

# **BAUCHI STATE GOVERNMENT**

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## **MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)**

**Economic and Fiscal Update (EFU),**

**Fiscal Strategy Paper (FSP) and**

**Budget Policy Statement (BPS)**

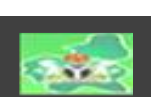
**To Cover Period: 2024 - 2026**

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**JUNE 2023**

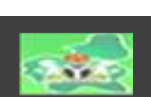


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## List of Abbreviations

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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The Ministry is also indebted to the Office of the Accountant General, Bauchi State Internal Revenue Service and the Debt Management Agency for the collaboration, support, and contributions towards the development of this document. The efforts of the various representatives of these agencies in the development and validation of the document deserve special commendation. To all others who have contributed directly or indirectly in one way or the other but have not been mentioned, we appreciate your efforts

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

.....

*Hon. Commissioner  
Ministry of Budget, Economic planning & Multi-lateral coordination,  
Bauchi State*

## **FOREWORD**

The Bauchi State Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP) 2024 – 2026 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 2024-2026 has been prepared taking into consideration key constraints within which the economy operates (withdrawal of subsidy and Forex deregulation). Global growth prospects have weakened significantly amid the war in Ukraine, rising energy, food, and commodity prices, soaring inflation and tightening monetary policy stances by major central banks. The worsening revenue collection at the federation level is increasing budgetary pressures for the States, and many States are in a precarious fiscal position.

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

We have, within the constraints, set to consolidate 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 2024-2026 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 2024 – 2026 fiscal years, deriving from this MTEF and FSP will define our accomplishments and set out our plans going into the second term of the administration, God willing.

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

## **Executive Summary**

The economic and fiscal estimates presented in the 2024 - 2026 MTEF/FSP incorporate assumptions, narratives and judgments based on information available at the time of preparation. These estimates are subject to uncertainty. This MTEF/FSP provides the tails of the historical performance of Budget forecasts for the macroeconomic aggregates of real and nominal GDP, as well as for estimates of government revenues & expenditure. The Fiscal Strategy Paper also presents a number of economic forecasts/projections and key underlying assumptions as well as Government's medium-term outlook.

The Bauchi State Fiscal Strategy Paper for 2024 is based on the estimated national variables of oil benchmark of \$73.96 per barrel, daily oil production of 1.78 mbpd and exchange rate of N700.00 to 1 US Dollar, inflation rate of 21 % and Gross Domestic Product (GDP) growth rate of 3.76 %.

The Bauchi State Statutory Allocation was projected to increase by 42.30%, VAT by 14.47% while Internally Generated Revenue was estimated to increase by 40.46%. Capital Receipts on the other hand was projected to decrease by 7.24% owing to the reduction in loan facilities to finance capital projects.

The Recurrent Expenditure of the State was projected to increase by 7.8% because of increase in inflation rate while Capital Expenditure will increase slightly 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 65:35.



# 1 Introduction and Background

## 1.A Introduction

1. The global economy remains in an uncertain state amid the protracted effects of the overlapping negative shocks of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of monetary policy to contain high inflation. The resilience that global economic activity exhibited earlier this year is expected to fade. Growth in several major economies was stronger than envisaged at the beginning of the year, with faster-than-expected economic reopening in China and resilient consumption in the United States. Nonetheless, for 2023 as a whole, global activity is projected to slow, with a pronounced deceleration in advanced economies and a sizable pickup in China. Inflation pressures persist, and the drag on growth from the ongoing monetary tightening to restore price stability is expected to peak in the middle of 2023 in many major economies.
2. Looking at economic activities on the global scene which serve as a basis for human survival, the Budgeting process should also be well informed and transformed to pave way for determining realistic estimates and accurate aggregate available resources, as answer 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 used tool in achieving the above objective is the Medium-Term Expenditure Framework (MTEF) which facilitates several important economic outcomes, such as:
  - ❖ Greater macroeconomic balance;
  - ❖ Improve inter - and intra-sectorial resource allocation;
  - ❖ Greater budgetary predictability for Ministries, Departments and Agencies (MDAs); and
  - ❖ More efficient use of financial and human resources.
4. The success of the preparation and implementation of MTEF and its impact on budget management and fiscal performance vary across countries and sub-regions.
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.

