,663	78,678,433	100,145,830	84,493,024	124,761,146	57,847,444	195,538,707	92,002,552	49.64%	0.48%	0.25%
8	Civil Service Commission (CSC)	70,313,976	5,596,404	33,549,252	2,837,892	40,633,525	7,298,450	60,080,007	40,669,247	27.57%	0.16%	0.04%
9	Kebbi State Independent Electoral Commission	43,407,924	30,765,986	25,292,109	32,850,773	32,688,207	26,492,461	62,127,965	30,133,371	73.54%	0.13%	0.09%
10	Local Government Service Commission	8,010,000	7,123,219	34,095,944	30,802,907	36,309,129	38,583,811	60,540,858	45,645,088	87.91%	0.11%	0.10%
11	Ministry of Agriculture and Food Security	657,000,000	584,873,857	543,719,775	537,728,787	706,835,084	585,683,008	992,963,173	810,336,522	86.83%	2.22%	1.99%
12	Ministry of Livestock Development and Fisheries	760,113,091	663,579,446	739,548,768	735,388,662	961,413,398	735,388,662	1,767,254,745	1,470,797,635	85.26%	3.24%	2.84%
13	Ministry of Finance	1,302,923,721	628,532,715	679,458,704	697,005,123	52,791,921	9,140,224,658	17,156,642,390	7,384,536,315	93.01%	14.72%	14.07%
14	Ministry of Commerce and Industry	165,293,699	139,707,054	137,955,136	137,648,307	179,341,677	161,716,523	238,481,693	1,268,239,324	236.77%	0.55%	1.35%
15	Ministry of Information Communication and Technology (I	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
16	Ministry of Works and Transport	431,200,000	351,779,226	377,014,799	347,960,102	460,570,144	347,960,102	513,833,433	8,935,395,142	560.02%	1.37%	7.87%
17	Ministry of Budget & Economic Planning	32,526,274	29,894,661	56,852,702	29,833,383	67,513,275	29,833,383	93,690,903	250,352,752	135.65%	0.19%	0.27%
18	Fiscal Responsibility Commission	20,249,387	0	27,000,000	0	27,000,000	0	39,150,000	0	0.00%	0.09%	0.00%
19	Ministry of Water Resources and Rural Development	281,000,000	248,298,537	239,869,675	234,417,647	311,826,679	234,417,647	397,348,214	269,871,339	80.24%	0.94%	0.78%
20	Ministry of Lands and Housing	293,559,356	101,499,782	262,459,688	118,664,621	143,214,009	129,570,655	182,388,380	190,993,943	61.33%	0.68%	0.43%
21	Judiciary	2,317,782,949	1,067,304,021	1,135,368,994	1,096,266,004	1,464,728,813	1,253,897,264	1,933,867,283	1,719,787,515	74.98%	5.26%	4.05%
22	Ministry of Justice	87,418,245	61,209,866	78,297,252	66,262,177	96,470,953	103,055,683	150,120,992	88,704,479	77.43%	0.32%	0.25%
23	Ministry of Youths & Sports	61,347,282	53,944,816	53,410,761	56,410,761	69,433,989	64,721,292	119,642,264	104,291,680	91.95%	0.23%	0.22%
24	Ministry of Women Affairs	63,000,000	56,301,316	56,342,430	56,342,430	73,245,159	70,423,567	123,692,254	140,491,262	102.30%	0.24%	0.26%
25	Ministry for Basic and Secondary Education	6,685,075,031	4,748,835,896	4,720,812,776	4,633,561,902	6,436,806,614	5,026,966,222	10,968,595,840	9,968,570,127	84.61%	22.10%	19.21%
26	Ministry for Higher Education	4,043,546,235	3,019,851,386	3,227,780,257	3,160,503,813	3,808,091,134	3,737,419,250	6,452,863,270	5,923,520,050	90.36%	13.45%	12.49%
27	Ministry of Health	5,597,661,320	5,029,148,385	5,733,096,993	6,004,472,573	8,233,026,091	6,704,700,575	12,443,006,463	10,461,846,683	88.11%	24.55%	22.23%
28	Ministry of Environment	165,580,000	155,618,719	155,037,661	160,630,818	201,548,960	190,985,196	282,432,710	291,758,435	99.30%	0.62%	0.63%
29	Ministry of Local Government and Chieftaincy Affairs	60,100,000	56,243,114	54,027,972	52,195,798	70,236,364	57,222,698	83,624,852	80,640,989	91.91%	0.21%	0.19%
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	148,177,075	0	140,612,443	196,483,566	145,612,443	252,899,427	847,899,427	285.35%	0.34%	1.01%
32	Ministry of Rural and Community Development	0	25,013,897	0	19,443,951	29,549,095	27,633,551	32,479,416	29,492,193	163.77%	0.05%	0.08%
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	20,164,942	0	20,321,170	4,940,000	19,561,371	7,410,000	3,733,738	516.45%	0.01%	0.05%
37	Ministry of Establishment, Training and Pension	0	221,646,741	0	161,601,303	284,442,699	265,137,787	322,239,446	401,213,855	173.01%	0.47%	0.83%
38	Ministry of Transport and Renewable Energy	0	0	0	0	0	0	117,025,459	130,731,898	111.71%	0.09%	0.10%
39	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
	Total	25,492,541,804	18,609,683,309	20,227,931,617	20,066,974,137	26,041,759,234	31,195,760,494	58,619,561,792	57,001,434,810	97.31%	100.00%	100.00%

Table 4: Sector Expenditure – Overhead - Budget Vs Actual

Kebbi State Overhead Expenditure by Sector											
No.	Sector	2022 Budget	2022 Actual	2023 Budget	2023 Actual	2024 Budget	2024 Actual	2025 Budget	2025 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	4,740,258,308	4,510,618,841	5,507,866,762	4,373,395,760	7,328,443,454	7,764,408,887	14,729,151,454	6,421,743,696	71.41%	24.44%	20.43%
2	Office of the Secretary to the State Government	2,759,350,000	1,844,241,048	2,747,950,000	1,037,067,472	2,229,400,000	6,612,299,458	9,618,350,000	9,389,954,233	108.81%	13.13%	16.72%
3	State Assembly	2,222,700,000	1,444,858,507	2,223,200,000	1,768,830,515	4,056,118,738	5,609,568,737	7,383,237,476	5,969,088,340	93.12%	12.02%	13.10%
4	Ministry of Information and Culture	90,560,000	49,428,533	91,760,000	54,149,000	91,760,000	77,593,000	115,110,000	298,142,000	123.16%	0.29%	0.42%
5	Office of the Head of State Civil Service	0	42,600,000	0	195,767,345	105,700,000	202,011,620	454,100,000	588,747,200	183.84%	0.42%	0.91%
6	Ministry of Special Duties	0	0	0	14,040,000	58,300,000	60,000,000	484,300,000	179,990,000	46.82%	0.41%	0.22%
7	Office of the State Auditor General	109,150,000	15,200,000	105,512,024	36,490,000	105,512,024	91,920,000	135,212,024	237,500,000	83.69%	0.34%	0.34%
8	Civil Service Commission (CSC)	13,350,000	11,950,000	13,350,000	6,000,000	120,000,000	20,410,000	120,000,000	23,350,000	23.14%	0.20%	0.05%
9	Kebbi State Independent Electoral Commission	22,000,000	5,897,100	22,000,000	6,537,000	22,000,000	5,999,500	24,000,000	6,020,000	27.17%	0.07%	0.02%
10	Local Government Service Commission	23,500,000	13,650,000	23,500,000	13,650,000	23,500,000	29,759,040	38,108,688	24,349,520	74.96%	0.08%	0.07%
11	Ministry of Agriculture and Food Security	58,920,000	25,204,000	48,070,000	19,840,000	113,370,000	135,625,000	154,670,000	110,894,950	77.74%	0.28%	0.26%
12	Ministry of Livestock Development and Fisheries	28,500,000	10,110,000	78,500,000	10,590,000	78,500,000	10,690,000	275,539,920	62,420,000	20.35%	0.35%	0.08%
13	Ministry of Finance	1,688,600,692	988,102,558	1,582,600,692	1,188,439,353	1,501,928,096	1,577,735,657	6,860,747,404	3,063,262,651	58.60%	8.80%	6.04%
14	Ministry of Commerce and Industry	304,750,000	21,029,690	302,250,000	21,007,790	339,900,000	304,245,491	380,857,000	1,096,270,000	108.65%	1.00%	1.28%
15	Ministry of Information Communication and Technology (I	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
16	Ministry of Works and Transport	281,900,000	77,085,000	281,100,000	71,860,000	297,700,000	78,778,000	64,000,000	5,001,330,000	565.49%	0.70%	4.63%
17	Ministry of Budget & Economic Planning	65,700,000	40,334,000	562,770,000	72,923,500	817,850,000	563,923,500	1,025,888,000	1,186,692,000	75.39%	1.87%	1.65%
18	Fiscal Responsibility Commission	3,640,000	3,600,000	3,640,000	3,600,000	18,000,000	3,600,000	11,640,000	3,600,000	39.00%	0.03%	0.01%
19	Ministry of Water Resources and Rural Development	194,967,000	210,028,000	186,356,036	138,472,000	778,231,036	138,472,000	1,295,165,823	787,811,345	51.93%	1.86%	1.13%
20	Ministry of Lands and Housing	56,780,000	16,740,000	90,937,142	11,040,000	32,300,000	48,950,000	67,450,000	72,800,000	60.42%	0.19%	0.13%
21	Judiciary	708,048,000	419,342,400	683,724,000	579,215,420	825,724,000	1,008,023,340	1,304,032,000	1,749,969,940	106.67%	2.66%	3.33%
22	Ministry of Justice	435,960,000	282,279,000	435,960,000	1,841,748,000	3,028,500,000	1,426,506,000	6,206,820,000	8,035,400,975	114.63%	7.65%	10.26%
23	Ministry of Youths & Sports	524,800,000	376,236,000	354,900,000	235,245,000	244,200,000	222,500,000	458,900,000	299,490,000	71.61%	1.20%	1.00%
24	Ministry of Women Affairs	49,398,000	18,222,388	54,458,000	24,222,388	108,985,000	100,592,388	125,785,000	138,702,388	83.20%	0.26%	0.25%
25	Ministry for Basic and Secondary Education	2,179,920,000	1,797,792,799	4,621,445,000	3,157,899,207	5,424,085,000	3,631,479,155	1,328,425,000	785,599,800	69.15%	10.26%	8.30%
26	Ministry for Higher Education	848,760,000	387,819,855	776,860,000	473,432,341	621,880,000	492,604,885	751,200,000	764,497,723	70.64%	2.27%	1.88%
27	Ministry of Health	1,493,987,004	466,772,750	1,495,992,155	962,918,518	1,474,082,155	621,531,000	2,333,542,296	1,025,014,621	45.25%	5.14%	2.72%
28	Ministry of Environment	16,642,500	11,710,000	16,642,500	7,915,000	25,550,000	48,400,000	187,450,000	107,860,000	71.42%	0.19%	0.16%
29	Ministry of Local Government and Chieftaincy Affairs	15,100,000	7,259,550	15,300,000	49,015,550	122,400,000	116,168,470	122,400,000	122,309,060	107.10%	0.21%	0.26%
30	Ministry of Solid Minerals Development and Mining	0	0	0	0	50,500,000	60,000,000	60,000,000	60,000,000	108.60%	0.08%	0.11%
31	Ministry of Physical Planning and Urban Development	0	11,949,900	0	34,153,500	113,537,142	71,463,500	992,500,000	2,752,867,670	259.52%	0.84%	2.54%
32	Ministry of Rural and Community Development	3,818,000	3,129,000	5,118,000	3,299,000	55,118,000	49,918,000	65,118,000	64,435,000	93.50%	0.10%	0.11%
33	Ministry of Humanitarian Affairs and Empowerment	0	4,460,000	0	6,200,000	56,200,000	6,200,000	479,200,000	266,200,000	52.87%	0.41%	0.25%
34	Ministry of Digital Economy	80,300,000	7,290,000	0	10,136,995	61,300,000	46,820,000	60,000,000	46,820,000	55.09%	0.15%	0.10%
35	Ministry of Home affairs and Internal security	0	0	0	0	148,000,000	45,000,000	330,000,000	140,000,000	38.70%	0.36%	0.16%
36	Ministry for Religious affairs	60,350,000	42,553,000	60,000,000	43,705,000	131,750,000	123,855,000	689,850,000	545,545,000	80.22%	0.71%	0.67%
37	Ministry of Establishment, Training and Pension	101,060,000	61,906,000	101,060,000	89,866,161	107,360,000	58,487,000	167,360,000	59,750,000	56.62%	0.36%	0.24%
38	Ministry of Transport and Renewable Energy	0	0	0	0	0	0	432,000,000	192,000,000	44.44%	0.33%	0.17%
39	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
	Total	19,182,769,504	13,229,399,919	22,492,822,311	16,562,671,814	31,154,751,265	31,465,538,629	59,332,110,085	51,680,428,113	85.45%	100.00%	100.00%

