BAUCHI STATE GOVERNMENT OF NIGERIA

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

To Cover Period: 2023 – 2025

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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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Aminu Hammayo
Hon. Commissioner
Ministry of Budget & Economic Planning,
Bauchi State

FOREWORD

The Bauchi State Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP) 2023 – 2025 sets out three-year spending plans of the Bauchi State Government and aims to ensure that annual budgets derivable there-from reflect 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 2023-2025 has been prepared taking into consideration key constraints within which the economy operates. 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 on our achievements through enhanced welfare and reduction of poverty, infrastructure provision, 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 2023-2025 MTEF and FSP will provide guidance to 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 business environment especially as we wind down into the last lap of the administration's first term. The Government annual budget for 2023-2025 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 FNIM (Kauran Bauchi)
Executive Governor,
Bauchi State.

Executive Summary

The economic and fiscal estimates presented in the 2023-2025 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 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 a number of economic forecasts/projections and key underlying assumptions as well as Government's medium-term outlook.

Within the period, the Bauchi State Fiscal Strategy Paper for 2023 is based on the estimated national variables of oil benchmark of $70 per barrel, daily oil production of 1.50mbpd and exchange rate of N435.00 to 1 US Dollar, inflation rate of 13.1% and Gross Domestic Product (GDP) growth rate of 3.20 %.

The Bauchi State Statutory Allocation was projected to increase by 17%, VAT by 25% while Internally Generated Revenue was estimated to increase by 20%. Capital Receipts on the other hand was projected to decrease by 29% owing to the reduction in loan facilities to finance capital projects.

The Recurrent Expenditure of the State was projected to increase by 6.6% and Capital Expenditure will increase substantially largely due to the Government effort to complete ongoing projects and initiation of new ones. The ratio of capital expenditure to total recurrent expenditure is estimated at almost 40:60 but to progressively improve to 45:55 in the longer term.

1 Introduction and Background

1.A Introduction

1. Though the global economy had witnessed positive change coming out of the COVID-19 pandemic; the Russian – Ukrainian war has affected the economic growth with disruptions in supply chain which has led to higher energy costs and inflation. The global increase in prices has not led to increased revenue streams as a result of Nigeria's inability to meet its production quota due to insecurity, oil bunkering, activities of pipeline vandals and aging infrastructures. In this regard, and in an effort to sustain the improvement in the economy growth, the annual budgeting process must be geared towards achieving a more appropriate framework that embraces some degree of planning, efficient and transparent inter and intra-sectoral resource allocations, prioritizing expenditures and dedicating resources only to the most important activities.
2. The Budgeting process should also be transformed to pave way for determining realistic estimates and accurate aggregate available resources, as panacea to removing waste and ensuring effective resource allocation. This informs the decision of national and sub-national governments to move towards medium term approach to economic planning and budgeting.
3. The most commonly used tool in achieving the above objective is the Medium-Term Expenditure Framework (MTEF) which facilitates a number of 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.
4. The success of the preparation and implementation of MTEF and its impact on budget management and fiscal performance vary across countries.
5. 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.
6. An MTSS is used in the formulation and articulation of projects and programmes in an effective and efficient manner for higher output.

Both the MTEF and the MTSS emphasizes the principles of Multi-Year Budgeting in incorporating longer-term perspectives into annual budgeting processes.

7. Fiscal Strategy (FS) is a key element 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.
8. 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).

9. 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.
10. 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.
11. Budget Policy Statement (BPS) on the other hand, gives directive statements and way forward in achieving government targets and priorities, thereby given the meaning and interpretation of the Budget.

1.A.1 Budget Process

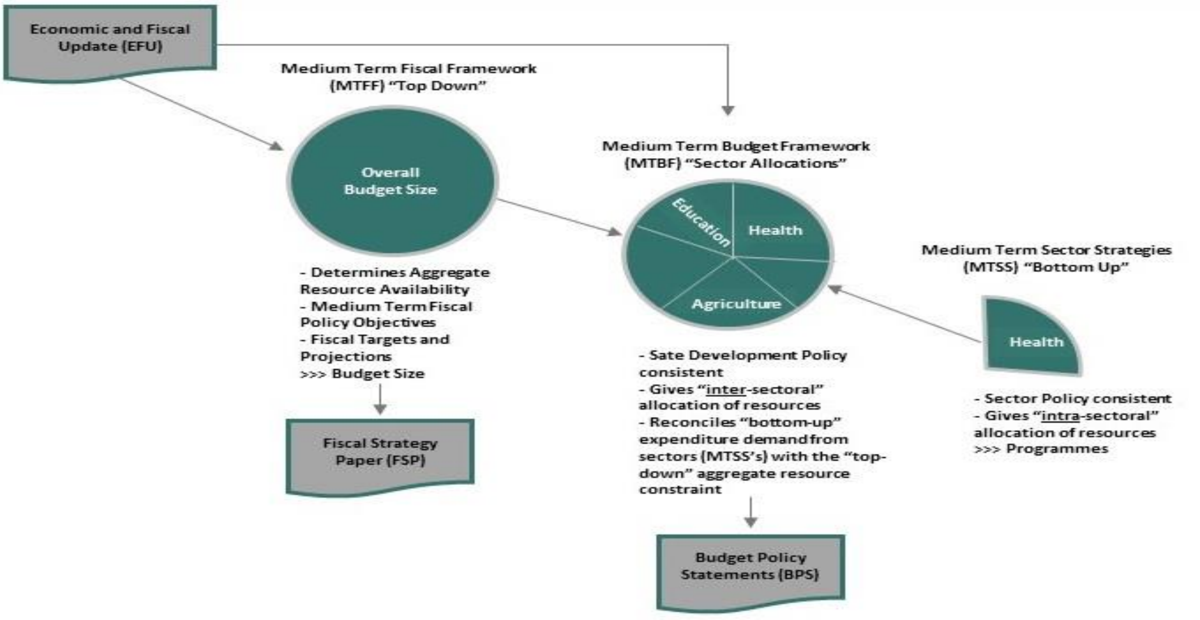
12. Budget serves as the medium through which government policies are translated into tangible and meaningful results. However, it undergoes some processes. The processes describe the Budget in a cycle within a fiscal year and can be classified under four main phases or stages namely:
13. Formulation;
14. Preparation;
15. Authorization; and
16. Implementation Phases.
17. The conception of 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 Document Content

19. In accordance with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) is the first step in the budget preparation cycle. This forms the basis upon which the State 2023 – 2025 is formulated.

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

i. To provide Economic and Fiscal Update by looking back at the summary of key variables.

ii. To set out medium term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTFF; and

iii. Provide indicative sector envelopes for the period 2023 – 2025 which constitute the MTBF.

21. The EFU is presented in Section 2 of this document. It provides economic and fiscal analysis in order 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 includes:

- 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 element in the State Medium Term Expenditure Framework (MTEF) and annual budget processes. As such, it determines the resources available to fund the Government's growth and poverty reduction programme from a fiscally sustainable perspective.

1.A.3 Preparation and Audience

23. The purpose of this document is to provide an informed basis for the 2023 - 2025 budget preparation cycle for all the key Stakeholders, specifically:

- Executive Council (ExCo);
- State House of Assembly (SHoA);
- Ministry of Budget and Economic Planning;
- Ministry of Finance (Treasury Division);
- Other Government Ministries, Departments and Agencies (MDA's);
- Organized Private Sectors Groups; and
- Civil Society Organizations.

24. The document is prepared within the first two quarters of the year prior to 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 organisations.

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.

[1] Based on PEFA Assessment for Bauchi State

The other PFM-related laws and provisions elaborate and expand on the provisions of the Constitution.

26. The State has a number of Laws aimed at regulating its Public Financial Management System such as Fiscal Responsibility Law Amended 2009, Public Procurement Law, Debt Management Law, Tax Law, Audit Law among others. Efforts are geared towards harmonizing these Laws into 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 the 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. The Ministry of Budget and Economic Planning 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.
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, Commissioner of Finance, and the Auditor-General. OAGS also plays a key role in the state's PFM process, auditing all government offices and reporting to the Legislature. The Office of

[2] Based on xx PEFA Assessment for Bauchi State

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

33. 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

34. Indicative Budget Calendar for Bauchi State Government is presented below:

Table 1: Budget Calendar

Stage	Date(s)	Responsibility
Update of MYBF	May	Ministry of Budget & Economic Planning
Preparation and Publication of EFU-FSP-BPS	June	Ministry of Budget & Economic Planning
Issuance of Budget Call-Circular	July	Ministry of Budget & Economic Planning
Budget Public Hearing	August	Ministry of Budget & Economic Planning
Preparation and Submissions of reviewed proposals by MDAs	August	MDA's
Budget Deliberation/Discussion	September	Ministry of Budget & Economic Planning and MDA's
Compilation of Draft Budget	October	Ministry of Budget & Economic Planning
Submission of the reviewed draft Budget to ExCo.	October	Ministry of Budget & Economic Planning
Review, Approval and Transmission of Budget to the SHoA by ExCo.	November	ExCo
Review and Passage of Budget by SHoA	November - December	SHoA
Signing Appropriation Bill	December	Governor

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Global Economy

35. *The war in Ukraine* has triggered a costly humanitarian crisis that demands a peaceful resolution. Economic damage from the conflict will contribute to a significant slowdown in global growth in 2022. A severe double-digit drop in GDP for Ukraine and a large contraction in Russia are more than likely, along with worldwide spillovers through commodity markets, trade, and financial channels. Even as the war reduces growth, it will add to inflation. Fuel and food prices have increased rapidly, with vulnerable populations—particularly in low-income countries— most affected. (IMF, World Economic Outlook, April, 2022)

36. Elevated inflation will complicate the trade-offs central banks face between containing price pressures and safeguarding growth. Interest rates are expected to rise as central banks tighten policy, exerting pressure on emerging market and developing economies. Moreover, many countries have limited fiscal policy space to cushion the impact of the war on their economies. The invasion has contributed to economic fragmentation as a significant number of countries sever commercial ties with Russia and risks derailing the post-pandemic recovery. It also threatens the rules-based frameworks that have facilitated greater global economic integration and helped lift millions out of poverty. In addition, the conflict adds to the economic strains wrought by the pandemic.

37. Although many parts of the world appear to be moving past the acute phase of the COVID-19 crisis, deaths remain high, especially among the unvaccinated. Moreover, recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.

38. The invasion has disrupted global energy markets and damaged the global economy. Compared with what took place in the 1970s, the shock has led to a surge in prices across a broader set of energy-related commodities. In energy-importing economies, higher prices will reduce real disposable incomes, raise production costs, tighten financial conditions, and constrain policy space. Some energy exporters may benefit from improved terms of trade and higher commodities production. However, on net, model-based estimates suggest that the war-driven surge in energy prices could reduce global output by 0.8

percent after two years. The experience of previous oil price shocks has shown that these shocks can provide an important catalyst for policies to encourage demand reduction, substitution to other fuels, and development of new sources of energy supply. (World Bank Group, Global Economic Prospects, June 2022)

39. *Global growth* is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term. Crucially, this forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector (although the impact of European countries' decisions to wean themselves off Russian energy and embargoes announced through March 31, 2022, are factored into the baseline), and the pandemic's health and economic impacts abate over the course of 2022.

40. With a few exceptions, employment and output will typically remain below pre-pandemic trends through 2026. Scarring effects are expected to be much larger in emerging market and developing economies than in advanced economies—reflecting more limited policy support and generally slower vaccination—with output expected to remain below the pre-pandemic trend throughout the forecast horizon. Unusually high uncertainty surrounds this forecast, and downside risks to the global outlook dominate—including from a possible worsening of the war, escalation of sanctions on Russia, a sharper-than-anticipated deceleration in China as a strict zero-COVID strategy is tested by Omicron, and a renewed flare-up of the pandemic should a new, more virulent virus strain emerge. Moreover, the war in Ukraine has increased the probability of wider social tensions because of higher food and energy prices, which would further weigh on the outlook.

41. *Inflation* is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies. Although a gradual resolution of supply-demand imbalances and a modest pickup in labor supply are expected in the baseline, easing price inflation eventually, uncertainty again surrounds the forecast. Conditions could significantly deteriorate. Worsening supply-demand imbalances— including those stemming from the war—and further increases in commodity prices could lead to persistently high inflation, rising inflation expectations, and stronger wage growth. If signs emerge that inflation will be high over the medium term, central banks will be forced to react faster than currently

anticipated—raising interest rates and exposing debt vulnerabilities, particularly in emerging markets.

42. Although the drivers of inflation are in many cases beyond the control of central banks (the war, sanctions, the pandemic, supply chain disruptions), price pressures are increasingly broad-based. The transmission of the war shock will vary across countries, depending on trade and financial linkages, exposure to commodity price increases, and the strength of the preexisting inflation surge.

43. The appropriate monetary policy response will therefore differ across economies. In some places, including the United States, inflationary pressure had strengthened considerably and become more broad-based even before the Russian invasion of Ukraine—buoyed by strong policy support. In other countries, the prominence of fuel- and war-affected commodities in local consumption baskets could lead to broader and more persistent price pressures. In both cases, tighter monetary policy will be appropriate to check the cycle of higher prices driving up wages and inflation expectations, and wages and inflation expectations driving up prices.

44. In countries where the harmful effects from the war are larger, the trade-off between safeguarding growth and containing inflation will be more challenging. Central banks should remain vigilant to the impact of price pressures on inflation expectations and continue to communicate clearly on the outlook for inflation and monetary policy. A well-telegraphed, data dependent approach to adjusting forward guidance on the monetary stance—including the unwinding of record-high central bank balance sheets and the path for policy rates—is the key to maintaining the credibility of policy frameworks.

45. Fiscal policies should depend on exposure to the war, the state of the pandemic, and the strength of the recovery. Following a huge and necessary fiscal expansion in many countries during the pandemic, debt levels are at all-time highs and governments are more exposed than ever to higher interest rates. The need for consolidation should not prevent governments from prioritizing spending with well-targeted support for the vulnerable—including refugees, those struggling because of commodity price spikes, and those affected by the pandemic. Where fiscal space permits and when monetary policy is constrained at the national level—for instance by the Effective Lower Bound or in a monetary union—broader fiscal support may be warranted, depending on the severity of the decline in aggregate demand.

46. But this support should be deployed in ways that avoid exacerbating ongoing supply-demand imbalances and price pressures. Where fiscal space is more limited, governments will need to tread a difficult path between fiscal consolidation and prioritizing essential expenditures. Authorities should be vigilant regarding private sector vulnerabilities to rising interest rates.

47. Beyond the immediate challenges of the war and the pandemic, policymakers should not lose sight of longer-term goals. Pandemic disruptions have highlighted the productivity of novel ways of working. Governments should look to harness positive structural change wherever possible, embracing the digital transformation and retooling and re-skilling workers to meet its challenges. Carbon pricing and fossil fuel subsidy reform can also help with the transition to a cleaner mode of production, less exposed to fossil fuel prices—more important than ever in light of the fallout of the war on the global energy market. The green energy transition will also entail labor market reallocation across occupations and sectors.

48. The adverse consequences from the current geopolitical conflict are a reminder of the importance of global cooperation. This extends from addressing the immediate needs of war refugees to the eventual great effort to rebuild Ukraine. As countries contend with higher volatility, spending pressures from humanitarian response needs and tighter financial market conditions, the likelihood that some countries will become financially constrained increases. Multilateral institutions offer a critical safety net, providing emergency liquidity and preventing crises from spreading. Where liquidity support alone is insufficient, progress toward orderly debt restructuring is essential.

49. On climate, advanced economies must make real progress toward their COP26 climate summit pledges. Emerging market and developing economies must extend their ambition to reduce emissions. And as the pandemic is not yet over, governments must use all tools at their disposal to combat the virus, both by meeting vaccination targets and by ensuring equitable access to tests and treatment.

Table 2: Real GDP Growth Projections - Selected Countries

	2019	2020	2021e	2022f	2023f	2024f	2022f	2023f
World	**2.6**	**-3.3**	**5.7**	**2.9**	**3.0**	**3.0**	**-1.2**	**-0.2**
Advanced economies	**1.7**	**-4.6**	**5.1**	**2.6**	**2.2**	**1.9**	**-1.2**	**-0.1**
United States	2.3	-3.4	5.7	2.5	2.4	2.0	-1.2	-0.2
Euro area	1.6	-6.4	5.4	2.5	1.9	1.9	-1.7	-0.2
Japan	-0.2	-4.6	1.7	1.7	1.3	0.6	-1.2	0.1
Emerging market and developing economies	**3.8**	**-1.6**	**6.6**	**3.4**	**4.2**	**4.4**	**-1.2**	**-0.2**
East Asia and Pacific	5.8	1.2	7.2	4.4	5.2	5.1	-0.7	0.0
China	6.0	2.2	8.1	4.3	5.2	5.1	-0.8	-0.1
Indonesia	5.0	-2.1	3.7	5.1	5.3	5.3	-0.1	0.2
Thailand	2.2	-6.2	1.6	2.9	4.3	3.9	-1.0	0.0
Europe and Central Asia	2.7	-1.9	6.5	-2.9	1.5	3.3	-5.9	-1.4
Russian Federation	2.2	-2.7	4.7	-8.9	-2.0	2.2	-11.3	-3.8
Turkey	0.9	1.8	11.0	2.3	3.2	4.0	0.3	0.2
Poland	4.7	-2.2	5.9	3.9	3.6	3.7	-0.8	0.2
Latin America and the Caribbean	0.8	-6.4	6.7	2.5	1.9	2.4	-0.1	-0.8
Brazil	1.2	-3.9	4.6	1.5	0.8	2.0	0.1	-1.9
Mexico	-0.2	-8.2	4.8	1.7	1.9	2.0	-1.3	-0.3
Argentina	-2.0	-9.9	10.3	4.5	2.5	2.5	1.9	0.4
Middle East and North Africa	0.9	-3.7	3.4	5.3	3.6	3.2	0.9	0.2
Saudi Arabia	0.3	-4.1	3.2	7.0	3.8	3.0	2.1	1.5
Iran, Islamic Rep.[3]	-6.8	3.4	4.1	3.7	2.7	2.3	1.3	0.5
Egypt, Arab Rep.[2]	5.6	3.6	3.3	6.1	4.8	5.0	0.6	-0.7
South Asia	4.1	-4.5	7.6	6.8	5.8	6.5	-0.8	-0.2
India[3]	3.7	-6.6	8.7	7.5	7.1	6.5	-1.2	0.3
Pakistan[2]	3.1	-0.9	5.7	4.3	4.0	4.2	0.9	0.0
Bangladesh[2]	7.9	3.4	6.9	6.4	6.7	6.9	0.0	-0.2
Sub-Saharan Africa	2.6	-2.0	4.2	3.7	3.8	4.0	0.1	0.0
Nigeria	2.2	-1.8	3.6	3.4	3.2	3.2	0.9	0.4
South Africa	0.1	-6.4	4.9	2.1	1.5	1.8	0.0	0.0
Angola	-0.7	-5.2	0.7	3.1	3.3	3.2	0.0	0.5
Real GDP[1]								
High-income countries	1.7	-4.6	5.1	2.7	2.2	2.0	-1.1	-0.2
Middle-income countries	4.0	-1.3	6.8	3.3	4.2	4.5	-1.3	-0.3
Low-income countries	4.8	1.9	3.9	4.1	5.3	5.7	-0.8	-0.6
EMDEs excluding Russian Federation a	3.9	-1.5	6.7	4.2	4.5	4.5	-0.5	0.0
EMDEs excluding China	2.5	-4.0	5.6	2.7	3.4	4.0	-1.5	-0.4
Commodity-exporting EMDEs	1.8	-3.8	4.8	1.2	2.6	3.2	-2.1	-0.5
Commodity-exporting EMI	1.8	-4.0	4.8	3.7	3.3	3.4	0.3	-0.1
Commodity-importing EMDEs	4.9	-0.4	7.5	4.4	4.9	5.0	-0.8	-0.1
Commodity-importing EMD	3.2	-4.2	6.6	4.6	4.5	4.9	-0.7	-0.1
EM7	4.5	-0.5	7.3	3.3	4.3	4.7	-1.5	-0.4
World (PPP weights)[4]	2.9	-3.0	6.0	3.1	3.4	3.5	-1.3	-0.2
World trade volume[5]	**1.4**	**-8.0**	**10.3**	**4.0**	**4.3**	**3.8**	**-1.8**	**-0.4**
Commodity prices[6]								
Oil price	-9.9	-33.9	66.5	42.0	-8.0	-13.0	35.0	3.8
Non-energy commodity price index	-4.2	3.3	32.7	17.9	-8.1	-3.1	19.9	-4.1

Source: World Bank.