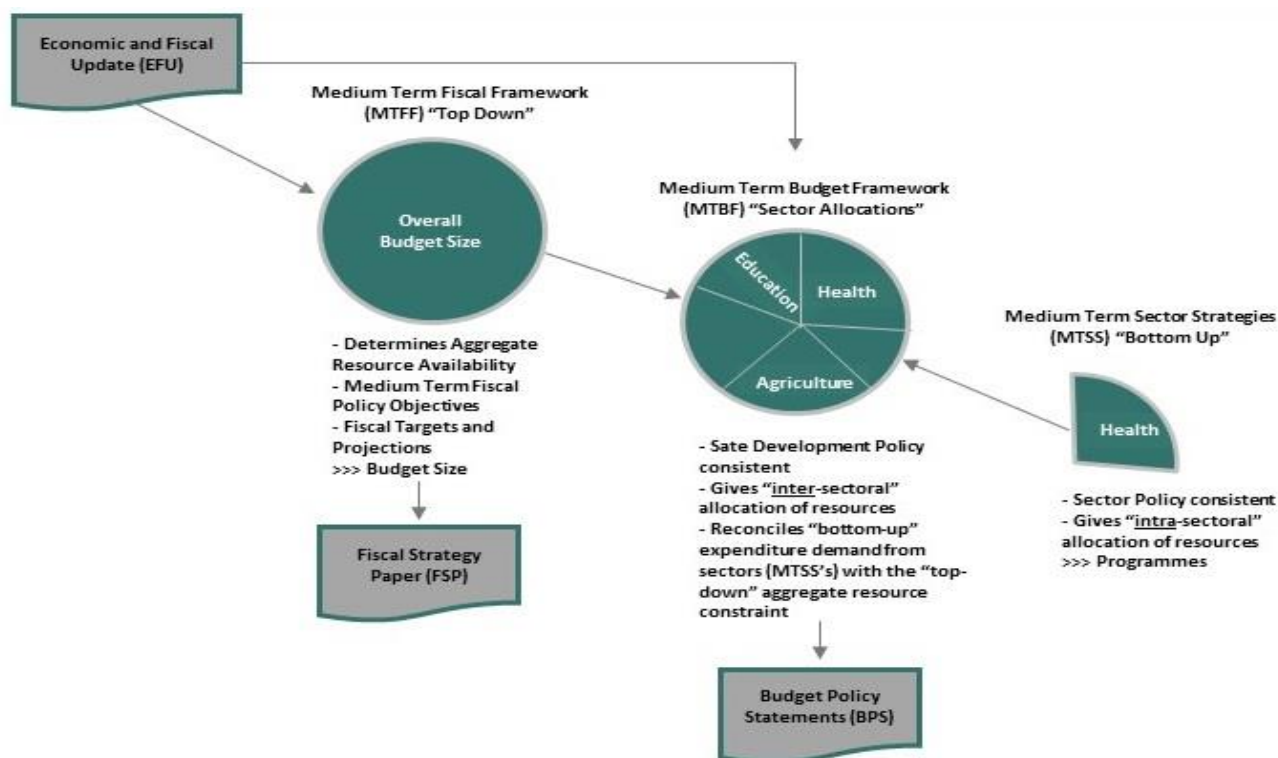
6. The Ministries, Departments and Agencies (MDAs) use Medium Term Sector Strategies (MTSS) in the formulation and articulation of projects and programmes in an effective and efficient manner for higher output. Both the Medium Term Expenditure Framework (MTEF) and the MTSS emphasize the principles of Multi-Year Budgeting in incorporating longer-term perspectives into the annual budgeting processes.
7. Fiscal Strategy (FS) is a key component in Medium Term Budget Framework (MTBF) and annual budget process. As such, it is used to determine the resources available to execute Government projects and programmes from a fiscally sustainable development plan.
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 giving 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 stages namely:
  13. Formulation Stage;
  14. Preparation Stage;
  15. Authorization Stage; and
  16. Implementation Stage.

17. The concept of a budget is derived from MTEF that has three components namely:
  - ✓ Medium Term Fiscal Framework (MTFF);
  - ✓ Medium Term Budget Framework (MTBF); and
  - ✓ Medium Term Sector Strategies (MTSS).
18. The MTEF process is depicted in the diagram below:

**Figure 1: MTEF Process**



### 1.A.2 Summary of 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 2024 – 2026 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 2024 – 2026 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 2024 - 2026 budget preparation cycle for all the key Stakeholders, specifically:
  - Executive Council (ExCo);
  - State House of Assembly (SHoA);
  - Ministry of Budget, Economic Planning and Multilateral Coordination;
  - Ministry of Finance (Treasury Division);
  - 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<sup>1</sup>**

25. The legal instruments and enactments governing PFM in Bauchi State include the 1999 Constitution of the Federal Republic of Nigeria (as amended); the Financial Regulations as revised in October 2009; the Personal Income Tax Act (PITA) 2011 (as amended); the Bauchi State Fiscal Responsibility Amendment Law 2009; the Bauchi State Planning Commission Law 2012 and the occasional service circulars. The 1999 Constitution is the overriding law governing public financial management in Bauchi State. Its provisions supersede and override the contents of any other law or provision in the State (and country) to the extent that other laws are inconsistent with the Constitution. The other PFM-related laws and provisions elaborate and expand on the provisions of the Constitution.
26. The State has a handful of Laws aimed at regulating its Public Financial Management System such as 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<sup>2</sup>**

27. It is the responsibility of the Executive arm of Government to propose the budget and implement it through its Ministries, Departments and Agencies (MDAs) after legislative approval. Ministries, Departments and Agencies (MDAs) assist the Executive to perform these functions. MDAs receive authorization of the Governor to commence project execution, notwithstanding legislative approval. The Governor's express authorization is necessary for MDAs to award contracts (notwithstanding that it is the approved budget) and for the treasury to honour due certificates.
28. Statutorily, the Ministry of Budget, Economic Planning and Multilateral Coordination is at the apex of the planning and budgeting processes. The Ministry reviews the Budget of all sectors in the State, in line with the State Government's policies and priorities, and collates monthly expenditure and revenue returns from MDAs.
29. The State Internal Revenue Services is mandated to collect and remit all Revenues into the Consolidated Revenue Fund Account (CRF).