Note: The Overhead cost in Table 4 is inclusive of Special Programmes

Table 5: Sector Expenditure – Capital - Budget Vs Actual

Kebbi State Capital Expenditure by Sector												
No.	Sector	2022 Budget	2022 Actual	2023 Budget	2023 Actual	2024 Budget	2024 Actual	2025 Budget	2025 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	3,540,000,000	0	3,610,000,000	0	250,000,000	0	250,000,000	0	0.00%	0.91%	0.00%
2	Office of the Secretary to the State Government	10,285,620,640	4,691,897,410	8,740,000,000	13,635,128,848	18,400,000,000	13,674,310,586	37,268,599,544	12,598,186,146	59.71%	8.89%	14.42%
3	State Assembly	2,126,128,721	124,943,465	1,828,980,750	5,504,537	1,942,123,975	0	1,820,523,975	180,890,000	4.03%	0.92%	0.10%
4	Ministry of Information and Culture	228,000,000	33,000,000	381,500,000	36,000,000	551,500,000	257,373,500	1,492,000,000	523,022,111	32.02%	0.32%	0.27%
5	Office of the Head of State Civil Service	0	3,000,000	0	5,565,255,670	6,322,436,100	4,450,000,000	3,600,000,000	134,147,073	102.32%	1.18%	3.28%
6	Ministry of Special Duties	650,000,000	0	0	0	5,074,800,000	902,716,170	7,216,800,000	944,961,834	14.28%	1.54%	0.60%
7	Office of the State Auditor General	182,646,405	0	295,075,405	90,438,790	295,075,405	0	129,075,405	8,500,000	10.97%	0.11%	0.03%
8	Civil Service Commission (CSC)	0	0	0	0	200,000,000	0	115,000,000	0	0.00%	0.04%	0.00%
9	Kebbi State Independent Electoral Commission	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
10	Local Government Service Commission	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
11	Ministry of Agriculture	10,115,742,696	2,612,192,799	5,607,862,000	10,221,429,736	12,225,262,000	17,703,048,250	101,923,790,321	16,193,080,000	35.98%	15.46%	15.11%
12	Ministry of Animal Health Husbandry and Fisheries	4,930,000,500	532,281,426	4,432,500,000	60,000,000	3,480,000,000	719,807,815	11,725,000,000	4,818,043,017	24.95%	2.92%	1.98%
13	Ministry of Finance	7,514,000,000	2,806,654,004	2,090,000,000	2,292,689,766	2,561,634,276	499,646,397	4,233,000,000	1,361,562,559	42.45%	1.95%	2.25%
14	Ministry of Commerce and Industry	2,727,000,000	10,500,000	2,622,000,000	156,013,750	1,028,177,759	1,134,274,536	2,695,013,715	0	14.34%	1.08%	0.42%
15	Ministry of Information Communication and Technology (IC	3,524,000,000	0	980,000,000	0	980,000,000	0	0	0	0.00%	0.65%	0.00%
16	Ministry of Works	14,695,485,919	5,760,123,819	13,939,485,919	14,095,888,551	30,276,485,919	21,176,006,434	59,130,000,000	49,904,278,663	77.04%	14.05%	29.40%
17	Ministry of Budget & Economic Planning	6,896,827,612	1,012,350,000	5,557,353,595	3,279,565,720	9,016,813,433	39,160,000	22,557,347,197	3,640,780,000	18.11%	5.24%	2.58%
18	Fiscal Responsibility Commission	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
19	Ministry of Water Resources and Rural Development	4,295,000,000	1,881,541,002	3,787,000,000	968,340,764	6,619,000,000	268,340,764	8,135,583,624	1,072,966,989	18.35%	2.72%	1.36%
20	Ministry of Lands and Housing	14,292,247,655	2,370,760,190	8,667,113,455	762,423,545	4,790,594,000	1,146,151,800	22,906,974,235	2,961,381,000	14.29%	6.03%	2.34%
21	Judiciary	1,628,240,380	147,000,000	2,119,225,506	212,000,000	2,388,475,506	590,754,452	3,280,086,666	678,162,367	17.29%	1.12%	0.53%
22	Ministry of Justice	168,000,000	0	148,000,000	10,000,000	625,000,000	70,000,000	11,752,000,000	3,524,565,500	28.40%	1.51%	1.17%
23	Ministry of Youths & Sports	1,493,500,000	195,982,587	1,868,820,000	465,685,700	1,444,500,000	963,525,000	2,440,000,000	1,547,138,630	43.78%	0.86%	1.03%
24	Ministry of Women Affairs and Social Development	1,514,500,000	498,870,504	2,014,000,000	1,070,601,121	3,998,000,000	1,813,000,000	5,450,000,000	1,097,111,455	34.52%	1.54%	1.45%
25	Ministry for Basic and Secondary Education	14,990,941,632	7,265,488,178	10,915,000,000	4,855,905,512	14,466,479,308	7,615,550,841	27,995,445,960	13,899,468,374	49.20%	8.14%	10.88%
26	Ministry for Higher Education	9,666,649,955	814,157,482	7,221,779,575	1,360,942,240	6,608,522,822	0	9,098,722,318	2,338,737,421	13.85%	3.88%	1.46%
27	Ministry of Health	10,212,976,000	1,853,873,891	9,435,473,888	1,039,346,285	7,179,435,891	1,749,697,987	38,788,138,691	7,646,833,007	18.73%	7.81%	3.97%
28	Ministry of Environment	2,277,000,000	143,060,000	1,370,000,000	230,000,000	4,786,000,000	2,253,000,000	28,965,000,000	0	7.02%	4.45%	0.85%
29	Ministry of Local Government and Chieftaincy Affairs	112,500,000	0	123,000,000	0	446,199,087	0	387,599,544	0	0.00%	0.13%	0.00%
30	Ministry of solid Minerals Development and Mining	0	0	0	0	710,000,000	0	2,353,000,000	0	0.00%	0.36%	0.00%
31	Ministry of Physical planning and Urban Development	0	0	0	0	6,395,000,000	2,701,026,472	10,074,185,560	2,651,575,247	32.50%	1.96%	1.73%
32	Ministry of rural and Community Development	0	942,127,362	0	1,012,074,580	2,580,000,000	628,847,500	2,764,700,000	0	48.33%	0.64%	0.84%
33	Ministry of Humanitarian Affairs and Empowerment	0	0	0	0	4,409,625,000	1,446,000,000	4,850,000,000	2,249,670,719	39.91%	1.10%	1.19%
34	Ministry of Digital Economy	0	18,200,000	0	39,661,825	0	703,404,463	6,840,000,000	0	11.13%	0.81%	0.25%
35	Ministry of Home affairs and Internal security	0	0	0	43,540,265	472,000,000	0	861,000,000	0	3.27%	0.16%	0.01%
36	Ministry for Religious affairs	0	0	0	0	2,559,000,000	0	2,904,000,000	1,514,581,998	27.72%	0.65%	0.49%
37	Ministry of Establishment, Training and Pension	0	0	0	0	733,823,308	0	2,027,000,000	64,718,800	2.34%	0.33%	0.02%
38	Ministry of Transport and Renewable Energy	0	0	0	0	0	0	4,978,582,532	0	0.00%	0.59%	0.00%
	Total	128,067,008,114	33,718,004,119	97,754,170,094	61,508,437,205	163,399,133,705	82,505,642,967	451,008,169,287	131,554,362,911	36.81%	100.00%	100.00%

2.B.2 Debt Position

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

Table 6: Debt Position as at 31st December 2025

Debt Sustainability Analysis			
A	**DSA RATIO SCENARIOS:**	**Sustainability Thresholds**	**As at 31st December 2025**
	Solvency Ratios	**Percentage**	**Percentage**
1	Total Domestic Debt/IGR	150%	0.00%
2	Total External Debt/Gross FAAC	150%	18.64%
3	Total Public Debt/Total Recurrent Revenue	150%	16.44%
4	Total Public Debt/State GDP Ratio	25%	0.47%
	Liquidity Ratios	**Percentage**	**Percentage**
5	Domestic Debt Service/IGR	15%	3.38%
6	External Debt Service/Gross FAAC	10%	2.64%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	2.64%
8	Total Debt Service/Total Recurrent Revenue	25%	2.73%
B	**PUBLIC DEBT DATA AS AT 31st DECEMBER 2025**		**Naira**
1	Total Domestic Debt		0
2	Total External Debt		32,924,758,148
3	**Total Public Debt**		**32,924,758,148**
4	Total Domestic Debt Service 2025		799,505,964
5	Total External Debt Service in 2025		4,670,347,696
6	**Total Public Debt Service**		**5,469,853,660**
C	**STATE GDP FOR 2025**		
1	**State GDP**		7,061,816,206,800

118. As at 31 December 2025, Kebbi State's total public debt stood at ₦32,924,758,148, entirely external, with the State currently carrying no domestic debt at all. Measured against the DSA sustainability thresholds, the State's position is strong across every indicator reviewed, with wide headroom in each case: total external debt is just 18.64% of Gross FAAC (vs. a 150% threshold), total public debt is 16.44% of total recurrent revenue (vs. 150%), and only 0.47% of State GDP (vs. 25%). Because there is no domestic debt, the domestic debt-to-IGR ratio is 0.00%, and domestic debt service (₦799.5 million in 2025) absorbed just 3.38% of IGR, again comfortably below the 15% threshold. None of the ratios reviewed are close to breaching their limits, so rather than being a weak point, the IGR-related ratios are in fact among the State's strongest indicators.

