BAUCHI STATE GOVERNMENT

DRAFT MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

Economic and Fiscal Update (EFU),

Fiscal Strategy Paper (FSP) and

Budget Policy Statement (BPS)

To Cover Period: 2025 – 2027

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Table of Contents

List of Figures

List of Tables

List of Abbreviations

BRINCS	Brazil, Russia, India, Nigeria, China, South Africa
CBN	Central Bank of Nigeria
CPIA	Country Policy and Institutional Assessment
CRF	Consolidated Revenue Fund
DMD	Debt Management Department
EFU	Economic and Fiscal Update
ExCo	Executive Council
FAAC	Federal Allocation Accounts Committee
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
HRM	Human Resource Management
IGR	Internally Generated Revenue
IMF	International Monetary Fund
MDA	Ministry, Department and Agencies
MINT	Mexico, Indonesia, Nigeria and Turkey
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
NBS	National Bureau of Statistics
NNPC	Nigerian National Petroleum Company
NPC	National Planning Commission
OAG	Office of the Accountant General
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PFM	Public Financial Management
PIB	Petroleum Industry Bill
PITA	Personal Income Tax Act
PMS	Premium Petroleum Spirit
SHoA	State House of Assembly
VAT	Value Added Tax
WEO	World Economic Outlook
BSBIR	Bauchi State Board of Internal Revenue
BSFRC	Bauchi State Fiscal Responsibility Commission
BSPPB	Bauchi State Public Procurement Board
BASG	Bauchi State Government

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Lastly, the effort of the Management, staff of the Directorate of Budget, and all other staff of the Ministry of Budget and Economic Planning deserves special commendation for the commitment and dedication exhibited throughout the development process. We give glory to the Almighty Allah for His blessings and guidance throughout the process.

Hon. Commissioner
Ministry of Budget, Economic Planning & Multi-lateral Coordination,
Bauchi State

FOREWORD

The Bauchi State Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP) 2025 – 2027 sets out three-year spending plans of the Bauchi State Government and aims to ensure that annual budgets derivable reflect the Government's social and economic priorities and give substance to Government's development commitments. The three-year allocations will be the starting point in the chain of processes that will culminate in the annual budget. Ministries, Departments, and Agencies of government will therefore have agreed spending trajectories within which to plan.

The MTEF/FSP 2025-2027 has been prepared taking into consideration key constraints within which the economy operates (withdrawal of subsidy and Forex deregulation). Global growth prospects have weakened significantly amid the war in Ukraine, rising energy, food, and commodity prices, soaring inflation, and tightening monetary policy stances by major central banks. The worsening revenue collection at the federation level is increasing budgetary pressures for the States, and many states are in a precarious fiscal position.

Leveraging on our commitment to Public Finance Management (PFM) reforms and through extensive consultations with relevant stakeholders, rigorous analysis, and supportive fiscal arrangements, we have ensured that successive MTEF&FSP achieve the fiscal objectives through disciplined implementation of budgetary targets.

We have, within the constraints, set to consolidate our achievements through enhanced welfare and reduction of poverty, infrastructure provision, and human capital development with particular emphasis on healthcare delivery and education, water, sanitation, and hygiene through deliberate policies and interventions. The MTEF and FSP, therefore, seek to make public expenditures more efficient and effective, essentially by allowing line ministries greater flexibility in managing their budgets.

The 2025 - 2027 MTEF and FSP will guide Ministries, Departments, and Agencies (MDAs) of the State Government in the formulation of policies and selection of projects and programmes to ensure economic development. The MTEF and FSP will consolidate on our efforts at accelerated investments in critical infrastructures and human capital, diversification of the government revenue base for enhanced social welfare, and sustained improvement in the business environment especially as we wind down into the last lap of the administration's first term. The Government annual budget for the 2025 – 2027 fiscal years, deriving from this MTEF and FSP will define our accomplishments and set out our plans going into the second term of the administration, God willing.

His Excellency,
SEN. Bala Abdulkadir Mohammed CON (Kauran Bauchi)
Executive Governor,
Bauchi State.

Executive Summary

The economic and fiscal estimates presented in the 2025 - 2026 MTEF/FSP incorporate assumptions, narratives, and judgments based on information available at the time of preparation. These estimates are subject to uncertainty. This MTEF/FSP provides the tails of the historical performance of Budget forecasts for the macroeconomic aggregates of real and nominal GDP, as well as for estimates of government revenues & expenditure. The Fiscal Strategy Paper also presents several economic forecasts/projections and key underlying assumptions as well as the Government's medium-term outlook.

The Bauchi State Fiscal Strategy Paper for 2025 is based on the estimated national variables of oil benchmark of $80 per barrel, daily oil production of 1.8000 mbpd and exchange rate of N1,314.94 to 1 US Dollar, inflation rate of 23 %, and Gross Domestic Product (GDP) growth rate of 2.96 %.

The Bauchi State Statutory Allocation was projected to decrease by 34.51%, VAT by 34.77% and Internally Generated Revenue was estimated to increase by 15.49%. Capital Receipt on the other hand was projected to decrease by 7.24% owing to the reduction in loan facilities to finance capital projects.

The Recurrent Expenditure of the State was projected to increase by 0.28% because of the increase in inflation rate and Capital Expenditure will increase slightly due to the Government's effort to complete ongoing projects and initiation of new ones. The ratio of capital expenditure to total recurrent expenditure is estimated at 55:45.

1 Introduction and Background

1.A Introduction

1. The uncertainty in the global economy arising from the Russian-Ukraine conflict and war in the Middle East as well as the sharp tightening of monetary policy to contain high inflation has greatly affected the world economy. The global economy continues to grow at a modest pace, according to the Organisation for Economic Cooperation and Development (OECD) latest Economic Outlook. The Economic Outlook projects steady global GDP growth of 3.1% in 2024, the same as the 3.1% in 2023, followed by a slight pick-up to 3.2% in 2025.
2. Headline inflation in the OECD is projected to gradually ease from 6.9% in 2023 to 5.0% in 2024 and 3.4% in 2025, helped by tight monetary policy and fading goods and energy price pressures. By the end of 2025, inflation is expected to be back on central bank targets in most major economies. GDP growth in the United States is projected to be 2.6% in 2024, before slowing to 1.8% in 2025 as the economy adapts to high borrowing costs and moderating domestic demand. In the euro area, which stagnated in the fourth quarter of 2023, a recovery in real household incomes, tight labour markets, and reductions in policy interest rates will help generate a gradual rebound. Euro area GDP growth is projected at 0.7% in 2024 and 1.5% in 2025.
3. Growth in Japan may recover steadily, with domestic demand underpinned by stronger real wage growth, continued accommodative monetary policy, and temporary tax cuts. GDP is projected to expand by 0.5% in 2024 and 1.1% in 2025.
4. China is expected to slow moderately, with GDP growth of 4.9% in 2024 and 4.5% in 2025, as the economy is supported by fiscal stimulus and exports.
5. The global economy has proved resilient, inflation has declined within sight of central bank targets, and risks to the outlook are becoming more balanced. We expect steady global growth for 2024 and 2025, though growth is projected to remain below its longer-run average," OECD Secretary-General Mathias Cormann said. "Policy action needs to ensure macroeconomic stability and improve medium-term growth prospects. Monetary policy should remain prudent, with scope to lower policy interest rates as inflation declines, fiscal policy needs to address rising pressures to debt sustainability, and policy reforms should boost innovation, investment, and opportunities in the labour market particularly for women, young people, and older workers."
6. Observing the global economic activities that serve as a basis for human survival, the Budgeting process should also be well-informed and transformed to pave the way for determining realistic estimates

and accurate aggregate available resources, as the response to removing waste and ensuring effective resource allocation. This informs the decision of national and sub-national governments to move towards a medium-term approach to economic planning and budgeting.

7. The commonly used tool in achieving the above objective is the Medium-Term Expenditure Framework (MTEF) which facilitates several important economic outcomes, such as:

    - Greater macroeconomic balance;
    - Improve inter - and intra-sectorial resource allocation;
    - Greater budgetary predictability for Ministries, Departments and Agencies (MDAs); and
    - More efficient use of financial and human resources.

8. The success of the preparation and implementation of MTEF and its impact on budget management and fiscal performance vary across countries and sub-regions.

9. The Medium-Term Sector Strategy (MTSS) is a plan that describes how a particular vote head or small cluster of vote heads will deliver outputs that will contribute to cross-government outcomes. The plan describes how this will be done realistically, in the medium term (normally three years), and within the limited resources available.

10. The Ministries, Departments, and Agencies (MDAs) use Medium Term Sector Strategies (MTSS) to formulate and articulate projects and programmes effectively and efficiently for higher output. The MTEF and the MTSS emphasize the principles of Multi-Year Budgeting in incorporating longer-term perspectives into the annual budgeting processes.

11. Fiscal Strategy (FS) is a key component in Medium Term Budget Framework (MTBF) and annual budget process. As such, it is used to determine the resources available to execute Government projects and programmes from a fiscally sustainable development plan.

12. The Multi-Year Budget Framework document which is usually derived from the State Partnership Accountability Response and Capability Model (SPARC) comprises of the following:

    - Economic and Fiscal Update (EFU),
    - Fiscal Strategy Paper (FSP) and
    - Budget Policy Statement (BPS).

13. The Economic and Fiscal Update (EFU) provides the economic and fiscal analysis at different stages, which form the basis for the budget

planning process. It also provides an assessment of budget performance and identifies significant factors affecting its implementation.

14. The Fiscal Strategy Paper (FSP) shows the priorities of programmes and projects of the government. This serves as a guide for implementing government policies and commitments.

15. Budget Policy Statement (BPS) on the other hand, gives directive statements and way forward in achieving government targets and priorities, thereby giving the meaning and interpretation of the Budget.

1.A.1Budget Process

16. Budget serves as the medium through which government policies are translated into tangible and meaningful results. However, it undergoes some processes. The processes describe the Budget in a cycle within a fiscal year and can be classified under four main stages namely:

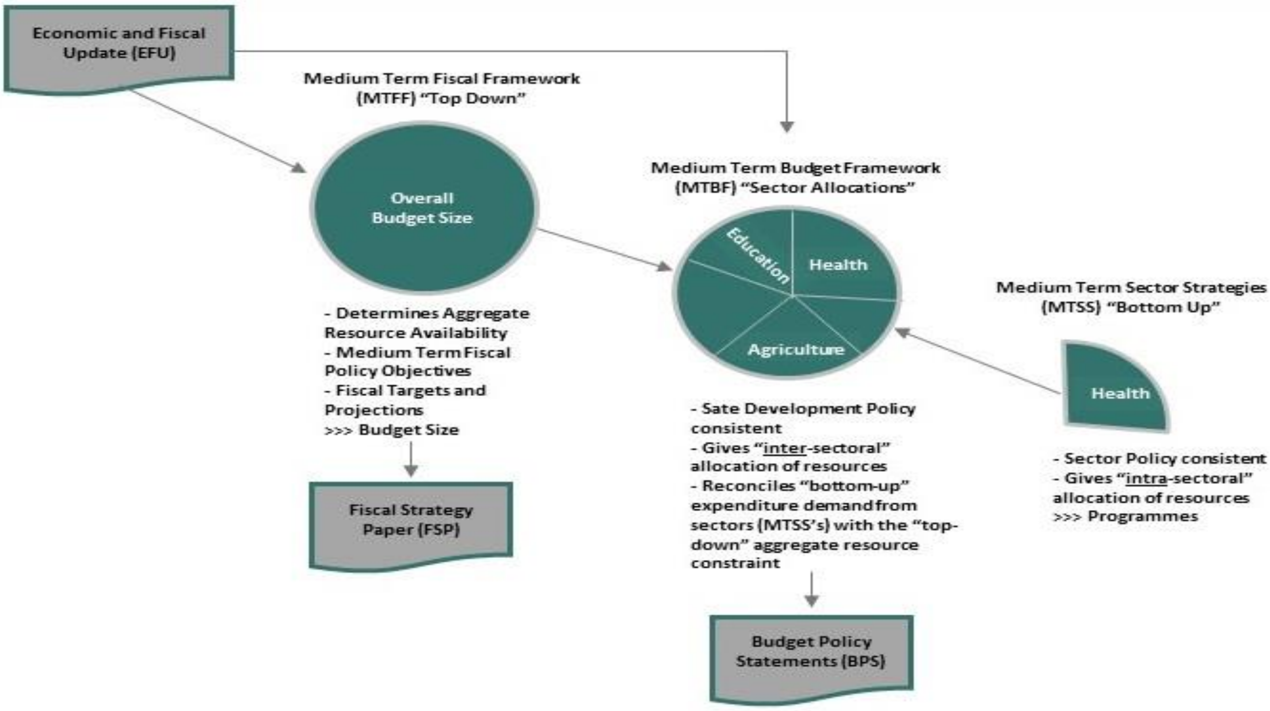
    - Formulation Stage;
    - Preparation Stage;
    - Authorization Stage; and
    - Implementation Stage.

17. The concept of a budget is derived from MTEF that has three components namely:

- ✓ Medium Term Fiscal Framework (MTFF);
- ✓ Medium Term Budget Framework (MTBF); and
- ✓ Medium Term Sector Strategies (MTSS).

18. The MTEF process is depicted in the diagram below:

Figure 1: MTEF Process



1.A.2 Summary of the Document

19. By 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. This forms the basis upon which the State 2025 – 2027 MTEF is formulated.

20. The purpose of developing the document is three-fold:

- To provide an Economic and Fiscal Update by looking back at the summary of key variables.
- To set out medium-term fiscal objectives and targets, including tax policy; revenue mobilization; level of public expenditure; deficit financing, and public debt - Fiscal Strategy Paper and MTFF; and
- Provide indicative sector envelopes for the period 2025 – 2027 which constitute the MTBF.

21. The EFU is presented in Section 2 of this document. It provides economic and fiscal analysis to guide the budget planning process. It also provides an assessment of budget performance both historical and current, and identifies significant factors affecting implementation. These include:

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

22. The FSP is an important instrument in the State Medium Term Expenditure Framework (MTEF) and annual budget processes. As such, it determines the resources available to fund the Government's developmental programmes and projects from a fiscally sustainable perspective.

1.A.3 Preparation and Audience

23. The purpose of this document is to provide an informed basis for the 2025 - 2027 budget preparation cycle for all the key Stakeholders, specifically:

- Executive Council (ExCo);
- State House of Assembly (SHoA);
- Ministry of Budget, Economic Planning and Multilateral Coordination;
- Ministry of Finance (Treasury Division, Board of Internal Revenue Service, and Debt Management Agency);
- Other Government Ministries, Departments and Agencies (MDA's);

- Organized Private sector groups; and
- Civil Society Organizations.

24. The document is prepared within the first two quarters of the year before the annual budget preparation period. It is prepared by the State Government (EFU-FSP-BPS) Working Group using data collected from International, National, and State organizations.

1.B Background

1.B.1 Legislative and Institutional arrangement for PFM[1]

25. The legal instruments and enactments governing PFM in Bauchi State include the 1999 Constitution of the Federal Republic of Nigeria (as amended); the Financial Regulations as revised in October 2009; the Personal Income Tax Act (PITA) 2011 (as amended); the Bauchi State Fiscal Responsibility Amendment Law 2009; the Bauchi State Planning Commission Law 2012 and the occasional service circulars. The 1999 Constitution is the overriding law governing public financial management in Bauchi State. Its provisions supersede and override the contents of any other law or provision in the State (and country) to the extent that other laws are inconsistent with the Constitution. The other PFM-related laws and provisions elaborate and expand on the provisions of the Constitution.

26. The State has a handful of Laws aimed at regulating its Public Financial Management System such as the Fiscal Responsibility Law Amended 2009, Public Procurement Law, Debt Management Law, Tax Law, and Audit Law among others. Efforts are geared towards harmonizing these Laws into the Bauchi State Public Financial Management Law.

1.B.2 Legislative and Institutional arrangement for PFM[2]

27. It is the responsibility of the Executive arm of Government to propose the budget and implement it through its Ministries, Departments, and Agencies (MDAs) after legislative approval. Ministries, Departments, and Agencies (MDAs) assist the Executive to perform these functions. MDAs receive authorization of the Governor to commence project execution, notwithstanding legislative approval. The Governor's express authorization is necessary for MDAs to award contracts (notwithstanding that it is the approved budget) and for the treasury to honour due certificates.

28. Statutorily, the Ministry of Budget, Economic Planning, and Multilateral Coordination is at the apex of the planning and budgeting processes. The Ministry reviews the Budget of all sectors in the State, in line with the State Government's policies and priorities, and collates monthly expenditure and revenue returns from MDAs.

[1] Based on PEFA Assessment for Bauchi State
[2] Based on xx PEFA Assessment for Bauchi State

29. The State Internal Revenue Services is mandated to collect and remit all Revenues into the Consolidated Revenue Fund Account (CRF).

30. The Debt Management Agency is responsible for processing and management of the debt portfolio of the State.

31. The Ministry of Finance manages the finances of the State and has responsibility of Treasury Management and Accounting functions.

32. The Office of the Accountant-General of the State (OAGS) performs actual treasury functions of government, including accounting and internal audit. The Accountant-General is expected to prepare a consolidated monthly internal audit report with copies to the Accounting officers, and the Commissioner of Finance.

33. The Office of the State Auditor-General also plays a key role in the state's PFM process, auditing all government offices and reporting to the Legislature.

34. The Office of the Auditor General for Local Governments is also a distinct State Government institution that audits the accounts of Local Governments.

35. The Bauchi State House of Assembly (SHoA) exercises approval and oversight functions over the budget process. It also has oversight responsibility over budget implementation, accounting, and audit processes. The design is for accountants at the MDAs and sub-treasuries to render monthly, quarterly, half-yearly and annual returns to the Accountant General. The Accountant General prepares annual report and submits to the State Auditor General who in turn reports to the appropriate committee in the SHoA.

1.B.3 Overview of Budget Calendar

36. The indicative Budget Calendar for Bauchi State Government is presented below:

Table 1: Budget Calendar

S/No	Stage	Date(s)	Responsibility
1.	Update of MYBF	May	Ministry of Budget, Economic Planning and Multilateral Coordination
2.	Preparation and Publication of EFU-FSP-BPS	June	Ministry of Budget, Economic Planning and Multilateral Coordination

S/No	Stage	Date(s)	Responsibility
3.	Issuance of Budget Call-Circular	July	Ministry of Budget, Economic Planning and Multilateral Coordination
4	Budget Public Hearing	August	Ministry of Budget, Economic Planning and Multilateral Coordination
5	Preparation and submission of proposals by MDAs	August	Ministries, Departments, and Agencies (MDAs)
6	Budget Deliberation/Discussion	September	Ministry of Budget, Economic Planning and Multilateral Coordination/ MDAs
7	Compilation of Draft Budget	October	Ministry of Budget, Economic Planning and Multilateral Coordination
8	Submission of the reviewed draft Budget to ExCo.	October	Ministry of Budget, Economic Planning and Multilateral Coordination
9	Review, Approval and Transmission of Budget to the SHoA by ExCo.	October	ExCo
10	Review and Passage of Budget by SHoA	November - December	SHoA
11	Signing Appropriation Bill	December	Governor

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Global Economy

37. Global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage points higher than that in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, amid unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

38. With a temporary slowing of the pace of price inflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Looser fiscal policy than necessary and then assumed in the projections could imply temporarily higher growth, but at the risk of a more costly adjustment later on. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks––including continued attacks in the Red Sea––and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening property sector woes in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also cause growth disappointments.

39. Policymakers' anticipated challenge is to successfully manage the final descent of inflation to target, regulating monetary policy in response to underlying inflation dynamics and—where wage and price pressures are dispersing—adjusting to a less restrictive stance. At the same time, in many cases, with inflation declining and economies better able to absorb the effects of fiscal tightening, a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks, raise revenue for new spending priorities, and curb the rise of public debt is needed. Targeted and carefully sequenced structural reforms would reinforce productivity growth and debt

sustainability and accelerate convergence toward higher income levels. More efficient multilateral coordination is needed for, among other things, debt resolution, to avoid debt distress and create space for necessary investments, as well as to mitigate the effects of climate change.

Factors Influencing the Outlook

40. The global economic recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis is proving surprisingly resilient. Inflation is falling faster than expected from its 2022 peak, with a smaller-than-expected toll on employment and activity, reflecting favourable supply side developments and tightening by central banks, which has kept inflation expectations anchored. At the same time, high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024.

41. ***Growth resilient in major economies:*** Economic growth is estimated to have been stronger than expected in the second half of 2023 in the United States, and several major emerging market and developing economies. In several cases, government and private spending contributed to the upswing, with real disposable income gains supporting consumption amid still-tight––though easing––labour markets and households drawing down on their accumulated pandemic-era savings. A supply-side expansion also took hold, with a broad-based increase in labour force participation, resolution of pandemic-era supply chain problems, and declining delivery times. The rising momentum was not felt everywhere, with notably subdued growth in the euro area, reflecting weak consumer sentiment, the lingering effects of high energy prices, and weakness in interest-rate-sensitive manufacturing and business investment. Low-income economies continue to experience large output losses compared with their prepandemic (2017–19) paths amid elevated borrowing costs.

42. ***Inflation subsiding faster than expected:*** Amid favourable global supply developments, inflation has been falling faster than expected, with recent monthly readings near the prepandemic average for both headline and underlying (core) inflation. Global headline inflation in the fourth quarter of 2023 is estimated to have been about 0.3 percentage points lower than predicted in the October 2023 WEO on a quarter-over-quarter seasonally adjusted basis. Reduced inflation reflects the fading of relative price shocks– notably those to energy prices––and their associated pass-through to core inflation. The

decline also reflects an easing in labour market tightness, with a decline in job vacancies, a modest rise in unemployment, and greater labour supply, in some cases associated with a strong inflow of immigrants. Wage growth has generally remained contained, with wage-price spirals—in which prices and wages accelerate together––not taking hold. Near-term inflation expectations have fallen in major economies, with long-term expectations remaining anchored.

43. ***High borrowing costs slowing down demand***: To reduce inflation, major central banks raised policy interest rates to restrictive levels in 2023, resulting in high mortgage costs, challenges for firms refinancing their debt, tighter credit availability, and weaker business and residential investment. Commercial real estate has been especially under pressure, with higher borrowing costs compounding post-pandemic structural changes. However, with inflation easing, market expectations that future policy rates will decline have contributed to a reduction in longer-term interest rates and rising equity markets. Still, long-term borrowing costs remain high in both advanced and emerging markets and developing economies, partly because government debt has been rising. In addition, central banks' policy rate decisions are becoming increasingly inconsistent. In some countries with falling inflation––including Brazil and Chile, where central banks tightened policy earlier than in other countries––interest rates have been declining since the second half of 2023. In China, where inflation has been near zero, the central bank has eased monetary policy. The Bank of Japan has kept short-term interest rates near zero.

44. ***Fiscal policy intensifying economic divergences***: Governments in advanced economies eased fiscal policy in 2023. The United States, where GDP had already exceeded its pre-pandemic path, eased policy more than the euro area and other economies in which the recovery was incomplete. In emerging markets and developing economies, in which output has on average fallen even further below the pre-pandemic trend, on average the fiscal stance is estimated to have been neutral. The exceptions include Brazil and Russia, where fiscal policy eased in 2023. In low-income countries, liquidity squeezes and the elevated cost of interest payments—averaging 13 percent of general government revenues, about double the level 15 years ago––crowded out necessary investments, hampering the recovery of large output losses compared with pre-pandemic trends. In 2024, the fiscal policy stance is expected to tighten in several advanced and emerging markets and developing economies to rebuild budgetary

room for maneuver and curb the rising path of debt, and this shift is expected to slow growth in the near term.

Growth Outlook: Resilient but Slow

45. ***Global growth:*** *Global growth is e*stimated to remain at 3.1 percent in 2024 before rising modestly to 3.2 percent in 2025. Compared with that in the October 2023 WEO, the forecast for 2024 is about 0.2 percentage points higher, reflecting upgrades for China, the United States, and large emerging markets and developing economies. Nevertheless, the projection for global growth in 2024 and 2025 is below the historical (2000–19) annual average of 3.8 percent, reflecting restrictive monetary policies and withdrawal of fiscal support, as well as low underlying productivity growth. Advanced economies are expected to see growth decline slightly in 2024 before rising in 2025, with a recovery in the euro area from low growth in 2023 and a moderation of growth in the United States.