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<sup>1</sup> Based on PEFA Assessment for Bauchi State

<sup>2</sup> Based on xx PEFA Assessment for Bauchi State

30. The Debt Management Agency is responsible for processing and management of the debt portfolio of the State.
31. The Ministry of Finance manages the finances of the State and has responsibility of Treasury Management and Accounting functions.
32. The Office of the Accountant-General of the State (OAGS) performs actual treasury functions of government, including accounting and internal audit. The Accountant-General is expected to prepare a consolidated monthly internal audit report with copies to the Accounting officers, and the Commissioner of Finance.
33. The Office of the State Auditor-General also plays a key role in the state’s PFM process, auditing all government offices and reporting to the Legislature.
34. The Office of the Auditor General for Local Governments is also a distinct State Government institution that audits the accounts of Local Governments.
35. The Bauchi State House of Assembly (SHoA) exercises approval and oversight functions over the budget process. It also has oversight responsibility over budget implementation, accounting, and audit processes. The design is for accountants at the MDAs and sub-treasuries to render monthly, quarterly, half-yearly and annual returns to the Accountant General. The Accountant General prepares annual report and submits to the State Auditor General who in turn reports to the appropriate committee in the SHoA.

**1.B.3 Overview of Budget Calendar**

36. 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 and Multilateral Coordination
Preparation and Publication of EFU-FSP-BPS	June	Ministry of Budget, Economic Planning and Multilateral Coordination

Stage	Date(s)	Responsibility
Issuance of Budget Call-Circular	July	Ministry of Budget, Economic Planning and Multilateral Coordination
Budget Public Hearing	August	Ministry of Budget, Economic Planning and Multilateral Coordination
Preparation and Submissions of reviewed proposals by MDAs	August	Ministry of Budget, Economic Planning and Multilateral Coordination
Budget Deliberation/Discussion	September	Ministry of Budget, Economic Planning and Multilateral Coordination
Compilation of Draft Budget	October	Ministry of Budget, Economic Planning and Multilateral Coordination
Submission of the reviewed draft Budget to ExCo.	October	Ministry of Budget, Economic Planning and Multilateral Coordination
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**

37. The global economy is yet again at a highly uncertain moment, with the cumulative effects of the past three years of adverse shocks—most notably, the COVID-19 pandemic and Russia’s invasion of Ukraine—manifesting in unforeseen ways. Stimulated by stifled demand, lingering supply disruptions, and commodity price spikes, inflation reached multi-decade highs last year in many economies, leading central banks to tighten aggressively to bring it back toward their targets and keep inflation expectations anchored. (IMF, World Economic Outlook, April, 2023)
38. The unexpected failures of two specialized regional banks in the United States in mid-March 2023 and the collapse of confidence in Credit Suisse—a globally significant bank—have roiled financial markets, with bank depositors and investors re-evaluating the safety of their holdings and shifting away from institutions and investments perceived as vulnerable. The loss of confidence in Credit Suisse resulted in a brokered takeover. Broad equity indices across major markets have fallen below their levels prior to the turmoil, but bank equities have come under extreme pressure *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, and further sanctions on Russia exempt the energy sector (although the impact of European countries’ decisions to prevent 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.
39. Despite strong policy actions to support the banking sector and reassure markets, some depositors and investors have become highly sensitive to any news, as they struggle to discern the breadth of vulnerabilities across banks and nonbank financial institutions and their implications for the likely near-term path of the economy. Financial conditions have tightened, which is likely to entail lower lending and activity if they persist (April 2023 Global Financial Stability Report).
40. Prior to recent financial sector uproars, activity in the world economy had shown promising signs of stabilizing in early 2023 after the adverse



shocks of last year 2022. Russia's invasion of Ukraine and the ongoing war caused severe commodity and energy price shocks and trade disruptions, provoking the beginning of a significant reorientation and adjustment across many economies.

41. Global headline on inflation has been declining since mid-2022 at a three-month seasonally adjusted annualized rate. A fall in fuel and energy commodity prices, particularly for the United States, the euro area, and Latin America, has contributed to this decline. To dampen demand and reduce underlying (core) inflation, the lion's share of central banks around the world have been raising interest rates since 2021, both at a faster pace and in a more synchronous manner than in the previous global monetary tightening episode just before the global financial crisis. This more restrictive monetary policy has started to show up in a slowdown in new home construction in many countries. Inflation excluding volatile food and energy prices has been declining at a three-month rate—although at a slower pace than headline inflation—in most (though not all) major economies since mid-2022.
42. As a result of the pandemic and economic upheaval over the past three years, private and public debt have reached levels not seen in decades in most economies and remain high, despite their fall in 2021–22 on the back of the economic rebound from COVID-19 and the rise in inflation. Monetary policy tightening—particularly by major advanced economies—has led to sharp increases in borrowing costs, raising concerns about the sustainability of some economies' debts. Among the group of emerging market and developing economies, the average level and distribution of sovereign spreads increased markedly in the summer of 2022, before coming down in early 2023. The effects of the latest financial market turmoil on emerging market and developing economy sovereign spreads have been limited so far, but there is a tangible risk of a surprise increase in coming months should global financial conditions tighten further.
43. The evolution of especially contagious SARS-CoV-2 variants kindled a surge in COVID-19 around the world in 2022. Eventually, these variants made their way to China, which had hitherto escaped much of the disease's spread, partly through strict containment measures. As the country's COVID restrictions were ultimately lifted, multiple large outbreaks led to declines in mobility and economic activity in the fourth quarter of 2022 due to the disease's direct effects on human health and heightened fears of contagion. Supply disruptions also returned to the fore, even if temporarily, leading to a rise in supplier delivery times.