Table 3: CPI of Selected Countries

Consumer Price Index (CPI) of Selected Countries				
S/N	Country	Last	Previous	Reference
1	Czech Republic	135	133	Jun-22
2	France	113	113	Jul-22
3	Germany	118	117	Jul-22
4	Italy	113	112	Jul-22
5	Russia	231	232	Jun-22
6	Ukraine	386	374	Jun-22
7	United Kingdom	122	121	Jun-22
8	Argentina	793	753	Jun-22
9	Brazil	6456	6413	Jun-22
10	Canada	153	152	Jun-22
11	Jamaica	122	121	Jun-22
12	Mexico	122	121	Jun-22
13	United States	296	292	Jun-22
14	Venezuela	3194057	2997961	May-22
15	Cambodia	199	195	Mar-22
16	China	103	103	Jun-22
17	Hong Kong	103	103	Jun-22
18	India	173	172	Jun-22
19	Indonesia	112	111	Jul-22
20	Iran	482	430	Jun-22
21	Iraq	116	116	May-22
22	Israel	106	106	Jun-22
23	Japan	102	102	Jun-22
24	South Korea	108	108	Jun-22
25	Taiwan	108	107	Jun-22
26	United Arab Emirates	109	109	Dec-21
27	Algeria	246	247	May-22
28	Angola	138	137	Jun-22
29	Burkina Faso	127	124	Jun-22
30	Cameroon	125	124	Mar-22
31	Gabon	106	106	Apr-22
32	Ghana	168	163	Jun-22
33	Guinea	1466	1454	May-22
34	Ivory Coast	117	115	Jun-22
35	Kenya	125	124	Jul-22
36	Nigeria	455	447	Jun-22
37	Rwanda	158	156	Jun-22
38	Senegal	118	116	Jun-22
39	Uganda	122	121	Jul-22
40	Zambia	362	359	Jun-22
41	Zimbabwe	10933	8707	Jul-22
42	Australia	126	124	Jun-22
43	New Zealand	1161	1142	Jun-22

Source: Trading Economics

2.A.2 Africa

50. Real gross domestic product (GDP) in Africa rebounded strongly in 2021, growing by 6.9 percent (AfDB, African Economic Outlook 2022). This rebound was supported by recovery in global demand, higher oil prices benefiting oil-exporting economies, easing of COVID-19 restrictions in most countries, and associated growth in domestic consumption and investment. Africa's real GDP growth is, however, projected to decelerate to 4.1 percent in 2022, reflecting ebbing of base effects and uncertainties related to the persistence of the COVID-19 pandemic and the impact of the Russia–Ukraine conflict.

51. Growth varies widely across countries and regions. Economic growth in 2021 was highest in North Africa (11.7 percent) and East Africa (4.8 percent). In 2022, growth is expected to decelerate to 4.5 percent in North Africa and to stabilize at 4.7 percent in East Africa. Average growth in 2021 in West Africa was 4.3 percent and is projected to remain strong at 4.1 percent in 2022. Growth in Central Africa is projected to rise to 4.6 percent in 2022, from 3.4 percent in 2021. Southern Africa's estimated growth of 4.2 percent represented the largest recovery, from a contraction of 6.0 percent, underpinned by strong recovery in Botswana (12.5 percent), Mauritius (4.0 percent), and South Africa (4.9 percent). Growth in the region is projected to decelerate to 2.5 percent in 2022 as the effects of large fiscal stimuli peter out.

52. Africa's growth outlook is highly uncertain, with risks tilting to the downside. The spillover effects from the Russia–Ukraine conflict and related sanctions on Russia may cause a larger decline in global output than currently projected. A combination of low COVID-19 vaccination rollout and emergence of new COVID-19 variants may force countries to retain some restrictions.

53. Other downside factors include heightened debt vulnerabilities, tight global financial conditions as inflationary pressures rise, the effect of the Russia–Ukraine conflict and related sanctions on Russia, climate and environmental risks, and other sociopolitical and security issues. Upside factors include faster vaccination rollout, a comprehensive resolution of debt problems, and policies to accelerate structural transformation and build economic resilience.

54. Macroeconomic fundamentals have generally improved, but considerable challenges remain in the medium term, due largely to persistence of the pandemic effects and volatility induced by the impact of the Russia–Ukraine conflict. The average fiscal deficit in Africa is

projected to narrow to 4.0 percent of GDP in 2022, from 5.1 percent in 2021, reflecting scaling-down of COVID-19-related interventions and relative strengthening of domestic revenues. However, rising commodity prices triggered by the Russia–Ukraine conflict represent a major headwind for the fiscal situation in the short to medium term, especially for economies dependent on imports of energy and food commodities.

55. The average current account deficit is projected to be 2.0 percent of GDP in 2022, down from 2.4 percent in 2021, underpinned by expected narrowing of the trade deficit and current transfers. Exchange rate fluctuations fell in most countries in 2021, supported by improved foreign exchange inflows. The outlook for exchange rates in 2022 and beyond depends on developments in international financial markets, especially on the back of the Russia– Ukraine conflict and normalization of monetary policy in advanced economies.

56. Average inflation is projected to accelerate to 13.5 percent in 2022 from 13.0 percent in 2021, fueled by a sharp rise in commodity prices, especially energy and food, due to escalation of the Russia–Ukraine conflict.

57. Sovereign debt remains a threat to economic recovery despite recent debt relief initiatives. Although Africa's debt-to-GDP ratio is estimated to stabilize around 70 percent in 2021 and 2022, from 71.4 percent in 2020, thanks to growth recovery and debt relief measures, it will remain above pre-pandemic levels. The international financial community's initiatives, such as the Debt Service Suspension Initiative (DSSI), the Common Framework, and the International Monetary Fund's August 23rd, 2021, general allocation of $650 billion- equivalent Special Drawing Rights (SDRs) have also helped alleviate liquidity pressures in many countries by boosting external buffers.

58. However, these initiatives have not erased debt vulnerabilities, with 23 African countries either in or at risk of debt distress as of February 2022. Additional structural reforms such as debt restructuring and reprioritizing public spending are required to ensure long-term debt sustainability. Reconfiguring the global debt relief architecture, including reinstating the DSSI, will be crucial in supporting debt-ridden African countries' transition toward a path of sustainable debt in the medium to long term.

59. Despite a rebound in growth, the impacts of the COVID-19 pandemic on lives and livelihoods in Africa continued in 2021. The Bank estimates that about 30 million Africans were pushed into extreme poverty in 2021 and that about 22 million jobs were lost in African countries the

same year due to the pandemic. These outcomes are likely to continue in 2022 and 2023. When the prolonged effect of economic disruptions stemming from the Russia–Ukraine conflict is accounted for, the number of additional Africans who could be pushed into extreme poverty is estimated to be 1.8 million in 2022 and 2.1 million in 2023. Workers in the informal sector, mainly women and youth, are the hardest hit.

60. In addition, several African countries, such as eSwatini, South Sudan, and Uganda, closed schools for more than 36.7 weeks (the global average from the onset of the pandemic to October 2021)— equivalent to more than a half-year of schooling— eroding the positive trends in education over the past decade.

61. Additional financing needs are estimated at about $432 billion over 2020–22 (a revision from the previously estimated $484 billion due in part to better- than-anticipated fiscal positions) and translated into an average of $144 billion a year over this period to support the recovery.

62. Africa’s low vaccination rates are constraining faster economic recovery and increasing the health impact of COVID-19. These rates— 15.3 percent of people were fully vaccinated by End-March 2022 against a target of at least 60 percent in most other global regions— are attributed to a combination of supply- and demand-side impediments. Improving vaccination rates by tackling vaccine hesitancy and improving vaccine supply is key to reducing infections and mortality and to quickening the economic recovery.

63. African countries will thus need to speed up their current vaccination rollout if they are to close the vaccination gap with other regions. Africa is the region most affected by climate shocks: 5 of the 10 most affected countries in 2019 are on the continent. In just 2020 and 2021, 131 extreme-weather, climate change– related disasters were recorded on the continent— 99 floods, 16 storms, 14 droughts, and 2 wildfires. Climate change, therefore, poses substantial risks to African economies, threatens the lives and livelihoods of millions of people and could undo hard-won progress in achieving some of the key targets of the Sustainable Development Goals (SDGs), the African Union Agenda 2063. Policies to support post-pandemic economic recovery for Africa must include initiatives to enhance the resilience of the continent by mitigating climate-related shocks that contribute to output fluctuations and poverty.

Table 4: Real GDP Growth; Percent – Sub-Saharan Africa

Economic forecasts: Sub-Saharan Africa
(real GDP growth; percent)

	2021	PROJECTIONS 2022	2023
Sub-Saharan Africa	**4.5**	**3.8**	**4.0**
Angola	0.7	3.0	3.3
Benin	6.6	5.9	6.1
Botswana	12.5	4.3	4.2
Burkina Faso	6.9	4.7	5.0
Burundi	2.4	3.6	4.6
Cabo Verde	6.9	5.2	5.8
Cameroon	3.5	4.3	4.9
Central African Republic	1.0	3.5	3.7
Chad	-1.1	3.3	3.5
Comoros	2.2	3.5	3.7
Congo, Democratic Republic of the	5.7	6.4	6.9
Congo, Republic of	-0.2	2.4	2.7
Côte d'Ivoire	6.5	6.0	6.7
Equatorial Guinea	-3.5	6.1	-2.9
Eritrea	2.9	4.7	3.6
Eswatini	3.1	2.1	1.8
Ethiopia	6.3	3.8	5.7
Gabon	0.9	2.7	3.4
The Gambia	5.6	5.6	6.2
Ghana	4.2	5.2	5.1
Guinea	4.2	4.8	5.8
Guinea-Bissau	3.8	3.8	4.5
Kenya	7.2	5.7	5.3
Lesotho	2.1	3.1	1.6
Liberia	4.2	4.5	5.5
Madagascar	3.5	5.1	5.2
Malawi	2.2	2.7	4.3
Mali	3.1	2.0	5.3
Mauritius	3.9	6.1	5.6
Mozambique	2.2	3.8	5.0
Namibia	0.9	2.8	3.7
Niger	1.3	6.9	7.2
Nigeria	3.6	3.4	3.1
Rwanda	10.2	6.4	7.4
São Tomé & Príncipe	1.8	1.6	2.8
Senegal	6.1	5.0	9.2
Seychelles	8.0	4.6	5.6
Sierra Leone	3.2	3.4	4.3
South Africa	4.9	1.9	1.4
South Sudan	5.3	6.5	5.6
Tanzania	4.9	4.8	5.2
Togo	5.1	5.6	6.2
Uganda	5.1	4.9	6.5
Zambia	4.3	3.1	3.6
Zimbabwe	6.3	3.5	3.0

Source: IMF World Economic Outlook Database, April 2022.

IMF

2.A.3 Nigerian Economy[3]

Macroeconomic

64. The Nigerian economy grew faster than expected in 2021 and recouped the growth losses from the COVID-19 pandemic. Following a contraction of 1.8 percent in 2020, the economy rebounded and grew by 3.6 percent in 2021. This growth exceeded population growth for the first time since 2015. It was driven by base effects in most services and manufacturing and organic growth in agriculture, telecommunications, and financial services. (World Bank Group, Nigeria Development Outlook, June 2022)
65. However, despite high oil prices, oil output declined by 8.3 percent and remained consistently below the country's OPEC quotas. The consistent decline in oil production, which reached a two-decade low as of May 2022, stemmed from technical and security challenges in the oil-producing Niger Delta region, aging infrastructure and inadequate investment in the sector, and NNPC's failure to pay for the Federation's share of costs in joint venture operations.
66. Nigeria's growth in 2021 was in line with the average for Sub-Saharan Africa (SSA) but fell short compared to oil producers and other emerging markets and developing economies (EMDEs). Growth in SSA was at an estimated 3.5 percent, reflecting a better-than expected pickup in activity in the first half of the year amid an improved external environment, including a strong rebound in commodity prices. On the other hand, growth in EMDEs and oil-producing countries was much higher, over 6 percent.
67. Nigeria's GDP is expected to grow faster than its population in 2022 but still below pre-2015 rates and those of EMDEs and oil-producing countries. In 2022, it is expected to be driven by agriculture, services (trade, ICT, financial services), and the non-oil industry (construction, food). Nevertheless, GDP per capita by the end of 2022 is expected to be below its 2014 level and will not return to pre-pandemic levels before 2025.
68. **Agriculture:** The agricultural sector grew by 2.1 percent in 2021 (consistent with 2.2 percent growth in 2020) and is expected to grow by 3.2 percent in 2022. Agriculture was the only sector to show resilience to economic volatility over time—it is a crucial employer of last resort and the only sector not to contract during the 2016 or 2020 recessions. However, agriculture's recent growth has lagged its

average growth of 5.4 percent over the last two decades, despite the sector being a beneficiary of CBN development finance interventions. According to official information, yields of crops such as rice and cassava have increased, and the sector's production is expected to expand after overcoming the mobility restrictions of 2020 and 2021.

69. **Oil Sector:** Oil and gas output contracted further by 8.3% in 2021, following a contraction of percent in 2020. As was often the case in prior years, oil and gas production in 2021 suffered from technical and security issues, including pipeline leaks, equipment failure, work stoppages for non-payment, community protests over unpaid compensation, and other problems such as theft and vandalism. The NNPC's monthly reports to FAAC show that disruptions and other factors had cut oil production by about 175,000 bpd in 2021. Nigeria's crude oil output (excluding condensates) has stayed consistently below its OPEC quota since February 2021. Production is expected to stagnate without sustained measures to reverse these trends in 2022.

70. **Non-oil Industry:** In 2021, the non-oil industry grew by 4.4 percent, recovering from its 2020 contraction. Base effects accounted for part of the growth in certain sectors, such as manufacturing and construction. In 2022, the non-oil industry is expected to grow at a lower rate (3.6 percent) as subsectors such as cement, food, beverage and tobacco, chemical and pharmaceutical products, and motor vehicles and assembly suffer from supply constraints, rising costs for inputs and services, and foreign exchange shortages.

71. **Services:** Services, which account for the largest share of Nigeria's GDP (slightly more than 50% since 2010), contributed the most to GDP growth in 2021. This strong performance drove sub-sectors such as information and communication technology (ICT) and financial services. ICT expanded by 6.5% percent as households and firms continued to increase their data consumption in the wake of the pandemic-related lockdown. Financial services grew by 10.1% in 2021 (after growing by 9.4% in 2020) as digital technology enabled a broader suite of financial transactions. In addition to trade, these subsectors will continue driving the growth of services in 2022 (4%).

72. Elevated inflation in 2021 was already reducing the purchasing power of Nigerians and increasing poverty. Inflation is hurting Nigerians, especially workers facing lower incomes, as they have turned to small-scale, non-farm enterprise activities in the wake of COVID-19. Nigeria's inflation has increased consistently since the closure of the borders. In 2021, at an average of 17%, inflation was above that of the previous four years and among the highest in the world. It was driven by higher

food prices, especially for staples such as bread and cereals, potatoes, yams, and other tubers, meat, fish, fruits, and oils and fats. We estimate that between 2020 and 2021, the "inflation shock" alone pushed about 8 million more Nigerians below the poverty line.

73. The war in Ukraine has added to Nigeria's inflationary pressures. The headline inflation rate rose to 16.8 percent year-on-year in April 2022, from 15.6 percent in January, while food inflation increased from 17.2 to 18.4 percent. Core inflation, which excludes prices of volatile agricultural produce, remained steady at 14.2 percent. Food inflation, however, is increasing due to higher wheat prices. As of April 2022, the price of wheat flour—used to produce bread, pasta, and other major Nigerian staples—had increased by 36 percent year-on-year. Core inflation has risen due to the scarcity of petrol and other fuels (diesel, household kerosene, and jet fuel).

74. The added inflationary pressure from the war in Ukraine could push as many as one million additional Nigerians into poverty in 2022**.** Even before the war, inflation in 2022—then projected at 13.5 percent was predicted to push around six million Nigerians into poverty in 2022. With the war, the higher rate of inflation—projected at 15.5 percent—could push approximately seven million Nigerians into poverty, an additional one million people (Figure 1.6). The CBN's inflation target of 6–9 percent, which was not achieved in previous years, remains unlikely to be met in 2022. The increase in May 2022 in the policy rate by the CBN is an adequate measure. Still, it has occurred in a context in which FX management and development finance at subsidized rates have reduced the effectiveness of monetary policy. Moreover, financing of the fiscal deficit and trade restrictions by the Central Bank continue fueling inflationary pressures. Inflation in Nigeria will thus remain among the highest in Sub-Saharan Africa in 2022.

75. Nigeria's current account improved in 2021 thanks to the economic recovery from COVID-19 and is expected to strengthen further in 2022 due to increases in oil prices, remittance inflows, and non-oil exports. In 2021, the current account deficit narrowed from 3.8 percent of GDP in 2020 to 0.4 percent in 2021, driven by an increase in exports stemming from the rebound in oil prices. In contrast, imports remained subdued and declined by 4 percent year-on-year. This was partly due to FX scarcity, as the private sector reported shortages of FX even for "allowed" imports. Remittance flows also recovered to pre-pandemic levels in 2021. In 2022, higher oil prices are expected to push the current account to a surplus for the first time since 2018, amounting to a projected 2.8 percent of GDP. Direct investments have been

persistently low in 2022, as exchange rate management issues deter investors. Net foreign direct investment (FDI) inflows in 2021 remained at less than 1 percent of GDP, despite higher oil prices which have historically driven higher portfolio investment flows into the country. Although the CBN has made progress in harmonizing the two main exchange rates, the reform remains incomplete, and the persistence of multiple rates continues to discourage private investment.

76. Against the background of heightened inflationary pressures from the war in Ukraine, timely and **consistent monetary policy in 2022 is becoming a pressing priority.** Nigeria was the only emerging market economy not to change its policy rate between the second half of 2020 and May 2022. Higher food, fuel, and fertilizer prices arising from the Ukraine war started impacting early in the year, and Nigeria's inflation rate started trending upwards in February 2022. It reached 16.8 percent in April, up from 15.6 percent in January, and is likely to increase further if the war persists. Policy action to counteract this trend has become critical.