46. Emerging markets and developing economies are expected to experience stable growth through 2024 and 2025, with regional differences. World trade growth is projected at 3.3 percent in 2024 and 3.6 percent in 2025, below its historical average growth rate of 4.9 percent. Rising trade distortions and geoeconomic fragmentation are expected to continue to weigh on the level of global trade. Countries imposed about 3,200 new restrictions on trade in 2022 and about 3,000 in 2023, up from about 1,100 in 2019, according to Global Trade Alert data. These forecasts are based on assumptions that fuel and nonfuel commodity prices will decline in 2024 and 2025 and that interest rates will decline in major economies. Annual average oil prices are projected to fall by about 2.3 percent in 2024, whereas nonfuel commodity prices are expected to fall by 0.9 percent. IMF staff projections are for policy rates to remain at current levels for the Federal Reserve, the European Central Bank, and the Bank of England until the second half of 2024, before gradually declining as inflation moves closer to targets. The Bank of Japan is projected to maintain an overall accommodative stance.

47. ***The advanced economies***: The growth is projected to decline slightly from 1.6 percent in 2023 to 1.5 percent in 2024 before rising to 1.8 percent in 2025. An upward revision of 0.1 percentage point for 2024 reflects stronger-than-expected US growth, partly offset by weaker-than-expected growth in the euro area.

- In the United States, growth is projected to fall from 2.5 percent in 2023 to 2.1 percent in 2024 and 1.7 percent in 2025, with the lagged effects of monetary policy tightening, gradual fiscal tightening, and a softening in labour markets slowing aggregate demand. For 2024, an upward revision of 0.6 percentage points since the October 2023 WEO largely reflects statistical carryover effects from the stronger-than-expected growth outcome for 2023.
- Growth in the euro area is projected to recover from its low rate of an estimated 0.5 percent in 2023, which reflected relatively high exposure to the war in Ukraine, to 0.9 percent in 2024 and 1.7 percent in 2025. Stronger household consumption as the effects of the shock to energy prices subside and inflation falls, supporting real income growth, is expected to drive the recovery. Compared with the October 2023 WEO forecast, however, growth is revised downward by 0.3 percentage points for 2024, largely on account of carryover from the weaker-than-expected outcome for 2023.
- Among other advanced economies, growth in the United Kingdom is projected to rise modestly, from an estimated 0.5 percent in 2023 to 0.6 percent in 2024, as the lagged negative effects of high energy prices wane, then to 1.6 percent in 2025, as disinflation allows an easing in financial conditions and permits real incomes to recover. The markdown to growth in 2025 of 0.4 percentage points reflects reduced scope for growth to catch up in light of recent upward statistical revisions to the level of output through the pandemic period. Output in Japan is projected to remain above potential as growth decelerates from an estimated 1.9 percent in 2023 to 0.9 percent in 2024 and 0.8 percent in 2025, reflecting the fading of one-off factors that supported activity in 2023, including a depreciated yen, pent-up demand, and a recovery in business investment following earlier delays in implementing projects.

48. In emerging markets and developing economies, growth is expected to remain at 4.1 percent in 2024 and to rise to 4.2 percent in 2025. An upward revision of 0.1 percentage point for 2024 since October 2023 reflects upgrades for several regions.

- Growth in emerging and developing Asia is expected to decline from an estimated 5.4 percent in 2023 to 5.2 percent in 2024 and 4.8 percent in 2025, with an upgrade of 0.4 percentage point for 2024 over the October 2023 projections, attributable to

China's economy. Growth in China is projected at 4.6 percent in 2024 and 4.1 percent in 2025, with an upward revision of 0.4 percentage points for 2024 since the October 2023 WEO. The upgrade reflects carryover from stronger-than-expected growth in 2023 and increased government spending on capacity building against natural disasters. Growth in India is projected to remain strong at 6.5 percent in both 2024 and 2025, with an upgrade from October of 0.2 percentage points for both years, reflecting resilience in domestic demand.

- Growth in emerging and developing Europe is projected to pick up from an estimated 2.7 percent in 2023 to 2.8 percent in 2024, before declining to 2.5 percent in 2025. The forecast upgrade for 2024 of 0.6 percentage points over October 2023 projections is attributable to Russia's economy. Growth in Russia is projected at 2.6 percent in 2024 and 1.1 percent in 2025, with an upward revision of 1.5 percentage points over the October 2023 figure for 2024, reflecting carryover from stronger-than-expected growth in 2023 on account of high military spending and private consumption, supported by wage growth in a tight labor market.
- In Latin America and the Caribbean, growth is projected to decline from an estimated 2.5 percent in 2023 to 1.9 percent in 2024 before rising to 2.5 percent in 2025, with a downward revision for 2024 of 0.4 percentage point compared with the October 2023 WEO projection. The forecast revision for 2024 reflects negative growth in Argentina in the context of a significant policy adjustment to restore macroeconomic stability. Among other major economies in the region, there are upgrades of 0.2 percentage point for Brazil and 0.6 percentage point for Mexico, largely due to carryover effects from stronger-than-expected domestic demand and higher-than-expected growth in large trading-partner economies in 2023.
- Growth in the Middle East and Central Asia is projected to rise from an estimated 2.0 percent in 2023 to 2.9 percent in 2024 and 4.2 percent in 2025, with a downward revision of 0.5 percentage point for 2024 and an upward revision of 0.3 percentage point for 2025 from the October 2023 projections. The revisions are mainly attributable to Saudi Arabia and reflect temporarily lower oil production in 2024, including from unilateral cuts and cuts in line with an agreement through OPEC+ (the Organization of the Petroleum Exporting Countries, including

Russia and other non-OPEC oil exporters), whereas non-oil growth is expected to remain robust.

- In sub-Saharan Africa, growth is projected to rise from an estimated 3.3 percent in 2023 to 3.8 percent in 2024 and 4.1 percent in 2025, as the negative effects of earlier weather shocks subside and supply issues gradually improve. The downward revision for 2024 of 0.2 percentage point from October 2023 mainly reflects a weaker projection for South Africa on account of increasing logistical constraints, including those in the transportation sector, on economic activity.

Inflation Outlook.

49. Steady Decline to Target Global headline inflation is expected to fall from an estimated 6.8 percent in 2023 (annual average) to 5.8 percent in 2024 and 4.4 percent in 2025. The global forecast is unrevised for 2024 compared with October 2023 projections and revised down by 0.2 percentage points for 2025. Advanced economies are expected to see faster disinflation, with inflation falling by 2.0 percentage points in 2024 to 2.6 percent, than are emerging market and developing economies, where inflation is projected to decline by just 0.3 percentage points to 8.1 percent.
50. The forecast is revised down for both 2024 and 2025 for advanced economies, while it is revised up for 2024 for emerging market and developing economies, mainly on account of Argentina where the realignment of relative prices and elimination of legacy price controls, past currency depreciation, and the related pass-through into prices is expected to increase inflation in the near term. The drivers of declining inflation differ by country but generally reflect lower core inflation as a result of still-tight monetary policies, a related softening in labor markets, and pass-through effects from earlier and ongoing declines in relative energy prices. Overall, about 80 percent of the world's economies are expected to see lower annual average headline and core inflation in 2024.
51. Among economies with an inflation target, headline inflation is projected to be 0.6 percentage points above the target for the median economy by the fourth quarter of 2024, down from an estimated gap of 1.7 percentage points at the end of 2023. Most of these economies are expected to reach their targets (or target range midpoints) by 2025. In several major economies, the downward revision to the

projected path of inflation, combined with a modest upgrade to economic activity, implies a softer-than-expected landing.

Table 2: Real GDP Growth Projections - Selected Countries

Country	Last		2024	2025	2026	
Algeria	239.9	Dec-23	249.5	258.73	267.78	USD Billion
Angola	84.72	Dec-23	86.92	90.57	93.93	USD Billion
Benin	19.67	Dec-23	20.93	22.23	23.52	USD Billion
Cameroon	47.95	Dec-23	49.87	52.01	54.35	USD Billion
Cape Verde	2.59	Dec-23	2.71	2.85	3.02	USD Billion
Central African Republic	2.56	Dec-23	2.62	2.69	2.78	USD Billion
Chad	13.15	Dec-23	13.83	14.58	15.28	USD Billion
Comoros	1.35	Dec-23	1.4	1.47	1.53	USD Billion
Congo	66.38	Dec-23	70.16	74.02	77.95	USD Billion
Djibouti	4.1	Dec-23	4.35	4.64	4.96	USD Billion
Egypt	395.93	Dec-23	412.56	431.12	453.11	USD Billion
Cameroon	47.95	Dec-23	49.87	52.01	54.35	USD Billion
Cape Verde	2.59	Dec-23	2.71	2.85	3.02	USD Billion
Central African Republic	2.56	Dec-23	2.62	2.69	2.78	USD Billion
Chad	13.15	Dec-23	13.83	14.58	15.28	USD Billion
Comoros	1.35	Dec-23	1.4	1.47	1.53	USD Billion
Congo	66.38	Dec-23	70.16	74.02	77.95	USD Billion
Djibouti	4.1	Dec-23	4.35	4.64	4.96	USD Billion
Egypt	395.93	Dec-23	412.56	431.12	453.11	USD Billion
Equatorial Guinea	12.12	Dec-23	11.51	11.82	12.18	USD Billion
Ethiopia	163.7	Dec-23	177.45	192.89	208.9	USD Billion
Gabon	20.52	Dec-23	21.07	21.69	22.25	USD Billion
Gambia	2.34	Dec-23	2.48	2.63	2.77	USD Billion
Ghana	76.37	Dec-23	78.97	82.36	86.32	USD Billion
Guinea	23.61	Dec-23	24.63	25.93	27.49	USD Billion
Guinea Bissau	1.97	Dec-23	2.06	2.17	2.27	USD Billion
Ivory Coast	78.79	Dec-23	84.38	90.12	96.61	USD Billion
Kenya	107.44	Dec-23	113.24	119.58	126.88	USD Billion
Niger	16.82	Dec-23	18.5	19.98	21.32	USD Billion
Nigeria	362.81	Dec-23	374.06	386.4	403.02	USD Billio

Source: Trading Economic.

Table 3: CPI of Selected Countries

Countries	Reference	Last	Previous	Units	Frequency
United States	May-24	313.23	313.21	Index 1982-84=100, SA	Monthly
China	May-24	100.3	100.3	Index CPPY=100, NSA	Monthly
Germany	May-24	119.1	118.7	Index 2020=100, CDASA	Monthly
France	May-24	119.71	119.73	Index 2015=100, SA	Monthly
United Kingdom	May-24	133.9	133.5	Index 2015=100, NSA	Monthly
Brazil	May-24	6,926	6,895	Index Dec1993=100, NSA	Monthly
Italy	May-24	120.6	120.3	Index 2015=100, NSA	Monthly
Russian Federation	Nov-21	205.5	203.5	Index 2010=100, NSA	Monthly
Canada	May-24	160.7	160.2	Index 2002=100, SA	Monthly
Australia	2024 Q1	137.4	136.1	Index FY 2012=100, NSA	Quarterly
Spain	May-24	115.78	115.47	Index 2021=100, NSA	Monthly
South Korea	Jun-24	113.84	114.1	Index 2020=100, NSA	Monthly
Mexico	Apr-24	134.34	134.06	Index 2nd half Jul2018=100, NSA	Monthly
Indonesia	Jun-24	106.28	106.37	Index 2022=100, NSA	Monthly
Netherlands	May-24	129.69	129.42	Index 2015=100, NSA	Monthly
Central African Republic	Feb-24	176.14	177.98	2010=100, NSA	Monthly
Chad	Mar-24	151.45	151.06	2010=100, NSA	Monthly
Germany	May-24	119.1	118.7	Index 2020=100, CDASA	Monthly
Ghana	May-24	220.02	213.27	Index 2021=100, NSA	Monthly
Greece	May-24	117.66	117.96	Index 2020=100, NSA	Monthl

Source: Trading Economics

Oil Market Highlights

52. ***Crude Oil Price Movements:*** In February, the OPEC Reference Basket (ORB) rose by $1.19, or 1.5%, m-o-m, to average $81.23/b. Oil futures prices averaged higher, with the ICE Brent front-month contract up by $2.57, or 3.2%, m-o-m, to average $81.72/b, and the NYMEX WTI front-month contract up by $2.75, or 3.7%, m-o-m, to average $76.61/b. The DME Oman front-month contract rose by $2.00, or 2.5%, m-o-m, to settle at $80.95/b. The front month ICE Brent/NYMEX WTI spread further narrowed in February by 18¢ to average $5.11/b. The market structures of oil futures prices strengthened and money managers turned more bullish on oil.

53. ***World Economy***: The world economic growth forecast for 2024 is revised up slightly to stand at 2.8%, with economic growth forecast unchanged at 2.9% for 2025. In the United States, economic growth for 2024 is revised up to 1.9%, as the healthy momentum from 2H23 is expected to continue, while the forecast for 2025 remains at 1.7%. The economic growth forecast for the Eurozone remains at 0.5% for 2024 and 1.2% for 2025, while Japan's economic growth forecast is revised down to 0.8% in 2024, followed by 1% in 2025. China's economic growth forecast remains at 4.8% in 2024 and 4.6% in 2025. Meanwhile, India's economic growth forecast is revised up to 6.6% for 2024 and 6.3% in 2025. Brazil's economic growth forecast for 2024 is revised up to 1.6%, while the forecast for 2025 remains unchanged at 1.9%. Russia's economic growth forecasts for 2024 and 2025 remain unchanged at 1.7% and 1.2%, respectively.

54. ***World Oil Demand:*** The 2024 global oil demand growth forecast remains unchanged at 2.2 mb/d, y-o-y. Oil demand growth in OECD Asia Pacific is revised down slightly for 1Q24, due to expected lower performance in the manufacturing and petrochemical sectors of Japan and South Korea. However, this is offset by upward adjustments for India and Other Asia, reflecting anticipated improvements during the same period. With this, the OECD is forecast to expand by around 0.2 mb/d, and non-OECD by 2.0 mb/d this year. In 2025, global oil demand is forecast to grow by 1.8 mb/d, y-o-y, unchanged from last month's assessment, with the OECD growing by 0.1 mb/d and non-OECD by 1.7 mb/d.

55. ***World Oil Supply:*** The non-OPEC liquids production in 2024 is expected to grow by 1.1 mb/d, slightly revised down from the previous month's assessment. The revision takes into account the recently announced additional voluntary production adjustments by some countries in the Declaration of Cooperation (DoC) in 2Q24 and the rest of 2024. In 2024, the main drivers for liquids supply growth are expected to be the US, Canada, Brazil and Norway, while the largest declines are anticipated in Russia and Mexico. The forecast for non-OPEC liquids supply growth in 2025 stands at 1.4 mb/d, revised up from the previous month mainly due to the base changes made in 2024. The growth is mainly driven by the US, Brazil, Canada, Russia,

Kazakhstan and Norway. Separately, OPEC natural gas liquids (NGLs) and non-conventional liquids are forecast to grow by around 64 tb/d to average 5.5 mb/d this year, followed by a growth of 110 tb/d to average 5.6 mb/d in 2025. OPEC-12 crude oil production in February increased by 203 tb/d, m-o-m, averaging 26.57 mb/d, as reported by available secondary sources.

56. Healthy, sustainable and inclusive food systems are critical to achieve the world’s development goals. Agricultural development is one of the most powerful tools to end extreme poverty, boost shared prosperity, and feed a projected 10 billion people by 2050. Growth in the agriculture sector is two to four times more effective in raising incomes among the poorest compared to other sectors.

57. Agriculture is also crucial to economic growth: accounting for 4% of global gross domestic product (GDP) and in some least developing countries, it can account for more than 25% of GDP.

58. But agriculture-driven growth, poverty reduction, and food security are at risk: Multiple shocks – from COVID-19 related disruptions to extreme weather, pests, and conflicts – are impacting food systems. The goal of ending global hunger by 2030 is currently off track. Conflicts, climate change, and high food prices are driving food and nutrition insecurity, pushing millions into extreme poverty, and reversing hard-won development gains. Around a quarter of a billion people now face acute food insecurity.

59. The growing impact of climate change could further cut crop yields, especially in the world’s most food-insecure regions. At the same time, our food systems are responsible for about 30% of greenhouse gas emissions.

60. Current food systems also threaten the health of people and the planet and generate unsustainable levels of pollution and waste. One third of food produced globally is either lost or wasted. Addressing food loss and waste is critical to improving food and nutrition security, as well as helping to meet climate goals and reduce stress on the environment.

61. Risks associated with poor diets are also the leading cause of death worldwide. Millions of people are either not eating enough or eating the wrong types of food, resulting in a double burden of malnutrition that can lead to illnesses and health crises. Food insecurity can worsen diet quality and increase the risk of various forms of malnutrition, potentially leading to undernutrition as well as people being overweight and obese. An estimated 3 billion people in the world cannot afford a healthy diet.

2.A.2 Africa

62. After bottoming out at 2.6 percent in 2023, economic growth in Sub-Saharan Africa is expected to reach 3.4 percent in 2024 and 3.8 percent in 2025. The recovery is primarily driven by greater private consumption growth as declining inflation boosts the purchasing power of household incomes. Investment growth will be subdued as interest rates are likely to remain high while fiscal consolidation constrains government consumption growth. The contribution of the global economy to Africa's growth will remain modest. Expectations of monetary policy rate cuts in large global economies may stimulate investment growth in 2025.
63. Inflation is cooling in most Sub-Saharan African economies but remains high. The median inflation in the region is projected to fall from 7.1 percent in 2023 to 5.1 percent in 2024 and 5 percent in 2025–26. The normalization of global supply chains, steady decline of commodity prices, and impacts of monetary tightening and fiscal consolidation are contributing to a lower rate of inflation in the region.
64. Although inflation is receding in most countries in 2024, it remains high compared to pre pandemic levels: inflation is projected to decrease in about 80 percent of African countries compared with 2023, but it is still higher than pre-pandemic levels in 32 of 37 countries. Moreover, 14 countries in the region still exhibit persistently high levels of inflation (two or more digits) this year—with a median inflation rate that has dropped modestly from 25.9 percent in 2023 to 24.8 percent in 2024.
65. This mixed picture requires different monetary policy responses. A pause in monetary policy tightening might be warranted in countries with declining inflation that are close to or within the target range, while a combination of monetary tightening and fiscal consolidation will be essential for those countries with elevated inflation. Fiscal prudence is particularly recommended to avoid a resurgence of inflation in the many Sub-Saharan African countries that are holding elections this year.
66. The global engine of growth is slowly reactivating. In the second half of 2023, global activity remained resilient as stronger private and government spending sustained aggregate demand despite tight financial conditions. Greater labor force participation, the normalization of supply chains, and falling energy and commodity prices contributed to global economic activity amid uncertainties arising from geopolitical tensions and geoeconomic fragmentation.

Still, headwinds to growth in advanced economies lie ahead this year. Global policy rates remain elevated, leading to tight credit markets—which could dampen private investment. Moreover, continued growth of household consumption may be restricted by a gradual depletion of the stock of excess savings that accrued during the COVID-19 pandemic. In China, subdued consumer sentiment, the risk of entrenched deflation, and persistent strains in the property sector limit the prospects for a return to the growth levels of the early 2010s.

67. Fiscal balances continue to improve, thanks to the fiscal consolidation measures underway in several Sub-Saharan African countries (for instance, Ghana, Kenya, and Nigeria). Debt restructuring negotiations provide an additional incentive for prudent fiscal management in Ghana and Zambia. The median fiscal deficit in the region is projected to decline modestly from 3.8 percent of gross domestic product (GDP) in 2023 to 3.5 percent of GDP in 2024. Although the fiscal balance is expected to improve in most countries in the region (31 of 46), their deficits still remain large: the median fiscal deficit of these 31 countries is projected to narrow from 4.8 percent of GDP in 2023 to 3.8 percent of GDP in 2024. Furthermore, the number of countries with large deficits (exceeding 3 percent of GDP) has dropped modestly, from a peak of 34 in 2022 to 27 in 2024. The vulnerability of African governments' fiscal positions to global shocks remains a challenge. Transformative policy actions to build fiscal buffers are essential to prevent and/or cope with future shocks

68. Public debt in Sub-Saharan Africa is expected to decline from 61 percent of GDP in 2023 to 57 percent of GDP in 2024. However, the risk of debt distress remains high. More than half of the African governments grapple with external liquidity problems, face unsustainable debt burdens, or are actively seeking to restructure or reprofile their debts. Public debt service obligations have surged as governments in the region are exposed to market financing and non–Paris Club government loans. External borrowing is more expensive than it was prior to the pandemic despite sovereign spreads gradually declining from their peak in May 2023. For instance, the coupon of the new Eurobond issued by Kenya this February is 9.75 percent, compared to the 6.875 percent of the Eurobond maturing in 2024.

69. Increased conflict and violence in the region will continue to weigh on economic activity. Although confined to small economies so far, military coups and the risk of coup contagion significantly impact international investor sentiment and the perception of risk toward the entire region. Tensions in West Africa have escalated with the

decisions of Burkina Faso, Mali, and Niger to leave the Economic Community of West African States and Senegal's decision to delay elections. In Sudan, the resolution of the conflict between the Sudanese Armed Forces and the Rapid Support Forces through mediation may prove difficult. In Ethiopia, security remains uncertain as bouts of violence continue in the Amhara and Oromia regions.

70. Persistent conflict and organized violence may disrupt production and access to food staples in several countries (Burkina Faso, Mali, Niger, and Somalia, among others). Food security problems are amplified by climatic shocks—as frequent droughts and floods are lashing Eastern and Southern Africa (Ethiopia, Kenya, Mozambique, Somalia, and Zambia). Disruptions of rainfall patterns, along with the black pod disease, are threatening cocoa production and the livelihoods of farmers in Côte d'Ivoire and Ghana. Moreover, factors like soil degradation, pests, and market fluctuations exacerbate the difficulties faced by agricultural communities. With an estimated 105 million people in the region potentially experiencing severe food insecurity as of March 2024, urgent and comprehensive agricultural interventions and support are imperative.

71. The pace of economic expansion in the region remains slow and insufficient to have a significant effect on poverty reduction. Growth per capita in Sub-Saharan Africa is set to accelerate from a modest 0.1 percent in 2023 to 0.9 percent in 2024 and 1.3 percent in 2025. However, the projected boost in economic activity remains well below the long-term growth rate. Indeed, the region has remained stuck in a low-growth trap over the past decade: if the region's growth rate maintained the pace of 2000–14 over 2015–26, real output per capita would be about one-third higher than its level at current growth rates.

72. Most countries in the region have been unable to sustain growth over the long term. Over the past six decades, the evolution of real GDP per capita can be characterized by long-term swings. Moreover, growth is volatile and unstable compared to that in advanced economies and other developing countries—particularly non-African upper-middle-income countries. This variability is especially troublesome when measured against the region's low average growth rate. Overall, countries in the region are unable to sustain longer expansions. In fact, Sub-Saharan Africa has shorter and weaker expansions relative to the rest of the world. Existing evidence suggests that the more egalitarian societies tend to sustain growth for a longer period of time.

73. Economic growth reduces poverty in Sub-Saharan Africa less than in other regions, as measured by the growth elasticity of poverty. Per capita GDP growth of 1 percent is associated with poverty reduction of only 1 percent in the region, compared to 2.5 percent in the rest of the world. The low growth elasticity of poverty prevails even after controlling for initial differences in poverty, income levels, and inequality. Meanwhile, the limited poverty reduction in Sub-Saharan Africa since 2000 has been driven primarily by growth as opposed to distributional changes in income, making the limited impact of growth on poverty reduction especially concerning.

74. High inequality in the region is largely structural and not simply the result of differences in individual talents or effort. Structural differences lead to accumulating disparities at three distinct stages. First, these disparities arise when people build their productive capacities, including in access to schooling and other basic services (the pre-market stage). Second, when people engage in productive activities, poorly functioning markets, distortions, and frictions can systematically limit certain groups' access to productive income-generating opportunities (the in-market stage). This limits market competition, increases the misallocation of resources, and undermines structural transformation and firm growth. Third, disparities can be exacerbated or redressed through taxes, social transfers, and subsidies (the post-market stage). Importantly, these stages are interconnected, with spillovers occurring from one stage to the other. For example, inequality in access to quality education will be compounded by labor market distortions or lack of competition, which could then be exacerbated by regressive taxes.