The surge in infections compounded the headwinds from property market stresses in China.

44. A return of the world economy to the pace of economic growth that prevailed before the bevy of shocks in 2022 and the recent financial sector turmoil is increasingly elusive. More than a year after Russia's invasion of Ukraine and the outbreak of more contagious COVID-19 variants, many economies are still absorbing the shocks. The recent tightening in global financial conditions is also hampering the recovery. As a result, many economies are likely to experience slower growth in incomes in 2023, amid rising joblessness. Moreover, even with central banks having driven up interest rates to reduce inflation, the road back to price stability could be long. Over the medium term, the prospects for growth now seem dimmer than in decades.
45. The baseline forecast is for global output growth, estimated at 3.4 percent in 2022, to fall to 2.8 percent in 2023, 0.1 percentage point lower than predicted in the January 2023 WEO Update before rising to 3.0 percent in 2024. This forecast for the coming years is well below what was expected before the onset of the adverse shocks since early 2022. Compared with the January 2022 WEO Update forecast, global growth in 2023 is 1.0 percentage point lower, and this growth gap is expected to close only gradually in the coming two years. The baseline prognosis is also weak by historical standards. During the two pre-pandemic decades (2000–09 and 2010–19), world growth averaged 3.9 and 3.7 percent a year, respectively.
46. For **advanced economies**, growth is projected to decline by half in 2023 to 1.3 percent, before rising to 1.4 percent in 2024. Although the forecast for 2023 is modestly higher (by 0.1 percentage point) than in the January 2023 WEO Update, it is well below the 2.6 percent forecast of January 2022. About 90 percent of advanced economies are projected to see a decline in growth in 2023. With the sharp slowdown, advanced economies are expected to see higher unemployment: a rise of 0.5 percentage point on average from 2022 to 2024.
47. For **emerging market and developing economies**, economic prospects are on average stronger than for advanced economies, but these prospects vary more widely across regions. On average, growth is expected to be 3.9 percent in 2023 and to rise to 4.2 percent in 2024. The forecast for 2023 is modestly lower (by 0.1 percentage point) than in the January 2023 WEO Update and significantly below the 4.7 percent forecast of January 2022.
48. In **low-income developing countries**, GDP is expected to grow by 5.1 percent, on average, over 2023–24, but projected per capita

income growth averages only 2.8 percent during 2023–24, below the average for middle-income economies (3.2 percent) and so below the path needed for standards of living to converge with those in middle-income economies.

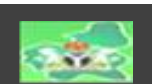
**Table 2: Real GDP Growth Projections - Selected Countries**
**TABLE 1.1 Real GDP<sup>1</sup>**
*(Percent change from previous year unless indicated otherwise)*