77. However, the CBN postponed any increase in the policy rate, having retained the monetary policy rate (MPR) at 11.5 percent since September 2020, and continued to ramp up its development finance initiatives to soften the economic impact of the COVID-19 crisis on households and businesses. Only in May 2022 did the CBN raise the monetary policy rate to 13 percent, persuaded that tackling inflation had become more urgent. However, CBN's development finance interventions at subsidized interest rates and its FX management which leaves substantial amounts of local currency liquidity waiting to exit, have reduced the effectiveness of the monetary policy.

78. Clarity on exchange rate policy, and transparency in its management, are necessary to attract more significant capital inflows, including foreign direct investments. The exchange rate policy in 2022 remains focused on maintaining the IEFX rate and the official exchange rate artificially stable through foreign exchange restrictions and administrative measures.10 The CBN maintains a complete restriction of FX supply to import about 45 products, and firms report limited FX supply availability for other imports.

79. The benefits of a more effective exchange rate management, with a view towards a unified and market-reflective exchange rate, are more significant than in previous years. Favorable external conditions (oil prices being the highest in nine years) provide an opportunity to adjust the exchange rate reflective of market dynamics. Allowing further gradual adjustment in the IEFX rate, where the CBN manages the price, would help eliminate misalignment and alleviate persistent FX

pressures. The CBN took steps to unify multiple exchange rates by adopting the IEFX window rate as its official exchange rate in May 2021. However, different windows still exist, and the parallel rate premium continues to climb, reaching 39% over the official IEFX rate in March.

80. Through March 2022, net domestic credit grew robustly (21.3 percent year-on-year), reflecting a **surge in private sector credit spurred by the CBN's development finance interventions.** At the same time, deposit money banks have increased their holdings of CBN securities—as their yields rose—while roughly maintaining their exposure to the government. The share of private sector credit originated by deposit money banks that went to the agriculture sector continued to rise. It stood at 6.3 percent of the total (March 2022), about two percentage points higher than at the end of 2019. As of February 2022, interest rates on savings and time deposits and prime lending were below the levels prevailing at the start of the pandemic—by around 200bps and 300bps, respectively. However, maximum lending rates (charged to riskier borrowers) have returned to levels prevailing in March 2020.

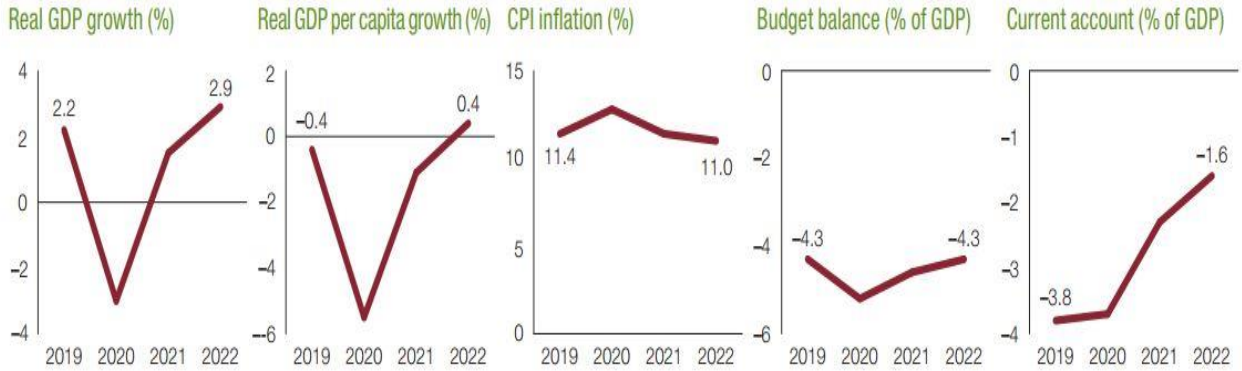
81. Public debt though considered sustainable is undoubtedly high**.** It is expected to reach 36 percent of GDP in 2022, 1 percentage point higher than in 2021. Debt servicing costs are projected to remain high, with interest payments expected to reach 45 percent of total consolidated government revenues in 2022.

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

82. 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.

83. 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 Covid-19 has had on the livelihoods of the citizens.

84. Against this backdrop, government had embarked on the implementation of the Nigeria Covid-19 Action Recovery & Economic Stimulus (NG-Cares) Programme with particular emphasis on Social transfers to enhance consumption support to vulnerable groups; provision of social infrastructure in health, education, nutrition, water and sanitation at community level; and the provision of financial support to help SMEs to recover and sustain their operations. The programme will further include the provision of employment opportunities to youth with the payment of stipends to make them work on feeder roads, irrigation schemes, reforestation, security and sanitation services; and Increase food security and safe functioning of food supply chains with a view to reach up to 10,000 farmers through the provision of agricultural inputs and services, agricultural assets for

production and upgrade of wet markets; and provision of short livelihoods and skills to economically active and self-employed youth and women.

85. A number of other interventionist programmes have also been introduced in order to address the negative manifestations and provide succour to the citizens. These include the roll out of the Micro-Finance Institution Development project for the eradication of poverty in the State anchored by the State's Agency for Sustainable Micro-Finance which will primarily mainstream the lessons learned from the implementation of the Village Savings and Loans Association (VSLA) by MEDA (Global Affairs Canada) and consolidate the benefits by scaling up the level and scope of execution. The project will further seek to develop and strengthen micro-finance institutions in order to enhance financial access by the economically active poor and thus enhance productivity in Agricultural and Micro & Small Business Enterprises. In this manner, larger beneficiaries will be covered with high level of efficiency and marginal or even zero risk.

86. Furthermore, the government had through the implementation of the Kaura Economic Empowerment programme in the Local Governments committed over N1.5billion in support to youth and women in order to improve and sustain their livelihoods. Agricultural implements, inputs and services estimated at over N2billion had also been provided to improve on the level of production of farmers to improve food security. The disbursement of N300million to provide further support to local businessmen and women, artisanal entrepreneurs and associations is has also been earmarked to commence within the second quarter of 2022.

87. The creation of a Ministry of SMEs & Cooperatives as well as that of Natural Resources were deliberately intended to support the development of small and medium businesses and the solid minerals and energy sectors as a catalyst for the economic growth of the State.

88. Massive infrastructural development embarked upon by the State Government especially in roads had opened up hitherto productive but inaccessible areas; and massive housing development across the major urban areas had not only impacted to reduce the huge housing deficit but had also created hundreds of thousands of direct and indirect jobs to mitigate against the job losses brought about by Covid-19 and stimulate commercial activities in the markets.

Table 6: Bauchi State Projected Population

S/NO	LGA	Population Census 1991-11-26	Population Census 2006-03-21	Population Projection 2016-03-21
1	Alkaleri	257,871	328,284	461,200
2	Bauchi	356,923	493,730	693,700
3	Bogoro	...	83,809	117,700
4	Dambam	...	150,212	211,000
5	Darazo	163,831	249,946	351,200
6	Dass	50,281	90,114	126,600
7	Gamawa	...	284,411	399,600
8	Ganjuwa	144,758	278,471	391,200
9	Giade	...	156,022	219,200
10	Itas/ Gadau	135,707	228,527	321,100
11	Jama'are	70,436	117,482	165,100
12	katagum	195,066	293,020	411,700
13	Kirfi	...	145,636	204,600
14	Misau	...	261,410	367,300
15	Ningi	279,993	385,997	542,300
16	Shira	...	233,999	328,800
17	Tafawa/ Balewa	...	221,310	310,900
18	Toro	209,253	346,000	486,100
19	Warji	...	114,983	161,500
20	Zaki	...	189,703	266,500
	Total	**2,861,887**	**4,653,066**	**6,537,300**

89. From the table above, it is observed that the population projection is growing at the rate of 3.7%. This shows that in 2017 and 2018 will rise to 6,821,138 and 7,057,045 respectively. In 2019 it is expected that the population will reach 7,318,156.

90. However, with the influx of Internally Displaced Persons (IDPs) from the neighbouring State, the population can be estimated to reach 8,318,156

Table 7: 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.

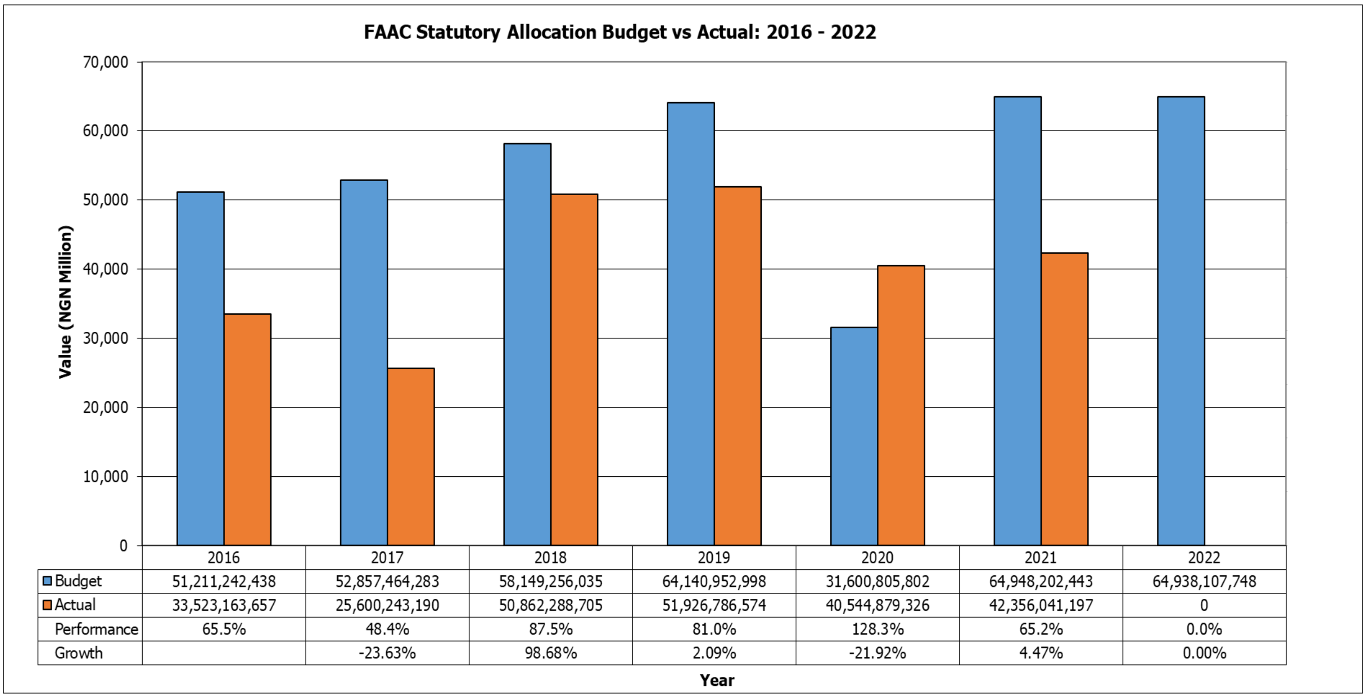
2.B Fiscal Update

2.B.1 Historic Trends

Revenue Side

91. The document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2016 – 2021 (six years historic) and 2022 budget.

Figure 3: Statutory Allocation

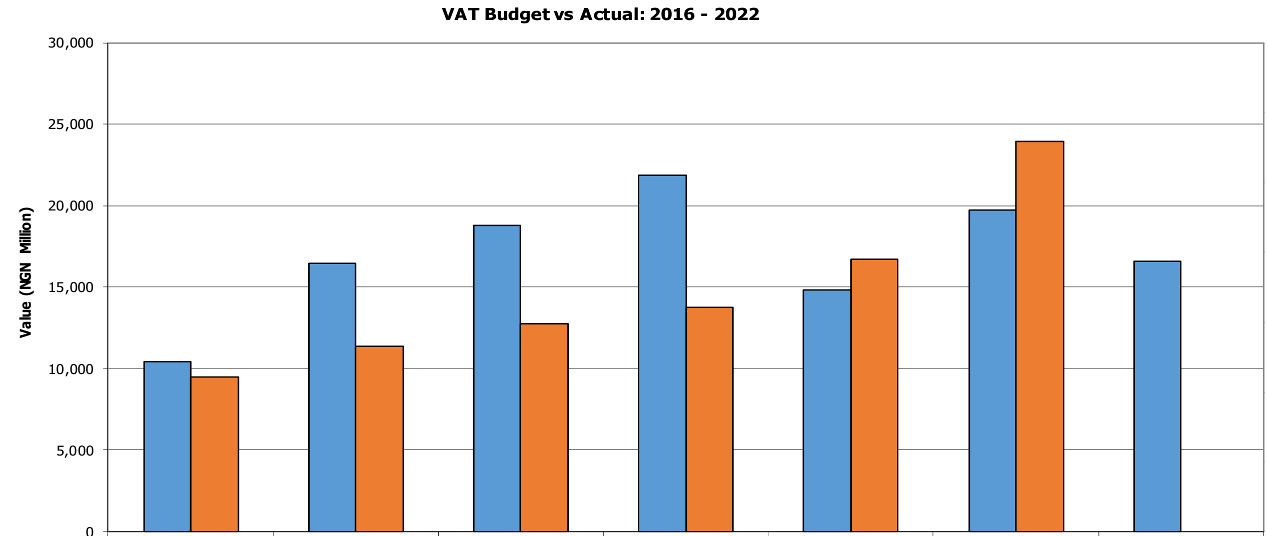


	2016	2017	2018	2019	2020	2021	2022
Budget	51,211,242,438	52,857,464,283	58,149,256,035	64,140,952,998	31,600,805,802	64,948,202,443	64,938,107,748
Actual	33,523,163,657	25,600,243,190	50,862,288,705	51,926,786,574	40,544,879,326	42,356,041,197	0
Performance	65.5%	48.4%	87.5%	81.0%	128.3%	65.2%	0.0%
Growth		-23.63%	98.68%	2.09%	-21.92%	4.47%	0.00%

92. 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.

93. From the chart above, it can be realized that throughout the period of 2016 - 2019, actual statutory allocation received was less than budget estimates. In 2020 statutory allocation was above the Approved Budgets. The fall in growth rate between 2017 and 2020 was due to the fact that oil sector was hampered throughout within this period 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. In 2021, the budget targets were not met

Figure 4: VAT



	2016	2017	2018	2019	2020	2021	2022
Budget	10,462,759,340	16,500,000,000	18,795,000,000	21,869,483,877	14,825,268,874	19,763,299,811	16,608,321,097
Actual	9,505,666,084	11,365,308,960	12,746,336,432	13,743,379,568	16,724,443,058	23,962,838,566	0
Performance	90.9%	68.9%	67.8%	62.8%	112.8%	121.2%	0.0%
Growth		19.56%	12.15%	7.82%	21.69%	43.28%	0.00%

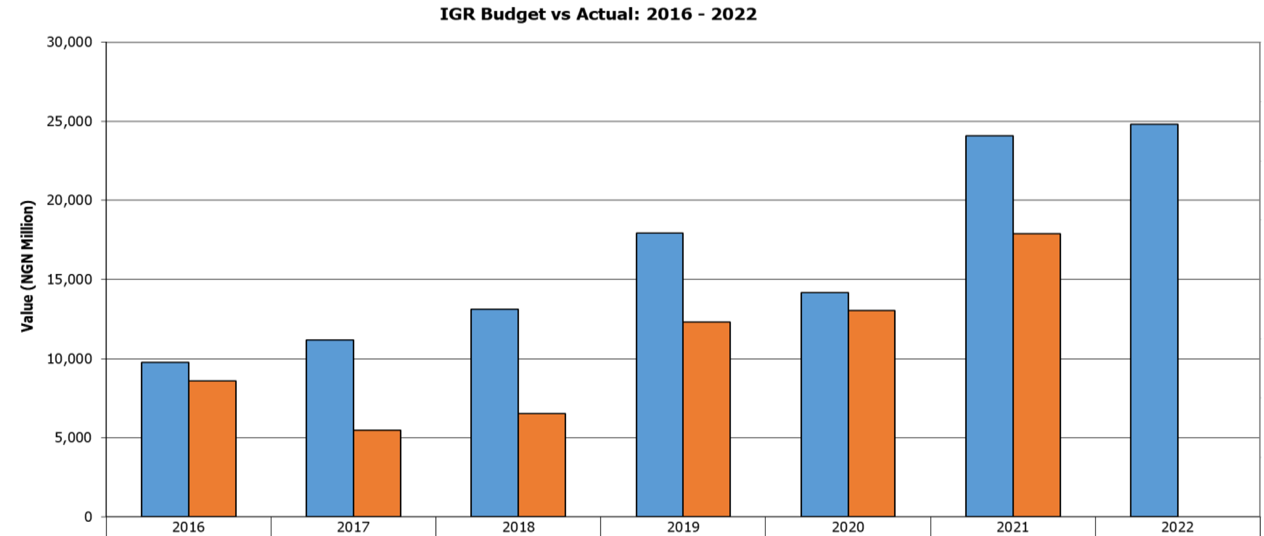
Year

94. 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 on a monthly basis – 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.

95. VAT receipts between 2016 and 2018 performed well in relation to the Approved Budgets and the actual amount received within these periods. In 2020 and 2020, the budget targets were indeed surpassed in relation to the increase in rates brought about by the Finance Act.

96. Furthermore, VAT receipts have increased year-on-year since 2016 largely due to the growth in nominal economic activity in Nigeria.

Figure 5: IGR



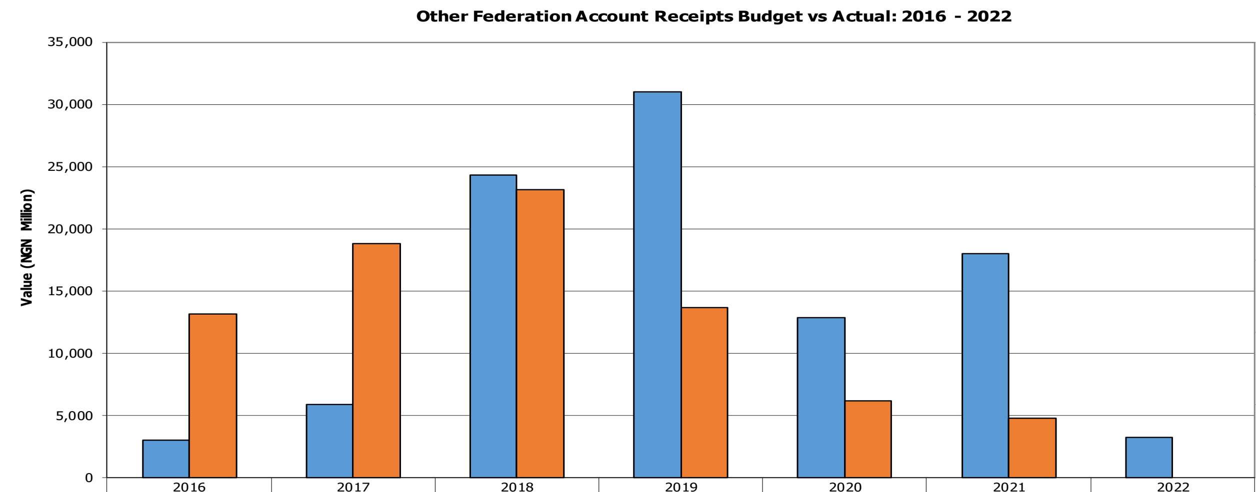
	2016	2017	2018	2019	2020	2021	2022
Budget	9,750,089,152	11,187,705,791	13,126,384,230	17,946,976,275	14,157,421,944	24,085,588,861	24,814,940,253
Actual	8,600,000,000	5,472,148,744	6,525,458,165	12,293,318,939	13,039,294,812	17,902,447,968	0
Performance	88.2%	48.9%	49.7%	68.5%	92.1%	74.3%	0.0%
Growth		-36.37%	19.25%	88.39%	6.07%	37.30%	0.00%

Year

97. Internally Generated Revenue is revenue collected 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.

98. The IGR growth showed fluctuations within the periods under consideration as 2017 shows a considerable fall while picking up in 2019, 2020 and 2021 respectively. The performance in 2021 was impressive as it is the highest figures recorded in the history of the State.