75. Access to basic services remains highly unequal despite significant improvements in coverage over recent decades. Critically, inequality in access to services is heavily influenced by the circumstances into which a child is born, suggesting that structural inequalities are prevalent early in the pre-market stage. On average, a child's location accounts for around half of the structural inequality at the pre-market stage, especially in resource rich countries. Such pre market structural inequalities are strong drivers of limited intergenerational mobility.

76. Market imperfections and institutional distortions have the power to limit productivity and earnings. Firms and farms face pervasive credit constraints, with only about one in 10 firms with fewer than 19 workers relying on bank financing. Instead, most own-account workers and household enterprises rely on their own resources,

resources from family and friends, or informal sources to start up their businesses. Similarly, access to product markets is constrained, which prevents firms and farms from scaling up their production. In particular, the lack of connectivity and market integration means that markets are segmented, allowing firms or farms with market power to capture benefits, contributing to income inequality. For instance, trade costs, including costs of transportation, are four to five times higher in Ethiopia and Nigeria than in the United States. Finally, frictions in the labor market prevent workers from accessing productive opportunities.

77. Although taxes, transfers, and subsidies reduce inequality, they may not reduce poverty. The combined effect of taxes, transfers, and subsidies leads to a greater reduction in inequality in Sub-Saharan Africa than in non-African countries with comparable levels of income. However, the level of inequality after this fiscal effort is still higher than the pre-fiscal level of inequality in other regions. The poor often pay more in taxes than they receive in benefits, even if taxes are higher for the rich. Taxation policy tends to increase poverty rates in most African countries for which fiscal incidence analysis is available. Poorly targeted subsidies and limited social assistance do not compensate poor African households for the indirect taxes they pay, even after accounting for the fact that low-income households largely purchase goods in informal markets.

78. The ability of African countries to finance their development and reprofile their debt is constrained by limited access to costlier external funding. Amid high levels of external debt repayments, as a result of high debt levels and elevated borrowing costs, some countries in the region may face temporary external liquidity pressures in 2024 and 2025. Increased domestic resource mobilization is critical to win back the country's policy space, channelling resources toward pro-growth public spending and addressing debt rollover risks. Strengthening tax administration, broadening the tax base, and improving the efficiency of public spending are essential. The international community can also play a role by providing more concessional financing to facilitate the implementation of structural reforms and supporting external debt management

79. Structural inequalities in Sub-Saharan Africa require multisectoral actions—particularly policies to create a level playing field and enhance the productive capacity of the disadvantaged. Investments in human capital (foundational learning and nutrition) and strengthened local capacity for service delivery to underserved

populations and regions can build people's capacity to seize market opportunities. Removing size-dependent distortions, improving justice service delivery, and boosting market access can support fairer and more thriving marketplaces. Implementing regional trade agreements, such as the African Continental Free Trade Area, and investing in more efficient and affordable transportation corridors present a unique opportunity to expand markets.

80. Domestic revenue mobilization efforts can also be designed to protect the poor—through taxation of high-net-worth individuals via income and property taxes. Taxation of land and property can provide effective mechanisms to support local governments in the region. Digital technologies can help to broaden the coverage of property taxes. This would require digital record keeping that maximizes interoperability, facilitates updating of records, and allows regulatory oversight; transparency through public access to registry data; and integrated workflows to support record updating and tax enforcement. Eliminating value-added tax exemptions and reforming utilities (that is, addressing energy subsidies and reviewing water tariffs), which largely benefit high-income households, could also yield revenue—although they might be accompanied by mitigating measures to minimize the impact on the poor.

2.A.3 Nigerian Economy[3]

Economic Overview

81. Nigeria is a multi-ethnic and culturally diverse federation of 36 autonomous states and the Federal Capital Territory. The political landscape is partly dominated by the ruling All Progressives Congress party (APC) which controls the executive arm of government and holds majority seats at both the Senate and House of Representatives in parliament, and majority of the States.
82. GDP may grow marginally by 3.1% on the back of sustained policy reforms albeit growth prospects may be limited by elevated economic pressures.
    - Fiscal sustainability concerns may remain slightly elevated given debt servicing costs (89% of the budgeted fiscal deficit is to be financed by new borrowings).
    - Inflation is expected to decline marginally, balancing the effects of reforms, policy actions, external pressures and food prices.
83. Nigeria continues to face many social and economic challenges that include insecurity such as banditry and kidnappings especially in the northwest region, continued insurgency by terrorist groups in the north-east, and separatist agitations in the south-east. Civil society, the media and other civil groups have committed to sustain advocacy for reforms and actions towards better economic and social outcomes for citizens.
84. Geopolitical, economic, environmental, political and trade trends will shape the dynamics and outlook for the Nigerian economy in 2024. If the Russia Ukraine war intensifies, it could lead to increased global energy and commodity supply risks. Nigeria may experience increased inflation and food security challenges due to grain import disruptions and high petroleum product cost.
85. Between 2000 and 2014, Nigeria's economy experienced broad-based and sustained growth of over 7% annually on average, benefitting from favourable global conditions, and macroeconomic and first-stage structural reforms. From 2015-2022, however, growth rates decreased and GDP per capita flattened, driven by monetary and exchange rate policy distortions, increasing fiscal deficits due to lower oil production and a costly fuel subsidy program, increased trade protectionism, and external shocks such as the COVID-19 pandemic. Weakened economic fundamentals led the country's inflation to reach a 24-years high of 33.2% in March 2024, which, in combination with sluggish growth, has pushed millions of Nigerians into poverty.

86. Following a change in administration in May 2023, the country has been pursuing bold reforms to reestablish macroeconomic conditions for stability and growth. The petrol fiscal subsidy was partially eliminated, and FX reforms have led to the unification of FX markets and to a market-reflective exchange rate. To alleviate the inflationary effects of these reforms on the most vulnerable, the government has been implementing temporary cash transfers to reach 15 million households. Efforts are also being made to tighten monetary policy and refocus the Central Bank of Nigeria (CBN) on its core mandate of maintaining price stability.

87. The continuation of the reform momentum is essential for Nigeria to reap its full benefits. The dissipation of the reforms' initial shock and the stabilization of macroeconomic conditions will instil a sustained but still slow growth in the non-oil economy, while the oil sector is projected to stabilize. Higher growth rates will require structural reforms. Exchange rate liberalization should contribute to both fiscal and external balances. Inflation is expected to gradually decrease on the back of monetary policy tightening and exchange rate stabilization. As a result, poverty rates are expected to increase in 2024 and 2025 before stabilizing in 2026. Risks to Nigeria's outlook are substantial, especially if reforms lose momentum or are reversed. Risks include relatively weak monetary policy tightening, failure to address imbalances in petrol pricing and to raise non-oil revenues. Rising insecurity, adverse climate shocks, and popular discontent with inflation would also dent economic recovery.

88. The removal of fuel subsidy drove up prices of food and other items. Inflation rate rose from 25.8% in August 2023 to 33.2% in March 2024, reflecting the impact of fuel subsidy removal. Food inflation rate rose faster to 40.53% in April 2024 and further increases in petrol and diesel prices as well as exchange rate depreciation are likely to drive up inflation rate in coming months.

89. Consumer spending may be pressured in 2024 due to rising prices of goods and services (increasing food and transportation costs), coupled with lower disposable income. However, private consumption is expected to be marginally better than 2023. Poverty levels are projected to increase to 38.8% in 2024. Despite the high unemployment rate in the country, low consumer spending and purchasing power remains an issue, especially in the absence of commensurate increase in minimum wage to mitigate the inflationary growth in the economy.

90. CBN has deployed several monetary policy tools and instruments to achieve price stability. Despite the deployment of monetary policy tools, the inflationary pressure has persisted. To succeed, the Central Bank of Nigeria (CBN) must independently pursue inflation goals, emphasising inflation control, and maintaining a stable financial system. Finding coherence and alignment between fiscal and monetary policy to stabilise prices may enable the achievement of

statutory and policy targets in 2024. CBN clarity of policy, transparency of market operations and consistent communication will enhance stability to exchange rate price discovery and market activities.

91. Nigeria's ambitious revenue targets for 2024 depend heavily on oil prices and reform implementation. Historically, actual revenue realised has averaged less than 70% of the total budget. Achieving budgeted oil revenue in 2024 will depend on OPEC oil production quota, international oil prices, improved security in the oil-producing regions, and geopolitical factors. The proposed fiscal reforms have potential to boost non-oil revenue and shape the economy, but success hinges on effective budgeting and execution.

92. Limited fiscal space for public investment and difficulty attracting private investments constrain the ability to make essential infrastructure improvements. Infrastructure funding may remain insufficient in 2024. The allocated infrastructure spending budget for 2024 is ₦1.32 trillion, falling short of both the World Bank's suggested 70% infrastructure-to-GDP benchmark (currently at 30%) and the yearly $150 billion requirement specified in the National Integrated Infrastructure Master Plan for 2021- 2025. Security spending in the past nine years amounted to ₦14.8 trillion. Despite increased spending, insecurity remains a challenge and jeopardises national stability, negatively affects economic activities and undermines investor confidence.

93. Impact and implications on businesses in 2024.

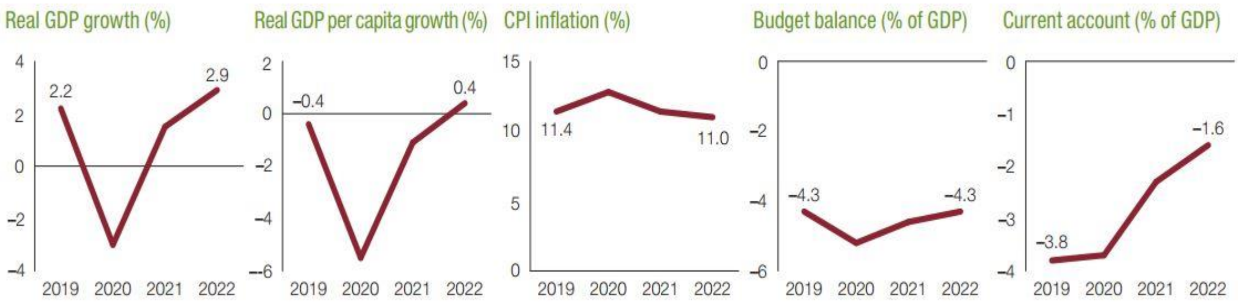
   - Consumer spending recovery may begin in the second half of the year as inflationary pressures ease.
   - Expected improved stability in the foreign exchange market in the second half of the year may reduce the imported cost of raw materials and finished goods.
   - The marginal decline in inflationary growth may lead to a slight reduction in Selling, General, and Administrative (SG&A) expenses in the medium term.
   - Continued tightening of monetary policy rate may keep borrowing costs elevated in the short term.

Table 5: Nigeria Key Macroeconomics Indicators

S/N	Items	Last	Previous		Time
1	Currency	416	415		Aug-22
2	Stock Market	49950	50370	points	Aug-22
3	GDP Growth Rate	-14.66	9.63	percent	Mar-22
4	GDP Annual Growth Rate	3.11	3.98	percent	Mar-22
5	Unemployment Rate	33.3	27.1	percent	Dec-20
6	Inflation Rate	18.6	17.71	percent	Jun-22
7	Interest Rate	14	13	percent	Jul-22
8	Cash Reserve Ratio	27.5	27.5	percent	Jul-22
9	Balance of Trade	971382	42987	NGN Millions	Mar-22
10	Current Account	2577	54.22	USD Million	Mar-22
11	Current Account to GDP	-2.8	-4.2	percent of GDP	Dec-21
12	Government Debt to GDP	37	34.5	percent of GDP	Dec-21
13	Government Budget	-4.7	-4	percent of GDP	Dec-21
14	Corporate Tax Rate	30	30	percent	Dec-21
15	Personal Income Tax Rate	24	24	percent	Dec-21

Source: NBS

Figure 2: Nigeria Key Macroeconomic Indicators



Source: Data are as of December 2020 and are from domestic authorities; figures for 2020 are estimates and figures for 2021 and 2022 are projections by the African Economic Outlook team.

2.A.4 Bauchi State Economy

94. Bauchi state is an agricultural state. Its vast fertile soil is an added advantage for agricultural products, which include maize, rice, millet, groundnut and guinea corn. Irrigation farming is practiced and supported by the use of dams. Cattle and other livestock are also reared in the state.

95. Recently, the exploration activities by the NNPC at the Kolmani River at Alkaleri LGA had progressed with huge prospects for economic development. In addition to the expected 13% Derivation, other opportunities that abound include Host Community Development Trust Fund where 3% of the Operating Expenses of an Operators previous Financial Year is to be contributed to foster sustainable

prosperity, peace and cordial relationship with the community; the attraction of businesses that rely on outputs/by-products from Oil & Gas such as manufacturing, exports, etc and those that provide services such as Labour, Transportation, Logistics etc; and increased Personal Taxes created from increased operations and employment opportunities created.

96. However, the State has also been affected by the rising Inflation and has resulted in increasing prices. This has, undoubtedly, affected the living conditions of the people. This is more worrisome coming after the negative impact fuel subsidy removal has had on the livelihoods of the citizens.

Table 4: Bauchi State Projected Population

Name	Status	Population Census 1991-11-26	Population Census 2006-03-21	Population Projection 2022-03-21
Bauchi	**State**	**2,861,887**	**4,653,066**	**8,308,800**
Alkaleri	Local Government Area	257,871	328,284	586,200
Bauchi	Local Government Area	356,923	493,730	881,600
Bogoro	Local Government Area	...	83,809	149,700
Damban	Local Government Area	...	150,212	268,200
Darazo	Local Government Area	163,831	249,946	446,300
Dass	Local Government Area	50,281	90,114	160,900
Gamawa	Local Government Area	...	284,411	507,900
Ganjuwa	Local Government Area	144,758	278,471	497,300
Giade	Local Government Area	...	156,022	278,600
Itas/Gadau	Local Government Area	135,707	228,527	408,100
Jama'are	Local Government Area	70,436	117,482	209,800
Katagum	Local Government Area	195,066	293,020	523,200
Kirfi	Local Government Area	...	145,636	260,100
Misau	Local Government Area	...	261,410	466,800

Name	Status	Population Census 1991-11-26	Population Census 2006-03-21	Population Projection 2022-03-21
Ningi	Local Government Area	279,993	385,997	689,300
Shira	Local Government Area	...	233,999	417,800
Tafawa-Balewa	Local Government Area	...	221,310	395,200
Toro	Local Government Area	209,253	346,000	617,800
Warji	Local Government Area	...	114,983	205,300
Zaki	Local Government Area	...	189,703	338,7

Source: National Population Commission of Nigeria (web), National Bureau of Statistics (web).

97. The population projection assumes the same rate of growth for all LGAs within a state. The undercount of the 1991 census is estimated to be about 25 million. All population figures for Nigeria show high error rates; census results are disputed. Area figures are computed using geospatial data.

98. Due to influx of Internally Displaced Persons (IDPs) from the neighbouring States, the population can be estimated to reach 8,308,800 in 2022. While the growth rate is expected to reach 8,631,181 in 2024.

Table 5: Mineral Resource Endowment in Bauchi State

S/N	LOCAL GOVERNMENT AREA	MINERAL RAW MATERIALS	AGRO RAW MATERIALS
1	ALKALERI	Kaolin, Granite, Trona, Gypsum, Cassiterite, Clay, Tantalite, Mica, Iron ore, Gemstone, Lead/Zinc.	Maize, Millet, Sorghum, Groundnut, Cotton, Rice, Cowpea, Sheanut, Okro, Sugarcane, Timber, Gum Arabic, Mango, Poultry, Livestock.
2	BAUCHI	Granite, Gemstone, Iron Ore, Lead/Zinc, Barytes, Muscovite, Quartz, Kaolin, Columbite, Cassiterite.	Citrus, Mango, Sorghum, Maize, Cowpea, Rice, Livestock, Groundnut, Guava, Dairy, Okro, Gum Arabic, Fishery, Poultry
3	BOGORO	Tin, Granite, Iron Ore, Rutile, Tungsten, Copper, Talc, Ilmenite, Lead/Zinc, Gypsum, Columbite, Cassiterite, Zircon, Tantalite	Sorghum, Maize, Cow Pea, Groundnut, Wheat, Rice, Livestock, Poultry, Okro.
4	DAMBAM	Kaolin, Silica Sand, Talc, Glass Sand, Gypsum	Gum Arabic, Cowpea, Millet, Cassava, Cotton, Mango, Okro, Tomatoes, Sorghum, Groundnut, Poultry, Livestock
5	DARAZO	Clay, Kaolin, Iron Ore	Gum Arabic, Cashew, Ginger, Potato, Livestock, Millet, Cow pea, Maize, Sorghum, Sweet Potatoes, Groundnut, Mango, Poultry.
6	DASS	Clay, Salt, Granite, Gemstones, Rutile, Monazite, Ilmenite, Quartz, Feldspar, Cassiterite, Columbite, Tantalum, Zircon, Granite, Lead/zinc	Wheat, Gum Arabic, Sheanut, Maize, Cowpea, Rice, Tomatoes, Okro, Fishery, Poultry, Livestock
7	GAMAWA	Clay, Gemstone, Baryte, Trona	Gum Arabic, Cashew, Sheanut, Ginger, Yam, Livetock, Fishery, Millet, Sorghum, Groundnut, Cowpea, Poultry, Okro
8	GANJUWA	Clay, Silica Sand, Quartz, Mica, Granite, Gypsum, Gemstone, Kaolin	Maize, Rice, Groundnut, Millet, Sorghum, Cowpea, Gum Arabic, Poultry, Livestock.
9	GIADE	Clay, Granite, Laterite, Mica	Sugarcane, Groundnut, Maize, Sorghum, Millet, Wheat, Rice, Cowpea, Poultry, Livestock.
10	ITAS-GADAU	Clay, Granite	Maize, Millet, Groundnut, Sorghum, Cowpea.
11	JAMA'ARE	Silica Sand, Granite, Clay.	Sorghum, Wheat, Gum Arabic, Cashew, Fishery, Maize, Millet, Groundnut, Cassava, Cowpea, Dairy, Okro, Tomatoes, Mango, Poultry, Livestock.
12	KATAGUM	Silica Sand, Laterite, Iron Ore	Millet, Groundnut, Cassava, Fishery, Sorghum, Wheat, Rice, Cowpea, Tomatoes, Poultry, Livestock.
13	KIRFI	Clay, Granite, Kaolin, Quartz, Gypsum	Gum Arabic, Sheanut, Rice, Maize, Millet, Cowpea, Sorghum, Groundnut, Okro, Poultry, Livestock.
14	MISAU	Kaolin, Silica Sand, Clay, Gypsum.	Gum Arabic, Cowpea, Citrus, Millet, Cotton, Cassava, Sorghum, Groundnut, Poultry, Livestock.
15	NINGI	Tantalite, Cassiterite, Graphite, Rutile, Kaolin, Monazite, Ilmenite, Tungsten, Mica, Wolfram, Quartz, Lead/Zinc.	Timber, Sorghum, Groundnut, Cassava, Cotton, Cowpea, Okro, Gum Arabic, Tomatoes, Fishery, Poultry, Livestock, Sugarcane.
16	SHIRA	Clay, Granite, Gypsum, Mica	Sugarcane, Groundnut, Maize, Cowpea, Millet, Sorghum, Poultry, Livestock, Wheat, Rice.
17	TAFAWA-BALEWA	Tin, Granite, Iron Ore, Rutile, Feldspar, Tungsten, Talc, Ilmenite, Lead/Zinc, Coal, Barytes, Agate, Tantalum, Gypsum	Sorghum, Maize, Cowpea, Millet, Rice, Wheat, Tomatoes, Mango, Guava, Pepper, Poultry, Livestock.
18	TORO	Quartz, Columbite, Granite, Gemstone, Rutile, Monazite, Ilmenite, Cassiterite, Tungsten, Gemstones, Tantalum, Zircon, Mica, Iron Ore.	Maize, Poultry, Livestock, Millet, Cowpea, Potatoes (Sweet and Irish), Tomatoes, Mango, Guava, Vegetables, Garden Egg, Okro, Citrus.
19	WARJI	Tin, Graphite, Monazite, Ilmenite, Rutile, Quartz, Mica	Sugarcane, Sorghum, Groundnut, Cassava, Vegetables, Millet, Maize, Cowpea, Poultry, Livestock.
20	ZAKI	Clay, Silica Sand	Maize, Millet, Groundnut, Sorghum, Wheat, Rice, Tomatoes, Pepper, Fishery, Poultry, Cowpea, Livestock.

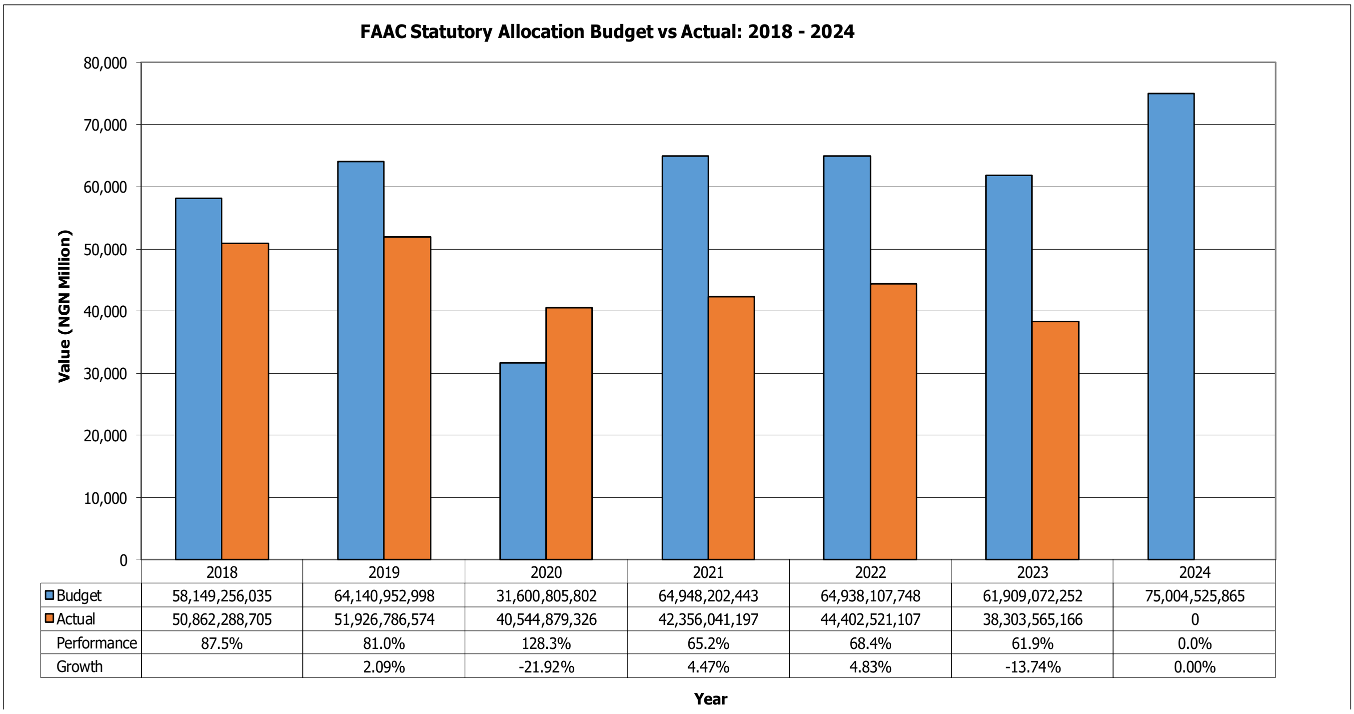
2.B Fiscal Update

2.B.1 Historic Trends

Revenue Side

99. The document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2018 – 2023 (six years historic) and 2024 budget.

Figure 3: Statutory Allocation



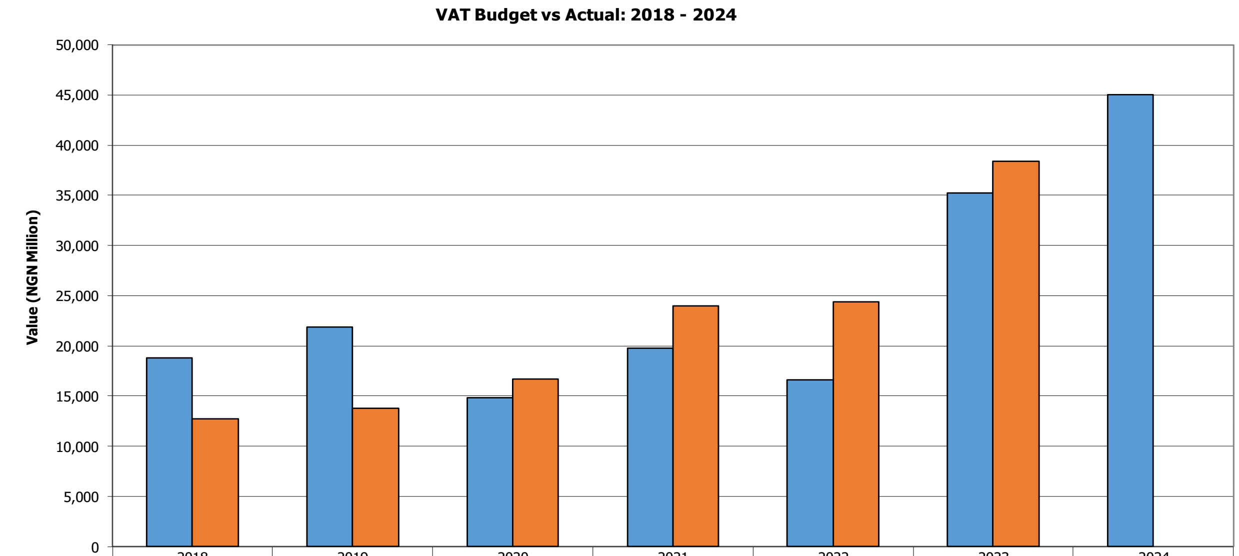
	2018	2019	2020	2021	2022	2023	2024
Budget	58,149,256,035	64,140,952,998	31,600,805,802	64,948,202,443	64,938,107,748	61,909,072,252	75,004,525,865
Actual	50,862,288,705	51,926,786,574	40,544,879,326	42,356,041,197	44,402,521,107	38,303,565,166	0
Performance	87.5%	81.0%	128.3%	65.2%	68.4%	61.9%	0.0%
Growth		2.09%	-21.92%	4.47%	4.83%	-13.74%	0.00%

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

101. From the chart above, it can be realized that throughout the period of 2018, 2019, 2021, 2022, and 2023 actual statutory allocation received was less than budget estimates. In 2020 statutory allocation was above the Approved Budgets. The fall in growth rate between 2020 and 2013 was because oil sector was hindered throughout within these periods by supply disruption arising from oil theft, pipeline

vandalism, falling price of crude oil in the international market and by weak investment in upstream activities with no new oil funds.