119. The low overall debt burden suggests meaningful headroom for additional, prudent borrowing - domestic or external. Should the State need to finance further development priorities. Continued growth in IGR, through the anticipated Solid Minerals revenue, the upward review of State tax rates, and efforts to block revenue leakages, would further strengthen this position and expand the State's domestic borrowing capacity in particular, since that space is currently almost entirely untapped.

120. Given that the State's entire public debt is already denominated in foreign currency, it is fully exposed to naira volatility on that portion of its obligations. Foreign (typically concessional) loans do generally carry lower interest costs than domestic borrowing, which explains this preference, but the State may wish to consider building up some domestic debt, where there is currently full headroom against the sustainability thresholds, to diversify away from complete reliance on foreign-currency exposure.

3 Fiscal Strategy Paper

3.A Macroeconomic Framework

121. The Macroeconomic framework is based on IMF's national real GDP growth and inflation forecasts from the July 2025 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 2027 – 2029 MTEF.

Figure 21: Kebbi State Macroeconomic Framework

Kebbi State Macroeconomic and Mineral Framework 2027 - 2029

Item	2027	2028	2029
National Inflation (CPI)	16.00%	14.50%	12.50%
National Real GDP Growth	4.50%	4.70%	4.80%
Oil Price Benchmark	$70.00	$72.00	$75.00
Oil Production Benchmark (MBPD)	1.6000	1.6500	1.7000
NGN:USD Exchange Rate	1400	1420	1400
Other Assumptions			
FAAC Deductions	10,000,000,000	10,000,000,000	10,000,000,000
Mineral Ratio (Before Subsidy)	20%	20%	20%

3.B Fiscal Strategy and Assumptions

Policy Statement

122. Kebbi State's developmental mission is to mobilize the State's people and resources to create shared prosperity, secure livelihoods, and sustain peaceful, transparent governance. Fiscal policy is the primary instrument through which this mission is delivered: it disciplines aggregate spending to what the State can sustainably afford, allocates resources to the sectors and projects that deliver the greatest public value, and ensures every naira budgeted is efficiently and transparently spent.

123. To translate this into practice, three strategic priorities will guide the State's fiscal management over the medium term. First, revenue mobilization: given the State's continued dependence on FAAC transfers and the still-modest contribution of Internally Generated Revenue, the Government will widen the tax net, strengthen VAT and IGR collection, and pursue new revenue streams, including Solid Minerals development, to build a more resilient and diversified revenue base. Second, expenditure discipline and efficiency: recurrent spending, particularly personnel and overhead costs, will be closely managed to preserve fiscal space for capital investment, while capital budget execution will be strengthened to close the persistent gap between what is budgeted and what is actually delivered on the ground. Third, prudent and strategic debt management: with public debt currently well within sustainable thresholds, the State retains meaningful borrowing headroom, which will be deployed selectively, favouring concessional and development financing to accelerate priority infrastructure without compromising long-term solvency.

124. Collectively, these priorities are designed to strengthen aggregate fiscal discipline, improve allocative efficiency, and ensure spending consistently tracks the approved budget, in support of a stable, transparent, and accountable system of public financial management.

Objectives and Targets

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

- Create efficiencies in personnel and overhead expenditure to allow greater resource for capital development;

- Grow IGR by a minimum of 10% every year from 2026 to 2028, consistent with the growth trajectory targeted elsewhere in this document
- 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

126. The indicative three-year fiscal framework for the period 2027 - 2029 is presented in the table below.

Table 7: Kebbi State Medium Term Fiscal Framework

Kebbi State Fiscal Framework 2027 - 2029			
Item	**2027 Forecast**	**2028 Forecast**	**2029 Forecast**
Opening Balance	13,000,000,000	15,000,000,000	18,500,000,000
Recurrent Revenue			
Statutory Allocation	205,023,563,921	238,890,361,514	274,432,593,361
VAT	143,953,374,556	175,854,407,284	210,940,906,086
IGR	28,583,304,859	31,441,635,345	34,585,798,879
Other Federation Account Revenues	44,979,909,539	64,578,962,312	117,292,504,268
Other Recurrent Revenues (Recurrent Grants)	6,106,579,183	5,356,579,183	4,486,579,183
Total Recurrent Revenue	**428,646,732,058**	**516,121,945,638**	**641,738,381,777**
Recurrent Expenditure			
Personnel (Salaries, Allowances and Contributions)	65,836,657,205	69,128,490,065	72,584,914,568
Social Benefits	18,395,909,579	19,315,705,058	20,281,490,311
Overheads	89,148,738,493	98,063,612,342	107,869,973,576
Grants, Contributions and Subsidies	37,880,129,519	39,016,533,405	39,796,864,073
Public Debt Service	12,347,627,860	13,800,000,000	14,100,000,000
Total	**223,609,062,656**	**239,324,340,870**	**254,633,242,529**
Transfer to Capital Account	**218,037,669,402**	**291,797,604,768**	**405,605,139,249**
Capital Receipts			
Capital Grants	60,554,642,584	65,604,642,584	62,404,642,584
Other Capital Receipts	0	0	0
Total	**60,554,642,584**	**65,604,642,584**	**62,404,642,584**
Reserves			
Contingency Reserve	19,243,465,647	22,051,100,160	24,089,137,118
Planning Reserve	8,832,934,641	10,622,438,913	13,204,767,636
Climate Response Reserve	8,832,934,641	10,622,438,913	13,204,767,636
Total Reserves	**36,909,334,929**	**43,295,977,986**	**50,498,672,389**
Capital Expenditure	**543,569,838,555**	**622,980,332,986**	**682,671,923,404**
Discretional Funds	312,071,755,290	393,195,047,600	490,619,887,676
Non-Discretional Funds	213,832,213,983	208,540,407,560	165,642,500,457
Planning and Climate Reserves	17,665,869,282	21,244,877,826	26,409,535,271
Financing (Loans)	284,220,992,215	287,629,185,793	238,751,278,690
Total Revenue (Including Opening Balance)	**786,422,366,857**	**884,355,774,016**	**961,394,303,051**
Total Expenditure (including Reserves)	**786,422,366,857**	**884,355,774,016**	**961,394,303,051**

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

3.C.1 Assumptions

128. **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 sustained subsidy removal, the State can receive the forecasted figures for cash allocation and general expenditure execution. It is based on historical mineral revenue flows and an elasticity-based forecast was used.

129. **VAT –** elasticity forecast method was used, and based on the past performance, which is used to forecast VAT for 2027-2029. This forecast considered the new tax reform act and the sustained VAT rate of 7.5%, while also considering specific changes in Kebbi state's share of VAT pool and change in VAT receipts.

130. **Other Federation Account receipts –** The estimation is based on the historical trend (i.e. from 2019-2024). The State is developing its mineral sector and is expected to receive more funds from derivation and other sources of funds. Additionally, other components of the federal account receipts are also forecasted to present positive outturns within the 2027 – 2029.

131. **Internally Generated Revenue (IGR) –** the current administration is improving on the ongoing measures to grow IGR. It is anticipated that IGR will continue to increase by 10% in the current year and start to stabilise from 2026 with a minimum annual growth of 10%. Own Percentage growth of 10% annually for the fiscal period of 2027 – 2029, although the 2027 IGR is expected to face mild shock from the impact of the 2027 general election.

132. **Grants –** The internal grants are based on the actual receipts for 2024 and performance from 2019 to 2025. External grants are based on signed grant agreements with the development partners and multilateral donors, some of which includes expected grants receipts from UNICEF, Agricultural Transformation Agenda Support Program Phase-1 (ATASP-1), WB grants for the Implementation of Nigeria for Women Project (NFWP), AFDB (e-HEART Rural Electrification) Project, German EIDU Counterpart Fund for Edu-Tech Solution for PE1-PE3, amongst others. Most significantly, these grants are already linked to the implementing MDA, to ensure proper planning and implementation between 2027 – 2029 fiscal year.

133. **Financing –** Kebbi State intends to secure an external loan/borrowing. All internal and external loans are projections based on signed agreements.

134. A full schedule of estimated capital receipts is provided in Annex 1.

135. **Personnel –** The wage bill has been significantly reshaped by the implementation of the new national minimum wage, ongoing recruitment of teachers and health workers, and the broader cost pressures from fuel subsidy removal and the naira's devaluation, factors that already drove sharp actual increases in personnel costs of 55.46% in 2024 and 82.72% in 2025. Looking ahead, personnel expenditure is projected to rise a further 15.50% in 2026, to ₦65.84 billion, as these wage and staffing adjustments continue to phase in, before growth moderates to a steady 5.00% per annum in both 2027 (₦69.13 billion) and 2028 (₦72.58 billion), reflecting a stabilizing wage bill rather than a decline.

136.

137. **Social Contribution and Social Benefits –** Pensions are now being paid equitably and regularly across the State, reinforcing the need for consistent budgetary provision to meet Government's accrued social contribution and benefit obligations. The current administration continues to prioritize the welfare and entitlements of its staff. Based on the table, Social Benefits provision is projected to rise 17.70% in 2026 (to ₦18.40 billion), before growth moderates to a steady 5.00% per annum in both 2027 (₦19.32 billion) and 2028 (₦20.28 billion).

138. **Overheads –** The current administration has continued to ensure adequate, unhindered monthly cash releases for the operational running of Ministries, Departments and Agencies, building on the strong overhead performance already recorded in 2023 and 2024. Consistent with that upward trajectory,

overhead provision is projected to rise sharply by 72.50% in 2026 (to ₦89.15 billion), before growth normalizes to a steadier 10.00% per annum in both 2027 (₦98.06 billion) and 2028 (₦107.87 billion).

139. **Public Debt Service -** is based on the projected principal and interest repayments for 2026, 2027, and 2028

140. **Contingency Reserve -** The Contingency Reserve provides a buffer against revenue shortfalls — for instance where Statutory Allocation, VAT, or other FAAC-related receipts (including the Excess Crude Account) come in below projection — as well as other unforeseen fiscal pressures during the year. It is calculated as a share of the total Capital Expenditure Budget (including opening balance), and is projected to rise from ₦19.24 billion in 2026 to ₦22.05 billion in 2027 and ₦24.09 billion in 2028, in line with growth in the underlying capital expenditure envelope.

141. **Planning Reserve -** is calculated as a share of total Recurrent Revenue (including opening balance), and is projected at ₦8.83 billion in 2026, rising to ₦10.62 billion in 2027 and ₦13.20 billion in 2028.