	2020	2021	2022e	2023f	2024f	2025f	Percentage point differences from January 2023 projections	
							2023f	2024f
<b>World</b>	<b>-3.1</b>	<b>6.0</b>	<b>3.1</b>	<b>2.1</b>	<b>2.4</b>	<b>3.0</b>	<b>0.4</b>	<b>-0.3</b>
<b>Advanced economies</b>	<b>-4.3</b>	<b>5.4</b>	<b>2.6</b>	<b>0.7</b>	<b>1.2</b>	<b>2.2</b>	<b>0.2</b>	<b>-0.4</b>
United States	-2.8	5.9	2.1	1.1	0.8	2.3	0.6	-0.8
Euro area	-6.1	5.4	3.5	0.4	1.3	2.3	0.4	-0.3
Japan	-4.3	2.2	1.0	0.8	0.7	0.6	-0.2	0.0
<b>Emerging market and developing economies</b>	<b>-1.5</b>	<b>6.9</b>	<b>3.7</b>	<b>4.0</b>	<b>3.9</b>	<b>4.0</b>	<b>0.6</b>	<b>-0.2</b>
East Asia and Pacific	1.2	7.5	3.5	5.5	4.6	4.5	1.2	-0.3
China	2.2	8.4	3.0	5.6	4.6	4.4	1.3	-0.4
Indonesia	-2.1	3.7	5.3	4.9	4.9	5.0	0.1	0.0
Thailand	-6.1	1.5	2.6	3.9	3.6	3.4	0.3	-0.1
Europe and Central Asia	-1.7	7.1	1.2	1.4	2.7	2.7	1.3	-0.1
Russian Federation	-2.7	5.6	-2.1	-0.2	1.2	0.8	3.1	-0.4
Türkiye	1.9	11.4	5.6	3.2	4.3	4.1	0.5	0.3
Poland	-2.0	6.9	5.1	0.7	2.6	3.2	0.0	0.4
Latin America and the Caribbean	-6.2	6.9	3.7	1.5	2.0	2.6	0.2	-0.4
Brazil	-3.3	5.0	2.9	1.2	1.4	2.4	0.4	-0.6
Mexico	-8.0	4.7	3.0	2.5	1.9	2.0	1.6	-0.4
Argentina	-9.9	10.4	5.2	-2.0	2.3	2.0	-4.0	0.3
Middle East and North Africa	-3.8	3.8	5.9	2.2	3.3	3.0	-1.3	0.6
Saudi Arabia	-4.3	3.9	8.7	2.2	3.3	2.5	-1.5	1.0
Iran, Islamic Rep. <sup>2</sup>	1.9	4.7	2.9	2.2	2.0	1.9	0.0	0.1
Egypt, Arab Rep. <sup>2</sup>	3.6	3.3	6.6	4.0	4.0	4.7	-0.5	-0.8
South Asia	-4.1	8.3	6.0	5.9	5.1	6.4	0.4	-0.7
India <sup>2</sup>	-5.8	9.1	7.2	6.3	6.4	6.5	-0.3	0.3
Pakistan <sup>2</sup>	-0.9	5.8	6.1	0.4	2.0	3.0	-1.6	-1.2
Bangladesh <sup>2</sup>	3.4	6.9	7.1	5.2	6.2	6.4	0.0	0.0
Sub-Saharan Africa	-2.0	4.4	3.7	3.2	3.9	4.0	-0.4	0.0
Nigeria	-1.8	3.6	3.3	2.8	3.0	3.1	-0.1	0.1
South Africa	-6.3	4.9	2.0	0.3	1.5	1.6	-1.1	-0.3
Angola	-5.6	1.1	3.5	2.6	3.3	3.1	-0.2	0.4
<b>Memorandum items:</b>								
<b>Real GDP<sup>1</sup></b>								
High-income countries	-4.3	5.4	2.8	0.8	1.3	2.3	0.2	-0.3
Middle-income countries	-1.2	7.1	3.4	4.2	4.0	4.1	0.8	-0.3
Low-income countries	1.4	4.2	4.8	5.1	5.9	5.9	0.1	0.3
EMDEs excluding China	-3.8	5.9	4.1	2.9	3.4	3.8	0.2	-0.2
Commodity-exporting EMDEs	-3.7	5.1	3.2	1.9	2.8	2.9	0.0	0.0
Commodity-importing EMDEs	-0.3	7.9	3.9	5.0	4.4	4.5	0.9	-0.4
Commodity-importing EMDEs excluding China	-4.0	7.0	5.3	4.2	4.2	4.8	0.4	-0.3
EM7	-0.4	7.7	3.3	4.7	4.1	4.2	1.2	-0.4
World (PPP weights) <sup>3</sup>	-2.8	6.3	3.3	2.7	2.9	3.4	0.5	-0.3
<b>World trade volume<sup>4</sup></b>	<b>-7.8</b>	<b>11.0</b>	<b>6.0</b>	<b>1.7</b>	<b>2.8</b>	<b>3.0</b>	<b>0.1</b>	<b>-0.6</b>
<b>Commodity prices<sup>5</sup></b>								
WBG commodity price index	63.1	101.0	143.3	110.1	109.2	110.5	-14.9	-7.3
Energy index	52.7	95.4	152.6	108.9	109.1	111.0	-21.6	-9.2
Oil (US\$ per barrel)	42.3	70.4	99.8	80.0	82.0	84.4	-8.0	2.0
Non-energy index	84.1	112.5	124.4	112.5	109.5	109.5	-1.2	-3.5

Source: World Bank.

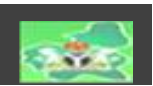
**Table 3: CPI of Selected Countries**

<b>Consumer Price Index (CPI) of Selected Countries</b>				
<b>S/N</b>	<b>Country</b>	<b>Last</b>	<b>Previous</b>	<b>Reference</b>
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*

49. Energy prices have eased considerably since their peak in the third quarter of 2022. A warmer-than-expected northern hemisphere winter reduced natural gas and electricity consumption, especially in Europe. Oil prices have averaged \$80/bbl in 2023 to date, but they have been volatile. This volatility reflected uncertainty about global growth prospects in the first quarter of 2023, followed by the announcement in early April by Saudi Arabia and other OPEC+ members of a cut to oil production of 1.16 mb/d. This pledge brings the total OPEC+ expected cuts over the course of 2023 to 3.6 percent of global demand. Russia has changed the destination of its oil exports without a material change in volumes. The internationally coordinated price cap on its exports (currently set at \$60/bbl) also does not appear to be a binding constraint to exports. Metal prices increased in early 2023 on expectations of a strong recovery in China, but have subsequently retraced those gains. Most agricultural commodity prices have eased this year, reflecting good production prospects for most crops, including grains and oilseeds.
50. Crude oil prices are projected to average \$80/bbl in 2023, a \$8/bbl downward revision from the January forecast, and to edge up to \$82/bbl in 2024, reflecting a modest pickup in demand. Prices for natural gas and coal are expected to moderate in 2023 and decline further in 2024, as Europe has made substantial progress in improving efficiency and reducing energy demand. Natural gas prices in Europe are expected to remain well above their pre-pandemic five-year average, despite elevated inventories.
51. Energy prices could be lower if global demand is weaker than expected. In this respect, prospects in China play a particularly important role, as it is expected to account for more than half of the increase in global oil demand in 2023. On the upside, risks to the price forecast relate to a lack of expansion in U.S. oil production, low levels of spare capacity among OPEC members, and to the possibility that the cartel may decide to cut output further. Metal prices are expected to decline in 2023 and 2024, albeit to levels higher than their 2015-19 average. Price declines reflect a recovery of supply following production disruptions last year, as well as subdued global demand. Metal prices may be higher if China's real estate sector recovers faster than expected or if supply disruptions persist—the importance of developments in China is illustrated by the fact that the country has accounted for a substantial proportion of global demand growth in recent months



52. Agricultural prices are projected to fall 7.2 percent in 2023 and ease further in 2024, as production of grains and oilseeds is expected to increase. Nonetheless, food prices have risen significantly faster than overall inflation since the pandemic, with substantially larger increases in some countries as a result of weaker currencies and transport disruptions. Overall, the agricultural price index is expected to remain well above pre-pandemic nominal levels in 2024. The key risks to agricultural production are adverse weather patterns (including the emerging El Niño), trade policy restrictions, and higher energy costs. Food insecurity remains a critical challenge in some EMDEs, reflecting severe weather events, geopolitical conflict, and distortive trade measures.