Figure 6: Other Federation Accounts Receipts



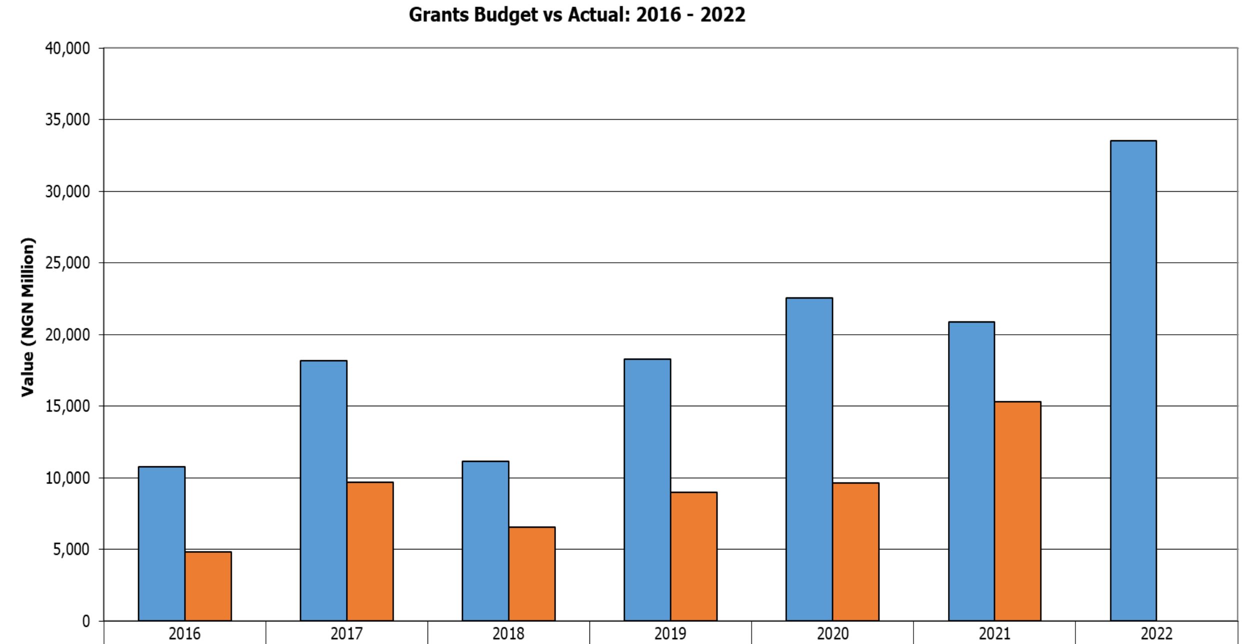
	2016	2017	2018	2019	2020	2021	2022
Budget	3,000,000,000	5,878,977,554	24,349,977,115	30,974,838,698	12,824,390,705	18,000,000,000	3,200,000,000
Actual	13,112,490,412	18,838,217,425	23,132,575,666	13,673,239,848	6,175,300,625	4,796,720,784	0
Performance	437.1%	320.4%	95.0%	44.1%	48.2%	26.6%	0.0%
Growth		43.67%	22.80%	-40.89%	-54.84%	-22.32%	0.00%

Year

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

100. The years 2016 to 2018 witnessed a significant growth rate in terms of Actual Performance to the Approved Budgets. There is a significant fall, however, between the years 2019 to 2021 in respect to the Actual Performance to the Approved Budgets.

Figure 7: Grants



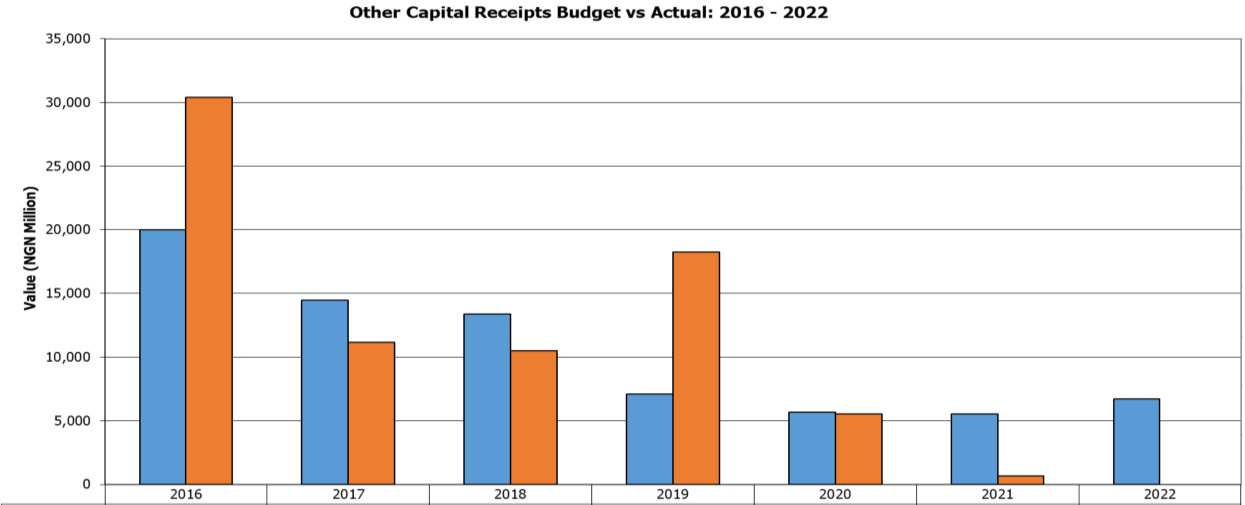
	2016	2017	2018	2019	2020	2021	2022
Budget	10,757,223,164	18,174,205,517	11,171,752,115	18,315,364,727	22,565,896,273	20,899,230,531	33,557,048,544
Actual	4,852,123,888	9,705,250,000	6,547,566,800	8,977,455,200	9,626,000,000	15,327,682,979	0
Performance	45.1%	53.4%	58.6%	49.0%	42.7%	73.3%	0.0%
Growth		100.02%	-32.54%	37.11%	7.22%	59.23%	0.00%

101. 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 Chart.

102. Actual receipts have been below 50% over the period except in 2021 which recorded excellent performance versus the budget.

103. Performance in relation to Grants has increased since 2019 largely due to proactive measures taken by present administration in terms of creating conducive working environment and payment of GCCC.

Figure 8: Other Capital Receipts



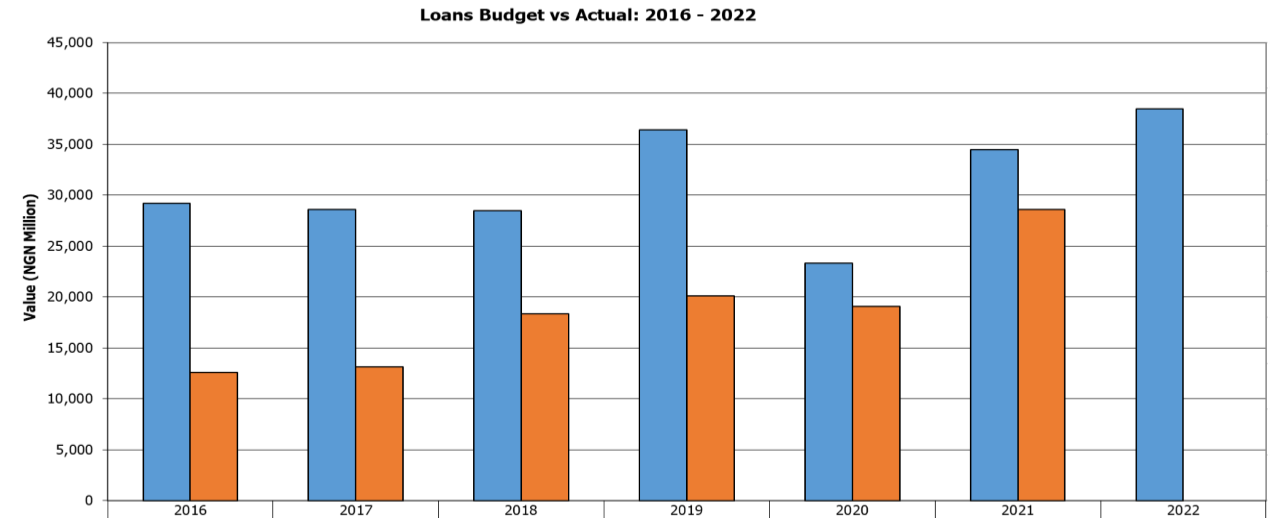
	2016	2017	2018	2019	2020	2021	2022
Budget	20,012,285,697	14,481,803,200	13,391,000,000	7,084,300,000	5,658,751,057	5,532,742,504	6,726,484,436
Actual	30,410,918,998	11,143,745,001	10,474,379,089	18,258,684,525	5,514,432,307	685,013,883	0
Performance	152.0%	76.9%	78.2%	257.7%	97.4%	12.4%	0.0%
Growth		-63.36%	-6.01%	74.32%	-69.80%	-87.58%	0.00%

Year

104. Other Capital Receipts are associated with the income related to Joint Projects Accounts, Re-imbursement from the Federal Government and Ecological Funds.

105. In 2016 and 2019 this income showed a great improvement as the amount Budgeted is less than actual performance while 2020 performed almost on equal basis to the Approved Budget. However, the performance growth rate has shown a dismal growth rate in 2021. This can be attributed to the negative impact of COVID-19 pandemic and insecurity that had mitigated donor support activities.

Figure 9: Loans/Financing



	2016	2017	2018	2019	2020	2021	2022
Budget	29,209,679,288	28,620,543,655	28,479,051,304	36,407,157,705	23,327,584,093	34,455,155,173	38,469,244,994
Actual	12,604,493,969	13,144,995,331	18,360,708,903	20,119,951,398	19,111,323,585	28,590,176,998	0
Performance	43.2%	45.9%	64.5%	55.3%	81.9%	83.0%	0.0%
Growth		4.29%	39.68%	9.58%	-5.01%	49.60%	0.00%

Year

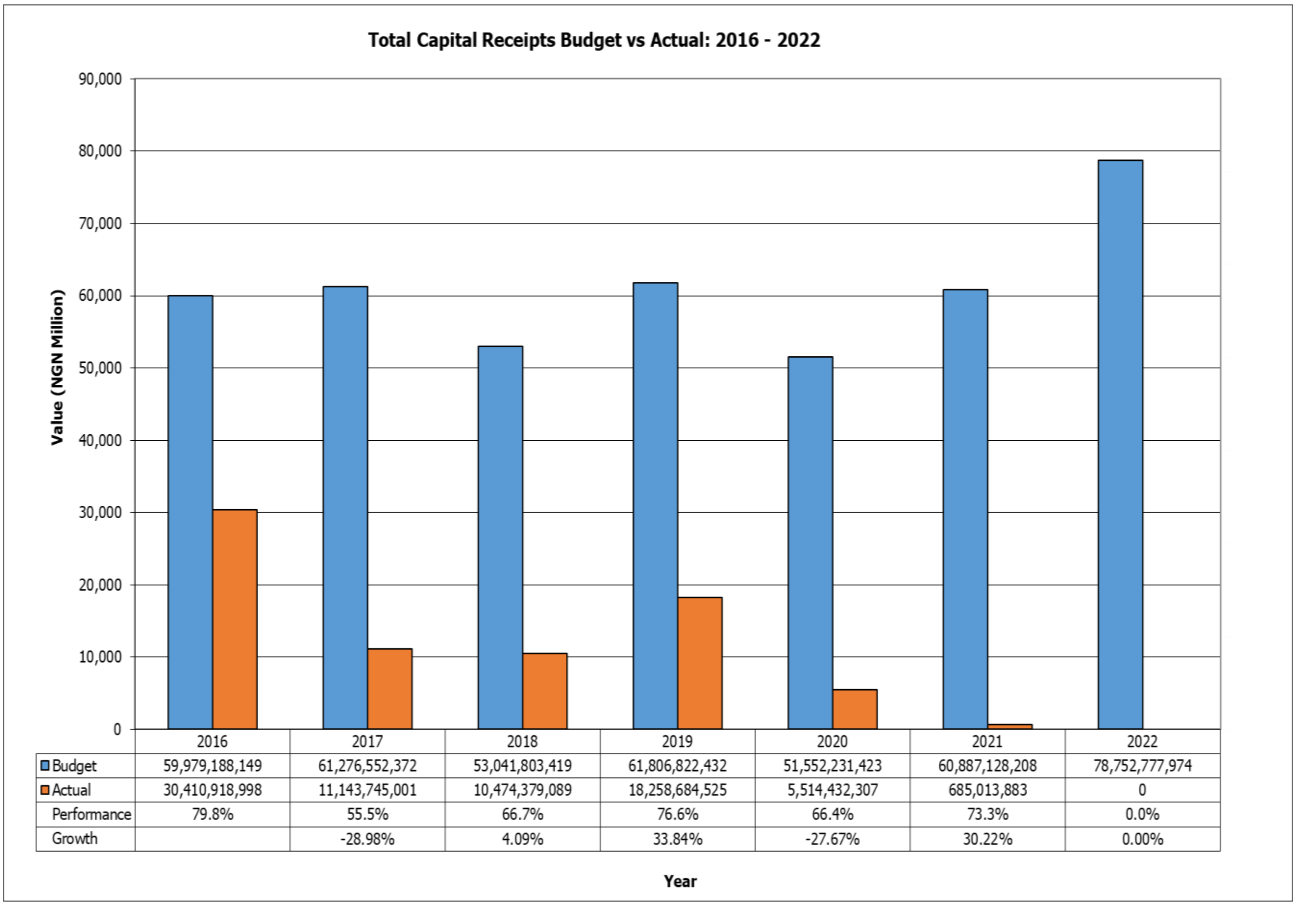
106. The instrument that is used to finance deficit is the loans. This is made up of domestic and international loans.

107. The Loans are mostly short-term and medium term borrowing from banking facilities. The financing has come in the form of various World Bank programmes (Agriculture, Health and Education sector support).

108. The year 2018 – 2019 recorded a significant improvement in terms of the trend. The year 2020 recorded a slight fall in terms of percentage growth which is largely due to COVID-19 Pandemic.

109. The significant improvement of the budget performance in 2021 was largely due to proper debt management adopted in the execution of important critical projects like Bauchi water supply and other capital infrastructures.

Figure 10: Total Capital Receipts Budget vs Actual: 2016 - 2022



	2016	2017	2018	2019	2020	2021	2022
Budget	59,979,188,149	61,276,552,372	53,041,803,419	61,806,822,432	51,552,231,423	60,887,128,208	78,752,777,974
Actual	30,410,918,998	11,143,745,001	10,474,379,089	18,258,684,525	5,514,432,307	685,013,883	0
Performance	79.8%	55.5%	66.7%	76.6%	66.4%	73.3%	0.0%
Growth		-28.98%	4.09%	33.84%	-27.67%	30.22%	0.00%

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

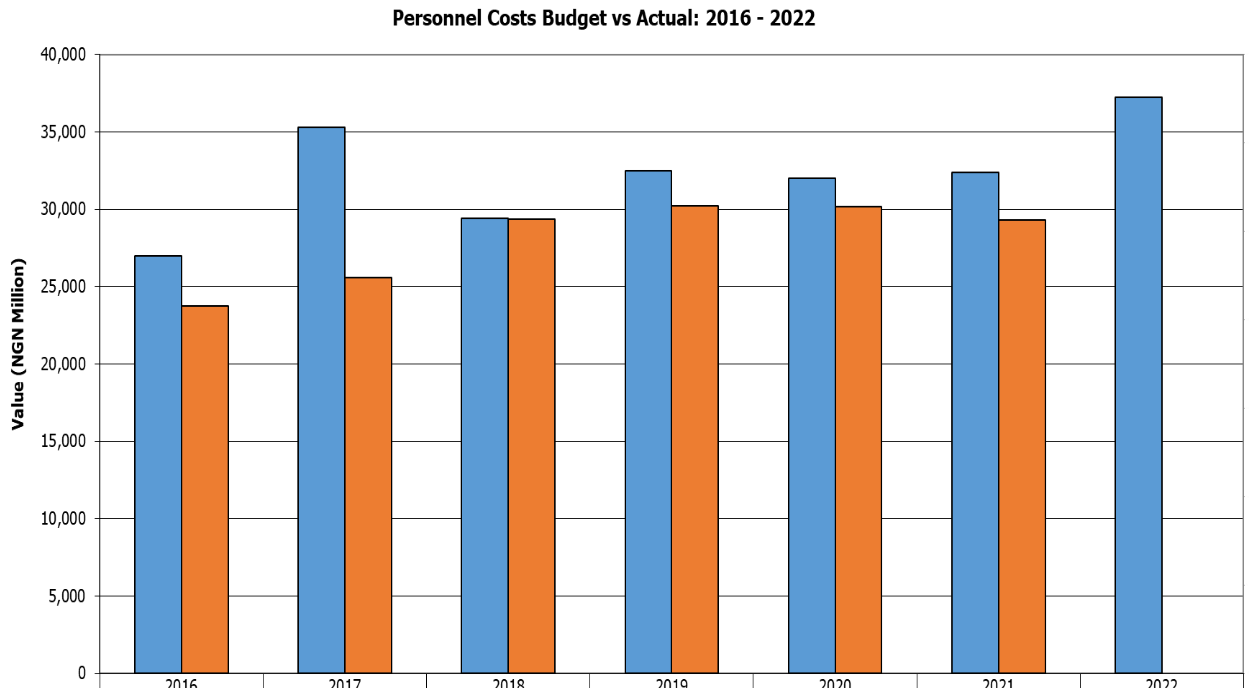
111. The year 2016 witnessed the highest receipts for the period under consideration. The poor performances recorded especially in 2020 and 2021 against the Budget for the period can be attributed to declined

operations of development partners and donor support agencies as a result of Covid-19.

Expenditure Side

112. The document looks at Consolidated Revenue Fund (CRF) charges, Personnel, Overheads and Capital Expenditure – budget versus actual for the period 2015 - 2020 (six years) and 2021 budget.