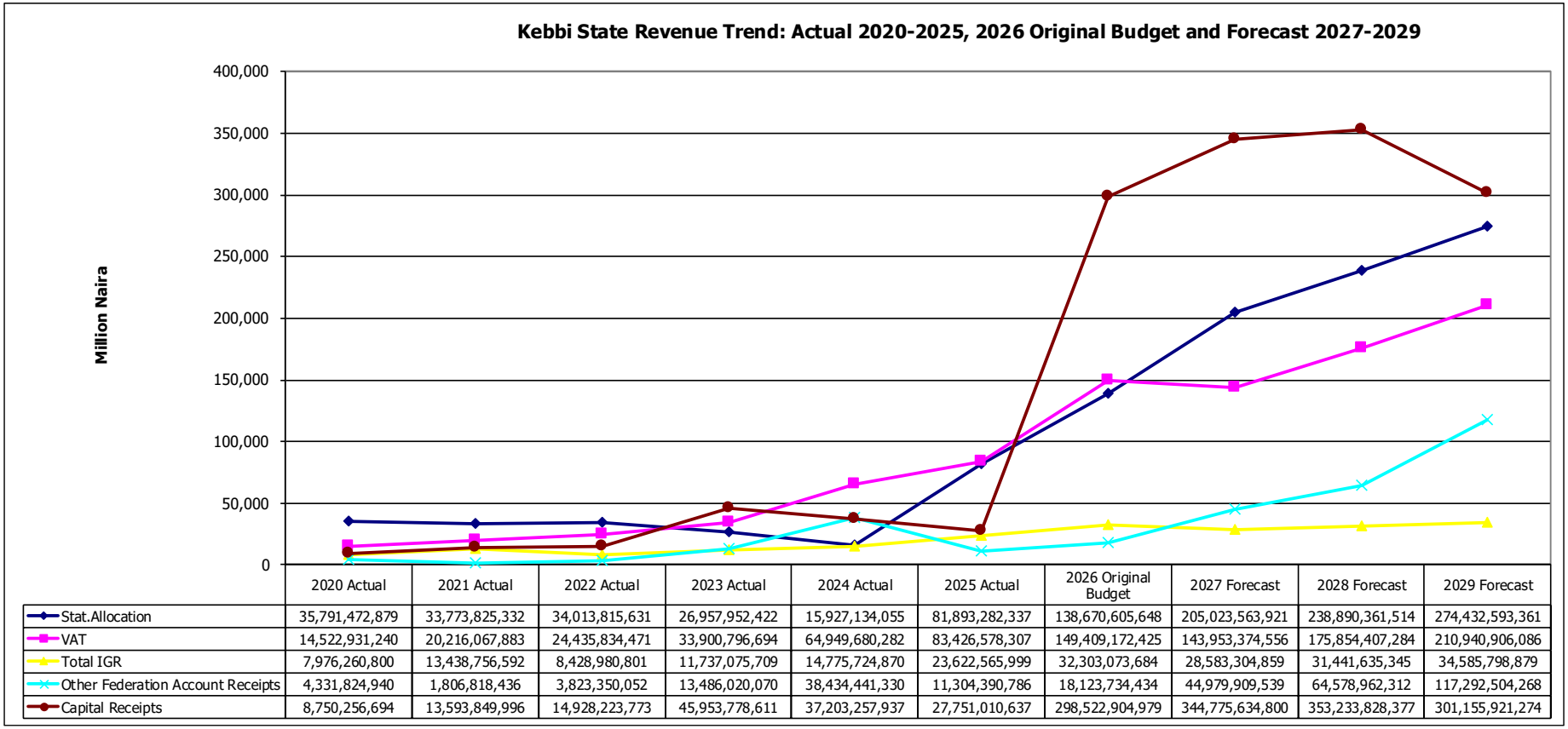
142. **Climate Response Reserve** - The Climate Response Reserve is a newly established special fund designed to create a fiscal buffer for the State's rapid response to climate-related disasters and shocks, such as flooding, drought, or other extreme weather events, ensuring resources can be mobilized quickly without disrupting the wider budget. It is calculated as a share of total Recurrent Revenue (including opening balance), and is projected at ₦8.83 billion in 2026, rising to ₦10.62 billion in 2027 and ₦13.20 billion in 2028.

143. **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

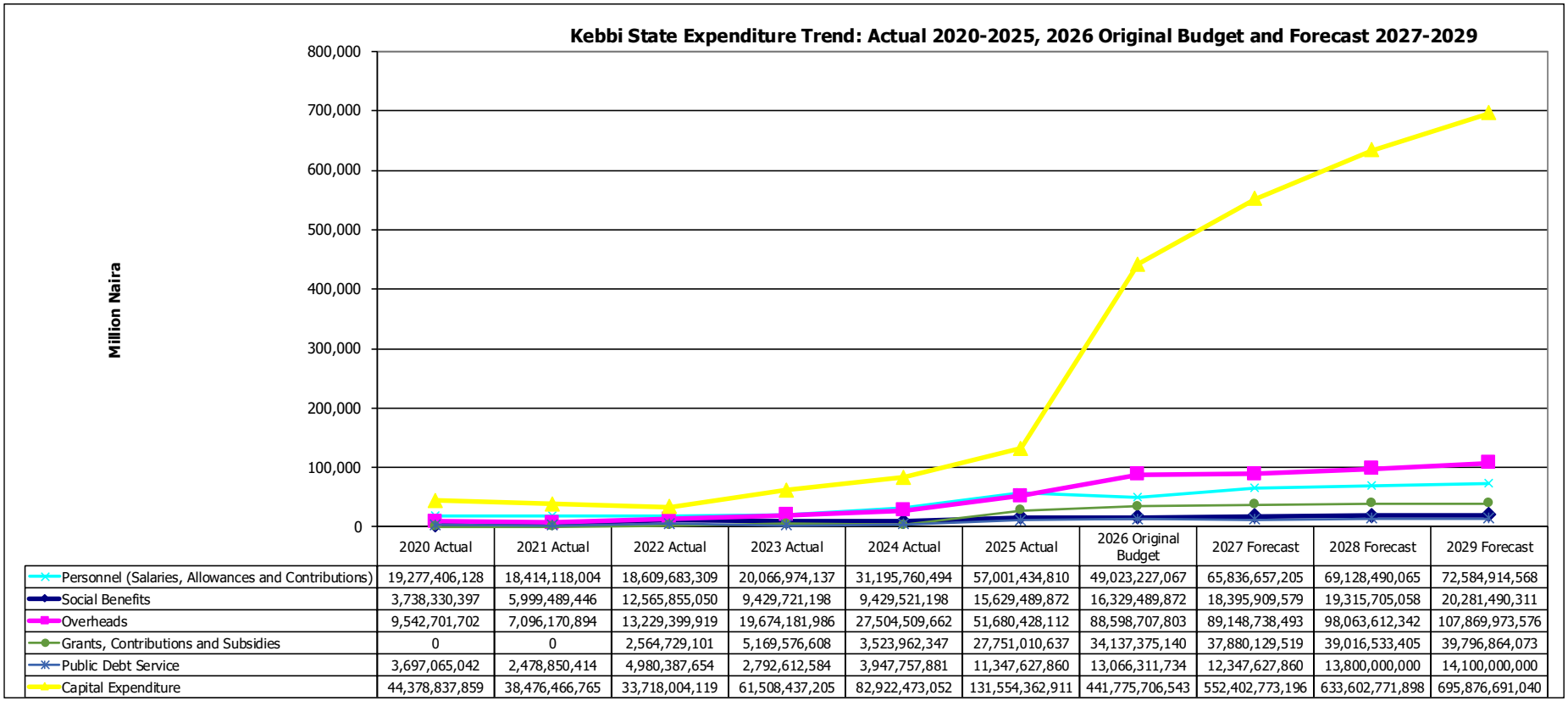
144. Based on the above, plus actual figures for 2020-202*5* (using the same basis but with slight changes for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below.

Figure 22: Kebbi State Revenue Trend



	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Original Budget	2027 Forecast	2028 Forecast	2029 Forecast
Stat.Allocation	35,791,472,879	33,773,825,332	34,013,815,631	26,957,952,422	15,927,134,055	81,893,282,337	138,670,605,648	205,023,563,921	238,890,361,514	274,432,593,361
VAT	14,522,931,240	20,216,067,883	24,435,834,471	33,900,796,694	64,949,680,282	83,426,578,307	149,409,172,425	143,953,374,556	175,854,407,284	210,940,906,086
Total IGR	7,976,260,800	13,438,756,592	8,428,980,801	11,737,075,709	14,775,724,870	23,622,565,999	32,303,073,684	28,583,304,859	31,441,635,345	34,585,798,879
Other Federation Account Receipts	4,331,824,940	1,806,818,436	3,823,350,052	13,486,020,070	38,434,441,330	11,304,390,786	18,123,734,434	44,979,909,539	64,578,962,312	117,292,504,268
Capital Receipts	8,750,256,694	13,593,849,996	14,928,223,773	45,953,778,611	37,203,257,937	27,751,010,637	298,522,904,979	344,775,634,800	353,233,828,377	301,155,921,274

Figure 23: Kebbi State Expenditure Trend



	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Original Budget	2027 Forecast	2028 Forecast	2029 Forecast
Personnel (Salaries, Allowances and Contributions)	19,277,406,128	18,414,118,004	18,609,683,309	20,066,974,137	31,195,760,494	57,001,434,810	49,023,227,067	65,836,657,205	69,128,490,065	72,584,914,568
Social Benefits	3,738,330,397	5,999,489,446	12,565,855,050	9,429,721,198	9,429,521,198	15,629,489,872	16,329,489,872	18,395,909,579	19,315,705,058	20,281,490,311
Overheads	9,542,701,702	7,096,170,894	13,229,399,919	19,674,181,986	27,504,509,662	51,680,428,112	88,598,707,803	89,148,738,493	98,063,612,342	107,869,973,576
Grants, Contributions and Subsidies	0	0	2,564,729,101	5,169,576,608	3,523,962,347	27,751,010,637	34,137,375,140	37,880,129,519	39,016,533,405	39,796,864,073
Public Debt Service	3,697,065,042	2,478,850,414	4,980,387,654	2,792,612,584	3,947,757,881	11,347,627,860	13,066,311,734	12,347,627,860	13,800,000,000	14,100,000,000
Capital Expenditure	44,378,837,859	38,476,466,765	33,718,004,119	61,508,437,205	82,922,473,052	131,554,362,911	441,775,706,543	552,402,773,196	633,602,771,898	695,876,691,040

3.D Local Government Estimates

145. Based on the Macroeconomic assumptions in section3.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 2026-2028 as follows. These estimates are expected to guide the preparation of the LGA budget more realistically:

Table 8 Local Government FAAC and State IGR Share Estimates 2026-2028

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2027				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
ALIERU	0.0952%	0.0794%	3.573%	5,556,285,064	3,755,223,195	1,401,135,270	102,119,536	**10,814,763,065**
AREWA	0.1556%	0.1047%	5.838%	9,078,749,769	4,952,067,030	2,289,399,547	166,859,278	**16,487,075,624**
ARGUNGU	0.1311%	0.1071%	4.917%	7,646,956,071	5,068,185,933	1,928,342,361	140,544,194	**14,784,028,559**
AUGIE	0.1082%	0.0904%	4.060%	6,313,850,034	4,275,436,690	1,592,171,365	116,042,900	**12,297,500,988**
BAGUDO	0.1441%	0.1162%	5.407%	8,408,817,457	5,497,351,421	2,120,461,888	154,546,523	**16,181,177,288**
BIRNIN -KEBBI	0.1764%	0.1228%	6.615%	10,287,679,488	5,807,599,961	2,594,256,848	189,078,321	**18,878,614,618**
BUNZA	0.1201%	0.0913%	4.507%	7,008,711,343	4,317,752,064	1,767,395,399	128,813,828	**13,222,672,634**
DANDI KAMBA	0.1276%	0.0962%	4.788%	7,445,737,897	4,549,016,636	1,877,600,926	136,845,984	**14,009,201,443**
DANKO /WASAGU	0.1586%	0.1221%	5.948%	9,249,943,727	5,774,986,507	2,332,569,739	170,005,669	**17,527,505,641**
FAKAI	0.1104%	0.0912%	4.141%	6,440,803,918	4,315,227,740	1,624,185,482	118,376,199	**12,498,593,339**
GWANDU	0.1166%	0.0976%	4.374%	6,803,169,890	4,617,406,554	1,715,563,757	125,036,161	**13,261,176,362**
JEGA	0.1287%	0.1067%	4.826%	7,505,375,149	5,046,572,042	1,892,639,725	137,942,063	**14,582,528,980**
KALGO	0.1071%	0.0836%	4.016%	6,246,111,537	3,952,201,567	1,575,089,664	114,797,928	**11,888,200,696**
KOKO/BESSE	0.1229%	0.0984%	4.609%	7,167,821,191	4,653,760,874	1,807,518,327	131,738,124	**13,760,838,516**
MAIYAMA	0.1421%	0.1029%	5.332%	8,292,490,412	4,867,476,832	2,091,127,554	152,408,536	**15,403,503,334**
NGASKI	0.1139%	0.0920%	4.272%	6,643,891,823	4,351,257,649	1,675,398,411	122,108,773	**12,792,656,656**
SAKABA	0.1122%	0.0845%	4.210%	6,547,348,206	3,998,166,567	1,651,052,887	120,334,387	**12,316,902,048**
SHANGA	0.1165%	0.0925%	4.369%	6,794,506,000	4,375,385,726	1,713,378,974	124,876,926	**13,008,147,626**
SURU	0.1409%	0.0974%	5.286%	8,220,443,299	4,609,407,792	2,072,959,344	151,084,375	**15,053,894,810**
YAURI	0.1083%	0.0866%	4.062%	6,316,842,362	4,097,922,984	1,592,925,944	116,097,897	**12,123,789,186**
ZURU	0.1293%	0.1007%	4.852%	7,545,138,888	4,764,689,199	1,902,666,996	138,672,885	**14,351,167,969**
				-	-	-	-	-
				-	-	-	-	-
Total	**3%**	**2%**	**100%**	**155,520,673,526**	**97,647,094,963**	**39,217,840,409**	**2,858,330,486**	**295,243,939,383**

3.E Fiscal Risks

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

3.E.1 Table 9: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Global Oil Price Volatility	High	High	Global oil markets remain structurally volatile, with continued OPEC+ supply management, elevated non-OPEC output, and softening demand growth from major economies weighing on prices. The State has adopted a conservative benchmark oil price of $60 per barrel, well below prevailing market levels, to insulate the budget from downside shocks while allowing for an upside surplus should prices hold above this floor. Given the continued reliance of Statutory Allocation on oil-linked FAAC receipts, the administration will maintain its focus on revenue diversification, deepening IGR collection, VAT compliance, and non-oil tax enforcement, to progressively reduce the budget's sensitivity to global oil price movements.
National Revenue-Sharing Formula and Fiscal Federalism Reform Risk	Medium	Medium	The VAT derivation-weighted sharing formula introduced under Nigeria's 2025 Tax Reform Acts took effect in January 2026, and its full-year impact on Kebbi State's VAT receipts is still emerging. More broadly, the vertical and horizontal revenue allocation formula governing Statutory Allocation remains subject to periodic review by the Revenue Mobilisation, Allocation and Fiscal Commission, and any future national population census could alter the population-weighted component of the formula.

Risk	Likelihood	Impact	Reaction
			The State will continue to monitor these developments closely, adjust its medium-term revenue assumptions as clarity emerges, and strengthen its own VAT and IGR collection to reduce dependence on the outcome of formula reviews it does not control.
Inflation and Exchange Rate Instability	High	High	Nigeria's managed-float exchange rate regime and elevated inflation environment continue to expose the budget to erosion in the real value of allocations, particularly for capital projects and imported inputs, as well as volatility in naira-denominated FAAC receipts. The State will continue to review budget assumptions quarterly and will draw on the Planning and/or Contingency Reserves to manage in-year adjustments arising from inflation or exchange rate shocks.
Rising Personnel Cost and Wage Bill Pressure	Medium	Medium	Following the implementation of the national minimum wage and recent recruitment drives in education and health, the wage bill has grown substantially and is projected to continue rising, albeit at a more moderate pace, through the medium term. Further wage reviews, allowances, or union-driven cost-of-living adjustments in response to persistent inflation could place additional pressure on recurrent expenditure. The State will continue to pursue efficiencies in personnel administration, including payroll audits and biometric verification, to ensure wage bill growth remains sustainable relative to available revenue.
Pressure and Risks Associated with Debt Financing	Low	Medium	Kebbi State's public debt remains modest relative to its revenue base and economy, with total public debt equivalent to just 0.47% of State GDP and 16.44% of total recurrent revenue as at December 2025, both well within sustainability thresholds. However, as the State's entire public debt stock is currently external, it remains exposed to naira depreciation, which could raise the naira cost of debt service even without new borrowing. The State will continue to prioritize concessional and development-partner financing, reprofile existing external debt where beneficial, and observe internal debt ceilings to preserve fiscal space as it considers additional borrowing to close its infrastructure financing gap.
Institutional and Financial Management Risk	Medium	High	Weaknesses in compliance with public financial management and procurement frameworks could result in inefficient or non-transparent use of financial resources. The State will continue to strengthen adherence to existing and emerging institutional and regulatory frameworks, expand the use of Treasury Single Account and e-payment controls, and invest in continuous training of Finance staff across MDAs as compliance specialists, to curtail misappropriation and reinforce accountability.
Security Risk (Banditry and Communal Conflict)	High	High	Kebbi State, like much of North-West Nigeria, remains exposed to banditry tensions, which can disrupt agricultural activity, displace communities, and divert resources toward security spending.

Risk	Likelihood	Impact	Reaction
			The State will continue to work with security agencies and leverage local and traditional governance structures to prevent and de-escalate conflict, while maintaining budgetary flexibility to respond to emerging security needs.
Climate Change and Natural Disaster Risk	High	Medium	Increasing exposure to flooding along the State's river systems during the rainy season, alongside desertification pressure on agricultural livelihoods in its northern reaches, poses a recurring risk to both public infrastructure and revenue-generating economic activity. The Government has established a dedicated Climate Response Reserve, funded from recurrent revenue, to enable a rapid fiscal response when climate-related shocks occur, alongside broader climate risk prevention and mitigation measures to be deployed during the fiscal year.
2027 General Elections	High	Medium	Nigeria's next general elections are scheduled for 2027, falling within the current medium-term expenditure framework period. Election cycles in Nigeria have historically been associated with heightened security spending, a slowdown in capital project execution and administrative decision-making as political transition approaches, and pressure for populist or patronage-driven expenditure that can strain fiscal discipline in the run-up to the polls. The State will safeguard the continuity of ongoing capital projects and public financial management reforms through the electoral transition, maintain adequate provision for election-related security needs within existing security and contingency planning, and uphold budget discipline against pre-election spending pressures, to ensure service delivery and MTEF implementation are not disrupted regardless of the electoral outcome.

4 Budget Policy Statement

4.A Budget Policy Thrust

147. The overall policy objectives are captured by the following points:

The 2027–2029 Medium-Term Expenditure Framework for Kebbi State is anchored on a deliberate shift from incremental, historically-driven budgeting toward a **strategically prioritized fiscal framework** that channels the State's limited resources toward the sectors with the greatest impact on economic productivity and human welfare. Against a backdrop of national fiscal reforms, a modestly appreciating naira, and a growing but still constrained federation revenue envelope, Kebbi State's budget policy for the period is guided by three interlocking priorities:

Growing the real economy - through sustained and increased investment in Agriculture and Infrastructure, sectors in which Kebbi holds a comparative advantage and where returns on public investment translate directly into household incomes, food security, and internally generated revenue growth. Consolidating Kebbi's position as one of Nigeria's leading rice- and grain-producing states, through expanded investment in irrigation infrastructure, extension services, input support, and value-chain development (storage, processing, and market access) rather than input subsidy alone.

Investing in climate-resilient agricultural practices and flood-control infrastructure along the Niger and Rima river systems, given the State's recurrent exposure to seasonal flooding that threatens farmland, livelihoods, and food security.
Supporting agro-processing and off-farm employment to retain more value within the State economy and reduce post-harvest losses.

Infrastructure - Prioritising rural road infrastructure that connects agricultural production zones to markets, reducing the cost of moving goods and strengthening the State's revenue base. Investing in rural electrification and access to power as an enabler of agro-processing, small business growth, and service delivery in health and education facilities.

Ensuring capital infrastructure projects are appraised against clear economic and social return criteria, are fully costed with realistic implementation timelines, and are not carried forward indefinitely as uncompleted legacy projects, in line with the capital budget discipline.

Protecting and building human capital - through focused, ring-fenced social spending on Primary Health Care, Basic Education, and Water, Sanitation and Hygiene (WASH), recognizing that economic growth without human development gains is neither sustainable nor equitable.

Recognising that Kebbi State continues to face significant human development deficits relative to national averages, including gaps in maternal and child health outcomes, out-of-school children numbers, and access to safe water and sanitation, the Government commits to protected, non-discretionary funding floors for the following priority social sectors over the MTEF period:

Health - Primary Health Care (PHC)

Sustaining and increasing budgetary provision for the revitalisation and equipping of PHC facilities across all Local Government Areas, with a focus on functional facilities offering the Minimum Standard Package of Health Services, not merely physical infrastructure.

Ensuring adequate, ring-fenced counterpart funding for the Basic Health Care Provision Fund (BHCPF) and State Health Insurance Scheme contributions, in line with the National Health Insurance Authority Act 2022. Prioritising maternal, newborn, and child health interventions, immunisation coverage, and nutrition programmes as measurable, trackable outcomes within the health budget.