## 2.A.2 Africa

53. Growth in Sub-Saharan Africa is projected to slow to 3.2 percent in 2023, as external headwinds, persistent inflation, higher borrowing costs, and increased insecurity weigh on activity. Recoveries from the pandemic remain incomplete in many countries, with elevated costs of living tempering the growth of consumption. Fiscal space has narrowed further, while surging import bills and higher debt burdens have heightened financing needs. Although the baseline projection for 2024-25 envisions a pickup in growth, per capita incomes are expected to expand much more slowly than needed to make progress in reducing extreme poverty. Risks to the baseline remain tilted to the downside. These include a deeper-than-expected global economic slowdown, deteriorating terms of trade, higher inflation along with further domestic and international monetary policy tightening, renewed financial distress in advanced economies, and more adverse weather events. Materialization of these risks would not only dampen growth, but also exacerbate poverty and limit the ability of many countries to strengthen climate resilience.
54. Private sector activity in Sub-Saharan Africa (SSA) softened markedly in early 2023, reflecting various country-specific challenges and heightened external economic headwinds. While many economies across the region are still coping with repercussions of earlier adverse economic and climate shocks, recoveries have been tempered by weaker external demand, further tightening of global financial conditions, domestic policy tightening, and recent flare-ups of violence and social unrest (Kenya, Sudan).
55. Elevated costs of living across SSA—partly reflecting the effects of last year’s rise in global food and energy prices—have severely worsened the economic hardship of the poor and sharply increased food insecurity. Moreover, in several countries, prolonged droughts (East Africa) and armed conflicts have compounded these effects. As a result, the region entered this year with nearly 180 million people in acute food insecurity—35 million more than at the start of 2022 (WFP 2023b). Although SSA headline inflation has recently moderated, annual food price inflation has remained above 20 percent in several large SSA economies (Ethiopia, Ghana, Rwanda), and in double digits in over 60 percent of countries— reflecting large currency depreciations and supply disruptions induced by conflict and adverse weather events.
56. Growth in Nigeria, the region’s largest economy, eased further in early 2023 as a rebound in oil output remained constrained by persistent production challenges. The recovery in the non-oil sector, which



propelled activity last year, lost momentum early this year amid persistently high inflation, foreign exchange shortages, and shortages of banknotes caused by currency redesign.

57. Activity in Angola last year expanded at its fastest pace since 2014; however, growth lost some momentum in early 2023 as oil production—a key driver of 2022’s growth performance—slowed. Meanwhile, high oil prices have boosted the current account and fiscal balances which, together with government debt falling below 65 percent of GDP last year, have helped trim external financing needs.
58. Growth in South Africa decelerated sharply in early 2023, reflecting policy tightening and the impact of an intensifying energy crisis. The country’s power utility, Eskom, beset by chronic unprofitability and lack of maintenance, has been struggling to meet a post-pandemic rebound in electricity demand. Power outages have hit record highs this year and crippled the economy. Headline inflation has receded from its peak, but it has been above the 6 percent upper bound of the central bank’s target range since April 2022, prompting even more policy tightening in the first half of this year.
59. Elsewhere in the region, capacity expansions in extractive sectors have boosted growth in some resource-rich countries (Democratic Republic of Congo, Niger, Senegal). In other resource-rich countries, however, recoveries have remained subdued. Several oil producers have continued to face production challenges because of aging oil fields and underinvestment (Equatorial Guinea), and disruptions owing to insecurity and weather (Chad, South Sudan). In some metal exporters, political uncertainty, policy tightening, and high inflation (Liberia, Mauritania, Sierra Leone) have weakened growth.
60. Recoveries in non-resource-rich countries have slowed amid deteriorating terms of trade, widening current account and fiscal deficits, and sharp cost-of-living increases. Most of these countries are agricultural commodity producers where farming activity has been curbed by high production costs, unfavourable weather, and insecurity. Increased fragility, owing to political uncertainty and intercommunal violence, has been amplifying these negative developments. Growth in small agricultural commodity producers affected by fragility (Burkina Faso, Mali) eased to just 1.2 percent last year—almost four percentage points slower than in other SSA agricultural commodity producers. Growth in Ethiopia—SSA’s largest agricultural commodity producer and its most populous low income country—is estimated at 6.4 percent for the current fiscal year ending in July, driven by stronger-than-expected activity in agriculture and services.