Figure 11: Personnel



	2016	2017	2018	2019	2020	2021	2022
Budget	26,957,825,904	35,311,687,450	29,424,013,385	32,497,409,174	32,003,153,209	32,380,874,939	37,209,985,720
Actual	23,767,011,453	25,557,464,232	29,371,568,202	30,196,671,551	30,191,779,346	29,306,919,822	0
Performance	88.16%	72.38%	99.82%	92.92%	94.34%	90.51%	0.00%
Growth		7.53%	14.92%	2.81%	-0.02%	-2.93%	0.00%

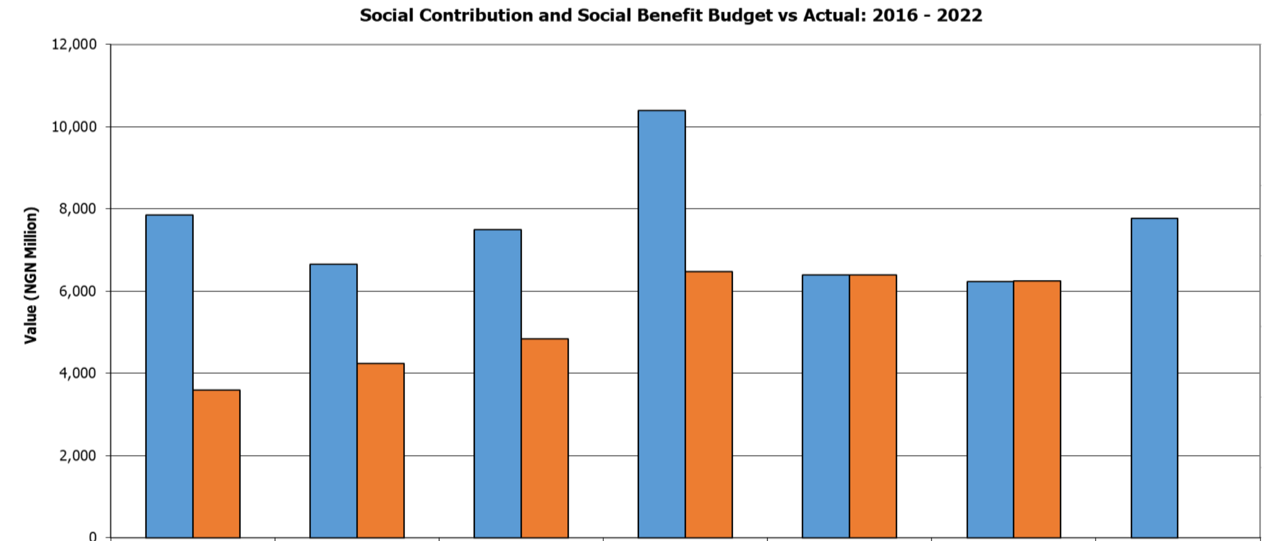
Year

113. Personnel expenditure includes salaries, allowances and pensions costs of the state, most of which are disbursed directly by Head of Service.

114. Personnel costs have risen year on year since 2016 at an average rate of 10% per annum, with particularly large increases in 2017 - 2018.

115. However, for 2019, 2020 and 2021 the figures slightly fluctuate between 92%, to 94% and 90% respectively, which may be attributed to the current Government effort aimed at cleaning both the nominal and payroll.

Figure 12: Social Contributions and Social Benefits



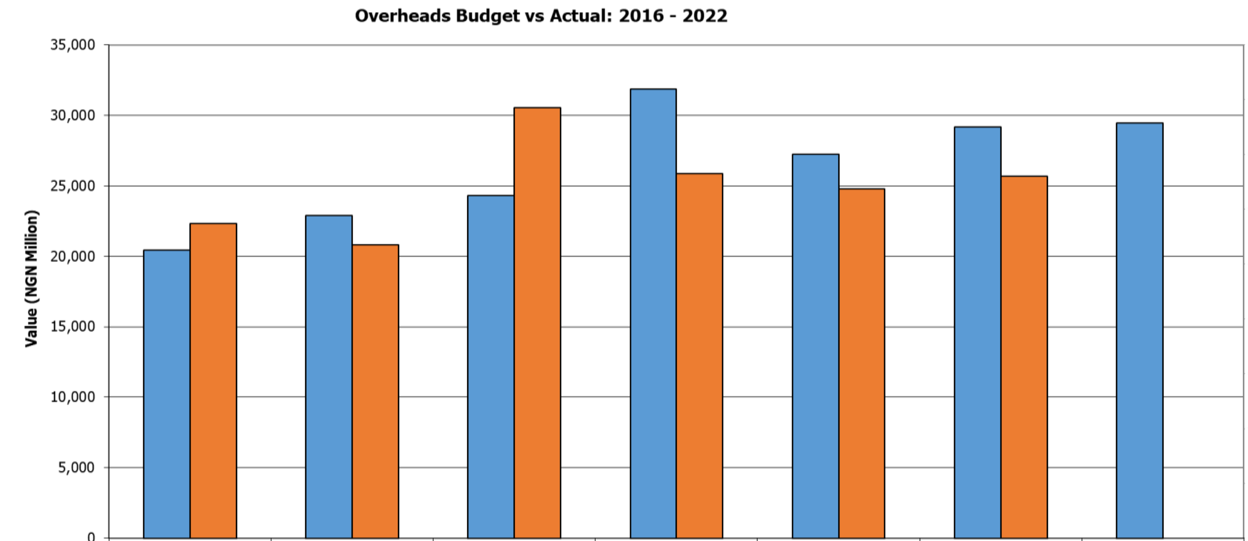
	2016	2017	2018	2019	2020	2021	2022
Budget	7,851,463,485	6,650,000,000	7,500,000,000	10,401,443,878	6,394,728,377	6,227,939,432	7,770,818,182
Actual	3,591,174,689	4,243,041,785	4,836,977,789	6,474,519,910	6,387,830,500	6,249,561,087	0
Performance	45.74%	63.81%	64.49%	62.25%	99.89%	100.35%	0.00%
Growth		18.15%	14.00%	33.85%	-1.34%	-2.16%	0.00%

Year

116. These are components of recurrent expenditures. They are associated with Pension and Gratuity of retired civil servants.

117. The performance growth has shown a considerable rate of about 10% on the average between 2016 and 2020. Actual performance between 2020 and 2021 is almost at the same level on the comparison. However, in comparison to the Approved Budget 2020 and 2021 performance is almost equal to the Budget.

Figure 13: Overheads



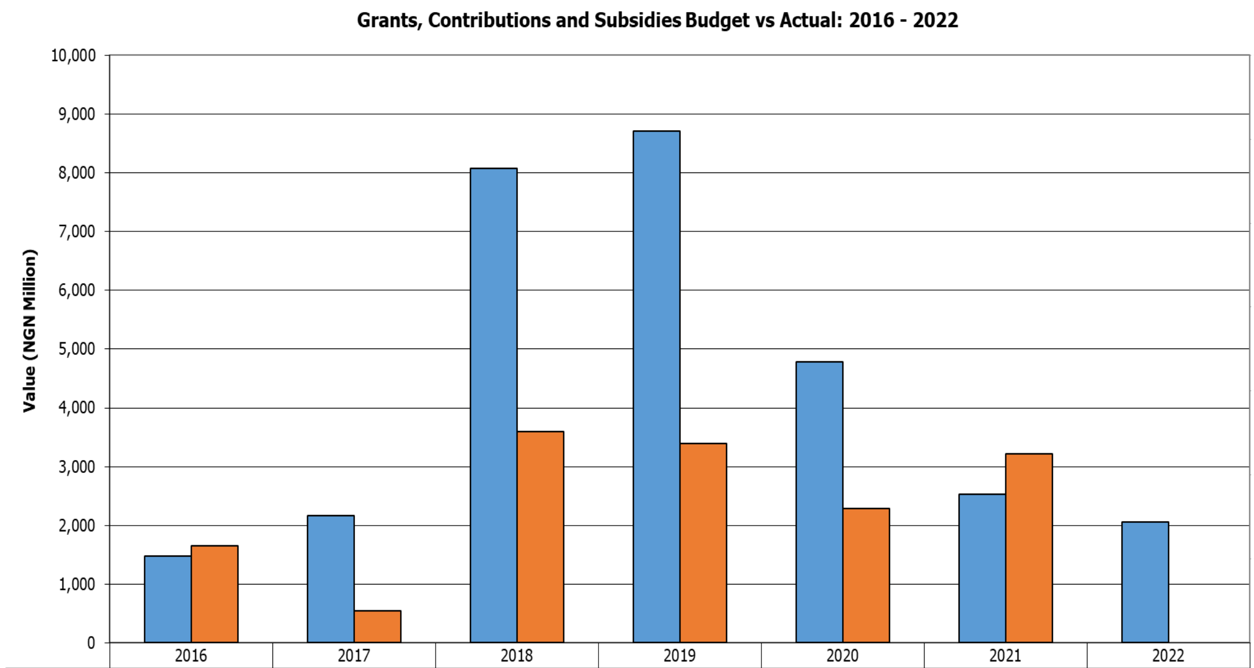
	2016	2017	2018	2019	2020	2021	2022
Budget	20,419,215,549	22,913,627,706	24,291,777,115	31,878,332,837	27,221,070,302	29,188,990,432	29,449,394,623
Actual	22,309,604,793	20,792,216,907	30,522,615,363	25,887,560,013	24,773,420,339	25,663,165,582	0
Performance	109.26%	90.74%	125.65%	81.21%	91.01%	87.92%	0.00%
Growth		-6.80%	46.80%	-15.19%	-4.30%	3.59%	0.00%

Year

118. Overheads comprise mainly of operational and maintenance costs for running day-to-day activities of the Government. Overhead allocations are transferred to MDAs on a monthly basis subject to warrants.

119. Overhead expenditure has been somewhat inconsistent in terms of actual performance to the Budget over the period under review. However, the situation began to normalize in 2019 with a performance of 81%. The years 2016 and 2018 performed significantly above the Approved Budgets with 109.29% and 125.65% respectively.

Figure 14: Grants, Contributions, Subsidies, Transfers

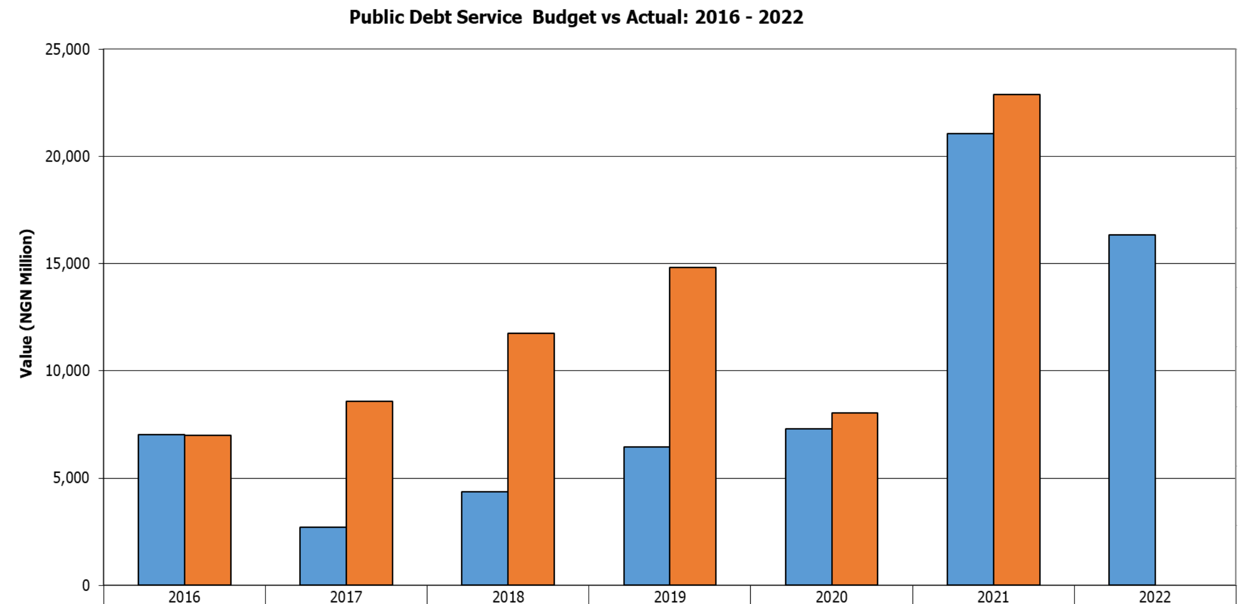


	2016	2017	2018	2019	2020	2021	2022
Budget	1,482,941,892	2,171,783,828	8,078,830,567	8,710,978,271	4,788,225,090	2,523,805,500	2,063,343,000
Actual	1,648,143,276	540,383,946	3,599,424,041	3,388,476,792	2,288,377,544	3,221,111,268	0
Performance	111.14%	24.88%	44.55%	38.90%	47.79%	127.63%	0.00%
Growth		-67.21%	566.09%	-5.86%	-32.47%	40.76%	0.00%

120. Grants, contributions and subsidies are components of overhead cost. These are expenditures often termed as assistance linked to individuals, public enterprises, NGOs, corporates organisations etc.

121. The years 2016 and 2021 recorded significant actual performances versus the Approved Budgets with 111.14% and 127,63% respectively compared to other years under consideration. The years 2018 and 2019 recorded the highest budgetary allocations within the period under review.

Figure 15: Public Debt Service

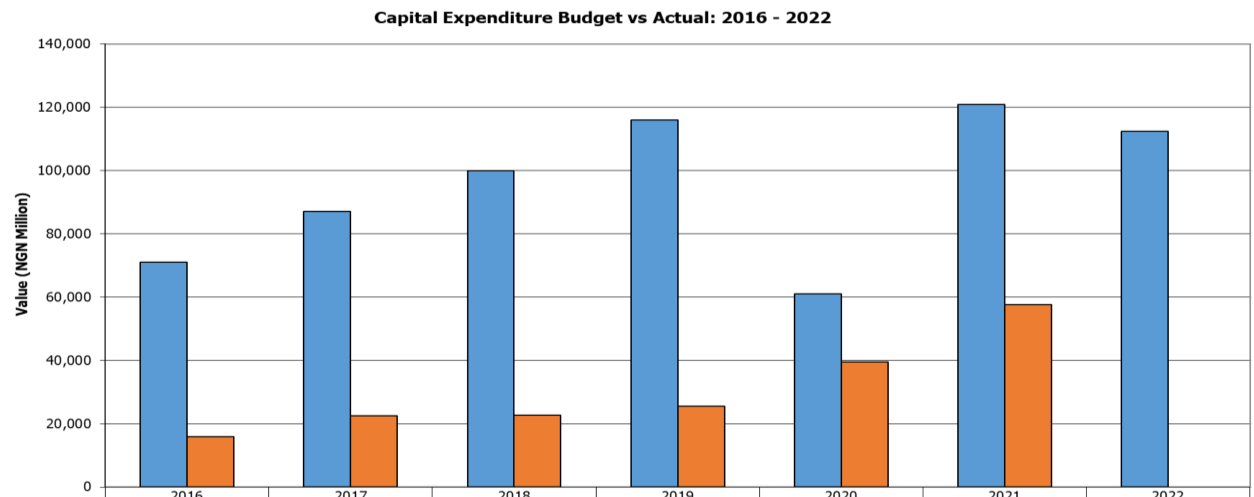


	2016	2017	2018	2019	2020	2021	2022
Budget	7,021,949,827	2,700,551,631	4,349,163,064	6,466,904,822	7,302,599,997	21,060,409,670	16,334,857,176
Actual	7,003,908,265	8,586,245,749	11,737,571,581	14,828,052,822	8,025,217,196	22,877,552,933	0
Performance	99.74%	317.94%	269.88%	229.29%	109.90%	108.63%	0.00%
Growth		22.59%	36.70%	26.33%	-45.88%	185.07%	0.00%

122. Public Debt Service often referred to as Loans Repayments are payments made in respect to loans taken by the Government.

123. The actual repayment from 2016 – 2019 shows a consistent growth rate of about 20% signifying that the State is servicing her loans according to terms and conditions. Actual performance for the year 2020 dropped to 45.88%. This is due to COVID-19 Pandemic which saw most of the loan's repayment being rescheduled. The year 2021 witnessed performance in excess of budgetary allocation caused by underestimation of debt service.

Figure 16: Capital Expenditure

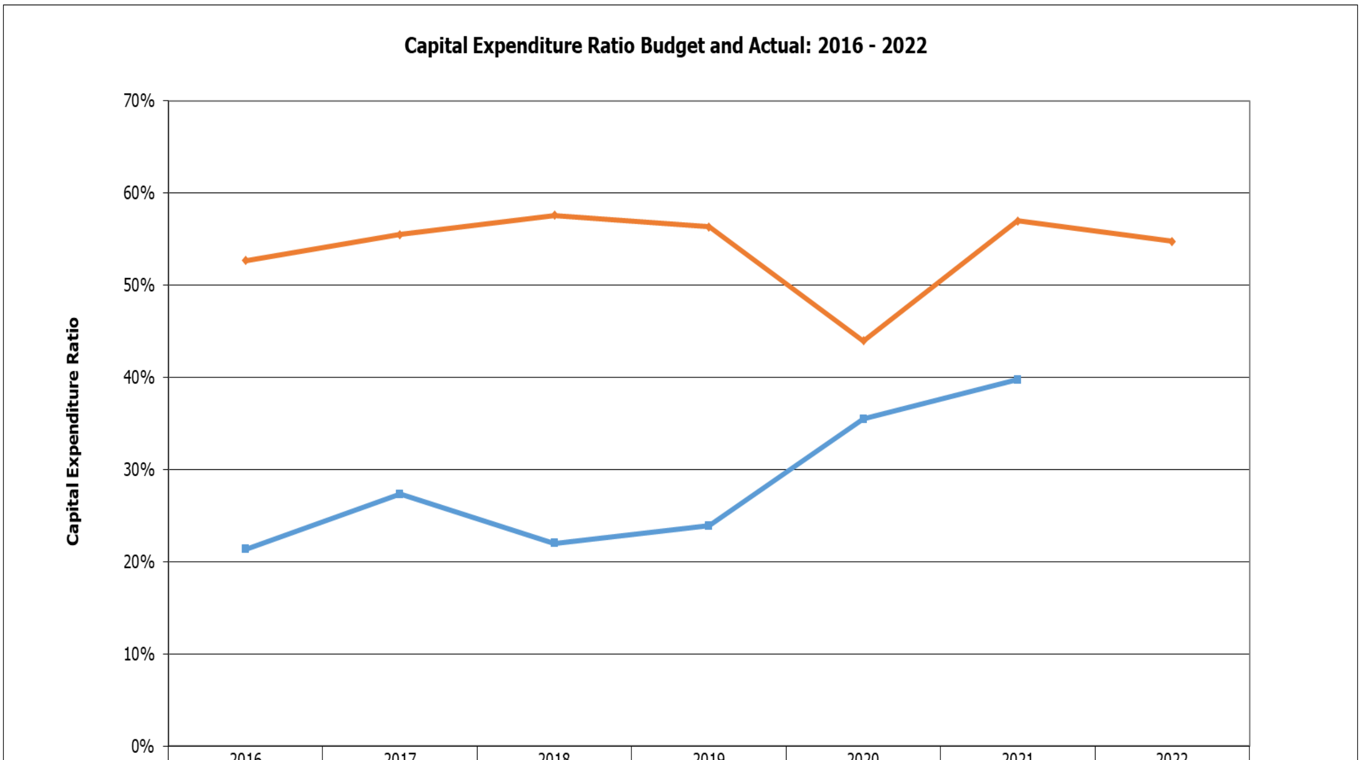


	2016	2017	2018	2019	2020	2021	2022
Budget	70,954,131,142	87,024,833,213	99,936,650,043	116,044,983,570	61,006,458,845	120,919,587,773	112,418,026,625
Actual	15,854,087,858	22,464,131,869	22,624,808,252	25,411,599,893	39,415,209,478	57,636,322,172	0
Performance	22.34%	25.81%	22.64%	21.90%	64.61%	47.67%	0.00%
Growth		41.69%	0.72%	12.32%	55.11%	46.23%	0.00%

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

125. The performance of Capital Expenditure from 2016 to 20119 was not encouraging as the highest performance recorded for the period was 25.81%. However, in 2020 and 2021 the situation changed positively as 64.6% implementation was recorded. The situation may further improve due to the massive investment in infrastructures across the sectors of the State economy.