Education - including Basic Education

Increasing capital and recurrent provision for Basic Education (Primary and Junior Secondary), with correct application of function codes to ensure the State can accurately track and report Basic Education spending in line with HOPE-GOV and other development partner requirements.

Targeted investment in reducing Kebbi's out-of-school children population, including support for girl-child education, given persistent gender disparities in school enrolment and completion across the State.

Continued investment in teacher recruitment, training, and retention, and in the rehabilitation of dilapidated classroom infrastructure.

WASH - Scaling up investment in rural and peri-urban water supply schemes and sanitation facilities, in support of the State's commitment to ending open defecation and improving access to safe drinking water.

Ensuring WASH investment in health facilities and schools is budgeted and delivered as an integral part of, not an afterthought to, health and education capital projects.

Protecting the most vulnerable (Social Protection and Child Safety) - through deliberate budgetary provision for social protection, child safety and welfare, and other cross-cutting developmental gaps that market-driven growth alone will not resolve.

The Government recognises that growth and improved service delivery, on their own, do not reach the most vulnerable members of society without deliberate, targeted intervention. The 2027–2029 budget policy thrust therefore includes explicit provision for:

Social protection programmes, including support for cash transfer schemes, targeted at the most vulnerable households, in coordination with the National Social Investment Programme and other federal/state safety-net initiatives.

Child safety and protection, including budgetary support for the State's child protection systems, response to child labour and out-of-school children, and services for children in vulnerable circumstances, in line with the Child Rights Act.

Gender-responsive budgeting, ensuring that budget allocations explicitly consider and address the differentiated needs of women, girls, and marginalised groups across health, education, and economic empowerment programmes.

Nutrition and food security interventions for vulnerable households, particularly children under five and pregnant/lactating women, recognising the strong linkage between food security, agricultural productivity, and human capital outcomes.

148. **Delivering on the Thrust within a Constrained Envelope**

Kebbi State's budget policy thrust will be implemented within a realistic, prudently forecast revenue envelope rather than an aspirational one. Sector ceilings for Agriculture, Infrastructure, Health, Education, and WASH will be set with reference to this policy thrust, and MDAs within these sectors will be required to demonstrate that their budget proposals directly advance the priorities set out above. Where fiscal space is constrained, the Government will protect these priority sectors ahead of lower-priority recurrent and administrative spending, in line with the credible budgeting principles set out in Sections of this MTEF.

This budget policy thrust is not a wish-list; it is a statement of where the State Government will hold itself accountable for measurable delivery, and it will directly inform sector ceilings, MDA budget calls, and the prioritisation criteria applied to new capital projects over the MTEF period.

4.B Sector/Main Organization Allocations (Fiscal year 2027)

149. The total forecast budget size for the 2027 fiscal year, as explained in Section 3.C above, is **₦786,422,366,857,** of which the sum of **₦223,609,062,656** will be for recurrent expenditure (i.e., Personnel, Social Benefits, Overheads, Grants, Contributions and Subsidies, and Public Debt Service). **₦543,569,838,555** will be for capital expenditure, funded in part by a transfer from the recurrent account to the Capital Account of **₦218,037,669,402**, alongside capital receipts and financing. A contingency reserve of **₦19,243,465,647 has** been provided, to be allocated during the budget year following approval by the State House of Assembly (SHoA). A planning reserve provision of **₦8,832,934,641** has also been made, to be allocated to sectors at the bilateral discussion stage to fund critical expenditure items not envisaged at the stage of issuing the Budget Call Circular. Climate Response Reserve of **₦8,832,934,641** has also been introduced for 2027, reflecting the Government's commitment to building dedicated fiscal space for climate change adaptation and mitigation, and will similarly be allocated during the budget year at the bilateral discussion stage.

150. The capital component of the budget is derived from discretionary and non-discretionary funds. A discretionary fund of **₦312,071,755,290** will be distributed to all MDAs, while a non-discretionary capital fund of **₦213,832,213,983** is specifically earmarked for special projects, sourced 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 Table 9, Table 10 and Table 11.

Table 9Table 9: Indicative Sector Expenditure Ceilings 2027-2029 – Personnel (Salaries and Allowances)

Kebbi State Personnel (Salaries, Allowances and Social Contributions) Expenditure by Sector							
No.	**Sector**	**% 2027**	**2027 Allocation**	**% 2028**	**2028 Allocation**	**% 2029**	**2029 Allocation**
1	**Governor's Office**	1.56%	1,024,955,027	1.01%	695,853,189	1.01%	730,645,849
2	**Office of the Secretary to the State Government**	1.95%	1,281,729,403	2.35%	1,624,481,447	2.35%	1,705,705,520
3	**State Assembly**	1.77%	1,166,873,007	1.85%	1,282,260,609	1.85%	1,346,373,639
4	**Ministry of Information and Culture**	1.11%	731,126,322	1.46%	1,011,692,158	1.46%	1,062,276,766
5	**Office of the Head of State Civil Service**	1.07%	703,547,352	1.02%	705,379,304	1.02%	740,648,269
6	**Ministry of Special Duties**	0.02%	16,295,967	0.02%	12,328,081	0.02%	12,944,485
7	**Office of the State Auditor General**	0.37%	242,809,179	0.45%	309,575,165	0.45%	325,053,923
8	**Civil Service Commission (CSC)**	0.09%	58,420,059	0.12%	85,762,730	0.12%	90,050,867
9	**Kebbi State Independent Electoral Commission**	0.11%	73,166,394	0.12%	82,804,706	0.12%	86,944,941
10	**Local Government Service Commission**	0.09%	60,676,927	0.11%	74,806,832	0.11%	78,547,174
11	**Ministry of Agriculture and Food Security**	1.96%	1,290,754,368	2.53%	1,749,900,022	2.53%	1,837,395,023
12	**Ministry of Livestock Development and Fisheries**	2.84%	1,870,188,271	3.49%	2,412,927,969	3.49%	2,533,574,367
13	**Ministry of Finance**	18.84%	12,404,704,566	7.37%	5,095,715,327	7.37%	5,350,501,094
14	**Ministry of Commerce and Industry**	0.77%	510,126,273	0.62%	431,970,250	0.62%	453,568,762
15	**Ministry of Information Communication and Technology (**	0.00%	0	0.00%	0	0.00%	0
16	**Ministry of Works and Transport**	3.34%	2,199,382,398	1.52%	1,048,911,803	1.52%	1,101,357,393
17	**Ministry of Budget & Economic Planning**	0.22%	143,267,527	0.18%	124,121,425	0.18%	130,327,497
18	**Fiscal Responsibility Commission**	0.05%	32,233,750	0.06%	38,968,689	0.06%	40,917,123
19	**Ministry of Water Resources and Rural Development**	0.82%	542,746,557	1.05%	729,184,913	1.05%	765,644,159
20	**Ministry of Lands and Housing**	0.48%	314,626,605	0.72%	495,957,958	0.72%	520,755,856
21	**Judiciary**	4.09%	2,691,264,101	5.34%	3,693,893,814	5.34%	3,878,588,505
22	**Ministry of Justice**	0.27%	176,667,126	0.34%	235,407,838	0.34%	247,178,230
23	**Ministry of Youths & Sports**	0.21%	138,296,310	0.27%	183,399,837	0.27%	192,569,829
24	**Ministry of Women Affairs**	0.24%	159,894,297	0.27%	189,866,688	0.27%	199,360,022
25	**Ministry for Basic and Secondary Education**	19.88%	13,086,167,446	23.77%	16,429,351,497	23.77%	17,250,819,072
26	**Ministry for Higher Education**	11.76%	7,744,878,256	15.04%	10,394,914,305	15.04%	10,914,660,020
27	**Ministry of Health**	23.74%	15,629,513,672	26.68%	18,443,546,682	26.68%	19,365,724,016
28	**Ministry of Environment**	0.58%	382,822,209	0.71%	488,743,621	0.71%	513,180,802
29	**Ministry of Local Government and Chieftaincy Affairs**	0.18%	120,427,814	0.23%	160,306,427	0.23%	168,321,748
30	**Ministry of Solid Minerals Development and Mining**	0.00%	0	0.00%	0	0.00%	0
31	**Ministry of Physical Planning and Urban Development**	0.59%	389,080,672	0.43%	294,449,718	0.43%	309,172,204
32	**Ministry of Rural and Community Development**	0.06%	39,545,144	0.07%	51,515,193	0.07%	54,090,953
33	**Ministry of Humanitarian Affairs and Empowerment**	0.00%	0	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 security**	0.10%	67,160,337	0.00%	0	0.00%	0
36	**Ministry for Religious affairs**	0.02%	14,961,319	0.03%	21,401,626	0.03%	22,471,707
37	**Ministry of Establishment, Training and Pension**	0.67%	438,479,896	0.67%	466,364,185	0.67%	489,682,394
38	**Ministry of Transport and Renewable Energy**	0.14%	89,868,654	0.09%	62,726,058	0.09%	65,862,361
39	**0**	0.00%	0	0.00%	0	0.00%	0
	Total	**100.00%**	**65,836,657,205**	**100.00%**	**69,128,490,065**	**100.00%**	**72,584,914,568**

Table 10: Indicative Sector Expenditure Ceilings 2027-2029 – Overhead (Account Class 2202)