61. External financing needs across the region remain large, partly reflecting the legacy of the pandemic and last year's cost-of-living increases. Current account deficits are elevated in many countries still struggling with high import bills and increased debt and debt-service costs. Covering financing needs has become even more challenging as a result of the rapid tightening of global financial conditions, and, in some countries, shrinking foreign exchange reserves and reduced donor support. Public spending across SSA remains restrained on account of slowing growth, elevated risks of debt distress, and necessary fiscal consolidation.
62. The baseline projections remain subject to multiple downside risks amid uncertainty about developments in global commodity markets, the degree of additional global and domestic policy tightening needed to subdue persistent inflation, and the resilience of the world economy and global financial system to a prolonged period of tight monetary policies. Commodity prices may remain unusually volatile and vulnerable to further shocks if disruptions to the supply of major commodities worsen—for instance, due to intensifying geopolitical tensions or conflicts. Furthermore, global activity may decelerate faster than envisioned if the reopening of China's economy fails to generate a durable recovery.
63. If global and domestic inflationary pressures were to persist for longer than currently anticipated and inflation expectations become de-anchored, policy makers could be forced to raise interest rates by more than expected or keep borrowing costs elevated for longer. Additional policy tightening in advanced economies could be accompanied by renewed banking stress. As a result, SSA financial conditions could tighten much more than projected in the baseline, triggering even greater deterioration in access to markets and elevating risks of financial distress and government debt default
64. Many SSA economies already coping with negative consequences of climate change are also affected by fragility stemming from persistent poverty, as well as festering violence and conflict (Somalia, South Sudan, Sudan). These countries lack the needed policy space to mitigate the consequences of, and adapt to, climate change because of macroeconomic vulnerabilities, such as high debt or even debt distress, reliance on food and fuel imports, and elevated inflation. Despite recent peace-making efforts in several large countries (Democratic Republic of Congo, Ethiopia), fragility could worsen further amid high levels of insecurity (for example, in the Sahel region, especially in Sudan) as well as flare-ups of social unrest in other

countries (Kenya, Senegal). Violence and conflict could depress growth more severely than in the baseline and leave the most vulnerable countries unprepared to tackle the challenges of climate change, resulting in drawn-out humanitarian crises.

**TABLE 2.6.1 Sub-Saharan Africa forecast summary**  
(Real GDP growth at market prices in percent, unless indicated otherwise)

	2020	2021	2022e	2023f	2024f	2025f	Percentage point differences from January 2023 projections	
							2023f	2024f
<b>EMDE SSA, GDP<sup>1</sup></b>	<b>-2.0</b>	<b>4.4</b>	<b>3.7</b>	<b>3.2</b>	<b>3.9</b>	<b>4.0</b>	<b>-0.4</b>	<b>0.0</b>
GDP per capita (U.S. dollars)	-4.5	1.8	1.2	0.6	1.3	1.5	-0.4	-0.1
	(Average including countries that report expenditure components in national accounts) <sup>2</sup>							
EMDE SSA, GDP <sup>2,3</sup>	-2.0	4.4	3.7	3.2	3.9	4.0	-0.4	0.0
PPP GDP	-1.8	4.3	3.7	3.2	4.0	4.1	-0.4	0.0
Private consumption	-1.5	10.2	4.0	3.0	3.1	3.4	-0.1	-0.3
Public consumption	8.6	-2.0	2.0	-1.0	4.2	3.0	-1.7	1.4
Fixed investment	-2.0	8.6	6.1	6.3	5.7	6.6	-0.7	-1.6
Exports, GNFS <sup>4</sup>	-15.9	2.8	8.6	6.8	6.3	6.1	0.2	0.0
Imports, GNFS <sup>4</sup>	-19.8	17.2	10.9	6.2	5.9	6.0	-1.0	-1.5
Net exports, contribution to growth	1.5	-3.3	-1.0	-0.2	-0.2	-0.3	0.3	0.4
<b>Memo items: GDP</b>								
Eastern and Southern Africa	-2.9	4.8	3.7	3.1	3.9	4.0	-0.4	0.0
Western and Central Africa	-0.8	4.0	3.7	3.3	3.9	4.0	-0.4	-0.1
SSA excluding Nigeria, South Africa, and Angola	0.1	4.8	4.7	4.6	5.3	5.4	-0.2	0.0
Oil exporters <sup>5</sup>	-2.0	3.2	3.2	2.6	3.0	3.3	-0.3	0.0
CFA countries <sup>6</sup>	0.4	4.1	4.6	4.5	5.5	5.1	-0.7	-0.2
CEMAC	-1.6	1.1	2.9	2.7	2.8	3.0	-0.3	-0.4
WAEMU	1.7	6.0	5.6	5.5	7.0	6.2	-0.9	0.0
SSA3	-4.0	4.0	2.8	1.7	2.4	2.5	-0.6	0.0
Nigeria	-1.8	3.6	3.3	2.8	3.0	3.1	-0.1	0.1
South Africa	-6.3	4.9	2.0	0.3	1.5	1.6	-1.1	-0.3
Angola	-5.6	1.1	3.5	2.6	3.3	3.1	-0.2	0.4

Source: World Bank.