Figure 17: Recurrent: Capital Expenditure Ratio



	2016	2017	2018	2019	2020	2021	2022
Budget	53%	56%	58%	56%	44%	57%	55%
Actual	21%	27%	22%	24%	35%	40%	

126. The capital expenditure ratio in terms of actual performance to the Approved Budget has been fluctuating between the range of 21% to 27% between 2016 to 2019. The actual performance started rising steadily and 2020 and 2021 with a performance of 35% and 40% respectively.

By Sector

127. Performance by sector in respect to Personnel as shown in the table 6 below, cost varied over the period 2016 – 2021. 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.

128. 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.

129. Large expenditure by the governance sector is actually 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 2016 due to the short-falls in revenue.

Table 6: Personnel Expenditure by Sector – Budget Vs Actual

Personnel Expenditure by Sector										
		2019	2019	2020	2020	2021	2021			
No.	Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	Performance	Average Budget	Average Actual
1	GOVERNMENT HOUSE	135,661,775	65,209,212	97,682,072	71,976,133	85,479,814	67,197,895	85.19%	0.21%	0.67%
2	GOVERNOR'S OFFICE (SSG's OFFICE)	225,628,857	148,046,071	375,030,620	181,029,810	285,787,282	226,791,302	76.66%	0.60%	1.68%
3	BAUCHI STATE HOUSE OF ASSEMBLY	705,253,969	91,350,203	580,017,855	137,476,585	478,467,485	91,356,296	14.50%	1.96%	1.04%
4	MINISTRY OF INFORMATION AND COMMUNIC	572,482,657	310,446,237	506,722,022	317,253,438	367,566,860	234,580,890	75.42%	0.97%	2.70%
5	OFFICE OF THE HEAD OF CIVIL SERVICE	11,427,449,153	813,985,275	7,873,883,563	972,582,166	10,708,182,548	915,974,948	10.89%	21.82%	8.74%
6	OFFICE OF STATE AUDITOR GENERAL	673,874,124	224,645,642	394,459,787	145,462,416	371,662,050	136,558,894	51.33%	0.96%	1.81%
7	CIVIL SERVICE COMMISSION	21,597,299	14,482,491	16,915,750	13,920,754	14,195,930	15,102,362	109.92%	0.04%	0.14%
8	LOCAL GOVERNMENT SERVICE COMMISSION	12,627,493	14,009,138	14,500,975	14,503,577	14,609,263	14,114,401	135.59%	0.03%	0.14%
9	STATE INDEPENDENT ELECTORAL COMMISSIO	22,850,478	18,516,306	30,957,370	21,824,217	28,629,251	20,387,130	76.25%	0.07%	0.20%
10	MINISTRY OF RELIGIOUS AFFAIRS AND SOCI	135,334,222	17,688,040	359,098,885	110,037,780	454,942,674	120,237,787	20.30%	0.87%	0.65%
11	MINISTRY OF RURAL DEVELOPMENT SPECIAL	0	0	0	0	0	0	0.00%	0.25%	0.00%
12	MINISTRY OF AGRICULTURE	2,091,360,976	1,145,126,474	2,061,669,288	1,165,515,867	1,945,895,605	1,066,688,959	74.20%	4.07%	11.11%
13	MINISTRY OF FINANCE-HQTRS	1,529,236,719	172,565,541	1,380,522,814	164,284,289	1,412,719,922	150,863,944	15.08%	3.00%	1.66%
14	MIN OF COMMERCE AND INDUSTRY	941,629,571	182,141,238	138,943,358	181,872,777	250,999,777	160,019,845	43.17%	1.05%	1.66%
15	MINISTRY OF POWER, SCIENCE & TECHNOLO	38,151,719	34,517,133	39,504,541	37,015,510	48,877,412	36,442,114	76.27%	0.13%	0.35%
16	MINISTRY OF NATURAL RESOURCES	6,376,512	5,101,721	6,516,853	0	0	4,486,656	74.37%	0.01%	0.02%
17	MINISTRY OF WORKS AND TRANSPORT	396,093,731	514,728,852	498,216,453	521,291,627	607,731,941	469,707,721	135.37%	1.00%	4.99%
18	MINISTRY OF TOURISM AND CULTURE	0	0	0	-501,864	218,204,016	62,149,346	28.25%	0.15%	0.15%
19	MINISTRY OF LANDS AND SURVEY	211,530,557	0	116,390,838	-73,512	152,199,998	42,100,788	8.75%	0.32%	0.10%
20	STATE PLANNING COMMISSION	128,450,115	123,454,552	102,057,222	83,113,192	87,553,159	76,935,871	88.87%	0.31%	1.01%
21	MINISTRY OF WATER RESOURCES	329,387,346	42,430,975	285,574,366	44,151,276	297,661,278	41,503,471	4.20%	2.72%	0.42%
22	MINISTRY OF HOUSING AND ENVIRONMENT	729,387,779	100,442,958	628,242,914	139,833,636	610,896,687	131,516,643	19.90%	1.31%	0.96%
23	JUDICIAL SERVICE COMMISSION	3,353,743,375	73,116,220	2,869,408,183	73,563,821	3,151,134,011	54,897,722	2.21%	8.27%	0.67%
24	MINISTRY OF JUSTICE	146,988,583	129,402,174	117,497,388	127,684,577	129,552,160	125,697,070	106.18%	0.33%	1.28%
25	STATE DEVELOPMENT BOARD	138,112,597	110,702,584	111,170,793	105,172,942	111,991,435	100,217,493	119.71%	0.24%	1.06%
26	MINISTRY OF WOMEN AFFAIRS AND CHILD D	32,829,561	24,285,822	23,118,810	23,651,365	24,600,144	23,205,102	0.98%	7.21%	0.26%
27	MINISTRY OF EDUCATION	11,428,396,549	4,512,322,968	11,291,415,095	4,510,272,080	11,352,807,854	4,360,005,502	52.72%	22.80%	44.24%
28	MINISTRY OF HEALTH	6,426,332,437	898,460,853	6,450,911,911	836,362,566	8,183,232,322	703,933,913	13.07%	17.76%	8.54%
29	MINISTRY OF YOUTH AND SPORTS DEVELOPN	829,313,624	329,412,904	453,563,080	320,341,456	603,564,627	262,925,084	67.43%	1.26%	3.12%
30	MINISTRY FOR LOCAL GOVERNMENT AND CHI	81,207,507	62,099,768	64,856,987	60,017,394	60,585,443	59,414,734	57.03%	0.29%	0.60%

Table 7: Overhead Expenditure by Sector – Budget Vs Actual

Overhead Expenditure by Sector											
		2019	2019	2020	2020	2021	2021				
No.	Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	Performance	Average Budget	Average Actual
1	GOVERNMENT HOUSE	3,013,962,846	1,744,079,739	2,263,383,327	1,704,563,860	2,796,474,619	2,175,076,892	99.21%	6.27%	8.22%
2	GOVERNOR'S OFFICE (SSG's OFFICE)	7,445,979,680	11,569,657,523	6,824,907,712	11,454,276,660	7,493,519,221	15,207,871,331	237.43%	16.85%	52.82%
3	BAUCHI STATE HOUSE OF ASSEMBLY	3,621,346,000	1,747,115,614	1,807,258,255	1,675,626,311	2,412,445,867	1,742,599,156	78.78%	6.37%	6.62%
4	MINISTRY OF INFORMATION AND COMMUNICATIO	390,650,643	70,094,065	183,131,671	13,373,146	367,566,860	39,818,352	20.38%	0.75%	0.20%
5	OFFICE OF THE HEAD OF CIVIL SERVICE	480,829,014	274,907,219	230,281,930	281,334,013	468,296,285	345,779,163	8.40%	11.25%	1.25%
6	OFFICE OF STATE AUDITOR GENERAL	94,130,000	44,446,925	87,319,000	54,952,297	158,000,000	68,670,008	62.31%	0.26%	0.22%
7	CIVIL SERVICE COMMISSION	22,770,000	13,801,685	15,919,150	14,375,140	25,337,810	17,556,498	88.48%	0.05%	0.06%
8	LOCAL GOVERNMENT SERVICE COMMISSION	47,841,488	3,708,445	16,725,104	210,510	38,500,000	1,663,410	17.27%	0.08%	0.02%
9	STATE INDEPENDENT ELECTORAL COMMISSION	91,300,000	14,536,802	14,312,661	11,286,764	22,734,250	16,444,125	29.70%	0.16%	0.06%
10	MINISTRY OF RELIGIOUS AFFAIRS AND SOCIAL W	657,000,000	138,450,000	229,916,343	127,721,822	359,843,928	117,235,640	41.19%	1.06%	0.58%
11	MINISTRY OF RURAL DEVELOPMENT SPECIAL DUT	0	0	23,742,750	3,220,109	27,660,304	4,451,702	2.25%	0.26%	0.01%
12	MINISTRY OF AGRICULTURE	354,906,030	16,138,749	410,103,537	171,542,675	258,871,000	12,119,696	21.23%	0.82%	0.23%
13	MINISTRY OF FINANCE-HQTRS	-3,880,724,452	6,721,394,368	9,702,055,968	5,489,162,130	22,710,457,520	2,186,872,644	68.35%	22.08%	19.93%
14	MIN OF COMMERCE AND INDUSTRY	197,410,000	28,573,789	98,037,842	14,430,842	74,555,342	24,534,968	30.90%	0.35%	0.14%
15	MINISTRY OF POWER, SCIENCE & TECHNOLOGY	79,200,000	8,881,375	25,088,300	17,402,530	61,979,550	24,457,195	19.92%	0.24%	0.06%
16	MINISTRY OF NATURAL RESOURCES	34,100,000	4,432,900	59,533,225	0	46,780,000	11,233,250	11.16%	0.11%	0.02%
17	MINISTRY OF WORKS AND TRANSPORT	230,800,000	166,778,675	60,887,625	90,599,869	371,475,991	309,791,510	103.64%	0.51%	0.70%
18	MINISTRY OF TOURISM AND CULTURE	0	0	30,055,000	11,802,025	83,409,290	14,092,650	22.82%	0.09%	0.03%
19	MINISTRY OF LANDS AND SURVEY	152,450,000	0	22,598,443	9,593,443	119,950,000	33,114,835	14.48%	0.23%	0.04%
20	STATE PLANNING COMMISSION	3,491,012,863	71,406,093	4,125,877,776	74,155,960	4,126,065,000	91,913,630	2.70%	9.33%	0.33%
21	MINISTRY OF WATER RESOURCES	247,731,413	2,703,958	47,582,950	3,010,200	108,650,000	3,563,552	1.96%	0.82%	0.02%
22	MINISTRY OF HOUSING AND ENVIRONMENT	222,327,823	734,958	73,224,700	9,385,138	172,390,000	2,822,889	2.77%	0.36%	0.01%
23	JUDICIAL SERVICE COMMISSION	402,949,024	33,989,074	335,517,746	27,750,000	755,377,086	26,995,237	6.27%	1.39%	0.12%
24	MINISTRY OF JUSTICE	441,450,000	66,958,654	366,649,358	368,904,990	631,206,558	348,744,678	77.30%	1.13%	1.15%
25	STATE DEVELOPMENT BOARD	105,846,460	8,099,528	67,822,500	164,607,062	188,500,000	185,884,910	119.06%	0.28%	0.44%
26	MINISTRY OF WOMEN AFFAIRS AND CHILD DEV.	288,262,112	218,999,600	152,910,350	173,047,480	398,140,558	169,783,235	14.49%	3.90%	0.75%
27	MINISTRY OF EDUCATION	3,689,440,856	1,326,630,682	2,029,526,648	705,451,083	3,245,151,663	928,507,114	40.62%	6.95%	3.73%
28	MINISTRY OF HEALTH	1,512,282,775	318,560,969	1,880,756,079	421,789,199	2,238,257,542	539,585,613	24.35%	5.38%	1.73%
29	MINISTRY OF YOUTH AND SPORTS DEVELOPMENT	1,380,689,071	117,157,957	453,360,793	51,210,168	710,393,838	48,560,250	20.47%	1.96%	0.53%
30	MINISTRY FOR LOCAL GOVERNMENT AND CHIEFTA	241,000,000	0	317,750,000	0	370,178,750	0	0.00%	0.72%	0.00%

Table 8: Capital Expenditure by Sector – Budget Vs Actual

Capital Expenditure by Sector											
		2019	2019	2020	2020	2021	2021				
No.	Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	Performance	Average Budget	Average Actual
1	GOVERNMENT HOUSE	5,414,674,611	0	169,250,000	0	347,050,000	0	0.00%	1.78%	0.00%
1	GOVERNOR'S OFFICE (SSG's OFFICE)	2,907,585,000	696,015,257	3,039,450,000	523,878,220	1,988,872,760	934,642,853	29.91%	2.34%	2.49%
1	BAUCHI STATE HOUSE OF ASSEMBLY	2,464,229,805	0	90,250,000	25,000,000	232,217,317	23,880,000	6.97%	0.91%	0.22%
1	MINISTRY OF INFORMATION AND COMMUNICATION	1,265,048,663	10,450,000	667,500,000	64,103,428	1,287,950,000	39,529,043	12.68%	0.95%	0.43%
1	OFFICE OF THE HEAD OF CIVIL SERVICE	152,800,000	20,000,000	75,000,000	0	170,000,000	0	0.26%	2.23%	0.02%
1	OFFICE OF STATE AUDITOR GENERAL	151,205,960	0	102,978,131	0	122,900,000	0	0.98%	0.11%	0.00%
1	CIVIL SERVICE COMMISSION	4,600,000	0	41,500,000	3,084,000	51,460,000	6,286,568	9.60%	0.03%	0.01%
1	LOCAL GOVERNMENT SERVICE COMMISSION	54,700,000	0	4,600,000	0	110,412,000	0	0.00%	0.05%	0.00%
1	STATE INDEPENDENT ELECTORAL COMMISSION	1,695,920,000	0	521,000,000	619,958,408	42,000,000	9,220,742	17.37%	1.08%	0.66%
1	MINISTRY OF RELIGIOUS AFFAIRS AND SOCIAL WELFARE	404,675,200	3,000,000	461,250,000	34,941,989	404,960,000	13,720,803	2.53%	0.61%	0.05%
1	MINISTRY OF RURAL DEVELOPMENT SPECIAL DUTIES	0	126,985,175	252,500,000	2,472,500	270,000,000	5,000,000	49.70%	0.24%	0.42%
1	MINISTRY OF AGRICULTURE	7,940,028,396	499,601,766	3,814,791,583	227,892,316	10,277,068,088	626,231,000	35.20%	7.03%	8.78%
1	MINISTRY OF FINANCE-HQTRS	3,089,908,661	1,529,676,692	1,263,395,000	1,689,269,534	2,831,750,000	87,684,005	24.01%	4.29%	3.65%
1	MIN OF COMMERCE AND INDUSTRY	2,012,313,360	138,526,819	3,504,000,000	15,539,381	5,357,708,000	44,087,438	2.16%	4.16%	0.32%
1	MINISTRY OF POWER, SCIENCE & TECHNOLOGY	1,892,894,995	125,928,508	962,248,522	526,787,180	825,000,000	174,015,366	11.79%	2.71%	1.13%
1	MINISTRY OF NATURAL RESOURCES	331,700,000	0	169,000,000	0	2,481,910,000	20,821,000	0.70%	0.87%	0.02%
1	MINISTRY OF WORKS AND TRANSPORT	2,201,779,389	6,000,958,986	2,368,206,895	3,887,920,852	12,832,467,800	14,913,864,487	171.97%	5.10%	31.11%
1	MINISTRY OF TOURISM AND CULTURE	0	0	97,794,000	3,500,000	187,818,560	11,205,950	5.15%	0.08%	0.02%
1	MINISTRY OF LANDS AND SURVEY	1,343,524,461	50,411,390	390,000,000	96,150,937	4,030,038,730	42,403,888	3.28%	1.69%	0.20%
1	STATE PLANNING COMMISSION	2,065,814,345	106,723,775	1,106,792,637	14,477,000	1,207,300,000	17,346,250	14.65%	1.29%	0.67%
1	MINISTRY OF WATER RESOURCES	16,118,843,081	0	6,768,951,972	12,041,820	9,462,050,000	32,088,275	0.15%	9.98%	0.05%
1	MINISTRY OF HOUSING AND ENVIRONMENT	2,228,565,704	25,809,500	6,903,126,950	5,155,090,849	15,574,656,143	10,967,182,281	64.80%	7.31%	16.81%
1	JUDICIAL SERVICE COMMISSION	2,162,670,000	490,000	811,832,438	0	2,132,700,000	237,200,000	3.52%	1.99%	0.25%
1	MINISTRY OF JUSTICE	60,607,611	0	18,500,000	2,642,000	18,500,000	18,500,000	0.40%	1.53%	0.02%
1	STATE DEVELOPMENT BOARD	13,615,726,777	3,067,799,814	4,298,670,000	3,847,686,328	12,930,224,392	14,645,432,017	79.10%	9.03%	25.36%
1	MINISTRY OF WOMEN AFFAIRS AND CHILD DEV.	196,000,000	0	0	0	85,000,000	0	0.00%	4.81%	0.00%
1	MINISTRY OF EDUCATION	16,629,431,848	1,292,684,645	6,679,876,838	1,568,717,808	18,038,184,714	117,563,046	9.81%	12.31%	4.29%
1	MINISTRY OF HEALTH	14,756,036,752	252,092,891	14,381,424,043	256,499,013	14,991,279,269	2,064,603,261	6.27%	12.92%	2.87%
1	MINISTRY OF YOUTH AND SPORTS DEVELOPMENT	4,007,395,828	30,000,000	1,903,569,837	48,678,152	1,456,750,000	0	1.58%	2.16%	0.12%
1	MINISTRY FOR LOCAL GOVERNMENT AND CHIEFTAINCY AFFAI	105,050,000	0	139,000,000	0	1,171,360,000	0	0.00%	0.41%	0.00%

2.B.2 Debt Position

130. 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 2021

Debt Sustainability Analysis			
A	**DSA RATIO SCENARIOS:**	**Sustainability Thresholds**	**As at 31st December 2021**
	Solvency Ratios	**Percentage**	**Percentage**
1	Total Domestic Debt/IGR	150%	544.69%
2	Total External Debt/Gross FAAC	150%	78.08%
3	Total Public Debt/Total Recurrent Revenue	150%	171.92%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	**Percentage**	**Percentage**
5	Domestic Debt Service/IGR	15%	89.66%
6	External Debt Service/Gross FAAC	10%	2.98%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	25.55%
8	Total Debt Service/Total Recurrent Revenue	25%	20.41%
B	**PUBLIC DEBT DATA AS AT 31st DECEMBER 2021**		**Naira**
1	Total Domestic Debt		97,512,505,086
2	Total External Debt		55,528,668,907
3	**Total Public Debt**		**153,041,173,993**
4	Total Domestic Debt Service 2021		16,052,116,449
5	Total External Debt Service in 2021		2,116,741,206
6	**Total Public Debt Service**		**18,168,857,655**
C	**STATE GDP FOR 2021**		
1	**State GDP**		0

131. The State is well within most ratios with the exception of 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.

132. 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

133. The Macroeconomic framework is based on IMF national real GDP growth and inflation forecasts from the April 2022 World Economic Outlook document, and mineral benchmarks (oil price, production and NGN: USD exchange rate) from the 2016-2021 Federal Fiscal Framework.