Figure 4: VAT



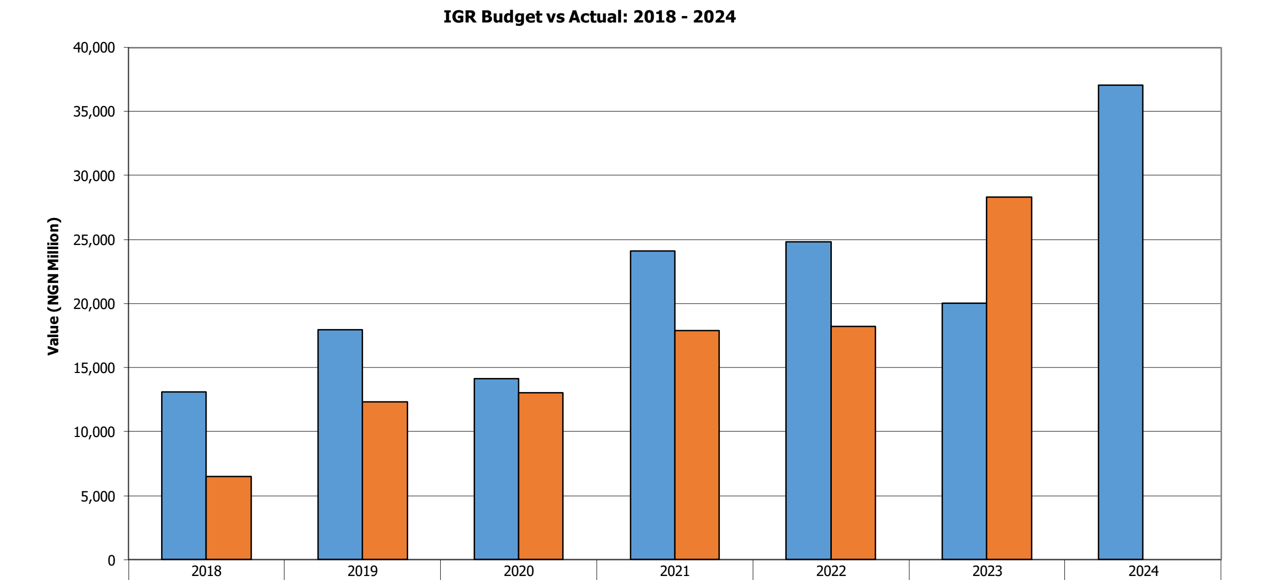
	2018	2019	2020	2021	2022	2023	2024
Budget	18,795,000,000	21,869,483,877	14,825,268,874	19,763,299,811	16,608,321,097	35,218,892,469	45,003,551,190
Actual	12,746,336,432	13,743,379,568	16,724,443,058	23,962,838,566	24,393,150,867	38,366,782,924	0
Performance	67.8%	62.8%	112.8%	121.2%	146.9%	108.9%	0.0%
Growth		7.82%	21.69%	43.28%	1.80%	57.29%	0.00%

102. VAT is a tax on most goods and services at a rate of 7.5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government monthly – partially based on set ratios, and partially based on the amount of VAT a particular state generated. States receive 50% of the total VAT collections nationally, from which Bauchi State gets around 4% of the state allocation.

103. VAT receipts between 2018 and 2019 performed below the Approved Budgets in relation to the actual amount received within these periods. However, the remaining periods under consideration (2020 – 2023) performed extremely well against the Approved Budgets. It quite understanding that within these years the budget targets were indeed surpassed because of the increase in the rates brought about by the Finance Act.

104. Furthermore, VAT receipts have increased year-on-year since 2020 which is largely due to the growth in nominal economic activity in the country.

Figure 5: IGR



	2018	2019	2020	2021	2022	2023	2024
Budget	13,126,384,230	17,946,976,275	14,157,421,944	24,085,588,861	24,814,940,253	20,013,232,549	37,029,075,593
Actual	6,525,458,165	12,293,318,939	13,039,294,812	17,902,447,968	18,209,207,441	28,334,559,622	0
Performance	49.7%	68.5%	92.1%	74.3%	73.4%	141.6%	0.0%
Growth		88.39%	6.07%	37.30%	1.71%	55.61%	0.00%

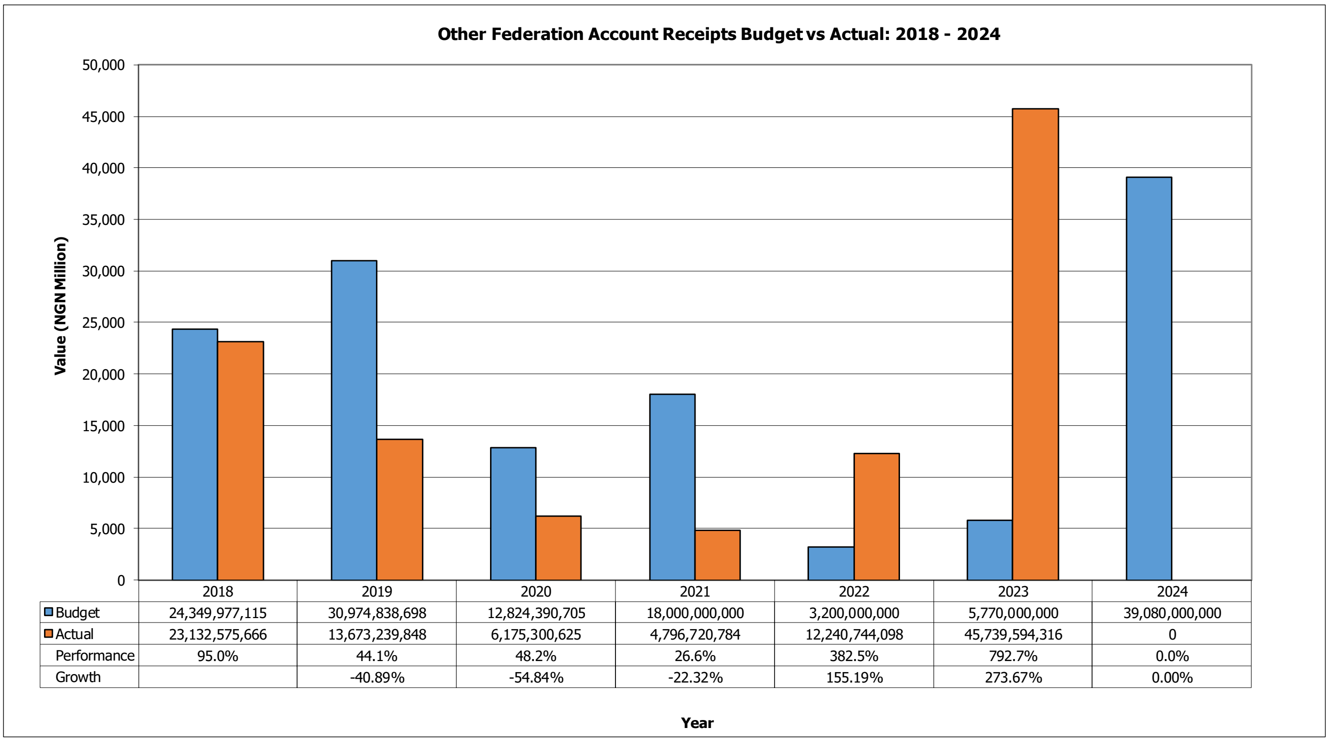
Year

105. Internally Generated Revenue is revenue generated within Bauchi state and it is related to income tax. The Pay as You Earn (PAYE) represents the highest contributor to IGR. Some of these revenue items include fines, levies, fees, and other sources of revenue within the state.

106. The IGR growth showed some fluctuations within the periods under consideration as 2022 shows a considerable fall of 1.71% while the year 2022 shows the highest peak of growth with 88.39%. Between the years 2018 to 2022 the actual performance is below the Approved Budget. The year 2023 budget performance shows a significantly good performance because it has performed above the Approved Budget. This arises as a result of backlog of IGR that were owed to the State and paid back in the year 2023.

107. The period under consideration shows that IGR performance against Approved Budget is on the rise on a general note this also mean that future performance will be good as well.

Figure 6: Other Federation Accounts Receipts



	2018	2019	2020	2021	2022	2023	2024
Budget	24,349,977,115	30,974,838,698	12,824,390,705	18,000,000,000	3,200,000,000	5,770,000,000	39,080,000,000
Actual	23,132,575,666	13,673,239,848	6,175,300,625	4,796,720,784	12,240,744,098	45,739,594,316	0
Performance	95.0%	44.1%	48.2%	26.6%	382.5%	792.7%	0.0%
Growth		-40.89%	-54.84%	-22.32%	155.19%	273.67%	0.00%

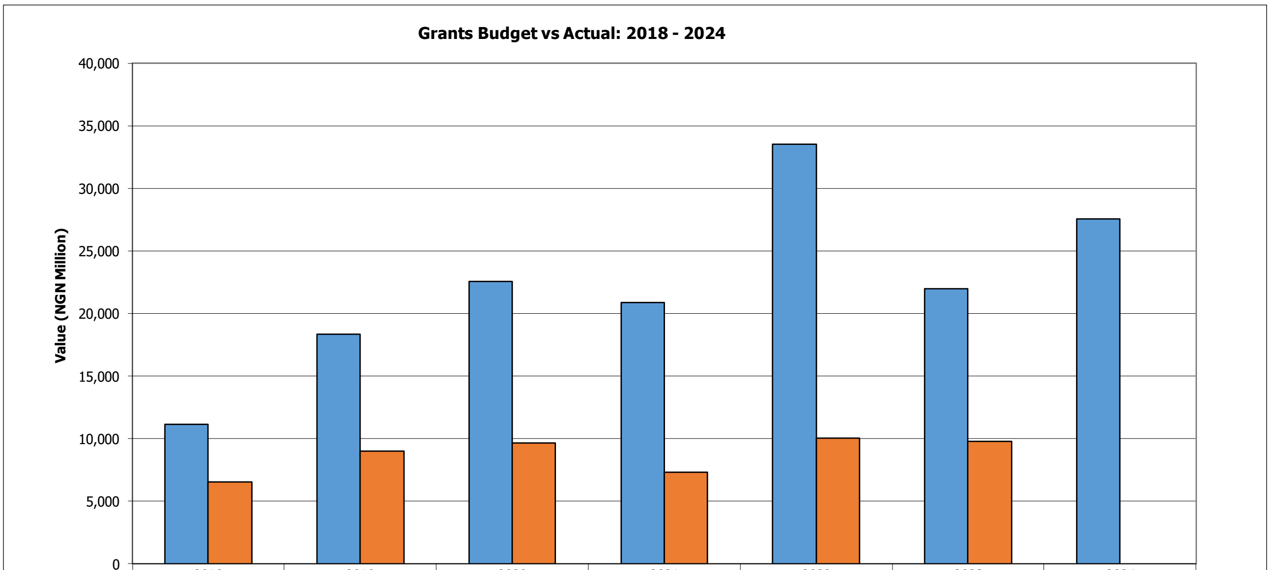
108. These are extraordinary windfalls or bonuses of revenues that are not classified as FAAC Allocations or VATs such as refunds.

109. The years 2018 – 2021 shows that actual performances against the Approved Budgets performed below. For the year 2022 – 2023 marked the only periods that actual performance recorded above the Approved Budget.

110. The period 2023 also witnessed the highest performance recorded in the history of the State. This arises as a result of more fund accruing to the State as a result of Oil Subsidy removal.

111. The growth rate for the periods 2019 - 2021 shows a decline for this revenue component under consideration.

Figure 7: Grants



	2018	2019	2020	2021	2022	2023	2024
Budget	11,171,752,115	18,315,364,727	22,565,896,273	20,899,230,531	33,557,048,544	22,000,000,000	27,590,981,084
Actual	6,547,566,800	8,977,455,200	9,626,000,000	7,327,682,979	10,053,300,525	9,751,644,599	0
Performance	58.6%	49.0%	42.7%	35.1%	30.0%	44.3%	0.0%
Growth		37.11%	7.22%	-23.88%	37.20%	-3.00%	0.00%

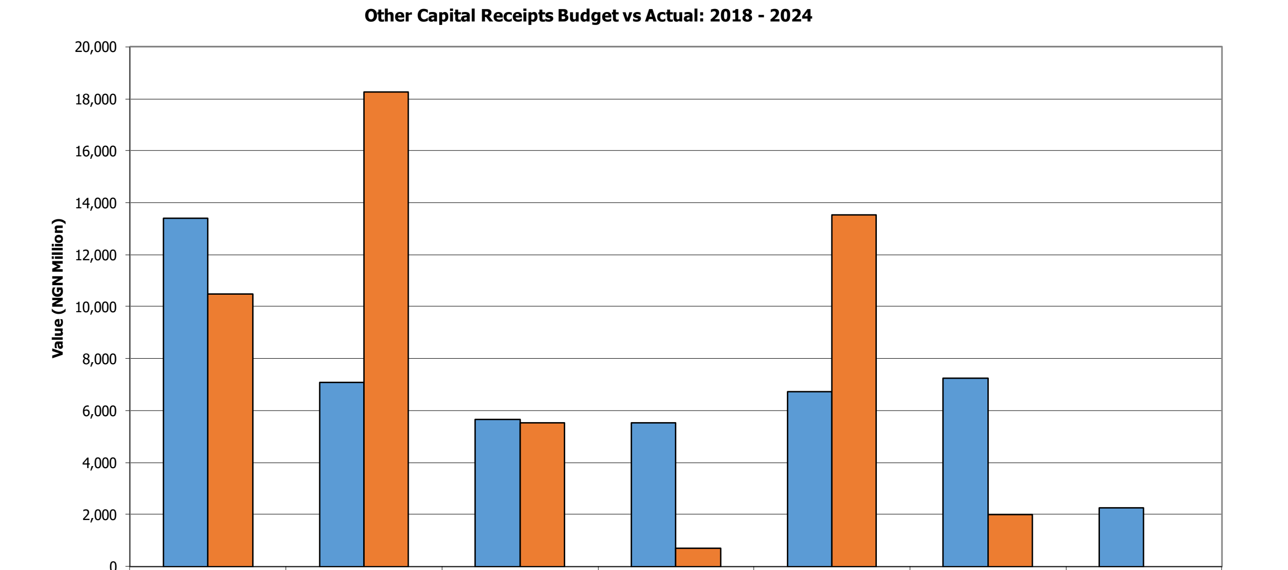
112. Grants are receipts from Federal Government, International Development Partners, FGN Social Investment Program, SDGs Conditional Grants Scheme, as well as grants from European Union (EU), USAID and United Nations Children's Fund (UNICEF) to mentioned but a few. Bauchi State has proactively included as much Grants expenditure "on-budget" as possible, even if the funds don't travel through the state treasury. This has greatly affected the Budget Size of the State. However, non-disclosure of actual performances by some of the development partners has affected the ratio of Actual Performance to the Approved Budget for the financial year reports.

113. Actual receipts against the Approved Budget have been below 50% over the period under consideration. This is largely due non-disclosure of performances from donor partners to the Office of the Accountant General.

114. Performance in relation to Grants has been on fluctuation year in year out this is because data for performances in respect to this component has not been readily available in the Office of the Accountant General despite proactive measures taken by present administration in terms of creating conducive working environment and payment of commitment like GCCC by the State Government.

115. On the general note the, actual performance for the period consideration is characterized by fluctuations.

Figure 8: Other Capital Receipts



	2018	2019	2020	2021	2022	2023	2024
Budget	13,391,000,000	7,084,300,000	5,658,751,057	5,532,742,504	6,726,484,436	7,232,011,369	2,254,879,583
Actual	10,474,379,089	18,258,684,525	5,514,432,307	685,013,883	13,520,548,828	2,000,000,000	0
Performance	78.2%	257.7%	97.4%	12.4%	201.0%	27.7%	0.0%
Growth		74.32%	-69.80%	-87.58%	1873.76%	-85.21%	0.00%

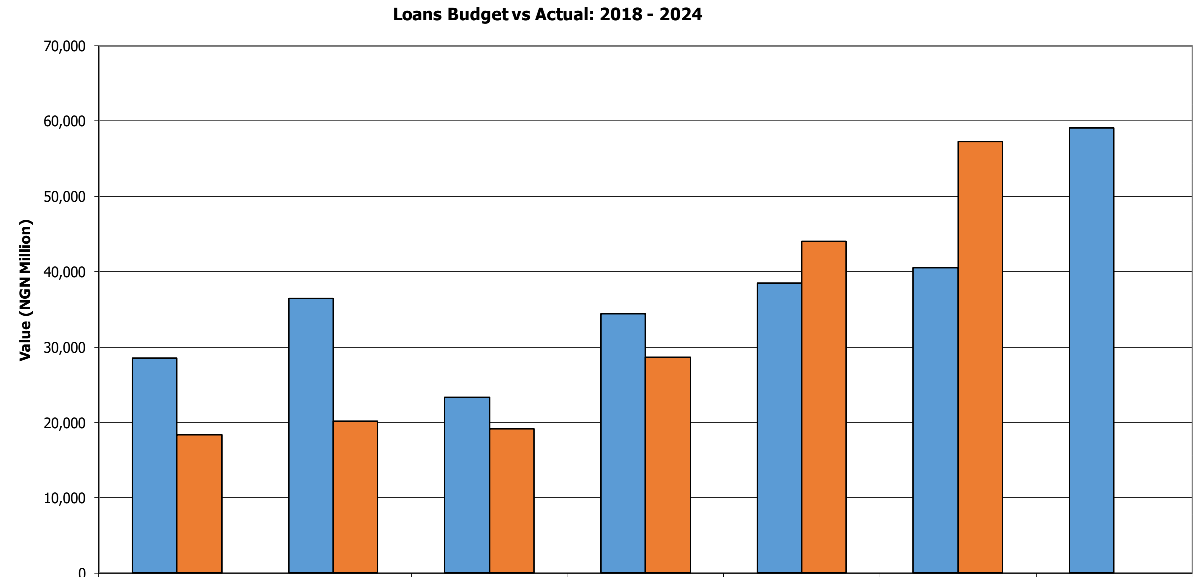
Year

116. Other Capital Receipts are associated with the income related to Joint Projects Accounts, Re-imbursement from the Federal Government and Ecological Funds as well as other contribution by the local government councils for some specific institutions or MDAs activities.

117. The years 2018, 2019 and 2022 where the most significant in terms of actual performance to the Approved Budget. Within these two years the performances are above the Approved Budget for the years mentioned.

118. The year 2021 witnessed the lowest level of performance for the period under consideration compared to the Approved Budgets. Within this year (2021) the performance is below 20% of the entire Approved Budget. This is largely due to non-performance of some donations and contributions from the Federal Government most especial items like Ecological Funds and Sustainable Development Goals (SDGs).

Figure 9: Loans/Financing



	2018	2019	2020	2021	2022	2023	2024
Budget	28,479,051,304	36,407,157,705	23,327,584,093	34,455,155,173	38,469,244,994	40,500,600,250	59,083,704,414
Actual	18,360,708,903	20,119,951,398	19,111,323,585	28,590,176,998	44,007,180,457	57,289,607,524	0
Performance	64.5%	55.3%	81.9%	83.0%	114.4%	141.5%	0.0%
Growth		9.58%	-5.01%	49.60%	53.92%	30.18%	0.00%

119. The Loans are components or instrument of income to the State that are used for the financing of the Budget deficit. This is made up of domestic and international loans.

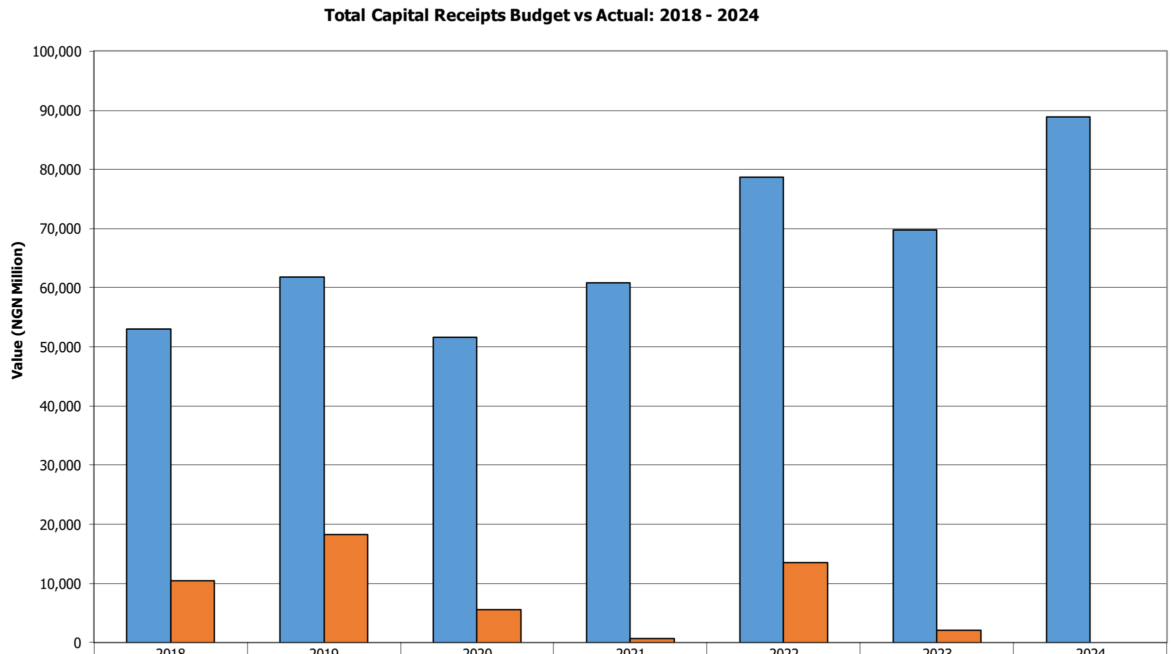
120. The Loans are mostly short-term and medium-term borrowing from banking facilities (both domestic and international). The financing has come in the form of various World Bank programmes in (Agriculture, Health, and Education sector support). Others comes up as a result of Floating of Bonds from the Stack Exchange Markets as well as Commercial Bank Loans.