Kebbi State Overhead Expenditure by Sector							
No.	**Sector**	**% 2027**	**2027 Allocation**	**% 2028**	**2028 Allocation**	**% 2029**	**2029 Allocation**
1	Governor's Office	19.55%	17,427,650,675	26.46%	25,950,229,512	26.46%	28,545,252,463
2	Office of the Secretary to the State Government	16.23%	14,472,706,336	10.57%	10,362,272,305	10.57%	11,398,499,535
3	State Assembly	10.95%	9,758,977,229	13.91%	13,641,438,983	13.91%	15,005,582,881
4	Ministry of Information and Culture	0.58%	515,599,282	0.32%	314,666,771	0.32%	346,133,448
5	Office of the Head of State Civil Service	0.68%	602,165,819	0.60%	592,876,193	0.60%	652,163,812
6	Ministry of Special Duties	0.88%	781,532,700	0.30%	293,194,601	0.30%	322,514,061
7	Office of the State Auditor General	0.33%	293,357,387	0.30%	293,327,410	0.30%	322,660,151
8	Civil Service Commission (CSC)	0.12%	105,456,422	0.16%	159,793,038	0.16%	175,772,342
9	Kebbi State Independent Electoral Commission	0.04%	33,656,754	0.05%	52,216,779	0.05%	57,438,457
10	Local Government Service Commission	0.06%	55,860,328	0.09%	88,751,512	0.09%	97,626,663
11	Ministry of Agriculture and Food Security	0.52%	464,818,608	0.29%	283,813,512	0.29%	312,194,864
12	Ministry of Livestock Development and Fisheries	0.37%	328,275,437	0.17%	169,810,255	0.17%	186,791,281
13	Ministry of Finance	6.35%	5,659,101,885	8.64%	8,471,673,338	8.64%	9,318,840,671
14	Ministry of Commerce and Industry	0.98%	876,912,479	0.89%	875,196,389	0.89%	962,716,028
15	Ministry of Information Communication and Technology (ICT)		0	0.01%	6,380,518	0.01%	7,018,569
16	Ministry of Works and Transport	1.93%	1,722,478,779	0.61%	599,255,430	0.61%	659,180,973
17	Ministry of Budget & Economic Planning	2.56%	2,283,374,802	1.31%	1,289,285,052	1.31%	1,418,213,558
18	Fiscal Responsibility Commission	0.02%	14,936,017	0.02%	24,496,949	0.02%	26,946,644
19	Ministry of Water Resources and Rural Development	1.62%	1,441,232,419	1.66%	1,625,174,584	1.66%	1,787,692,042
20	Ministry of Lands and Housing	0.15%	136,923,757	0.19%	189,237,808	0.19%	208,161,589
21	Judiciary	2.65%	2,366,067,679	3.44%	3,372,013,129	3.44%	3,709,214,442
22	Ministry of Justice	8.45%	7,529,412,343	7.58%	7,435,667,974	7.58%	8,179,234,772
23	Ministry of Youths & Sports	0.94%	840,693,888	1.17%	1,151,695,505	1.17%	1,266,865,055
24	Ministry of Women Affairs	1.40%	1,243,823,263	0.27%	263,600,731	0.27%	289,960,804
25	Ministry for Basic and Secondary Education	8.85%	7,893,930,979	10.85%	10,643,949,771	10.85%	11,708,344,749
26	Ministry for Higher Education	2.70%	2,409,501,436	2.34%	2,299,568,397	2.34%	2,529,525,236
27	Ministry of Health	3.89%	3,467,684,601	4.68%	4,587,528,700	4.68%	5,046,281,570
28	Ministry of Environment	0.20%	179,763,580	0.19%	184,127,638	0.19%	202,540,402
29	Ministry of Local Government and Chieftaincy Affairs	0.19%	168,692,113	0.23%	223,995,060	0.23%	246,394,565
30	Ministry of Solid Minerals Development and Mining	0.32%	288,448,515	0.08%	75,275,718	0.08%	82,803,289
31	Ministry of Physical Planning and Urban Development	1.43%	1,273,723,388	0.74%	728,425,161	0.74%	801,267,678
32	Ministry of Rural and Community Development	0.10%	89,976,328	0.08%	83,173,244	0.08%	91,490,568
33	Ministry of Humanitarian Affairs and Empowerment	2.16%	1,921,928,194	0.17%	165,757,209	0.17%	182,332,930
34	Ministry of Digital Economy	0.38%	336,187,560	0.13%	126,352,618	0.13%	138,987,880
35	Ministry of Home affairs and Internal security	0.28%	247,303,474	0.27%	267,809,618	0.27%	294,590,580
36	Ministry for Religious affairs	1.00%	887,456,669	0.62%	603,834,946	0.62%	664,218,441
37	Ministry of Establishment, Training and Pension	0.66%	587,709,058	0.29%	285,131,717	0.29%	313,644,889
38	Ministry of Transport and Renewable Energy	0.50%	441,418,314	0.29%	282,614,268	0.29%	310,875,694
39	0		0	0.00%	0	0.00%	0
	Total	**100.00%**	**89,148,738,493**	**100.00%**	**98,063,612,342**	**100.00%**	**107,869,973,576**

Table 11: Indicative Sector Expenditure Ceilings 2027-2029 – Capital

Kebbi State Capital Expenditure by Sector		Discretionary Funds						Non-Discretionary Funds			Total Capital Envelope	
No.	Sector	% 2027	2027 Allocation	% 2028	2028 Allocation	% 2029	2029 Allocation	2027 Allocation	2028 Allocation	2029 Allocation	% 2027	2027 Allocation
1	Governor's Office	0.00%	0	0.77%	3,036,018,327	0.77%	3,788,275,004	0	0	0	0.0%	0
2	Office of the Secretary to the State Government	9.63%	30,062,681,866	11.42%	44,900,577,143	11.42%	56,025,924,663	0	0	0	5.7%	30,062,681,866
3	State Assembly	0.48%	1,486,169,943	0.93%	3,644,030,482	0.93%	4,546,938,821	0	0	0	0.3%	1,486,169,943
4	Ministry of Information and Culture	0.34%	1,046,985,232	0.26%	1,022,202,704	0.26%	1,275,481,415	0	0	0	0.2%	1,046,985,232
5	Office of the Head of State Civil Service	1.56%	4,859,742,433	2.42%	9,513,998,686	2.42%	11,871,352,387	0	0	0	0.9%	4,859,742,433
6	Ministry of Special Duties	1.14%	3,563,752,940	1.07%	4,201,228,060	1.07%	5,242,197,356	0	0	0	0.7%	3,563,752,940
7	Office of the State Auditor General	0.06%	182,730,407	0.08%	302,520,333	0.08%	377,478,029	0	0	0	0.0%	182,730,407
8	Civil Service Commission (CSC)	0.02%	66,057,812	0.02%	87,843,161	0.02%	109,608,709	0	0	0	0.0%	66,057,812
9	Kebbi State Independent Electoral Commission	0.00%	0	0.00%	0	0.00%	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
11	Ministry of Agriculture	17.33%	54,078,760,039	15.11%	59,426,977,560	15.11%	74,151,638,566	87,796,201,040	98,375,000,000	94,375,000,000	27.0%	141,874,961,079
12	Ministry of Animal Health Husbandry and Fisheries	3.02%	9,436,374,326	2.31%	9,095,125,126	2.31%	11,348,691,431	0	0	0	1.8%	9,436,374,326
13	Ministry of Finance	1.70%	5,311,891,723	2.52%	9,907,813,910	2.52%	12,362,746,116	0	0	0	1.0%	5,311,891,723
14	Ministry of Commerce and Industry	0.72%	2,234,146,674	1.03%	4,046,570,500	1.03%	5,049,219,150	0	0	0	0.4%	2,234,146,674
15	Ministry of Information Communication and Technology (IC	0.00%	0	0.48%	1,904,011,044	0.48%	2,375,781,918	0	0	0	0.0%	0
16	Ministry of Works	17.46%	54,502,310,090	16.72%	65,749,428,809	16.72%	82,040,650,242	0	0	0	10.4%	54,502,310,090
17	Ministry of Budget & Economic Planning	5.02%	15,681,038,958	4.20%	16,519,308,148	4.20%	20,612,419,097	1,056,123,862	1,584,185,793	2,376,278,690	3.2%	16,737,162,820
18	Fiscal Responsibility Commission	0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0
19	Ministry of Water Resources and Rural Development	3.56%	11,094,526,659	2.77%	10,881,477,939	2.77%	13,577,662,071	37,000,000,000	38,000,000,000	40,000,000,000	9.1%	48,094,526,659
20	Ministry of Lands and Housing	3.66%	11,430,372,503	5.24%	20,608,622,861	5.24%	25,714,973,510	7,528,242,313	8,000,000,000	7,000,000,000	3.6%	18,958,614,816
21	Judiciary	0.97%	3,014,515,411	1.02%	4,003,527,335	1.02%	4,995,510,863	0	0	0	0.6%	3,014,515,411
22	Ministry of Justice	1.17%	3,664,383,587	1.00%	3,929,583,059	1.00%	4,903,244,867	0	0	0	0.7%	3,664,383,587
23	Ministry of Youths & Sports	1.18%	3,692,961,373	0.90%	3,535,539,190	0.90%	4,411,565,839	0	0	0	0.7%	3,692,961,373
24	Ministry of Women Affairs and Social Development	1.44%	4,479,118,703	1.64%	6,457,382,611	1.64%	8,057,375,978	8,000,000,000	8,000,000,000	0	2.4%	12,479,118,703
25	Ministry for Basic and Secondary Education	8.52%	26,580,493,100	9.98%	39,240,760,020	9.98%	48,963,732,862	11,104,642,584	3,654,642,584	3,654,642,584	7.2%	37,685,135,685
26	Ministry for Higher Education	2.41%	7,511,628,428	3.22%	12,667,503,884	3.22%	15,806,224,851	7,000,000,000	7,900,000,000	8,300,000,000	2.8%	14,511,628,428
27	Ministry of Health	7.28%	22,714,874,465	6.07%	23,848,713,601	6.07%	29,757,885,456	17,227,004,183	5,756,579,183	4,856,579,183	7.6%	39,941,878,648
28	Ministry of Environment	2.49%	7,780,018,289	3.25%	12,761,516,958	3.25%	15,923,532,239	30,620,000,000	31,620,000,000	0	7.3%	38,400,018,289
29	Ministry of Local Government and Chieftaincy Affairs	0.07%	214,926,837	0.21%	823,331,451	0.21%	1,027,334,364	0	0	0	0.0%	214,926,837
30	Ministry of solid Minerals Development and Mining	0.31%	955,920,525	0.22%	876,996,375	0.22%	1,094,296,242	0	0	0	0.2%	955,920,525
31	Ministry of Physical planning and Urban Development	1.99%	6,213,543,777	1.60%	6,302,003,881	1.60%	7,863,497,913	0	0	0	1.2%	6,213,543,777
32	Ministry of rural and Community Development	1.63%	5,079,852,863	0.96%	3,775,994,595	0.96%	4,711,600,656	6,200,000,000	5,300,000,000	4,700,000,000	2.1%	11,279,852,863
33	Ministry of Humanitarian Affairs and Empowerment	0.99%	3,094,822,619	0.89%	3,484,245,632	0.89%	4,347,562,898	300,000,000	350,000,000	380,000,000	0.6%	3,394,822,619
34	Ministry of Digital Economy	0.52%	1,615,417,350	0.63%	2,459,394,029	0.63%	3,068,776,246	0	0	0	0.3%	1,615,417,350
35	Ministry of Home affairs and Internal security	1.57%	4,884,764,992	0.10%	404,993,487	0.10%	505,341,714	0	0	0	0.9%	4,884,764,992
36	Ministry for Religious affairs	0.70%	2,180,757,736	0.39%	1,540,266,021	0.39%	1,921,909,105	0	0	0	0.4%	2,180,757,736
37	Ministry of Establishment, Training and Pension	0.29%	916,719,436	0.20%	788,742,054	0.20%	984,174,497	0	0	0	0.2%	916,719,436
38	Ministry of Transport and Renewable Energy	0.95%	2,961,513,277	0.37%	1,446,798,624	0.37%	1,805,282,601	0	0	0	0.6%	2,961,513,277
39	0	0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0
	Total	100.17%	312,071,755,290	100.00%	393,195,047,600	100.00%	490,619,887,676	213,832,213,983	208,540,407,560	165,642,500,457	100.00%	526,425,988,357