Table 10: Bauchi State Macroeconomic Framework

Macro-Economic Framework

Item	2022	2023	2024	2025
National Inflation	16.10%	13.10%	12.75%	12.30%
National Real GDP Growth	3.40%	3.20%	3.30%	3.46%
Oil Production Benchmark (MBPD)	1.5000	1.5000	1.6000	1.7000
Oil Price Benchmark	$62.00	$70.00	$66.00	$62.00
NGN:USD Exchange Rate	415	435	435	435
Other Assumptions				
Mineral Ratio	16%	22%	25%	25%

Source: Bauchi State 2023 – 2025 MTEF

3.B Fiscal Strategy and Assumptions

Policy Statement

134. The State's fiscal policy is envisaged 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

135. The key targets from a fiscal perspective are:

- Achieve a recurrent to capital expenditure ratio of 45:55;
- 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 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

136. The indicative three-year fiscal framework for the period 2023 - 2025 is presented in the table below:

Table 11: Bauchi State Medium Term Fiscal Framework

Fiscal Framework

Item	2023	2024	2025
Opening Balance	7,152,000,211	7,852,455,024	7,933,105,577
Recurrent Revenue			
Statutory Allocation	60,432,050,359	70,845,427,570	77,446,953,496
Derivation	0	0	0
VAT	36,413,018,369	45,210,780,375	56,427,851,305
IGR	21,500,000,000	25,800,000,000	30,960,000,000
Excess Crude / Other Revenue	1,779,330,946	1,183,183,238	742,676,005
Total Recurrent Revenue	**120,124,399,674**	**143,039,391,183**	**165,577,480,806**
Recurrent Expenditure			
Personnel Costs	37,429,450,377	40,175,038,577	43,169,697,890
Social Contribution and Social Benefit	7,033,543,198	7,271,675,232	7,652,401,373
Overheads	30,805,917,778	31,417,418,717	32,312,907,820
Grants, Contributions and Subsidies	6,781,018,193	9,187,267,015	12,830,456,909
Public Debt Service	24,548,769,452	25,478,965,479	27,587,954,685
Total	**106,598,698,999**	**113,530,365,019**	**123,553,418,677**
Transfer to Capital Account	**20,677,700,886**	**37,361,481,188**	**49,957,167,706**
Capital Receipts			
Grants	16,165,000,000	10,915,000,000	10,110,000,000
Other Capital Receipts	4,970,000,000	4,080,000,000	4,360,000,000
Total	**21,135,000,000**	**14,995,000,000**	**14,470,000,000**
Reserves			
Contingency Reserve	0	0	0
Planning Reserve	2,833,535,034	3,230,801,308	3,922,203,106
Total Reserves	**2,833,535,034**	**3,230,801,308**	**3,922,203,106**
Capital Expenditure	**53,136,710,828**	**61,304,574,302**	**74,400,958,425**
Discretional Funds	13,091,710,828	28,574,574,302	40,380,958,425
Non-Discretional Funds	40,045,000,000	32,730,000,000	34,020,000,000
Financing (Loans)	22,010,000,000	20,112,000,000	21,950,000,000
Total Revenue (Including Opening Balance)	**170,421,399,885**	**185,998,846,207**	**209,930,586,383**
Total Expenditure (including Contingency Reserve)	**162,568,944,861**	**178,065,740,630**	**201,876,580,208**
Closing Balance	7,852,455,024	7,933,105,577	8,054,006,175
Ratios			
Growth in Recurrent Revenue	16.45%	19.08%	15.76%
Growth in Recurrent Expenditure	6.73%	6.50%	8.83%
Capital Expenditure Ratio	34.43%	36.24%	38.80%
Deficit (Financing) to Total Expenditure	13.54%	11.29%	10.87%
Deficit (Financing) to GDP Ratio	NA	NA	NA

3.C.1 Assumptions

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

138. **Statutory Allocation –** the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macro-economic framework (National) and the mineral assumptions in the 2023 - 2025 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and Inflation data.

139. **VAT** - is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2023 - 2025 is in line with the current rate of collections (i.e. 7.5%).

140. **Other Federation Account Distributions** – the estimation is based on the current receipt (i.e. from January to December 2022). Furthermore, it is anticipated that the States will press FAAC for excess crude distributions in 2022 to fund some key and critical projects and programmes.

141. **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 anticipated that IGR will continue to increase by 10% every year from 2020 and start to stabilise from 2023. The Own Value which is consistent with the projected IGR annual growth rate of 10% is used to forecast IGR for 2023 – 2025.

142. **Grants –** The internal grants are based on the actual receipts for 2020 and performance from January to December, 2021. External grants are based on signed grant agreements with the development partners.

143. **Financing (Net Loans)** – Bauchi State has commenced Contract Financing agreement of N30 billion with UBA Plc. to finance Capital Infrastructure Development. The State Government is to provide guarantee for the loans repayment. All other internal and external loans projections are based on signed agreement.

144. **Personnel** – Total wage bill will increase by 2.5% on the average between 2023 and 2025. A 5-year moving average without outliers was used to forecast Overhead Cost for the period under consideration.

145. **Overheads** – Overhead has been relatively stable over the last five years. It is anticipated that the status quo will remain. Consequently, a 3-year moving average Simple was used to forecast overhead for 2023, 2024 and 2025.

146. **Social Contribution and Social Benefits** – With substantial increase in pension's payment which is considered as one off, 5-year moving average without outliers is used to estimate social contribution and social benefits for 2023 – 2025.

147. **Grants and Contributions** – Grants and contribution is estimated to increase by 3% every year. A Moving Average of 4 Year Weighted was used for 2023 – 2025 forecast.

148. **Public Debt Charge** – is based on the projected principal and interest repayment for 2023, 2024 and 2025.

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

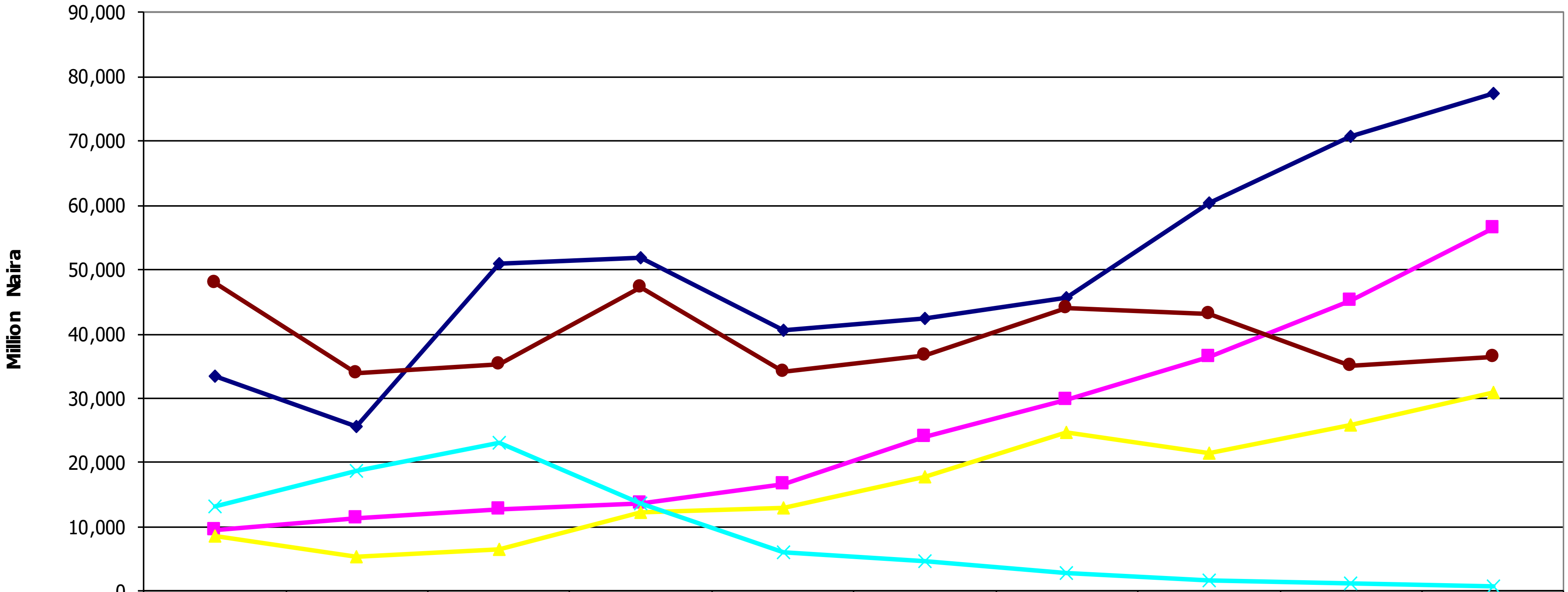
150. **Capital Expenditure** – is based on the balance from the recurrent account plus capital receipts, less contingency reserve as outlined above.

Fiscal Trends

151. Based on the above envelope, plus actual figures for 2023 – 2025 (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:

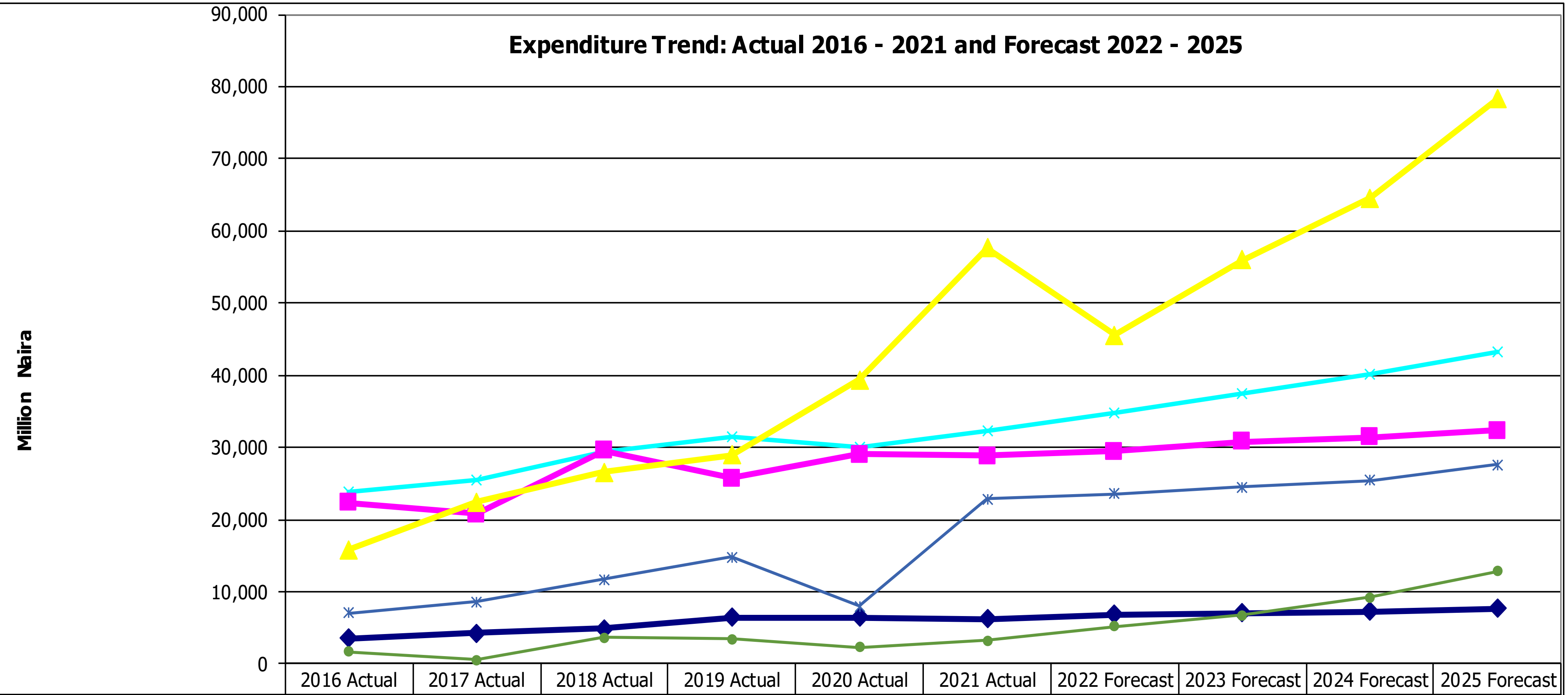
Figure 19: Bauchi State Revenue Trend

Revenue Trend: Actual 2016 - 2021 and Forecast 2022 - 2025



	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Stat.Allocation	33,523,163,65	25,600,243,19	50,862,288,70	51,926,786,57	40,544,879,32	42,356,041,19	45,613,660,40	60,432,050,35	70,845,427,57	77,446,953,49
VAT	9,505,666,084	11,365,308,96	12,746,336,43	13,743,379,56	16,724,443,05	23,962,838,56	29,819,238,42	36,413,018,36	45,210,780,37	56,427,851,30
Total IGR	8,600,000,000	5,472,148,744	6,525,458,165	12,293,318,93	13,039,294,81	17,902,447,96	24,814,940,25	21,500,000,00	25,800,000,00	30,960,000,00
Other Federation Account Receipts	13,112,490,41	18,838,217,42	23,132,575,66	13,673,239,84	6,175,300,625	4,796,720,784	2,909,170,732	1,779,330,946	1,183,183,238	742,676,005
Capital Receipts	47,867,536,85	33,993,990,33	35,382,654,79	47,356,091,12	34,251,755,89	36,602,873,86	44,065,000,00	43,145,000,00	35,107,000,00	36,420,000,00

Figure 20: Bauchi State Expenditure Trend



	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Personnel Costs	23,767,011,453	25,557,464,232	29,344,011,671	31,392,043,450	29,972,325,705	32,380,874,939	34,814,691,527	37,429,450,377	40,175,038,577	43,169,697,890
Social Contribution and Social Benefit	3,591,174,689	4,243,041,785	4,836,977,789	6,474,519,910	6,387,830,500	6,249,561,087	6,881,832,249	7,033,543,198	7,271,675,232	7,652,401,373
Overheads	22,309,604,793	20,792,216,907	29,552,300,524	25,732,239,347	29,061,797,884	28,884,276,850	29,416,412,722	30,805,917,778	31,417,418,717	32,312,907,820
Grants, Contributions and Subsidies	1,648,143,276	540,383,946	3,599,424,041	3,388,476,792	2,288,377,544	3,221,111,268	5,218,219,582	6,781,018,193	9,187,267,015	12,830,456,909
Public Debt Service	7,003,908,265	8,586,245,749	11,737,571,581	14,828,052,822	8,025,217,196	22,877,552,933	23,546,897,587	24,548,769,452	25,478,965,479	27,587,954,685
Capital Expenditure	15,854,087,858	22,464,131,869	26,527,631,802	28,977,155,219	39,415,209,478	57,636,322,172	45,573,814,615	55,970,245,862	64,535,375,611	78,323,161,531

3.D Local Government Forecast

152. 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 2023 are as follows:

Table12: Local Government Forecast

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2023				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	**Total Transfer**
ALKALERI	0.1967%	0.1382%	0.656%	3,017,898,740	1,394,313,645	98,347,662	19,084,556	**4,529,644,603**
BAUCHI	0.2376%	0.1734%	0.792%	3,644,430,577	1,749,806,659	118,765,160	23,046,612	**5,536,049,008**
BOGORO	0.1039%	0.0856%	0.346%	1,593,878,836	864,036,817	51,941,523	10,079,354	**2,519,936,530**
DAMBAN	0.1228%	0.0999%	0.409%	1,883,704,365	1,008,294,069	61,386,394	11,912,150	**2,965,296,978**
DARAZO	0.1558%	0.1215%	0.519%	2,389,556,564	1,226,008,833	77,871,168	15,111,053	**3,708,547,618**
DASS	0.1032%	0.0869%	0.344%	1,582,327,945	876,423,906	51,565,101	10,006,309	**2,520,323,261**
GAMAWA	0.1646%	0.1290%	0.549%	2,524,401,571	1,301,246,125	82,265,514	15,963,784	**3,923,876,995**
GANJUWA	0.1661%	0.1213%	0.554%	2,548,309,815	1,223,567,313	83,044,639	16,114,975	**3,871,036,742**
GIADE	0.1169%	0.1012%	0.390%	1,792,453,897	1,021,371,011	58,412,712	11,335,101	**2,883,572,722**
I/GADAU	0.1338%	0.1169%	0.446%	2,052,882,835	1,179,295,581	66,899,603	12,981,999	**3,312,060,018**
JAMA'ARE	0.1036%	0.0928%	0.345%	1,588,455,827	936,845,565	51,764,797	10,045,060	**2,587,111,250**
KATAGUM	0.1604%	0.1310%	0.535%	2,459,889,372	1,321,967,683	80,163,183	15,555,823	**3,877,576,061**
KIRFI	0.1319%	0.0992%	0.440%	2,023,141,614	1,001,149,002	65,930,392	12,793,922	**3,103,014,930**
MISAU	0.1540%	0.1241%	0.513%	2,362,393,258	1,251,721,557	76,985,967	14,939,278	**3,706,040,060**
NINGI	0.1974%	0.1506%	0.658%	3,027,354,708	1,519,239,858	98,655,814	19,144,354	**4,664,394,735**
SHIRA	0.1480%	0.1177%	0.493%	2,269,547,705	1,187,984,709	73,960,305	14,352,142	**3,545,844,861**
TAFAWA BALEWA	0.1455%	0.1147%	0.485%	2,232,274,190	1,157,652,776	72,745,631	14,116,432	**3,476,789,029**
TORO	0.2047%	0.1427%	0.682%	3,139,268,887	1,439,683,953	102,302,888	19,852,076	**4,701,107,803**
WARJI	0.1139%	0.0922%	0.380%	1,747,185,179	930,005,418	56,937,489	11,048,831	**2,745,176,917**
ZAKI	0.1275%	0.1086%	0.425%	1,955,049,077	1,095,953,050	63,711,384	12,363,319	**3,127,076,830**

3.E Fiscal Risks

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

Table13: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Reliance on continued distribution of FAAC Revenue	High	High	Increase IGR effort to reduce reliance on federal transfers. Seeking alternative means of funding through grants, PPP, etc.
Security situation in the country could affect economic activities and oil production, resulting in risk to VAT and Statutory Allocation	High	High	The estimates for VAT and Statutory allocation 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.
Third wave outbreak of COVID-19	Low	Low	Not likely to happen.
Campaigns and Political activities for 2023 Elections will affect investments and other economic activities	High	Medium	Most international Organization will hold back the investments as well as interventions to observe the outcomes of the elections.

154. There is no budget without risk. Therefore, implementation of the 2023 budget should be closely monitored to ensure conformity with Government development objectives.

4 Budget Policy Statement

4.A Budget Policy Thrust

155. The 2023 - 2025 Medium Term Budget Framework (MTBF) policy is aimed at achieving 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 2023 Budget implementation strategy 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 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.

156. The objectives and strategies of 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 Government to ensure synergy in providing adequate security throughout the State;
iii. Enhancement of economic activities through employment generation and other economic empowerment strategies in order to improve the living conditions of the populace;
iv. Embarking on qualitative education strategy by providing conducive learning environment through renovation of existing schools and construction of new ones;
v. Improvement of service delivery in existing Health institutions;
vi. Modernization of agriculture to create wealth, employment and reduce poverty.
vii. Provision of water for human and animal consumption as well as irrigation purposes.
viii. Infrastructural development through road construction and provision of other social amenities.

ix. Implementing of the Agro-Climatic Resilience in Semi-Arid Landscapes (ACReSAL) Project in the State in line with agreement reached with the Federal Government and the World Bank.