121. The Loans instruments has been on the rise for the period under review (2018 – 2023) in terms of Approved Budget. The rise is also applicable to the actual performances within the period under consideration.

122. The year 2022 and 2023 recorded a significant improvement in terms of performance over the Approved Budget. This was largely due to proper debt management adopted in the execution of important critical projects like Bauchi Urban Renewal Scheme and other capital infrastructures.

123. The overall Budget Performance compared to the Approved Budget for the period under review is very significant as all the years achieved between 57% and below.

Figure 10: Total Capital Receipts Budget vs Actual: 2017 - 2023



	2018	2019	2020	2021	2022	2023	2024
Budget	53,041,803,419	61,806,822,432	51,552,231,423	60,887,128,208	78,752,777,974	69,732,611,619	88,929,565,081
Actual	10,474,379,089	18,258,684,525	5,514,432,307	685,013,883	13,520,548,828	2,000,000,000	0
Performance	66.7%	76.6%	66.4%	60.1%	85.8%	99.0%	0.0%
Growth		33.84%	-27.67%	6.86%	84.63%	2.16%	0.00%

Year

124. Total Capital Receipts are made up of three key components of Receipts Namely Aids and Grants, Loans, and Other Capital Receipts as earlier discussed above.

125. The overall performance of Aids and Grants over the years for the period under consideration is below average as shown on the graph above.

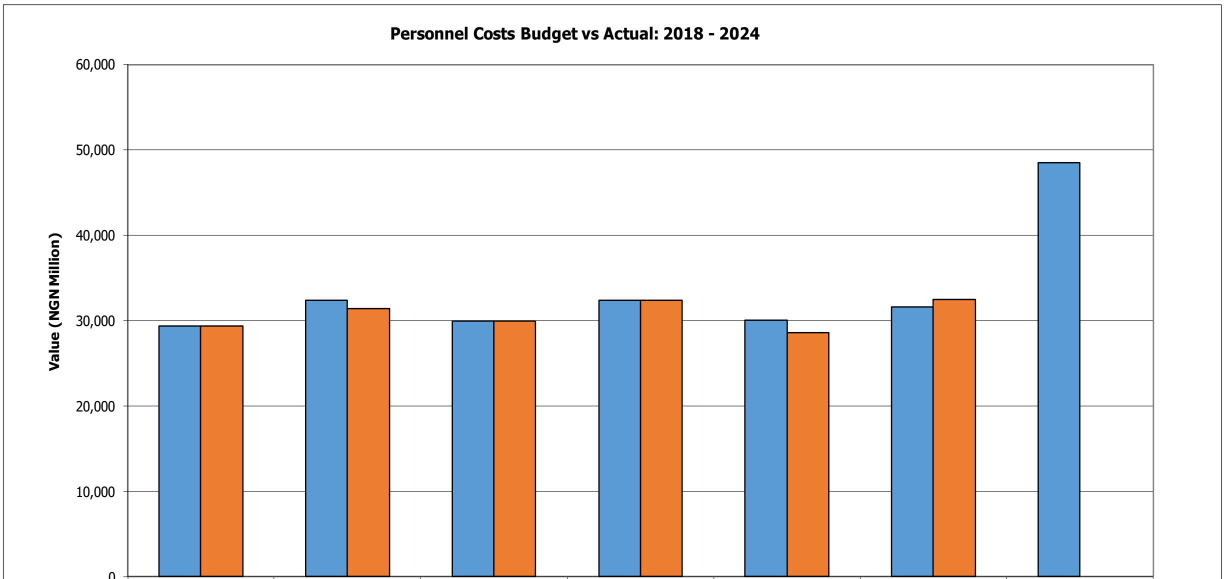
126. The only period that witnessed close to 40% was 2019, while 2021 saw a performance below 10%.

127. The poor performances recorded during the period under consideration could be attributed to non-submissions of Budget Performance Reports for these periods.

Expenditure Side

128. The document looks at Consolidated Revenue Fund (CRF) charges, Personnel, Overheads, and Capital Expenditure – budget versus actual for the period 2017 - 2023 (six years) and 2021 budget.

Figure 11: Personnel



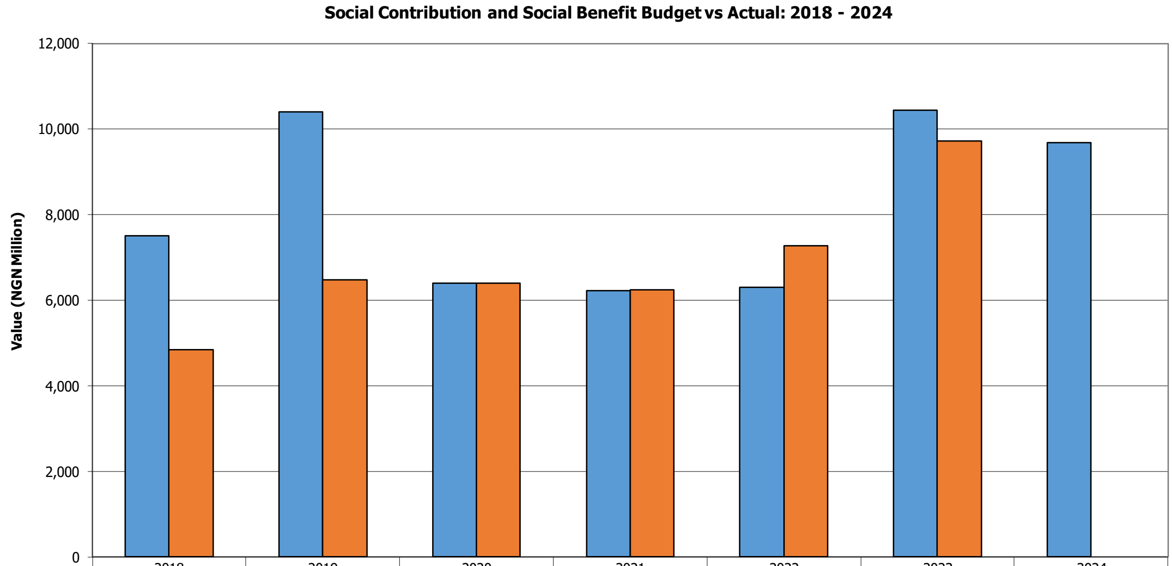
	2018	2019	2020	2021	2022	2023	2024
Budget	29,344,011,671	32,392,043,450	29,972,325,705	32,380,874,939	30,009,985,718	31,608,569,858	48,489,668,312
Actual	29,344,011,671	31,392,043,450	29,972,325,705	32,380,874,939	28,587,673,307	32,447,110,181	0
Performance	100.00%	96.91%	100.00%	100.00%	95.26%	102.65%	0.00%
Growth		6.98%	-4.52%	8.04%	-11.71%	13.50%	0.00%

129. Personnel expenditure includes salaries, allowances, and consolidated salaries of serving civil servants and political office holders of the state government, most of which are paid directly by MDAs.

130. Personnel costs rise in terms of Approved Budget and Actual Performances within the years under consideration have been on a fluctuation basis as shown in the graph above.

131. However, the actual performance against the approved budget for the period under consideration has been significantly good because it was above 90% for most of the period.

Figure 12: Social Contributions and Social Benefits



	2018	2019	2020	2021	2022	2023	2024
Budget	7,500,000,000	10,401,443,878	6,394,728,377	6,227,939,432	6,307,271,299	10,439,000,000	9,688,600,000
Actual	4,836,977,789	6,474,519,910	6,387,830,500	6,249,561,087	7,270,593,347	9,710,417,192	0
Performance	64.49%	62.25%	99.89%	100.35%	115.27%	93.02%	0.00%
Growth		33.85%	-1.34%	-2.16%	16.34%	33.56%	0.00%

132. These are components of recurrent expenditures. They are associated with the Pension and Gratuity of retired civil servants and political office holders of the State Government.

133. The performance growth has shown a considerable rate of about 20% on average between the years 2019 and 2023.

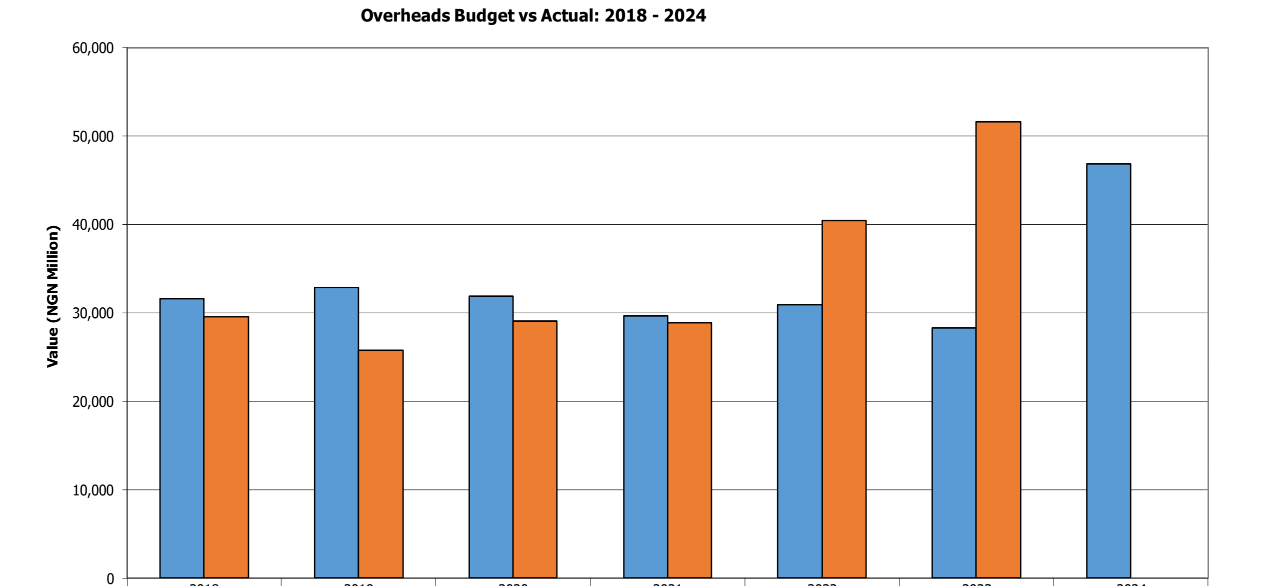
134. The Actual performance between 2020 and 2021 is almost at the same level in the comparison. However, in comparison the Approved Budget for 2020 and 2021 is almost equal to the two periods.

135. The performances between 2019 to 2022 are on a steady rise with a minimal drop in 2021.

136. The year 2023 is the only year for the period under consideration that performance is above the approved budget.

137. The fluctuation in performance between 2018 to 2019 for remaining below 70% for those years is large due to little intervention in terms of payment of Gratuity.

Figure 13: Overheads



	2018	2019	2020	2021	2022	2023	2024
Budget	31,569,155,696	32,865,443,781	31,921,086,743	29,622,621,165	30,912,941,506	28,316,503,958	46,831,891,801
Actual	29,552,300,524	25,732,239,347	29,061,797,884	28,884,276,850	40,442,886,128	51,627,283,758	0
Performance	93.61%	78.30%	91.04%	97.51%	130.83%	182.32%	0.00%
Growth		-12.93%	12.94%	-0.61%	40.02%	27.65%	0.00%

Year

138. Overheads comprises mainly of operational maintenance costs for running of Government by the MDAs on daily basis. Overhead allocations are transferred to MDAs monthly subject to warrants.

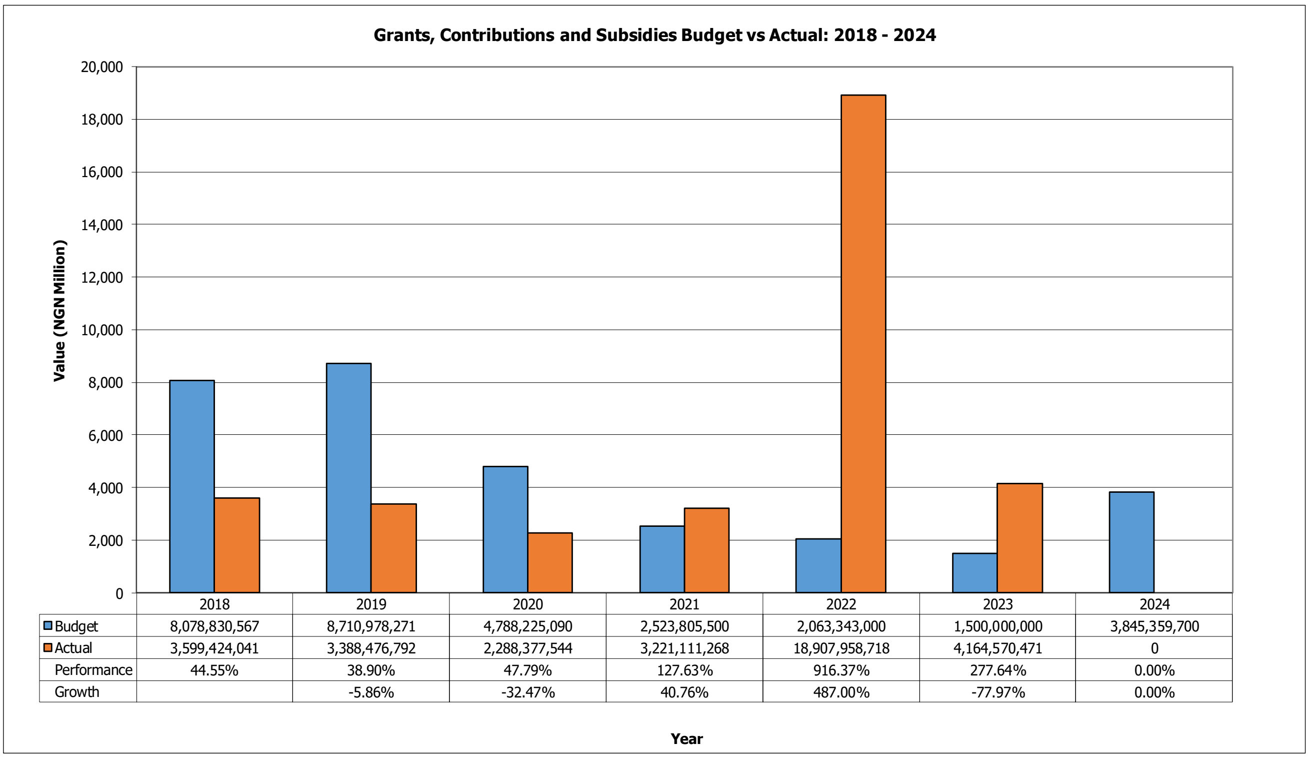
139. Overhead expenditure has been somewhat inconsistent in terms of actual performance to the Budget over the period under review.

140. However, the performances for the period under consideration did exceedingly well in comparison to the Approved Budgets.

141. The year 2022 and 2023 witnessed a performance of 130% and 182% respectively against the Approved Budget. This is because expenditures like security operational cost as well as other overhead cost witnessed a significant performance.

142. It is also quite interesting to also note that the overall performance for the period under consideration shows that there is Budget Realism as it relate to the approved budget on the average.

Figure 14: Grants, Contributions, Subsidies, Transfers



	2018	2019	2020	2021	2022	2023	2024
Budget	8,078,830,567	8,710,978,271	4,788,225,090	2,523,805,500	2,063,343,000	1,500,000,000	3,845,359,700
Actual	3,599,424,041	3,388,476,792	2,288,377,544	3,221,111,268	18,907,958,718	4,164,570,471	0
Performance	44.55%	38.90%	47.79%	127.63%	916.37%	277.64%	0.00%
Growth		-5.86%	-32.47%	40.76%	487.00%	-77.97%	0.00%

143. Grants, contributions, and subsidies are components of recurrent expenditure. These are expenditures often termed as assistance linked to individuals, public enterprises, NGOs, corporates organisations etc. that government often incurred within a particular financial year.

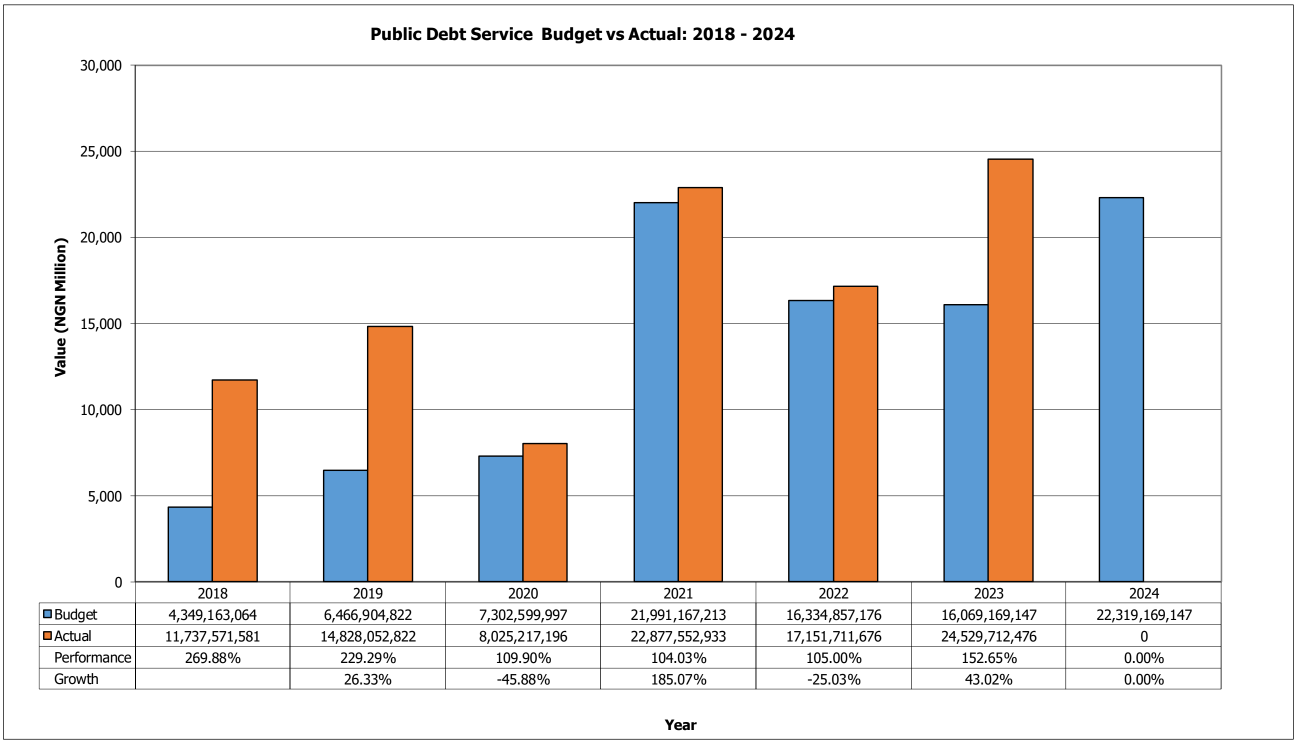
144. The years 2020, 2021 and 2022 recorded significant actual performances versus the Approved Budgets with 127,63%, 916.37% and 277.64 respectively compared to other years under consideration.

145. The years 2018 and 2019 recorded the highest budgetary allocations within the period under review.

146. The year 2020 performance is the lowest performance of 47.79% compared to all the years under consideration.

147. 2023 approved budget was the lowest compared to all the other approved budget for the period under consideration.

Figure 15: Public Debt Service



	2018	2019	2020	2021	2022	2023	2024
Budget	4,349,163,064	6,466,904,822	7,302,599,997	21,991,167,213	16,334,857,176	16,069,169,147	22,319,169,147
Actual	11,737,571,581	14,828,052,822	8,025,217,196	22,877,552,933	17,151,711,676	24,529,712,476	0
Performance	269.88%	229.29%	109.90%	104.03%	105.00%	152.65%	0.00%
Growth		26.33%	-45.88%	185.07%	-25.03%	43.02%	0.00%

148. Public Debt Service often referred to as Loans Repayments. They are payments made in respect to loans taken by the Government. This is also known as loan servicing.

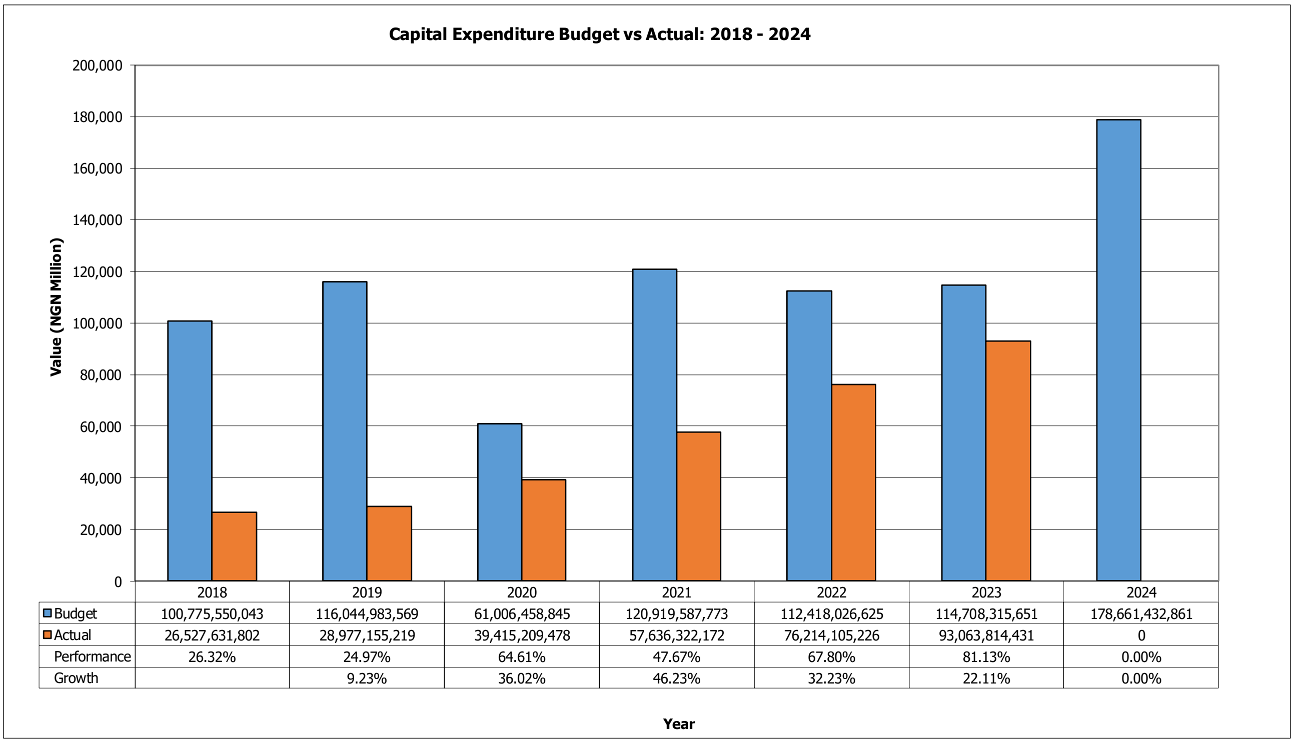
149. The actual performance for the period under review shows that the loan servicing performances was consistent and slightly above the approved budget on the average.

150. The years 2021 and 2024 marked the years with highest budget of approved budget.

151. The years 2021 and 2023 were the years that recorded highest budget performances with percentages of 104.03% and 152.65%

152. The actual repayment from 2018 – 2019 shows a consistent growth rate of about 20% on the average signifying that the State is servicing her loans according to terms and conditions.