4.C Considerations for the Annual Budget Process

152. The budget call circular will include the following instructions to MDAs for the annual budget submissions:

- Only prioritised projects contained in the sectors' Medium-Term Sector Strategy (MTSS) should be included in the MDA's capital budget proposal;
- Budget submissions for capital projects must include bill of quantities (where applicable), full life-time capital investment requirements (costs), and also sources of funding, particularly if grants and/or loans are being used to partially or fully fund the project;
- Revenue and expenditure estimates must be realistic and achievable, reflecting genuine government priorities rather than over-optimistic revenue assumptions or politically motivated expenditure commitments that cannot be funded within the fiscal year;
- Capital project descriptions must be specific and disaggregated by exact Local Government location, and must clearly distinguish between purchase, construction, and rehabilitation of assets; omnibus, State-wide, or vaguely described projects (e.g. “construction of classroom blocks across all Local Government Areas”) will not be accepted and should instead be broken down into separate, location-specific projects;
- Recurrent-type items, such as vehicle registration, logistics, training, and consultancy, must not be presented as capital projects, and capital development items must similarly not be disguised as recurrent overhead;
- All revenue and expenditure items must carry accurate and consistent administrative, economic, function, programme, fund, and location codes, including the specific codes required to correctly identify Basic Education and Primary Health Care expenditure for donor reporting purposes;
- Mandatory statutory obligations, such as NHIS and Group Life Insurance contributions required under the National Health Insurance Authority Act 2022, must be adequately provided for by the relevant MDAs;
- Provision for public debt service must be adequate and disaggregated into principal and interest, based on realistic repayment schedules informed by the State's Debt Sustainability Analysis;
- Capital receipts, including grants, loans, and other capital inflows, must be realistically estimated and properly described by source, nature, and purpose, and must not be included merely to balance the budget;
- In view of the 2027 general elections, MDAs should prioritise the completion of ongoing capital projects within the 2026 fiscal year wherever possible, and clearly identify and cost any unavoidable carry-over into the 2027 ceiling; and
- MDAs should review the revenue and expenditure performance of existing budget lines and entities using recent Budget Implementation Reports, and remove or correct line items and budget entities that are no longer active, revenue-generating, or spending in nature.

5 Summary of Key Points and Recommendations

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

- Sustain the current budget reform programme, particularly the preparation of a realistic, credible budget, strengthening policy-plan-budget linkages through the State's Medium-Term Sector Strategies (MTSS), and securing early passage of the budget, alongside continued effort to finalise MTSS documents for sectors not yet covered and to operationalise the Kebbi State Development Plan (KBSDP);
- Prioritise growth in Internally Generated Revenue (IGR), targeting a minimum of 10% annual growth from 2026 to 2028, through digital reforms, expansion of the tax net, and strategic engagement with private sector activity, particularly solid minerals and agriculture; KEBGIS, the Ministry of Solid Minerals Development, and the Kebbi Investment Promotion Agency (KIPA) are central to this effort. Sustained IGR growth will progressively reduce the State's dependence on FAAC transfers, strengthen budget performance, and create greater flexibility for capital investment;
- Continue to monitor global and national oil market developments to keep the State's $60 per barrel benchmark assumption aligned with the Federal Government's Fiscal Strategy Paper and independent validation from the IMF, World Bank, OPEC, and the US Energy Information Administration; the assumption and Statutory Allocation forecast should be revisited if the Federal benchmark materially diverges;
- Deepen the link between sectoral budgets and the MTSS, prioritise the completion of ongoing capital projects ahead of new commitments, and adopt performance-based budgeting to improve efficiency, supported by institutionalised climate resilience, security reforms, and inclusive service delivery across sectors such as health, education, and agriculture;
- Kebbi State's public debt position is strong, with total debt at just 0.47% of GDP and 16.44% of recurrent revenue as at December 2025, giving the State meaningful headroom for additional, carefully targeted borrowing. However, because the entire existing debt stock is external, the State remains exposed to naira volatility, and should weigh diversifying into domestic borrowing while continuing to prioritise concessional and development-partner financing;
- Close the persistent gap between budgeted and actual capital expenditure, which has fallen short of budget in every year since 2020, by strengthening project appraisal, procurement, and implementation capacity, and by prioritising completion of ongoing projects over new commitments, a discipline made more urgent by the approaching 2027 general elections;
- Manage recurrent expenditure growth, particularly the sharp rise in personnel and overhead costs driven by minimum wage implementation and recruitment, to preserve fiscal space for capital investment, including through payroll audits, biometric verification, and other efficiency measures to keep wage bill growth sustainable;
- The 2027 fiscal year budget is estimated at ₦786.42 billion in total, comprising ₦223.61 billion in recurrent expenditure and ₦543.57 billion in capital expenditure, supported by a Contingency Reserve of ₦19.24 billion, a Planning Reserve of ₦8.83 billion, and a newly introduced Climate Response Reserve of ₦8.83 billion, reflecting the Government's commitment to both fiscal buffers and dedicated climate resilience financing;
- Nine key fiscal risks have been identified for the MTEF period, including global oil price volatility, the evolving VAT derivation and revenue-sharing formula, inflation and exchange rate instability, rising personnel costs, debt financing pressure, institutional and financial management weaknesses, insecurity, climate shocks, and the 2027 general elections, each with a defined likelihood, impact, and mitigation response that should be actively monitored and reviewed throughout implementation;

- The Budget Policy Thrust for 2027-2029 is anchored on three interlocking priorities: growing the real economy through Agriculture and Infrastructure investment; protecting and building human capital through ring-fenced funding for Primary Health Care, Basic Education, and Water, Sanitation and Hygiene (WASH); and protecting the most vulnerable through social protection, child safety, and gender-responsive budgeting, all to be delivered within a realistic, prudently forecast revenue envelope rather than an aspirational one; and
- Strengthen budget process discipline through the annual Budget Call Circular, ensuring realistic revenue and expenditure estimates, precise and disaggregated capital project descriptions, correct economic, function, programme, fund, and location coding, adequate provision for statutory obligations and debt service, and disciplined capital receipt estimation, to improve budget credibility and implementation performance.

Annex 1 Detailed Capital Receipts Table 12 Capital Receipts by Item – 2027-2029

ITEM	2027	2028	2029
Internal Grants			
Federal Grant for Universal Basic (UBE)	3,554,642,584	3,554,642,584	3,554,642,584
Local Government Grant for Social Security Welfare Fund	300,000,000	350,000,000	380,000,000
Federal Government Tertiary Education Trust Fund (TETFUND) grant for College of Education Argungu	2,200,000,000	2,300,000,000	2,400,000,000
Federal Government Tertiary Education Trust Fund (TETFUND) Intervention (KSUSTA)	2,700,000,000	2,800,000,000	2,900,000,000
Federal Government Tertiary Education Trust Fund (TETFUND) Intervention Poly Dakingari)	2,100,000,000	2,800,000,000	3,000,000,000
20% Contribution from LG for Joint Capital Project	25,000,000,000	30,000,000,000	35,000,000,000
BHCPF for National Health Insurance Scheme (NHIS)	700,000,000	750,000,000	750,000,000
Local Government Grants for Primary Healthcare Under One Roof (0.08%)	1,000,000,000	1,200,000,000	1,300,000,000
Sub-Total Recurrent External Grants	1,300,000,000	1,550,000,000	1,680,000,000
Sub-Total Capital External Grants	36,254,642,584	42,204,642,584	47,604,642,584
Sub-Total Internal Grant	**37,554,642,584**	**43,754,642,584**	**49,284,642,584**

External Grants			
UNICEF Aid for General Support to the State	4,806,579,183	3,806,579,183	2,806,579,183
Agricultural Transformation Agenda Support Program Phase-1 (ATASP-1) (AfDB Grants	0	0	0
World Bank Grants for the Implementation of Nigeria for Women Project (NFWP)	8,000,000,000	8,000,000,000	
AFDB (e-HEART Rural Electrification) Project	6,200,000,000	5,300,000,000	4,700,000,000
EIDU Counterpart Fund for Edu-Tech Solution for PE1-PE3	100,000,000	100,000,000	100,000,000
World Bank SURWASH - Sustainable WASH	10,000,000,000	10,000,000,000	10,000,000,000
Sub-Total Recurrent External Grants	4,806,579,183	3,806,579,183	2,806,579,183
Sub-Total Capital External Grants	24,300,000,000	23,400,000,000	14,800,000,000
Sub-Total External Grant	**29,106,579,183**	**27,206,579,183**	**17,606,579,183**

Grant Balancing Item / Blue Sky (Capital)			
Total Recurrent Grants	6,106,579,183	5,356,579,183	4,486,579,183
Total Capital Grants	60,554,642,584	65,604,642,584	62,404,642,584
Total Grants	**66,661,221,767**	**70,961,221,767**	**66,891,221,767**

Internal Loans			
Commercial Bank Loans (Including Infrastructual Loan)	20,000,000,000	30,000,000,000	40,000,000,000
Loan for the construction of houses under the Family Homes Fund Housing (Federal Lo	7,528,242,313	8,000,000,000	7,000,000,000
Total	**27,528,242,313**	**38,000,000,000**	**47,000,000,000**

External Loans			
Rural Access Mobility Project (RAMP) World Bank Loan			
World Bank State Action on Business Enabling Reforms (SABER) Programme (World Bank Loan)	32,000,000,000	35,000,000,000	40,000,000,000
NG CARES 2.0 - Nigeria Community Action for Resilience and Economic Stimulus program	45,050,000,000	30,050,000,000	0
World Bank Loan for the implementation of Agro-Climatic Resilience in Semi-Arid Landscapes (ACREASAL)	30,620,000,000	31,620,000,000	
Special Agro Industrial Processing Zone (SAPZ - AfDB)	31,375,000,000	31,375,000,000	31,375,000,000
World Bank for implementation of Rural Access Road Agency for construction of State Road	16,421,201,040	17,000,000,000	18,000,000,000
World Bank (HOPE) Human Capital Opportunities for Prosperity and Equity Programme (World Bank Loan)	15,000,000,000	25,000,000,000	25,000,000,000
CBN backed loan for Accelerated Agricultural Development Scheme (AADS)			
World Bank Loan for the the implementation of Adolescent Girls Initiative for Learning and Empowerment (AGILE) Program	7,450,000,000		
World Bank Loan for Immunization Plus Malaria Progress by Accelerating Coverage and Transforming Services (IMPACT)	10,720,425,000		
Accelerating Nutrition Result in Nigeria (ANRiN 2.0)	1,056,123,862	1,584,185,793	2,376,278,690
World Bank AGROW - Nigeria Sustainable Agricultural Value-Chains for Growth	20,000,000,000	25,000,000,000	25,000,000,000
World Bank SPIN - Sustainable Power and Irrigation for Nigeria	17,000,000,000	18,000,000,000	20,000,000,000
World Bank L-PRES - Livestock Productivity and Resilience Support Project (L-PRES)	20,000,000,000	25,000,000,000	20,000,000,000
Support from UNIDO - Construction of Dams	10,000,000,000	10,000,000,000	10,000,000,000
Total	**256,692,749,902**	**249,629,185,793**	**191,751,278,690**

Loan Balancing Item / Blue Sky			
Total Loans	**284,220,992,215**	**287,629,185,793**	**238,751,278,690**