157. Hence, we propose the 2023 Budget to be tagged "**Budget of Accomplishment & Renewed Commitment"**.

4.B Sector Allocations (3 Year)

158. The total forecast budget size for the 2023 fiscal year as explained in Section 3.C above is N170,421,399,885 of which the sum of N106,598,698.999 representing 62.55% will be for recurrent expenditure (i.e. Personnel, Overhead, Social Contributions, Grants & Contributions and Public Debt Service) while N63,822,700,886 representing 37.45% will be for capital expenditure. N2,833,535,034 from the Capital Expenditure will be for planning reserve that will be allocated to sectors at bilateral discussion stage to fund critical expenditure items not envisaged at the stage of issuing the budget call circular.

159. Meanwhile, the Capital Expenditure component of N53,136,710,828 as highlighted in the model is in two parts, the discretionary capital expenditure of sum of N13,091,710,828 that will be spent across all MDAs and non-discretionary capital expenditure which is in forms of loans and grants to the tune of N40,045,000,000 is specifically earmarked for projects and programmes in Health, Education, Infrastructural Development, Agricultural Development, Community Development, Environment & Sewerage Management and General Administration.

160. The indicative overhead and capital allocation (envelope) to the sectors for 2023 - 2025 based on budget projections as shown in tables 8, 9 and 10 below:

Table 14: Indicative Personnel Cost Sector Expenditure Ceilings 2023 - 2025

Personnel Expenditure by Sector

No.	Sector	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
1	GOVERNMENT HOUSE	0.67%	206,369,381	0.67%	209,720,378	0.67%	212,297,109
2	GOVERNOR'S OFFICE (SSG's OFFICE)	1.68%	519,708,071	1.68%	528,147,016	1.68%	534,636,099
3	BAUCHI STATE HOUSE OF ASSEMBLY	1.04%	322,956,738	1.04%	328,200,863	1.04%	332,233,306
4	MINISTRY OF INFORMATION AND COMMUNIC	2.70%	836,256,556	2.70%	849,835,571	2.70%	860,277,083
5	OFFICE OF THE HEAD OF CIVIL SERVICE	8.74%	2,705,856,069	8.74%	2,749,793,376	8.74%	2,783,578,735
6	OFFICE OF STATE AUDITOR GENERAL	1.81%	561,555,964	1.81%	570,674,430	1.81%	577,686,026
7	CIVIL SERVICE COMMISSION	0.14%	44,018,840	0.14%	44,733,612	0.14%	45,283,232
8	LOCAL GOVERNMENT SERVICE COMMISSION	0.14%	42,998,911	0.14%	43,697,121	0.14%	44,234,006
9	STATE INDEPENDENT ELECTORAL COMMISSIO	0.20%	60,997,924	0.20%	61,988,400	0.20%	62,750,021
10	MINISTRY OF RELIGIOUS AFFAIRS AND SOCI	0.65%	200,041,555	0.65%	203,289,802	0.65%	205,787,524
11	MINISTRY OF RURAL DEVELOPMENT SPECIAL	0.00%	0	0.00%	0	0.00%	0
12	MINISTRY OF AGRICULTURE	11.11%	3,438,407,594	11.11%	3,494,239,968	11.11%	3,537,171,976
13	MINISTRY OF FINANCE-HQTRS	1.66%	514,495,467	1.66%	522,849,771	1.66%	529,273,770
14	MIN OF COMMERCE AND INDUSTRY	1.66%	514,814,557	1.66%	523,174,042	1.66%	529,602,025
15	MINISTRY OF POWER, SCIENCE & TECHNOLO	0.35%	108,751,942	0.35%	110,517,840	0.35%	111,875,718
16	MINISTRY OF NATURAL RESOURCES	0.02%	7,285,114	0.02%	7,403,408	0.02%	7,494,370
17	MINISTRY OF WORKS AND TRANSPORT	4.99%	1,544,897,432	4.99%	1,569,983,257	4.99%	1,589,272,870
18	MINISTRY OF TOURISM AND CULTURE	0.15%	46,838,889	0.15%	47,599,452	0.15%	48,184,283
19	MINISTRY OF LANDS AND SURVEY	0.10%	31,931,732	0.10%	32,450,235	0.10%	32,848,935
20	STATE PLANNING COMMISSION	1.01%	311,963,553	1.01%	317,029,173	1.01%	320,924,355
21	MINISTRY OF WATER RESOURCES	0.42%	130,207,421	0.42%	132,321,710	0.42%	133,947,482
22	MINISTRY OF HOUSING AND ENVIRONMENT	0.96%	297,678,764	0.96%	302,512,430	0.96%	306,229,251
23	JUDICIAL SERVICE COMMISSION	0.67%	207,938,489	0.67%	211,314,965	0.67%	213,911,288
24	MINISTRY OF JUSTICE	1.28%	394,696,898	1.28%	401,105,930	1.28%	406,034,121
25	STATE DEVELOPMENT BOARD	1.06%	328,583,186	1.06%	333,918,673	1.06%	338,021,367
26	MINISTRY OF WOMEN AFFAIRS AND CHILD D	0.26%	80,487,142	0.26%	81,794,081	0.26%	82,799,045
27	MINISTRY OF EDUCATION	44.24%	13,689,445,805	44.24%	13,911,733,081	44.24%	14,082,659,706
28	MINISTRY OF HEALTH	8.54%	2,642,923,669	8.54%	2,685,839,088	8.54%	2,718,838,673
29	MINISTRY OF YOUTH AND SPORTS DEVELOPM	3.12%	966,527,775	3.12%	982,222,115	3.12%	994,290,195
30	MINISTRY FOR LOCAL GOVERNMENT AND CHI	0.60%	187,133,697	0.60%	190,172,347	0.60%	192,508,901
	Total	100.00%	30,945,769,135	100.00%	31,448,262,136	100.00%	31,834,651,471

Table 15: Indicative Overhead Cost Sector Expenditure Ceilings 2023 - 2025

Overhead Expenditure by Sector							
No.	Sector	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
1	GOVERNMENT HOUSE	8.22%	2,033,932,290	8.22%	1,980,503,514	8.22%	1,939,548,555
2	GOVERNOR'S OFFICE (SSG's OFFICE)	52.82%	13,073,973,635	52.82%	12,730,537,220	52.82%	12,467,281,631
3	BAUCHI STATE HOUSE OF ASSEMBLY	6.62%	1,638,878,985	6.62%	1,595,827,749	6.62%	1,562,827,525
4	MINISTRY OF INFORMATION AND COMMUNICATION	0.20%	50,087,701	0.20%	48,771,962	0.20%	47,763,404
5	OFFICE OF THE HEAD OF CIVIL SERVICE	1.25%	308,924,031	1.25%	300,808,996	1.25%	294,588,547
6	OFFICE OF STATE AUDITOR GENERAL	0.22%	53,349,972	0.22%	51,948,537	0.22%	50,874,290
7	CIVIL SERVICE COMMISSION	0.06%	14,289,960	0.06%	13,914,581	0.06%	13,626,840
8	LOCAL GOVERNMENT SERVICE COMMISSION	0.02%	4,488,863	0.02%	4,370,946	0.02%	4,280,559
9	STATE INDEPENDENT ELECTORAL COMMISSION	0.06%	15,243,149	0.06%	14,842,731	0.06%	14,535,797
10	MINISTRY OF RELIGIOUS AFFAIRS AND SOCIAL WELFARE	0.58%	143,127,176	0.58%	139,367,410	0.58%	136,485,422
11	MINISTRY OF RURAL DEVELOPMENT SPECIAL DUTIES	0.01%	1,935,141	0.01%	1,884,308	0.01%	1,845,342
12	MINISTRY OF AGRICULTURE	0.23%	57,154,173	0.23%	55,652,807	0.23%	54,501,959
13	MINISTRY OF FINANCE-HQTRS	19.93%	4,932,677,591	19.93%	4,803,102,516	19.93%	4,703,778,854
14	MIN OF COMMERCE AND INDUSTRY	0.14%	35,031,914	0.14%	34,111,671	0.14%	33,406,274
15	MINISTRY OF POWER, SCIENCE & TECHNOLOGY	0.06%	15,514,203	0.06%	15,106,665	0.06%	14,794,273
16	MINISTRY OF NATURAL RESOURCES	0.02%	3,951,637	0.02%	3,847,833	0.02%	3,768,263
17	MINISTRY OF WORKS AND TRANSPORT	0.70%	173,363,913	0.70%	168,809,867	0.70%	165,319,037
18	MINISTRY OF TOURISM AND CULTURE	0.03%	6,531,686	0.03%	6,360,107	0.03%	6,228,586
19	MINISTRY OF LANDS AND SURVEY	0.04%	10,772,757	0.04%	10,489,771	0.04%	10,272,852
20	STATE PLANNING COMMISSION	0.33%	82,485,830	0.33%	80,319,034	0.33%	78,658,111
21	MINISTRY OF WATER RESOURCES	0.02%	5,240,072	0.02%	5,102,422	0.02%	4,996,909
22	MINISTRY OF HOUSING AND ENVIRONMENT	0.01%	3,264,745	0.01%	3,178,984	0.01%	3,113,246
23	JUDICIAL SERVICE COMMISSION	0.12%	28,481,814	0.12%	27,733,634	0.12%	27,160,128
24	MINISTRY OF JUSTICE	1.15%	284,622,688	1.15%	277,146,017	1.15%	271,414,897
25	STATE DEVELOPMENT BOARD	0.44%	108,765,792	0.44%	105,908,655	0.44%	103,718,563
26	MINISTRY OF WOMEN AFFAIRS AND CHILD DEV.	0.75%	184,853,039	0.75%	179,997,188	0.75%	176,275,015
27	MINISTRY OF EDUCATION	3.73%	922,036,337	3.73%	897,815,632	3.73%	879,249,645
28	MINISTRY OF HEALTH	1.73%	427,740,624	1.73%	416,504,430	1.73%	407,891,508
29	MINISTRY OF YOUTH AND SPORTS DEVELOPMENT	0.53%	131,405,462	0.53%	127,953,610	0.53%	125,307,649
30	MINISTRY FOR LOCAL GOVERNMENT AND CHIEFTAINCY AFF/	0.00%	0	0.00%	0	0.00%	0
	Total	**100.00%**	**24,752,125,181**	**100.00%**	**24,101,918,795**	**100.00%**	**23,603,513,683**

Table 16: Indicative Capital Expenditure Sector Ceilings 2023 - 2025

Capital Expenditure by Sector		Discretionary Funds						Non-Discretionary Funds			Total Capital Envelope					
No.	Sector	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation	2023 Allocation	2024 Allocation	2025 Allocation	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
1	GOVERNMENT HOUSE	0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
1	GOVERNOR'S OFFICE (SSG's OFFICE)	2.49%	284,177,528	2.49%	701,530,469	2.49%	913,070,520	610,000,000	460,000,000	610,000,000	1.7%	894,177,528	1.9%	1,161,530,469	2.2%	1,523,070,520
1	BAUCHI STATE HOUSE OF ASSEMBLY	0.22%	25,574,634	0.22%	63,134,424	0.22%	82,172,029	0	0	0	0.0%	25,574,634	0.1%	63,134,424	0.1%	82,172,029
1	MINISTRY OF INFORMATION AND COMMUNICATION	0.43%	48,786,370	0.43%	120,435,720	0.43%	156,752,002	0	0	0	0.1%	48,786,370	0.2%	120,435,720	0.2%	156,752,002
1	OFFICE OF THE HEAD OF CIVIL SERVICE	0.02%	2,373,868	0.02%	5,860,214	0.02%	7,627,307	0	0	0	0.0%	2,373,868	0.0%	5,860,214	0.0%	7,627,307
1	OFFICE OF STATE AUDITOR GENERAL	0.00%	437,979	0.00%	1,081,209	0.00%	1,407,238	0	0	0	0.0%	437,979	0.0%	1,081,209	0.0%	1,407,238
1	CIVIL SERVICE COMMISSION	0.01%	1,112,225	0.01%	2,745,676	0.01%	3,573,610	0	0	0	0.0%	1,112,225	0.0%	2,745,676	0.0%	3,573,610
1	LOCAL GOVERNMENT SERVICE COMMISSION	0.00%	0	0.00%	0	0.00%	0	80,000,000	60,000,000	60,000,000	0.2%	80,000,000	0.1%	60,000,000	0.1%	60,000,000
1	STATE INDEPENDENT ELECTORAL COMMISSION	0.66%	75,866,358	0.66%	187,286,315	0.66%	243,760,778	0	0	0	0.1%	75,866,358	0.3%	187,286,315	0.3%	243,760,778
1	MINISTRY OF RELIGIOUS AFFAIRS AND SOCIAL WELFARE	0.05%	6,250,727	0.05%	15,430,760	0.05%	20,083,764	0	0	0	0.0%	6,250,727	0.0%	15,430,760	0.0%	20,083,764
1	MINISTRY OF RURAL DEVELOPMENT SPECIAL DUTIES	0.42%	47,476,692	0.42%	117,202,603	0.42%	152,543,969	0	0	0	0.1%	47,476,692	0.2%	117,202,603	0.2%	152,543,969
1	MINISTRY OF AGRICULTURE	8.78%	1,002,219,650	8.78%	2,474,114,074	8.78%	3,220,160,384	3,000,000,000	3,500,000,000	4,000,000,000	7.8%	4,002,219,650	9.8%	5,974,114,074	10.2%	7,220,160,384
1	MINISTRY OF FINANCE-HQTRS	3.65%	417,108,344	3.65%	1,029,688,078	3.65%	1,340,181,034	16,040,000,000	10,020,000,000	12,100,000,000	32.0%	16,457,108,344	18.1%	11,049,688,078	19.0%	13,440,181,034
1	MIN OF COMMERCE AND INDUSTRY	0.32%	36,294,688	0.32%	89,598,322	0.32%	116,615,871	0	0	0	0.1%	36,294,688	0.1%	89,598,322	0.2%	116,615,871
1	MINISTRY OF POWER, SCIENCE & TECHNOLOGY	1.13%	129,470,856	1.13%	319,616,230	1.13%	415,993,560	0	0	0	0.3%	129,470,856	0.5%	319,616,230	0.6%	415,993,560
1	MINISTRY OF NATURAL RESOURCES	0.02%	2,471,316	0.02%	6,100,775	0.02%	7,940,408	0	0	0	0.0%	2,471,316	0.0%	6,100,775	0.0%	7,940,408
1	MINISTRY OF WORKS AND TRANSPORT	31.11%	3,552,094,526	31.11%	8,768,823,342	31.11%	11,412,981,252	0	0	0	6.9%	3,552,094,526	14.4%	8,768,823,342	16.1%	11,412,981,252
1	MINISTRY OF TOURISM AND CULTURE	0.02%	1,745,499	0.02%	4,309,000	0.02%	5,608,340	0	0	0	0.0%	1,745,499	0.0%	4,309,000	0.0%	5,608,340
1	MINISTRY OF LANDS AND SURVEY	0.20%	22,429,046	0.20%	55,369,119	0.20%	72,065,166	0	0	0	0.0%	22,429,046	0.1%	55,369,119	0.1%	72,065,166
1	STATE PLANNING COMMISSION	0.67%	76,870,022	0.67%	189,763,995	0.67%	246,985,580	3,000,000,000	2,400,000,000	0	6.0%	3,076,870,022	4.3%	2,589,763,995	0.3%	246,985,580
1	MINISTRY OF WATER RESOURCES	0.05%	6,265,856	0.05%	15,468,108	0.05%	20,132,374	500,000,000	450,000,000	200,000,000	1.0%	506,265,856	0.8%	465,468,108	0.3%	220,132,374
1	MINISTRY OF HOUSING AND ENVIRONMENT	16.81%	1,919,176,706	16.81%	4,737,745,962	16.81%	6,166,369,618	3,000,000,000	3,100,000,000	5,000,000,000	9.6%	4,919,176,706	12.9%	7,837,745,962	15.8%	11,166,369,618
1	JUDICIAL SERVICE COMMISSION	0.25%	28,449,626	0.25%	70,231,729	0.25%	91,409,460	0	0	0	0.1%	28,449,626	0.1%	70,231,729	0.1%	91,409,460
1	MINISTRY OF JUSTICE	0.02%	2,509,416	0.02%	6,194,832	0.02%	8,062,826	0	0	0	0.0%	2,509,416	0.0%	6,194,832	0.0%	8,062,826
1	STATE DEVELOPMENT BOARD	25.36%	2,895,756,261	25.36%	7,148,564,011	25.36%	9,304,147,643	0	0	0	5.6%	2,895,756,261	11.7%	7,148,564,011	13.2%	9,304,147,643
1	MINISTRY OF WOMEN AFFAIRS AND CHILD DEV.	0.00%	0	0.00%	0	0.00%	0	0	0	0	0.0%	0	0.0%	0	0.0%	0
1	MINISTRY OF EDUCATION	4.29%	489,427,302	4.29%	1,208,217,157	4.29%	1,572,543,912	6,965,000,000	6,990,000,000	6,350,000,000	14.5%	7,454,427,302	13.5%	8,198,217,157	11.2%	7,922,543,912
1	MINISTRY OF HEALTH	2.87%	328,210,946	2.87%	810,232,887	2.87%	1,054,551,151	2,000,000,000	1,750,000,000	1,500,000,000	4.5%	2,328,210,946	4.2%	2,560,232,887	3.6%	2,554,551,151
1	MINISTRY OF YOUTH AND SPORTS DEVELOPMENT	0.12%	13,807,070	0.12%	34,084,611	0.12%	44,362,511	0	0	0	0.0%	13,807,070	0.1%	34,084,611	0.1%	44,362,511
1	MINISTRY FOR LOCAL GOVERNMENT AND CHIEFTAINCY AFFAI	0.00%	0	0.00%	0	0.00%	0	4,850,000,000	4,000,000,000	4,200,000,000	9.4%	4,850,000,000	6.6%	4,000,000,000	5.9%	4,200,000,000
	Total	100.00%	11,416,363,512	100.00%	28,182,829,624	100.00%	36,681,102,307	40,045,000,000	32,730,000,000	34,020,000,000	100.00%	51,461,363,512	100.00%	60,912,829,624	100.00%	70,701,102,307

4.C Considerations for the Annual Budget Process

161. The budget call circular will include the following instructions to MDA's for the annual budget submissions:

- Only prioritized projects contained in the sectors' MTSS should be captured in the MDAs capital budget proposal;
- Budget submissions for capital projects must include full life time capital investment requirements (costs) and also sources of funding (particularly if grants and/or loans are being used to partially or fully fund the project);
- Identify the goals and objectives of the MDA;
- Identify programmes and projects that are aimed at achieving the goals and objectives of the MDA in relation to government priority;
- Spread the programmes and projects over the period of 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 cost benefit analysis of new capital proposals in their submissions;
- Making sure that all on-going projects and programmes that have direct bearing on the lives of the citizens are completed as at when due;
- Capital projects are to be prioritize based on their contributions to the economic and social development of the State in line with Government development agenda;
- Consideration shall be given towards climate change adaptation and mitigation especially in relation to projects with negative impacts on the climate; and
- Exploring more sources of funds most especially from the development partners and donor organisations.

5 Summary of Key Points and Recommendations

162. 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 real economic status of the State.
- ✓ The Independent Revenue figure especially in the last one year has been very encouraging. However, it has been observed that some government parastatals generate revenue, retain and spend same to meet their operational cost rather than remitting 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 government as they provide an additional source of funding;
- ✓ Government will continue providing 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
- ✓ Extra budgetary spending will be sanctioned.