Figure 16: Capital Expenditure



	2018	2019	2020	2021	2022	2023	2024
Budget	100,775,550,043	116,044,983,569	61,006,458,845	120,919,587,773	112,418,026,625	114,708,315,651	178,661,432,861
Actual	26,527,631,802	28,977,155,219	39,415,209,478	57,636,322,172	76,214,105,226	93,063,814,431	0
Performance	26.32%	24.97%	64.61%	47.67%	67.80%	81.13%	0.00%
Growth		9.23%	36.02%	46.23%	32.23%	22.11%	0.00%

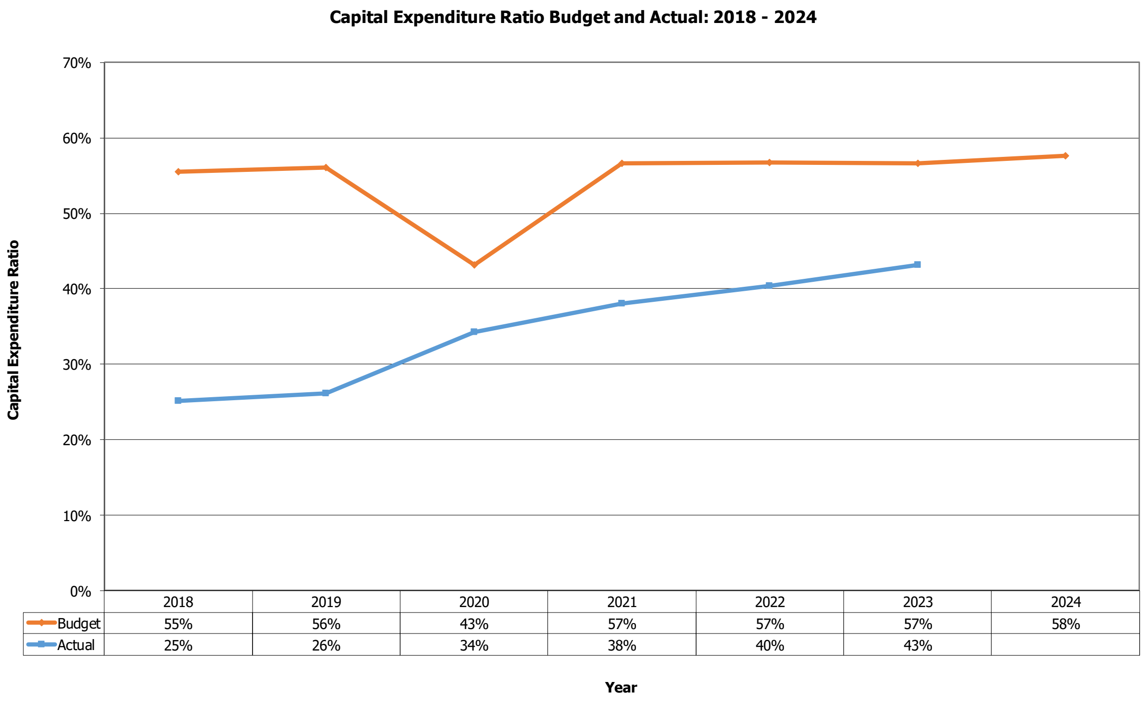
153. Capital expenditure refers to projects that generate state assets as well contribute to economic growth and development (e.g., roads, schools, hospitals etc.). They serve as budget instrument or component that facilitate the creation of wealth in the society and serve as an instrument for the facilitation of economic growth.

154. The overall budget performance of Capital Expenditure for the period under consideration was on a steady rise with an average rate of 15%.

155. The period under consideration shows a considerable rate of growth in terms of actual budget performance with average of about 20% year in year out. witnessed a significant in the approved budget.

156. The year 2023 was the period for which capital expenditure recorded highest performance for the period under consideration. The significant performance is largely due to government renewed effort in providing infrastructure throughout the state.

Figure 17: Recurrent: Capital Expenditure Ratio



	2018	2019	2020	2021	2022	2023	2024
Budget	55%	56%	43%	57%	57%	57%	58%
Actual	25%	26%	34%	38%	40%	43%	

157. The capital expenditure ratio in terms of actual performance to the Approved Budget has been on the rise for the period under review with average range of 7%.

158. The approved budget took a significant drop in terms of allocation in 2020 as a result of the issue of the pandemic (COVID-19).

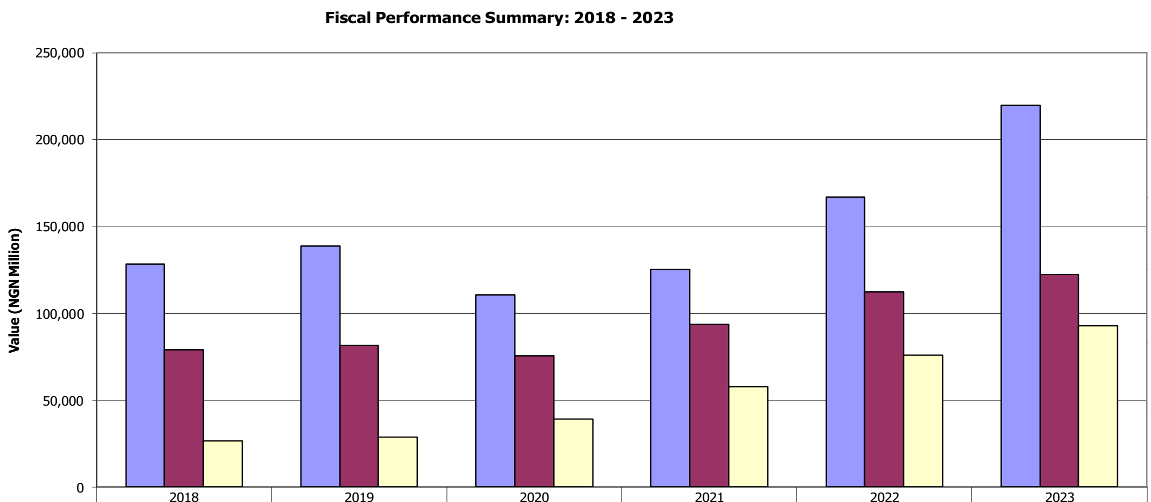
By Sector

159. Performance by sector in respect to Personnel as shown in the table 6 below, cost varied over the period 2018 – 2023. Overhead average performance by Sectors over the period shows that about 11 sectors performed excellently well against the Approved Budget. An example is the Local Government Service Commission recording as high as 135% performance.

160. The emphasis of expenditure over the term of the current administration has been on infrastructure which was, in dis-repair. The allocations of more than 50% of capital expenditure reflect this and should ultimately boost economic activity in the state. However, the investment is on-going with the hope that capital investment can focus more in the social sector.

161. Large expenditure by the governance sector is due to security challenges that bedevilled the State during the period under review. As noted below, there was rationing of releases for capital expenditure in 2020 due to the shortfalls in revenue.

Figure 17: Fiscal Performance Summary 2018-2023



	2018	2019	2020	2021	2022	2023
Revenue	128,649,313,760	138,992,816,052	110,735,673,713	125,620,922,375	166,826,653,324	219,785,754,151
Rec. Exp.	79,070,285,607	81,815,332,321	75,735,548,829	93,613,377,077	112,360,823,177	122,479,094,079
Cap. Exp.	26,527,631,802	28,977,155,219	39,415,209,478	57,636,322,172	76,214,105,226	93,063,814,431
Performance	58.14%	53.55%	81.44%	70.79%	95.22%	106.37%
Growth		4.92%	3.93%	31.35%	24.68%	14.30%

162. The Performance Summary for the period under review on the increase for every year with an average of 20%.

163. The growth rate in 2021 is the highest for period under review with a percentage of 41.39. however, it started declining in the year 2022.

Table 6: Personnel Expenditure by Sector – Budget Vs Actual

Personnel Expenditure by Sector										
No.	Sector	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance	Average Budget	Average Actual
1	GOVERNMENT HOUSE	85,479,814	67,197,895	86,584,457	77,282,367	118,742,159	98,773,994	81.14%	0.29%	0.22%
2	GOVERNOR'S OFFICE (SSG's OFFICE)	285,787,282	230,299,991	334,580,031	1,086,274,098	774,253,083	2,243,568,447	214.52%	1.32%	2.70%
3	BAUCHI STATE HOUSE OF ASSEMBLY	478,467,485	91,356,296	746,971,401	369,949,235	726,190,136	515,772,779	43.01%	1.93%	0.79%
4	MINISTRY OF INFORMATION AND COMMU	367,566,860	234,580,890	333,892,263	282,534,301	326,148,192	290,942,737	79.86%	1.14%	0.87%
5	OFFICE OF THE HEAD OF CIVIL SERVICE	1,029,326,539	2,989,930,065	1,191,431,918	8,194,343,346	11,438,737,968	10,736,729,278	156.93%	10.85%	16.31%
6	OFFICE OF STATE AUDITOR GENERAL	371,662,050	136,558,894	374,756,917	344,650,027	396,876,749	363,714,474	64.40%	1.14%	0.71%
7	CIVIL SERVICE COMMISSION	14,195,930	15,102,362	16,712,937	15,076,489	16,548,446	14,662,715	91.28%	0.05%	0.04%
8	LOCAL GOVERNMENT SERVICE COMMISSI	14,609,263	14,114,401	20,908,095	23,092,886	24,256,821	13,787,985	88.18%	0.06%	0.05%
9	STATE INDEPENDENT ELECTORAL COMMIS	28,629,251	20,387,130	21,288,733	18,380,307	23,866,209	21,459,187	78.34%	0.08%	0.06%
10	MINISTRY OF RELIGIOUS AFFAIRS AND S	454,942,674	120,237,787	321,427,464	404,218,691	432,158,961	427,919,212	67.77%	1.17%	0.76%
11	MINISTRY OF RURAL DEVELOPMENT SPEC	0	0	0	0	57,052,712	0	0.00%	0.04%	0.00%
12	MINISTRY OF AGRICULTURE	1,945,895,605	1,893,839,970	1,625,102,689	1,693,753,596	1,858,956,826	1,899,504,186	100.56%	5.57%	5.37%
13	MINISTRY OF FINANCE-HQTRS	1,412,719,922	1,225,764,448	1,332,930,324	1,253,107,352	1,253,438,673	1,200,083,136	91.70%	4.00%	3.51%
14	MIN OF COMMERCE AND INDUSTRY	250,999,777	160,019,845	128,342,450	168,184,141	128,379,410	135,657,752	130.78%	0.48%	0.60%
15	MINISTRY OF POWER, SCIENCE & TECHNO	48,877,412	36,442,114	37,708,284	42,188,742	84,410,014	62,252,650	84.51%	0.16%	0.13%
16	MINISTRY OF NATURAL RESOURCES	0	4,486,656	3,095,973	4,486,656	17,414,791	6,737,625	58.13%	0.02%	0.01%
17	MINISTRY OF WORKS AND TRANSPORT	607,731,941	469,707,721	405,901,000	350,107,599	400,438,963	341,247,355	76.50%	1.42%	1.04%
18	MINISTRY OF TOURISM AND CULTURE	218,204,016	62,149,346	199,282,723	155,684,994	225,895,822	240,185,940	71.27%	0.48%	0.33%
19	MINISTRY OF LANDS AND SURVEY	152,199,998	42,100,788	158,460,648	111,579,687	103,819,834	128,893,998	53.24%	0.39%	0.20%
20	MINISTRY OF BUDGET, ECONOMIC PLANN	87,553,159	76,935,871	83,604,045	74,849,011	605,180,359	78,847,440	35.72%	0.65%	0.22%
21	MINISTRY OF WATER RESOURCES	297,661,278	773,077,589	290,897,403	293,195,501	297,001,760	297,880,650	183.64%	0.87%	1.53%
22	MINISTRY OF HOUSING AND ENVIRONME	610,896,687	131,516,643	589,279,820	572,147,337	507,800,869	635,219,128	63.30%	1.74%	1.05%
23	JUDICIAL SERVICE COMMISSION	3,151,134,011	54,897,722	3,002,296,449	2,666,857,020	2,676,289,394	2,753,998,543	47.56%	8.68%	3.95%
24	MINISTRY OF JUSTICE	129,552,160	3,143,113,844	125,119,337	126,982,592	129,624,581	127,641,104	1328.99%	0.37%	4.75%
25	STATE DEVELOPMENT BOARD	111,991,435	100,217,493	111,023,589	88,735,381	109,660,845	97,188,145	88.16%	0.33%	0.28%
26	MINISTRY OF WOMEN AFFAIRS AND CHIL	24,600,144	23,205,102	22,721,475	21,975,926	23,739,588	23,798,036	98.35%	0.07%	0.07%
27	MINISTRY OF EDUCATION	11,352,807,854	12,524,538,074	11,044,456,109	10,109,841,592	10,372,866,452	11,285,036,904	101.67%	32.78%	31.91%
28	MINISTRY OF HEALTH	8,183,232,322	6,992,688,652	6,936,116,349	6,688,882,935	8,302,686,975	7,455,171,194	96.62%	22.23%	20.56%
29	MINISTRY OF YOUTH AND SPORTS DEVEL	603,564,627	686,992,614	404,646,026	564,335,521	553,696,386	557,373,341	122.56%	1.50%	1.76%
30	MINISTRY FOR LOCAL GOVERNMENT AND	60,585,443	59,414,734	60,446,809	55,569,323	61,436,877	56,429,667	93.57%	0.18%	0.16%
31	MINISTRY OF HUMANITARIAN AND DISA	0	0	0	0	0	0	0.00%	0.00%	0.00%
32	MINISTRY OF HIGHER EDUCATION	0	0	0	0	0	0	0.00%	0.00%	0.00%
33	MIN OF COOPERATIVES & SME DEVELOPN	0	0	0	0	0	47,049,770	0.00%	0.00%	0.03%
34	MINISTRY OF SECURITY AND INTERNAL A	0	0	0	0	0	0	0.00%	0.00%	0.00%

Table 7: Overhead Expenditure by Sector – Budget Vs Actual

Overhead Expenditure by Sector												
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance	Average Budget	Average Actual
1	GOVERNMENT HOUSE	2,228,233,327	2,884,959,539	2,796,474,619	2,593,788,920	2,940,474,619	2,453,764,892	2,563,008,050	3,465,791,881	108.26%	7.61%	6.37%
2	GOVERNOR'S OFFICE (SSG's OFFICE)	6,824,907,712	12,997,100,221	7,493,519,221	15,835,554,048	7,468,118,155	25,038,763,419	7,372,624,463	26,933,599,254	277.12%	21.08%	45.18%
3	BAUCHI STATE HOUSE OF ASSEMBLY	1,807,258,255	1,675,626,311	2,412,445,867	1,742,599,156	4,272,608,698	627,027,534	2,544,400,696	1,895,296,113	53.83%	7.98%	3.32%
4	MINISTRY OF INFORMATION AND COMMU	183,131,671	13,373,146	367,566,860	39,818,352	356,073,920	178,816,347	376,045,160	356,329,437	45.86%	0.93%	0.33%
5	OFFICE OF THE HEAD OF CIVIL SERVICE	230,281,930	281,334,013	468,296,285	345,779,163	678,029,564	522,819,507	621,145,876	756,662,960	95.44%	1.44%	1.07%
6	OFFICE OF STATE AUDITOR GENERAL	87,319,000	54,952,297	158,000,000	68,670,008	178,250,000	49,769,150	178,200,000	90,983,250	43.93%	0.43%	0.15%
7	CIVIL SERVICE COMMISSION	15,919,150	14,375,140	25,337,810	17,556,498	25,337,810	12,426,306	28,187,810	28,006,728	76.35%	0.07%	0.04%
8	LOCAL GOVERNMENT SERVICE COMMISSI	16,725,104	210,510	38,500,000	1,663,410	49,862,000	105,790,456	41,993,520	6,006,303	77.28%	0.11%	0.06%
9	STATE INDEPENDENT ELECTORAL COMMIS	14,312,661	11,286,764	22,734,250	16,444,125	36,700,000	19,771,000	41,100,000	30,489,875	67.91%	0.08%	0.04%
10	MINISTRY OF RELIGIOUS AFFAIRS AND S	229,916,343	127,721,822	359,843,928	117,235,640	397,639,935	590,695,923	686,959,160	491,648,654	79.27%	1.21%	0.74%
11	MINISTRY OF RURAL DEVELOPMENT SPEC	23,742,750	3,220,109	27,660,304	4,451,702	43,630,000	8,116,680	49,700,000	20,629,099	25.16%	0.10%	0.02%
12	MINISTRY OF AGRICULTURE	410,103,537	671,542,675	348,296,408	512,119,696	262,915,208	37,509,109	223,753,328	20,265,141	99.71%	0.90%	0.69%
13	MINISTRY OF FINANCE-HQTRS	9,702,055,968	6,441,722,175	1,401,484,445	3,828,854,314	1,627,038,595	4,956,509,534	19,058,830,278	37,792,090,297	166.78%	22.98%	29.64%
14	MIN OF COMMERCE AND INDUSTRY	98,037,842	14,430,842	74,555,342	24,534,968	91,432,342	49,685,710	107,832,342	77,034,315	44.56%	0.27%	0.09%
15	MINISTRY OF POWER, SCIENCE & TECHNO	25,088,300	17,402,530	61,979,550	24,457,195	54,300,000	21,510,705	191,800,000	69,016,043	39.74%	0.24%	0.07%
16	MINISTRY OF NATURAL RESOURCES	59,533,225	0	46,780,000	11,233,250	46,780,000	5,205,582	59,680,000	14,867,091	14.71%	0.15%	0.02%
17	MINISTRY OF WORKS AND TRANSPORT	60,887,625	90,599,869	371,475,991	309,791,510	540,686,741	155,459,293	640,798,000	103,963,891	40.88%	1.17%	0.37%
18	MINISTRY OF TOURISM AND CULTURE	30,055,000	11,802,025	83,409,290	14,092,650	152,266,500	29,400,294	162,900,000	39,748,729	22.17%	0.31%	0.05%
19	MINISTRY OF LANDS AND SURVEY	22,598,443	9,593,443	119,950,000	33,114,835	119,950,000	36,280,673	114,200,000	24,940,193	27.59%	0.27%	0.06%
20	MINISTRY OF BUDGET, ECONOMIC PLANN	4,125,877,776	74,155,960	4,126,065,000	91,913,630	3,614,631,000	2,272,545,650	2,650,800,000	113,754,118	17.58%	10.49%	1.43%
21	MINISTRY OF WATER RESOURCES	47,582,950	3,010,200	108,650,000	3,563,552	154,617,913	11,226,275	164,505,050	35,569,941	11.23%	0.34%	0.03%
22	MINISTRY OF HOUSING AND ENVIRONME	73,224,700	9,385,138	172,390,000	2,822,889	248,730,000	44,210,770	161,860,000	44,609,970	15.40%	0.47%	0.06%
23	JUDICIAL SERVICE COMMISSION	335,517,746	27,750,000	755,377,086	26,995,237	1,008,485,000	179,455,074	914,372,181	398,762,635	21.00%	2.18%	0.35%
24	MINISTRY OF JUSTICE	366,649,358	368,904,990	631,206,558	348,744,678	602,280,000	471,171,085	427,305,000	539,704,909	85.26%	1.47%	0.97%
25	STATE DEVELOPMENT BOARD	67,822,500	164,607,062	188,500,000	185,884,910	139,000,000	223,251,186	187,400,000	290,805,163	148.36%	0.42%	0.48%
26	MINISTRY OF WOMEN AFFAIRS AND CHIL	152,910,350	173,047,480	398,140,558	169,783,235	425,800,000	149,194,150	257,200,000	360,845,400	69.11%	0.89%	0.48%
27	MINISTRY OF EDUCATION	2,029,526,648	2,019,889,249	3,245,151,663	1,362,297,501	2,617,972,129	671,017,389	2,938,939,278	2,254,999,689	58.24%	7.83%	3.53%
28	MINISTRY OF HEALTH	1,880,756,079	848,584,208	2,238,257,542	1,101,951,531	1,949,431,377	928,959,935	2,090,474,164	1,133,084,243	49.18%	5.90%	2.24%
29	MINISTRY OF YOUTH AND SPORTS DEVEL	453,360,793	51,210,168	710,393,838	48,560,250	663,040,000	535,681,700	837,940,000	660,456,600	48.63%	1.93%	0.72%
30	MINISTRY FOR LOCAL GOVERNMENT AND	317,750,000	0	370,178,750	141,860,000	146,860,000	56,850,800	191,718,750	0	19.36%	0.74%	0.11%
31	MINISTRY OF HUMANITARIAN AND DISA	0	0	0	0	0	0	0	2,262,439,800	0.00%	0.00%	1.26%
32	MINISTRY OF HIGHER EDUCATION	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
33	MIN OF COOPERATIVES & SME DEVELOPM	0	0	0	0	0	0	0	9,164,983	0.00%	0.00%	0.01%
34	MINISTRY OF SECURITY AND INTERNAL A	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%

Table 8: Capital Expenditure by Sector – Budget Vs Actual

Capital Expenditure by Sector

		2020	2020	2021	2021	2022	2022	2023	2023			
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance	Average Budget	Average Actual
1	GOVERNMENT HOUSE	169,250,000	0	347,050,000	0	268,400,000	342,138,333	309,450,000	0	31.27%	0.27%	0.13%
1	GOVERNOR'S OFFICE (SSG's OFFICE)	3,039,450,000	1,822,004,855	1,988,872,760	1,360,312,089	2,307,200,000	838,375,141	2,069,780,000	371,795,671	46.70%	2.30%	1.65%
1	BAUCHI STATE HOUSE OF ASSEMBLY	90,250,000	25,000,000	232,217,317	23,880,000	631,405,228	4,850,871	1,136,669,000	0	2.57%	0.51%	0.02%
1	MINISTRY OF INFORMATION AND COMMUNICATION	667,500,000	64,103,428	1,287,950,000	39,529,043	1,309,358,494	740,055,229	1,018,684,600	281,647,236	26.27%	1.05%	0.42%
1	OFFICE OF THE HEAD OF CIVIL SERVICE	75,000,000	0	170,000,000	0	667,391,714	756,867,885	1,273,174,200	316,527,692	49.11%	0.53%	0.40%
1	OFFICE OF STATE AUDITOR GENERAL	102,978,131	0	122,900,000	0	205,900,000	0	183,000,000	0	0.00%	0.15%	0.00%
1	CIVIL SERVICE COMMISSION	41,500,000	3,084,000	51,460,000	6,286,568	53,435,162	3,143,284	53,435,162	21,409,849	16.98%	0.05%	0.01%
1	LOCAL GOVERNMENT SERVICE COMMISSION	4,600,000	0	110,412,000	0	217,350,000	10,000,000	152,145,000	0	2.06%	0.12%	0.00%
1	STATE INDEPENDENT ELECTORAL COMMISSION	521,000,000	619,958,408	42,000,000	9,220,742	125,000,000	3,545,000	100,900,000	0	80.20%	0.19%	0.24%
1	MINISTRY OF RELIGIOUS AFFAIRS AND SOCIAL WELFAR	461,250,000	34,941,989	404,960,000	13,720,803	348,500,000	53,365,408	389,700,000	3,290,000	6.56%	0.39%	0.04%
1	MINISTRY OF RURAL DEVELOPMENT SPECIAL DUTIES	252,500,000	2,472,500	270,000,000	5,000,000	2,180,700,000	8,764,920	2,100,000,000	594,377,418	12.71%	1.17%	0.23%
1	MINISTRY OF AGRICULTURE	3,814,791,583	1,232,188,071	10,277,068,088	626,231,000	3,841,024,890	662,028,065	3,052,870,628	525,686,607	14.52%	5.13%	1.14%
1	MINISTRY OF FINANCE-HQTRS	1,263,395,000	3,041,868,997	2,831,750,000	87,684,005	2,418,506,008	2,134,769,627	2,612,897,073	5,939,871,280	122.76%	2.23%	4.21%
1	MIN OF COMMERCE AND INDUSTRY	3,504,000,000	1,609,705,631	5,357,708,000	577,399,058	3,498,000,000	530,035,611	1,765,000,000	401,728,932	22.08%	3.45%	1.17%
1	MINISTRY OF POWER, SCIENCE & TECHNOLOGY	962,248,522	526,787,180	825,000,000	174,015,366	937,000,000	655,011,770	1,770,600,000	893,911,548	50.05%	1.10%	0.84%
1	MINISTRY OF NATURAL RESOURCES	169,000,000	0	2,481,910,000	20,821,000	316,500,000	25,336,350	383,500,000	23,533,000	2.08%	0.82%	0.03%
1	MINISTRY OF WORKS AND TRANSPORT	2,368,206,895	3,887,920,852	12,832,467,800	14,913,864,487	28,270,177,572	33,380,866,390	34,021,941,692	58,390,631,456	142.69%	18.94%	41.52%
1	MINISTRY OF TOURISM AND CULTURE	97,794,000	3,500,000	187,818,560	11,205,950	609,497,964	76,453,250	792,264,282	4,956,000	5.70%	0.41%	0.04%
1	MINISTRY OF LANDS AND SURVEY	390,000,000	96,150,937	4,030,038,730	42,403,888	1,190,000,000	110,547,322	747,500,000	19,882,014	4.23%	1.55%	0.10%
1	MINISTRY OF BUDGET, ECONOMIC PLANNING AND MULT	1,106,792,637	14,477,000	1,207,300,000	17,346,250	767,700,000	324,207,000	1,153,000,000	540,243,291	21.16%	1.04%	0.34%
1	MINISTRY OF WATER RESOURCES	6,768,951,972	10,020,548,993	9,462,050,000	7,355,599,868	3,784,909,091	720,729,494	6,484,900,000	284,230,793	69.36%	6.48%	6.90%
1	MINISTRY OF HOUSING AND ENVIRONMENT	6,903,126,950	5,155,090,849	15,574,656,143	10,967,182,281	10,959,499,000	8,872,042,711	5,400,699,000	9,767,955,856	89.51%	9.49%	13.05%
1	JUDICIAL SERVICE COMMISSION	811,832,438	0	2,132,700,000	237,200,000	2,254,850,000	79,698,197	1,778,700,000	241,433,387	8.00%	1.71%	0.21%
1	MINISTRY OF JUSTICE	18,500,000	2,642,000	18,500,000	18,500,000	35,000,000	0	59,250,000	4,826,000	19.79%	0.03%	0.01%
1	STATE DEVELOPMENT BOARD	4,298,670,000	3,847,686,328	12,930,224,392	14,645,432,017	13,967,626,982	11,618,599,755	11,264,784,438	4,617,089,568	81.79%	10.38%	13.04%
1	MINISTRY OF WOMEN AFFAIRS AND CHILD DEV.	0	0	85,000,000	0	68,695,857	0	510,000,000	0	0.00%	0.16%	0.00%
1	MINISTRY OF EDUCATION	6,679,876,838	1,884,456,688	18,038,184,714	643,638,226	15,969,304,735	5,877,662,361	11,827,535,749	2,079,330,315	19.97%	12.84%	3.94%
1	MINISTRY OF HEALTH	14,381,424,043	3,566,771,647	14,991,279,269	5,680,437,157	13,088,081,106	7,677,147,888	20,022,784,827	7,599,677,377	39.25%	15.28%	9.21%
1	MINISTRY OF YOUTH AND SPORTS DEVELOPMENT	1,903,569,837	1,953,849,125	1,456,750,000	159,412,375	977,012,823	562,863,364	1,613,150,000	131,390,141	47.18%	1.45%	1.05%
1	MINISTRY FOR LOCAL GOVERNMENT AND CHIEFTAINCY A	139,000,000	0	1,171,360,000	0	1,150,000,000	145,000,000	660,000,000	0	4.65%	0.76%	0.05%
1	MINISTRY OF HUMANITARIAN AND DISASTER MANAGEM	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
1	MINISTRY OF HIGHER EDUCATION	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
1	MIN OF COOPERATIVES & SME DEVELOPMENT	0	0	0	0	0	0	0	8,389,000	0.00%	0.00%	0.00%
1	MINISTRY OF SECURITY AND INTERNAL AFFAIRS	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%

2.B.2 Debt Position

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

Table 9: Debt Position as at 31st December 2023

Debt Sustainability Analysis			
A	**DSA RATIO SCENARIOS:**	**Sustainability Thresholds**	**As at 31st December 2023**
	Solvency Ratios	**Percentage**	**Percentage**
1	Total Domestic Debt/IGR	150%	567.53%
2	Total External Debt/Gross FAAC	150%	107.26%
3	Total Public Debt/Total Recurrent Revenue	150%	193.78%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	**Percentage**	**Percentage**
5	Domestic Debt Service/IGR	15%	64.82%
6	External Debt Service/Gross FAAC	10%	5.03%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	20.04%
8	Total Debt Service/Total Recurrent Revenue	25%	16.27%
B	**PUBLIC DEBT DATA AS AT 31st DECEMBER 2023**		**Naira**
1	Total Domestic Debt		160,808,088,694
2	Total External Debt		131,302,470,479
3	**Total Public Debt**		**292,110,559,173**
4	Total Domestic Debt Service 2023		18,367,280,769
5	Total External Debt Service in 2023		6,162,431,707
6	**Total Public Debt Service**		**24,529,712,476**
C	**STATE GDP FOR 2023**		
1	**State GDP**		0

165. The State is well within most ratios except for those related to IGR – specifically domestic debt to IGR solvency ratio and domestic debt service to IGR liquidity ratio. However, this is largely due to a low IGR base which must be built in the short-medium term. Once IGR is at a more appropriate level compared to the level of economic activity in the State, more domestic borrowing will be possible.

166. In the interim, although foreign exchange represents a risk, foreign loans represent a more affordable solution to borrowing.

3 Fiscal Strategy Paper

3.A Macroeconomic Framework

167. The Macroeconomic framework is based on IMF national real GDP growth and inflation forecasts from the April 2024 World Economic Outlook document, and mineral benchmarks (oil price, production, and NGN: USD exchange rate) from the 2025-2027 Federal Fiscal Framework.

Table 10: Bauchi State Macroeconomic Framework

Macro-Economic Framework

Item	2024	2025	2026	2027
National Inflation	33.20%	23.00%	15.10%	15.38%
National Real GDP Growth	3.30%	2.96%	2.98%	3.34%
Oil Production Benchmark (MBPD)	1.2800	1.8000	1.8100	2.6000
Oil Price Benchmark	$78.02	$80.00	$80.00	$74.00
NGN:USD Exchange Rate	1469	1314.94	1466.33	1438.22
Other Assumptions				
Mineral Ratio	16%	16%	16%	16%

Source: Bauchi State 2025 – 2027 MTEF

3.B Fiscal Strategy and Assumptions

Policy Statement

168. The State’s fiscal policy is predicted to control and enforce compliance with established spending limits to achieve sound budgeting system, which include aggregate fiscal discipline, allocative efficiency, and effective spending.

Objectives and Targets

169. The key targets from a fiscal perspective are:

- Achieve a recurrent to capital expenditure ratio of 46:54;
- Sustain the implementation of on-going capital projects under the urban renewal programme.
- Continue to ensure reduction in non-essential overheads.
- Review revenue projections to reflect current realities.
- Compliance with NGF and other institutional guidelines that are provided from time to time.
- Use loans to finance capital expenditure projects only;
- Target other sources of capital receipts and financing such as Aids and Grants, PPP, etc.

3.C Indicative Three-Year Fiscal Framework

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

Table 10: Bauchi State Medium Term Fiscal Framework

Fiscal Framework

Item	2024	2025	2026	2027
Opening Balance	5,541,208,817	7,152,000,211	7,852,455,024	7,933,105,577
Recurrent Revenue				
Statutory Allocation	61,909,072,252	40,546,372,895	42,904,397,681	49,950,235,000
Derivation	0	0	0	0
VAT	58,613,738,915	80,136,654,329	98,471,445,003	120,950,091,720
IGR	37,682,126,012	47,272,762,137	62,358,688,514	81,139,860,841
Excess Crude / Other Revenue	50,313,553,747	55,802,305,065	66,962,766,078	80,355,319,294
Total Recurrent Revenue	**208,518,490,926**	**223,758,094,426**	**270,697,297,277**	**332,395,506,855**
Recurrent Expenditure				
Personnel Costs	33,581,975,559	34,366,781,366	35,955,727,323	37,209,151,678
Social Contribution and Social Benefit	11,434,740,681	13,746,992,360	16,738,475,906	20,367,046,399
Overheads	58,508,031,355	69,024,222,015	82,588,967,430	100,560,567,677
Grants, Contributions and Subsidies	4,198,346,969	4,325,763,431	4,968,940,606	5,278,911,200
Public Debt Service	28,153,383,124	31,227,778,517	38,379,862,030	44,596,848,725
Total	**135,876,477,688**	**152,691,537,690**	**178,631,973,294**	**208,012,525,679**
Transfer to Capital Account	**78,183,222,056**	**78,218,556,947**	**99,917,779,007**	**132,316,086,753**
Capital Receipts				
Grants	25,545,657,083	31,509,237,180	27,990,237,180	27,220,237,180
Other Capital Receipts	4,342,364,756	5,993,263,422	4,943,263,422	4,443,263,422
Total	**29,888,021,839**	**37,502,500,602**	**32,933,500,602**	**31,663,500,602**
Reserves				
Contingency Reserve	0	0	0	0
Planning Reserve	8,080,686,975	8,999,633,311	8,538,621,673	10,366,004,533
Total Reserves	**8,080,686,975**	**8,999,633,311**	**8,538,621,673**	**10,366,004,533**
Capital Expenditure	**151,922,261,123**	**170,292,578,097**	**162,153,161,241**	**196,833,185,529**
Discretional Funds	113,668,314,204	130,479,319,565	129,574,902,709	164,994,926,998
Non-Discretional Funds	38,253,946,919	39,813,258,531	32,578,258,531	31,838,258,531
Financing (Loans)	59,083,704,414	71,423,608,882	45,773,608,882	51,273,608,882
Total Revenue (Including Opening Balance)	**303,031,425,997**	**339,836,204,122**	**357,256,861,785**	**423,265,721,917**
Total Expenditure (including Contingency Reserve	**295,879,425,786**	**331,983,749,098**	**349,323,756,208**	**415,211,715,742**
Closing Balance	7,152,000,211	7,852,455,024	7,933,105,577	8,054,006,175
Ratios				
Growth in Recurrent Revenue	38.33%	7.31%	20.98%	22.79%
Growth in Recurrent Expenditure	44.88%	12.38%	16.99%	16.45%
Capital Expenditure Ratio	54.08%	54.01%	48.86%	49.90%
Deficit (Financing) to Total Expenditure	19.97%	21.51%	13.10%	12.35%
Deficit (Financing) to GDP Ratio	NA	NA	NA	NA

3.C.1 Assumptions

171. **Opening Balance –** The opening balance of the current year is the closing balance of the previous year.

172. **Statutory Allocation –** the estimation for statutory allocation is usually based on an elasticity forecast taking into consideration the macro-economic framework (National) and the mineral assumptions in the 2025 - 2027 Federal Fiscal Strategy Paper. It is based on historical mineral revenue flows and elasticity-based forecasts using national Real GDP and Inflation data. However, the forecasting value for the year 2025 is based on its Own Value data. This method was adopted in order to maintain a more realistic and conservative data.

173. **VAT** – This forecast is based on an elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2025 - 2027 is based on the current rate of collections (i.e., 7.5%). The forecasting method adopted is the reflection Elasticity-based forecasting method. This was adopted because the option gives a comfortable projection compared to the other options available.

174. **Internally Generated Revenue (IGR) or Independent Revenue (IR) -** The current administration introduced measures to grow IGR. These measures have started yielding results as IGR increased by 128% in 2019. It is also anticipated that IGR will continue to increase on the average of about 10% every year from 2023 and with the hope that it will start stabilizing in the year 2024. The Moving Average (MA 5 Year X-Outliers) which is consistent with the projected IGR annual growth rate of 10% is used to forecast IGR for 2025 – 2027.

175. **Other Federation Account Distributions** – The estimation is a reflection on the current receipt (i.e., from January to June 2024). The projected figure was based on MA 5-Year X-Outliers. This is because it is more predictive compared to other options available in the application. Furthermore, it is anticipated that the States will press FAAC for excess crude distributions in 2025 to fund some key and critical projects and programmes most especially with the removal of the petroleum oil subsidy.

176. **Grants –** The internal grants are based on the actual receipts for 2022 and performance from January to December 2023 on average. External grants are based on signed grant agreements with the development partners.

177. **Financing (Net Loans)** – Bauchi State has commenced the floating of Bonds from the Capital Market as well as Contract Financing agreement of with some notable commercial banks to finance Capital Infrastructure Development in the State. The State Government is to provide a

guarantee for the loan repayment. All other internal and external loan projections are based on a signed agreement.

178. **Personnel** – Total wage bill is expected increase by 50% on the average between 2025 and 2027 most especially with the ongoing negotiation between the Federal Government and the Labour union. A 5-year moving average without outliers was used to forecast Overhead Cost for the period under consideration pending the outcome of the minimum wage negotiation. This option was adopted because it suits the current situation as well taking into consideration of the inflow of funds.

179. **Overheads** – Overhead has been relatively stable over the last five years. It is anticipated that the status quo will remain. Consequently, a 4-year moving average Simple forecast was adopted to project the overhead for 2024, 2024 and 2026. This option seems more comfortable compared to other options available most especially if the state wants to maintain the status quo.

180. **Social Contribution and Social Benefits** – With substantial increase in pension's payment which is considered as one off. The Moving Average 4 Year Weighted forecasting method was used to estimate social contribution and social benefits for 2025 – 2027. This is largely due to the growing size of gratuity which is one of the components of social benefit.

181. **Grants and Contributions** – Grants and contribution is estimated to increase by 5% every year because of commitment of the Government in making sure that interventions a made to address and reduce the issues associated with poverty. The forecasting method adopted is based on Moving Average 5 Year X-Outliers for 2025 – 2027 forecast. This method was adopted because it is more predictive compared to other arrays of projections available.

182. **Public Debt Charge** – This is based on the projected principal and interest repayment for 2025 to 2027. The forecasting method adopted under this expenditure component is the 5-year moving average without outliers.

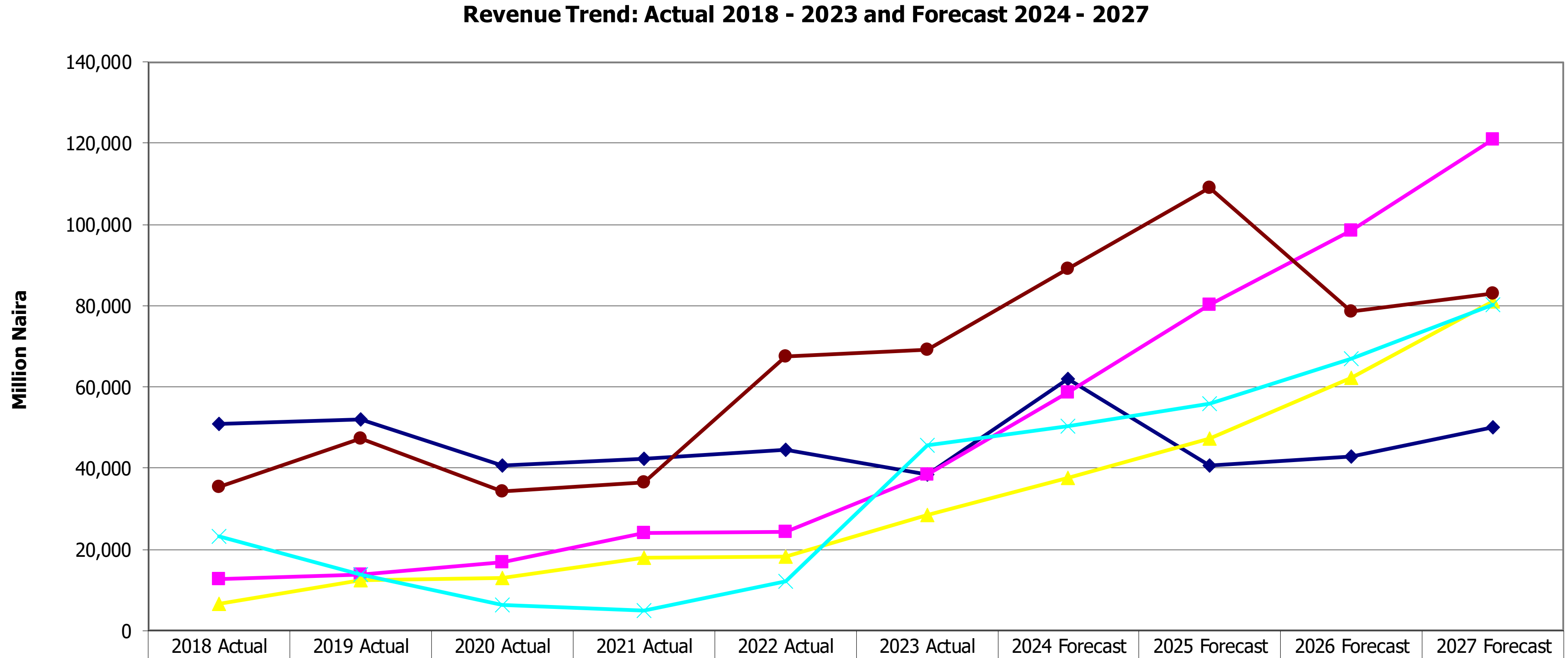
183. **Transfer to Local Governments** – is 10% of total IGR for 2023, 2024 and 2025.

184. **Capital Expenditure** – This is the product of balance from the recurrent account plus capital receipts, less contingency reserve as outlined in table 10 above.

Fiscal Trends

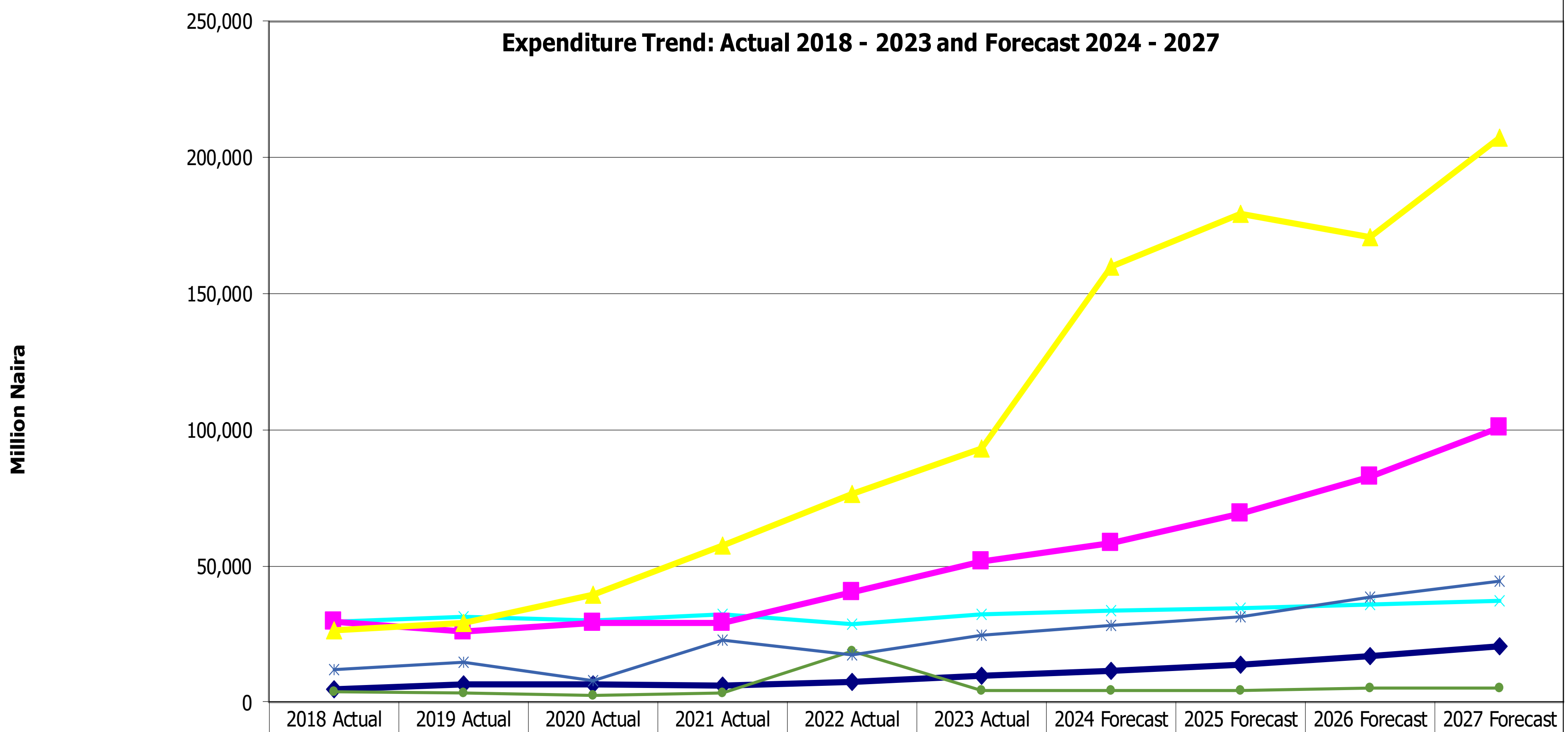
185. Based on the above envelope, plus actual figures for 2025 – 2027 (using the same basis for forecasting as noted in the sub-sections within section 3. B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below:

Figure 192: Bauchi State Revenue Trend



	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Stat.Allocation	50,862,288,705	51,926,786,574	40,544,879,326	42,356,041,197	44,402,521,107	38,303,565,166	61,909,072,252	40,546,372,895	42,904,397,681	49,950,235,000
VAT	12,746,336,432	13,743,379,568	16,724,443,058	23,962,838,566	24,393,150,867	38,366,782,924	58,613,738,915	80,136,654,329	98,471,445,003	120,950,091,72
Total IGR	6,525,458,165	12,293,318,939	13,039,294,812	17,902,447,968	18,209,207,441	28,334,559,622	37,682,126,012	47,272,762,137	62,358,688,514	81,139,860,841
Other Federation Account Receipts	23,132,575,666	13,673,239,848	6,175,300,625	4,796,720,784	12,240,744,098	45,739,594,316	50,313,553,747	55,802,305,065	66,962,766,078	80,355,319,294
Capital Receipts	35,382,654,792	47,356,091,123	34,251,755,892	36,602,873,860	67,581,029,810	69,041,252,123	88,971,726,253	108,926,109,48	78,707,109,484	82,937,109,484

Figure 20: Bauchi State Expenditure Trend



	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Personnel Costs	29,344,011,671	31,392,043,450	29,972,325,705	32,380,874,939	28,587,673,307	32,447,110,181	33,581,975,559	34,366,781,366	35,955,727,323	37,209,151,678
Social Contribution and Social Benefit	4,836,977,789	6,474,519,910	6,387,830,500	6,249,561,087	7,270,593,347	9,710,417,192	11,434,740,681	13,746,992,360	16,738,475,906	20,367,046,399
Overheads	29,552,300,524	25,732,239,347	29,061,797,884	28,884,276,850	40,442,886,128	51,627,283,758	58,508,031,355	69,024,222,015	82,588,967,430	100,560,567,677
Grants, Contributions and Subsidies	3,599,424,041	3,388,476,792	2,288,377,544	3,221,111,268	18,907,958,718	4,164,570,471	4,198,346,969	4,325,763,431	4,968,940,606	5,278,911,200
Public Debt Service	11,737,571,581	14,828,052,822	8,025,217,196	22,877,552,933	17,151,711,676	24,529,712,476	28,153,383,124	31,227,778,517	38,379,862,030	44,596,848,725
Capital Expenditure	26,527,631,802	28,977,155,219	39,415,209,478	57,636,322,172	76,214,105,226	93,063,814,431	160,002,948,097	179,292,211,408	170,691,782,914	207,199,190,063

3.D Local Government Forecast

186. Based on the Macroeconomic assumptions in section 3. A, the forecasting techniques noted in section 3. B and the vertical and horizontal sharing ratios, the Federation Account revenues have been forecasted for the 20 Local Governments (LGs) of Bauchi State. In addition, LG share of the IGR estimate contained in the State Fiscal Framework (table 4 above) forecasts for 2025 are as follows:

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2025				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	**Total Transfer**
ALKALERI	0.1967%	0.1382%	0.656%	1,949,748,391	3,072,326,220	3,084,320,120	31,002,739	**8,137,397,470**
BAUCHI	0.2376%	0.1734%	0.792%	2,354,526,533	3,855,643,885	3,724,641,390	37,439,072	**9,972,250,880**
BOGORO	0.1039%	0.0856%	0.346%	1,029,743,860	1,903,877,925	1,628,958,751	16,373,846	**4,578,954,381**
DAMBAN	0.1228%	0.0999%	0.409%	1,216,988,996	2,221,744,236	1,925,163,094	19,351,211	**5,383,247,537**
DARAZO	0.1558%	0.1215%	0.519%	1,543,800,660	2,701,471,865	2,442,148,669	24,547,808	**6,711,969,002**
DASS	0.1032%	0.0869%	0.344%	1,022,281,273	1,931,172,485	1,617,153,635	16,255,184	**4,586,862,577**
GAMAWA	0.1646%	0.1290%	0.549%	1,630,918,837	2,867,254,869	2,579,961,500	25,933,064	**7,104,068,270**
GANJUWA	0.1661%	0.1213%	0.554%	1,646,365,034	2,696,092,054	2,604,395,943	26,178,673	**6,973,031,704**
GIADE	0.1169%	0.1012%	0.390%	1,158,035,575	2,250,558,867	1,831,904,281	18,413,799	**5,258,912,522**
I/GADAU	0.1338%	0.1169%	0.446%	1,326,288,703	2,598,540,685	2,098,065,038	21,089,174	**6,043,983,600**
JAMA'ARE	0.1036%	0.0928%	0.345%	1,026,240,262	2,064,309,708	1,623,416,387	16,318,136	**4,730,284,493**
KATAGUM	0.1604%	0.1310%	0.535%	1,589,239,985	2,912,914,170	2,514,029,442	25,270,334	**7,041,453,931**
KIRFI	0.1319%	0.0992%	0.440%	1,307,074,043	2,206,000,307	2,067,669,238	20,783,643	**5,601,527,232**
MISAU	0.1540%	0.1241%	0.513%	1,526,251,492	2,758,129,044	2,414,387,521	24,268,760	**6,723,036,818**
NINGI	0.1974%	0.1506%	0.658%	1,955,857,530	3,347,597,197	3,093,984,207	31,099,880	**8,428,538,813**
SHIRA	0.1480%	0.1177%	0.493%	1,466,267,549	2,617,686,905	2,319,498,517	23,314,962	**6,426,767,933**
TAFAWA BALEWA	0.1455%	0.1147%	0.485%	1,442,186,563	2,550,851,447	2,281,404,643	22,932,053	**6,297,374,706**
TORO	0.2047%	0.1427%	0.682%	2,028,160,979	3,172,298,265	3,208,361,521	32,249,569	**8,441,070,334**
WARJI	0.1139%	0.0922%	0.380%	1,128,789,196	2,049,237,660	1,785,639,236	17,948,755	**4,981,614,847**
ZAKI	0.1275%	0.1086%	0.425%	1,263,082,072	2,414,898,042	1,998,078,042	20,084,132	**5,696,142,289**

3.E Fiscal Risks

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

Table 3: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Overreliance on the continued distribution of FAAC Revenue	Moderate	High	Increase IGR effort to reduce reliance on federal allocation. Seeking alternative means of funding through grants, PPP, etc.
Insecurity in the country could affect economic activities and oil production, resulting in reduction in VAT, Statutory Allocation, and IGR.	High	High	The estimates for VAT, Statutory allocation, and IGR are not over-ambitious. In addition, clear prioritisation of projects in the capital budget is required.
Floods and other natural disasters impact on economic activities will affect IGR and increase overhead expenditure	Low	Low	Increased investment to improve climate resilience through afforestation, flood control, irrigation and awareness creation.
Depreciation of the Naira could likely affect economic activities	High	High	Introduction of fiscal measures and policies that will address the issue of depreciation of the Naira

188. There is no budget without risk. Therefore, the implementation of the 2025 budget should be closely monitored to mitigate the negative impact of the risk as well as adopt measures that conform with Government development objectives.

4 Budget Policy Statement

4.A Budget Policy Thrust

189. The 2025 - 2027 Medium Term Budget Framework (MTBF) policy is targeted at attaining a realistic budget that will guarantee transparency and accountability towards achieving a sustainable economy that can ensure effective service delivery to the citizenry of Bauchi State. The Proposed 2025 Budget implementation approach includes efficient allocation of resources across all sectors focusing on sustainable development and good governance policy as enumerated below:

    a. Education;
    b. Health;
    c. Agriculture;
    d. Youth and Women empowerment, job creation, and community development;
    e. Poverty reduction through the establishment of small-scale industries, mining, tourism, and cooperative societies;
    f. Infrastructure through provision and rehabilitation of roads, including urban and rural roads; and
    g. Water Sanitation and hygiene.

190. The objectives and strategies for achieving the above-stated policy are based on the following:

    i. Timely, efficient, and the most effective use of available resources;
    ii. Collaboration with the Federal and Local Government to ensure synergy in providing adequate security throughout the State;
    iii. Enhancement of economic activities through employment generation and other economic empowerment strategies to improve the living conditions of the populace;
    iv. Embarking on qualitative education strategy by providing a conducive teaching and learning environment through the renovation of existing schools, construction of new ones, and provision of basic infrastructures;
    v. Improvement of service delivery in existing Health institutions through the allocation of budgetary provision as required by international agreement;
    vi. Modernization of agriculture to create wealth, and employment to reduce poverty among the populace.
    vii. Provision of water for human and animal consumption as well as irrigation for agricultural purposes.

viii. Infrastructural development through road construction and provision of other social amenities.

ix. Implementation of development partners' programmes and projects like the Agro-Climatic Resilience in Semi-Arid Landscapes (ACReSAL) Project, AGILE, etc. in the State in line with an agreement reached with the Federal Government and the World Bank.

191. Hence, we propose the 2025 Budget be tagged as "**Budget of Sustainability & Renewed Commitment"**.

4. B Sector Allocations (3 Year)

192. The total forecast budget size for the 2025 fiscal year as explained in Section 3.C above is N339,836,204,122 of which the sum of N152,691,537,690 representing 44.93% will be for recurrent expenditure (i.e. Personnel, Overhead, Social Contributions, Grants & Contributions, and Public Debt Service) while N187,144,666,432 representing 55.06% will be for capital expenditure. N8,999,633,311 from the Capital Expenditure will be for planning reserve that will 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.

193. Meanwhile, the Capital Expenditure component of N170,292,578,097 as highlighted in the model is in two parts, the discretionary capital expenditure of the sum of N130,479,319,565 that will be spent across all MDAs and non-discretionary capital expenditure which is in forms of loans and grants to the tune of N39,813,258,531 is specifically earmarked for projects and programmes in Health, Education, Infrastructural Development, Agricultural Development, Community Development, Environment & Sewerage Management and General Administration.

194. The indicative overhead and capital allocation (envelope) to the sectors for 2025 - 2027 based on budget projections as shown in tables 8, 9, and 10 below:

Table 11: Indicative Personnel Cost Sector Expenditure Ceilings 2024 - 2026

Personnel Expenditure by Sector							
No.	Sector	% 2024	2024 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation
1	GOVERNMENT HOUSE	0.67%	201,228,042	0.67%	201,871,875	0.67%	205,776,311
2	GOVERNOR'S OFFICE (SSG's OFFICE)	1.68%	506,760,435	1.68%	508,381,825	1.68%	518,214,518
3	BAUCHI STATE HOUSE OF ASSEMBLY	1.04%	314,910,824	1.04%	315,918,387	1.04%	322,028,615
4	MINISTRY OF INFORMATION AND COMMUNIC	2.70%	815,422,658	2.70%	818,031,618	2.70%	833,853,297
5	OFFICE OF THE HEAD OF CIVIL SERVICE	8.74%	2,638,444,306	8.74%	2,646,886,059	8.74%	2,698,079,902
6	OFFICE OF STATE AUDITOR GENERAL	1.81%	547,565,760	1.81%	549,317,707	1.81%	559,942,148
7	CIVIL SERVICE COMMISSION	0.14%	42,922,187	0.14%	43,059,517	0.14%	43,892,338
8	LOCAL GOVERNMENT SERVICE COMMISSION	0.14%	41,927,667	0.14%	42,061,815	0.14%	42,875,339
9	STATE INDEPENDENT ELECTORAL COMMISSIO	0.20%	59,478,266	0.20%	59,668,567	0.20%	60,822,627
10	MINISTRY OF RELIGIOUS AFFAIRS AND SOCI	0.65%	195,057,863	0.65%	195,681,954	0.65%	199,466,670
11	MINISTRY OF RURAL DEVELOPMENT SPECIAL	0.00%	0	0.00%	0	0.00%	0
12	MINISTRY OF AGRICULTURE	11.11%	3,352,745,566	11.11%	3,363,472,739	11.11%	3,428,526,199
13	MINISTRY OF FINANCE-HQTRS	1.66%	501,677,695	1.66%	503,282,822	1.66%	513,016,895
14	MIN OF COMMERCE AND INDUSTRY	1.66%	501,988,835	1.66%	503,594,958	1.66%	513,335,068
15	MINISTRY OF POWER, SCIENCE & TECHNOLO	0.35%	106,042,573	0.35%	106,381,859	0.35%	108,439,407
16	MINISTRY OF NATURAL RESOURCES	0.02%	7,103,618	0.02%	7,126,346	0.02%	7,264,178
17	MINISTRY OF WORKS AND TRANSPORT	4.99%	1,506,408,962	4.99%	1,511,228,746	4.99%	1,540,457,661
18	MINISTRY OF TOURISM AND CULTURE	0.15%	45,671,978	0.15%	45,818,106	0.15%	46,704,282
19	MINISTRY OF LANDS AND SURVEY	0.10%	31,136,208	0.10%	31,235,829	0.10%	31,839,966
20	STATE PLANNING COMMISSION	1.01%	304,191,516	1.01%	305,164,783	1.01%	311,067,023
21	MINISTRY OF WATER RESOURCES	0.42%	126,963,526	0.42%	127,369,748	0.42%	129,833,227
22	MINISTRY OF HOUSING AND ENVIRONMENT	0.96%	290,262,608	0.96%	291,191,309	0.96%	296,823,286
23	JUDICIAL SERVICE COMMISSION	0.67%	202,758,058	0.67%	203,406,787	0.67%	207,340,909
24	MINISTRY OF JUSTICE	1.28%	384,863,702	1.28%	386,095,080	1.28%	393,562,606
25	STATE DEVELOPMENT BOARD	1.06%	320,397,099	1.06%	321,422,216	1.06%	327,638,894
26	MINISTRY OF WOMEN AFFAIRS AND CHILD D	0.26%	78,481,943	0.26%	78,733,048	0.26%	80,255,836
27	MINISTRY OF EDUCATION	44.24%	13,348,396,743	44.24%	13,391,105,190	44.24%	13,650,104,680
28	MINISTRY OF HEALTH	8.54%	2,577,079,759	8.54%	2,585,325,175	8.54%	2,635,328,359
29	MINISTRY OF YOUTH AND SPORTS DEVELOPM	3.12%	942,448,393	3.12%	945,463,774	3.12%	963,750,139
30	MINISTRY FOR LOCAL GOVERNMENT AND CH	0.60%	182,471,582	0.60%	183,055,403	0.60%	186,595,906

Table 12: Indicative Overhead Cost Sector Expenditure Ceilings 2024 - 2026

Overhead Expenditure by Sector							
No.	Sector	% 2024	2024 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation
1	GOVERNMENT HOUSE	8.22%	2,543,237,784	8.22%	2,723,665,807	8.22%	2,855,477,963
2	GOVERNOR'S OFFICE (SSG's OFFICE)	52.82%	16,347,753,509	52.82%	17,507,532,146	52.82%	18,354,811,411
3	BAUCHI STATE HOUSE OF ASSEMBLY	6.62%	2,049,261,412	6.62%	2,194,644,667	6.62%	2,300,854,777
4	MINISTRY OF INFORMATION AND COMMUNIC	0.20%	62,629,880	0.20%	67,073,108	0.20%	70,319,119
5	OFFICE OF THE HEAD OF CIVIL SERVICE	1.25%	386,279,953	1.25%	413,684,283	1.25%	433,704,587
6	OFFICE OF STATE AUDITOR GENERAL	0.22%	66,709,037	0.22%	71,441,658	0.22%	74,899,086
7	CIVIL SERVICE COMMISSION	0.06%	17,868,228	0.06%	19,135,875	0.06%	20,061,958
8	LOCAL GOVERNMENT SERVICE COMMISSION	0.02%	5,612,894	0.02%	6,011,096	0.02%	6,302,004
9	STATE INDEPENDENT ELECTORAL COMMISSIC	0.06%	19,060,099	0.06%	20,412,303	0.06%	21,400,159
10	MINISTRY OF RELIGIOUS AFFAIRS AND SOCI	0.58%	178,966,843	0.58%	191,663,506	0.58%	200,939,086
11	MINISTRY OF RURAL DEVELOPMENT SPECIAL	0.01%	2,419,709	0.01%	2,591,374	0.01%	2,716,783
12	MINISTRY OF AGRICULTURE	0.23%	71,465,826	0.23%	76,535,914	0.23%	80,239,879
13	MINISTRY OF FINANCE-HQTRS	19.93%	6,167,841,518	19.93%	6,605,414,230	19.93%	6,925,084,099
14	MIN OF COMMERCE AND INDUSTRY	0.14%	43,804,058	0.14%	46,911,703	0.14%	49,182,001
15	MINISTRY OF POWER, SCIENCE & TECHNOLOG	0.06%	19,399,027	0.06%	20,775,276	0.06%	21,780,698
16	MINISTRY OF NATURAL RESOURCES	0.02%	4,941,145	0.02%	5,291,690	0.02%	5,547,782
17	MINISTRY OF WORKS AND TRANSPORT	0.70%	216,774,991	0.70%	232,153,924	0.70%	243,389,043
18	MINISTRY OF TOURISM AND CULTURE	0.03%	8,167,248	0.03%	8,746,667	0.03%	9,169,963
19	MINISTRY OF LANDS AND SURVEY	0.04%	13,470,303	0.04%	14,425,943	0.04%	15,124,088
20	STATE PLANNING COMMISSION	0.33%	103,140,641	0.33%	110,457,873	0.33%	115,803,496
21	MINISTRY OF WATER RESOURCES	0.02%	6,552,209	0.02%	7,017,050	0.02%	7,356,641
22	MINISTRY OF HOUSING AND ENVIRONMENT	0.01%	4,082,251	0.01%	4,371,863	0.01%	4,583,440
23	JUDICIAL SERVICE COMMISSION	0.12%	35,613,784	0.12%	38,140,376	0.12%	39,986,185
24	MINISTRY OF JUSTICE	1.15%	355,893,447	1.15%	381,142,030	1.15%	399,587,448
25	STATE DEVELOPMENT BOARD	0.44%	136,001,219	0.44%	145,649,720	0.44%	152,698,457
26	MINISTRY OF WOMEN AFFAIRS AND CHILD D	0.75%	231,141,044	0.75%	247,539,165	0.75%	259,518,855
27	MINISTRY OF EDUCATION	3.73%	1,152,918,247	3.73%	1,234,711,133	3.73%	1,294,465,137
28	MINISTRY OF HEALTH	1.73%	534,848,737	1.73%	572,793,164	1.73%	600,513,563
29	MINISTRY OF YOUTH AND SPORTS DEVELOPM	0.53%	164,309,962	0.53%	175,966,804	0.53%	184,482,740
30	MINISTRY FOR LOCAL GOVERNMENT AND CH	0.00%	0	0.00%	0	0.00%	0

Table 13: Indicative Capital Expenditure Sector Ceilings 2024 - 2026

tal Expenditure by Sector	Discretionary Funds						Non-Discretionary Funds			Total Capital Envelope					
Sector	% 2024	2024 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation	2024 Allocation	2025 Allocation	2026 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation
GOVERNMENT HOUSE	0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
GOVERNOR'S OFFICE (SSG's OFFICE)	2.49%	1,610,470,918	2.49%	1,791,280,571	2.49%	1,863,372,477	1,045,000,000	985,000,000	595,000,000	2.7%	2,655,470,918	2.7%	2,776,280,571	2.5%	2,458,372,477
BAUCHI STATE HOUSE OF ASSEMBLY	0.22%	144,934,766	0.22%	161,206,780	0.22%	167,694,710	0	0	0	0.1%	144,934,766	0.2%	161,206,780	0.2%	167,694,710
MINISTRY OF INFORMATION AND COMMUNICATION	0.43%	276,478,690	0.43%	307,519,310	0.43%	319,895,737	0	0	0	0.3%	276,478,690	0.3%	307,519,310	0.3%	319,895,737
OFFICE OF THE HEAD OF CIVIL SERVICE	0.02%	13,453,020	0.02%	14,963,408	0.02%	15,565,626	0	0	0	0.0%	13,453,020	0.0%	14,963,408	0.0%	15,565,626
OFFICE OF STATE AUDITOR GENERAL	0.00%	2,482,082	0.00%	2,760,749	0.00%	2,871,858	0	0	0	0.0%	2,482,082	0.0%	2,760,749	0.0%	2,871,858
CIVIL SERVICE COMMISSION	0.01%	6,303,122	0.01%	7,010,782	0.01%	7,292,938	0	0	0	0.0%	6,303,122	0.0%	7,010,782	0.0%	7,292,938
LOCAL GOVERNMENT SERVICE COMMISSION	0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
STATE INDEPENDENT ELECTORAL COMMISSION	0.66%	429,944,496	0.66%	478,214,921	0.66%	497,461,166	250,000,000	2,000,000,000	100,000,000	0.7%	679,944,496	2.4%	2,478,214,921	0.6%	597,461,166
MINISTRY OF RELIGIOUS AFFAIRS AND SOCIAL WELFARE	0.05%	35,423,680	0.05%	39,400,742	0.05%	40,986,465	0	0	0	0.0%	35,423,680	0.0%	39,400,742	0.0%	40,986,465
MINISTRY OF RURAL DEVELOPMENT SPECIAL DUTIES	0.42%	269,056,574	0.42%	299,263,903	0.42%	311,308,083	3,500,000,000	4,200,000,000	2,500,000,000	3.8%	3,769,056,574	4.3%	4,499,263,903	2.9%	2,811,308,083
MINISTRY OF AGRICULTURE	8.78%	5,679,708,781	8.78%	6,317,377,030	8.78%	6,571,626,285	1,450,000,000	650,000,000	400,000,000	7.2%	7,129,708,781	6.7%	6,967,377,030	7.2%	6,971,626,285
MINISTRY OF FINANCE-HQTRS	3.65%	2,363,807,103	3.65%	2,629,194,783	3.65%	2,735,009,397	2,280,500,000	1,885,000,000	1,575,000,000	4.7%	4,644,307,103	4.3%	4,514,194,783	4.4%	4,310,009,397
MIN OF COMMERCE AND INDUSTRY	0.32%	205,686,707	0.32%	228,779,419	0.32%	237,986,879	650,000,000	150,000,000	0	0.9%	855,686,707	0.4%	378,779,419	0.2%	237,986,879
MINISTRY OF POWER, SCIENCE & TECHNOLOGY	1.13%	733,728,136	1.13%	816,104,743	1.13%	848,949,707	0	0	0	0.7%	733,728,136	0.8%	816,104,743	0.9%	848,949,707
MINISTRY OF NATURAL RESOURCES	0.02%	14,005,267	0.02%	15,577,656	0.02%	16,204,594	0	0	0	0.0%	14,005,267	0.0%	15,577,656	0.0%	16,204,594
MINISTRY OF WORKS AND TRANSPORT	31.11%	20,130,180,521	31.11%	22,390,221,921	31.11%	23,291,339,141	0	0	0	20.4%	20,130,180,521	21.6%	22,390,221,921	24.0%	23,291,339,141
MINISTRY OF TOURISM AND CULTURE	0.02%	9,891,972	0.02%	11,002,557	0.02%	11,445,366	0	0	0	0.0%	9,891,972	0.0%	11,002,557	0.0%	11,445,366
MINISTRY OF LANDS AND SURVEY	0.20%	127,108,314	0.20%	141,378,929	0.20%	147,068,867	0	0	0	0.1%	127,108,314	0.1%	141,378,929	0.2%	147,068,867
STATE PLANNING COMMISSION	0.67%	435,632,390	0.67%	484,541,402	0.67%	504,042,263	670,000,000	150,000,000	20,000,000	1.1%	1,105,632,390	0.6%	634,541,402	0.5%	524,042,263
MINISTRY OF WATER RESOURCES	0.05%	35,509,418	0.05%	39,496,106	0.05%	41,085,667	5,828,000,000	4,250,000,000	3,000,000,000	6.0%	5,863,509,418	4.1%	4,289,496,106	3.1%	3,041,085,667
MINISTRY OF HOUSING AND ENVIRONMENT	16.81%	10,876,223,384	16.81%	12,097,311,048	16.81%	12,584,179,617	4,300,000,000	4,700,000,000	4,000,000,000	15.4%	15,176,223,384	16.2%	16,797,311,048	17.1%	16,584,179,617
JUDICIAL SERVICE COMMISSION	0.25%	161,227,719	0.25%	179,328,963	0.25%	186,546,240	0	0	0	0.2%	161,227,719	0.2%	179,328,963	0.2%	186,546,240
MINISTRY OF JUSTICE	0.02%	14,221,187	0.02%	15,817,819	0.02%	16,454,423	0	0	0	0.0%	14,221,187	0.0%	15,817,819	0.0%	16,454,423
STATE DEVELOPMENT BOARD	25.36%	16,410,626,420	25.36%	18,253,068,670	25.36%	18,987,681,956	0	0	0	16.7%	16,410,626,420	17.6%	18,253,068,670	19.5%	18,987,681,956
MINISTRY OF WOMEN AFFAIRS AND CHILD DEV.	0.00%	0	0.00%	0	0.00%	0	450,000,000	500,000,000	400,000,000	0.5%	450,000,000	0.5%	500,000,000	0.4%	400,000,000
MINISTRY OF EDUCATION	4.29%	2,773,648,019	4.29%	3,085,049,068	4.29%	3,209,210,001	6,200,000,000	5,835,000,000	3,860,000,000	9.1%	8,973,648,019	8.6%	8,920,049,068	7.3%	7,069,210,001
MINISTRY OF HEALTH	2.87%	1,860,014,011	2.87%	2,068,840,189	2.87%	2,152,102,764	6,435,199,655	6,038,358,688	5,489,058,155	8.4%	8,295,213,666	7.8%	8,107,198,877	7.9%	7,641,160,919
MINISTRY OF YOUTH AND SPORTS DEVELOPMENT	0.12%	78,246,457	0.12%	87,031,288	0.12%	90,533,951	300,000,000	100,000,000	0	0.4%	378,246,457	0.2%	187,031,288	0.1%	90,533,951
MINISTRY FOR LOCAL GOVERNMENT AND CHIEFTAINCY AFFAI	0.00%	0	0.00%	0	0.00%	0	450,000,000	425,000,000	390,000,000	0.5%	450,000,000	0.4%	425,000,000	0.4%	390,000,000

4.B Considerations for the Annual Budget Process

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

- Only prioritized projects contained in the sectors' MTSS should be captured in the MDA capital budget proposal;
- Budget submissions for capital projects must include full lifetime 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);
- Identify the policies, programmes, goals, and objectives of the MDA;
- Identify programmes and projects that are aimed at achieving the goals and objectives of the MDA regarding government priority;
- Spread the programmes and projects over three years most especially where they cannot be completed within a year;
- All capital budgets should be derived from priority areas of the Government and must be costed (attach Bill of Quantity);
- MDAs must provide a cost-benefit analysis of new capital proposals in their submissions;
- Making sure that all ongoing projects and programmes that have a direct bearing on the lives of the citizens are completed as at when due;
- Capital projects are to be prioritized based on their contributions to the economic and social development of the State in line with the Government development agenda;
- Consideration shall be given to climate change adaptation and mitigation especially about projects with negative impacts on the climate; and
- Exploring more sources of funds most especially from the development partners and donor organizations.

5 Summary of Key Points and Recommendations

196. Below is the summary of key points arising from this document:

- ✓ The projections for the various revenue and expenditure items are premised on credible forecasting techniques based on global best practices.
- ✓ Fiscal policies and the budget policy statement are reflections of the State's economic status as well as the nation's economy while taking into consideration the global economic trend. Amendments to these projections were carefully considered based on the improved economic environment as well as reasonable and credible forecasting techniques in the preparation of the Budget.
- ✓ The projections for revenue items, especially from the federation account were conservatively arrived at from the arrays of forecasting options, and to reflect the real economic status of the State.
- ✓ The Independent Revenue figure especially in the last year has been very encouraging. However, it has been observed that some government parastatals generate revenue, retain, and spend the same to meet their operational cost rather than remit into the Consolidated Revenue Fund against laid-down Financial Rules and Regulations.
- ✓ Grants and credits from Development partners and other Donor Agencies will be seriously explored by the government as they provide an additional source of funding;
- ✓ The government will continue providing a conducive working environment to Development Partners through the timely payment of Government Cash Contribution (GCC) and other logistics;
- ✓ The Government will focus on eliminating waste and ensuring prudent and efficient use of scarce resources; and
- ✓ Spending outside the Approved Budget is not encouraged and perpetrators will be sanctioned accordingly.