**TABLE 2.6.2 Sub-Saharan Africa country forecasts<sup>1</sup>**

(Real GDP growth at market prices in percent, unless indicated otherwise)

	2020	2021	2022e	2023f	2024f	2025f	Percentage point differences from January 2023 projections	
							2023f	2024f
Angola	-5.6	1.1	3.5	2.6	3.3	3.1	-0.2	0.4
Benin	3.8	7.2	6.0	6.0	5.9	6.1	-0.2	-0.1
Botswana	-8.7	11.8	6.5	4.0	4.0	4.0	0.0	0.0
Burkina Faso	1.9	6.9	2.5	4.3	4.8	5.1	-0.7	-0.5
Burundi	0.3	3.1	1.8	3.0	4.0	4.2	0.0	0.0
Central African Republic	1.0	1.0	0.0	3.0	3.8	3.8	0.0	0.0
Cabo Verde	-14.8	7.0	15.0	4.8	5.4	5.3	0.0	-0.3
Cameroon	0.5	3.6	3.4	3.9	4.2	4.5	-0.4	-0.4
Chad	-1.6	-1.2	2.2	3.2	3.4	3.1	-0.1	0.1
Comoros	-0.3	2.1	2.3	2.8	2.9	3.6	-0.5	-0.9
Congo, Dem. Rep.	1.7	6.2	8.6	7.7	7.6	7.5	1.3	1.0
Congo, Rep.	-6.2	-2.2	1.5	3.5	4.3	2.8	-0.2	-0.2
Côte d'Ivoire	1.7	7.0	6.7	6.2	6.5	6.5	-0.6	-0.1
Equatorial Guinea	-4.2	-2.8	2.9	-3.7	-6.0	-3.1	-1.1	-2.6
Eritrea	-0.5	2.9	2.5	2.7	2.9	2.8	0.0	0.0
Eswatini	-1.6	7.9	0.4	3.0	2.9	2.7	0.4	0.2
Ethiopia <sup>2</sup>	6.1	6.3	6.4	6.0	6.6	7.0	0.7	0.5
Gabon	-1.8	1.5	3.1	3.1	3.0	3.0	0.1	0.1
Gambia, The	0.6	4.3	4.3	5.0	5.5	5.8	1.0	0.0
Ghana	0.5	5.4	3.2	1.6	2.9	4.8	-1.1	-0.6
Guinea	4.9	4.3	4.7	5.6	5.8	5.6	0.3	0.2
Guinea-Bissau	1.5	6.4	3.5	4.5	4.5	4.5	0.0	0.0
Kenya	-0.3	7.5	5.2	5.0	5.2	5.3	0.0	-0.1
Lesotho	-5.6	1.6	1.8	2.6	3.1	3.3	0.3	0.2
Liberia	-3.0	5.0	4.8	4.3	5.5	5.6	-0.4	-0.2
Madagascar	-7.1	5.7	3.8	4.2	4.8	5.1	0.0	0.2
Malawi	0.8	2.8	0.9	1.4	2.4	3.0	-1.6	-1.0
Mali	-1.2	3.1	1.8	4.0	4.0	5.0	0.0	0.0
Mauritania	-0.9	2.4	5.2	4.5	5.6	6.8	-0.6	-2.3
Mauritius	-14.6	3.5	8.3	4.7	4.1	3.6	-0.8	-0.1
Mozambique	-1.2	2.3	4.1	5.0	8.3	5.3	0.0	0.3
Namibia	-8.0	2.7	3.5	2.4	1.7	2.1	0.4	-0.2
Niger	3.6	1.4	11.5	6.9	12.5	9.1	-0.2	2.4
Nigeria	-1.8	3.6	3.3	2.8	3.0	3.1	-0.1	0.1
Rwanda	-3.4	10.9	8.1	6.2	7.5	7.5	-0.5	0.5
São Tomé and Príncipe	3.1	1.9	0.9	2.1	3.4	3.7	0.0	1.0
Senegal	1.3	6.5	4.2	4.7	9.9	5.2	-3.3	-0.6
Seychelles	-8.6	5.4	8.8	3.8	3.0	3.1	-1.4	-1.8
Sierra Leone	-2.0	4.1	3.0	3.4	3.7	4.4	-0.3	-0.7
South Africa	-6.3	4.9	2.0	0.3	1.5	1.6	-1.1	-0.3
Sudan	-3.6	-1.9	-1.0	0.4	1.5	2.0	-1.6	-1.0
South Sudan <sup>2</sup>	9.5	-5.1	-2.3	-0.4	2.3	2.4	0.4	0.2
Tanzania	2.0	4.3	4.6	5.1	5.6	6.2	-0.2	-0.5
Togo	1.8	5.3	4.9	4.9	5.3	5.5	-0.7	-1.1
Uganda <sup>2</sup>	3.0	3.4	4.7	5.7	6.2	6.7	0.2	0.1
Zambia	-2.8	4.6	3.9	4.2	4.7	4.8	0.3	0.6
Zimbabwe	-7.8	8.5	3.4	2.9	3.4	3.4	-0.7	-0.2

Source: World Bank.

## **2.A.3 Nigerian Economy<sup>3</sup>**

### **Macroeconomic**

65. The removal of fuel subsidy drove up prices of food and other items. Inflation rate rose to 25.8% in August 2023 reflecting the impact of fuel subsidy removal. Food inflation rate rose faster to 29.3% and further increases in petrol and diesel prices as well as exchange rate depreciation are likely to drive up inflation rate in coming months.
66. Nigeria's External Reserves estimated at US\$37 billion is sufficient only to cover less than one month of imports of goods and services. This negates one of the major goals of the external reserve which is to support and maintain confidence for monetary and exchange rate management. Conventional rule of thumb to measure reserve adequacy argues that it should, minimally, cover three months of import.
67. It should further be noted that despite the exchange rate unification, Foreign Exchange inflows into Nigeria are lagging. On the other hand, the demand for foreign currency remains high thereby creating pressure on the exchange rate. In addition, limited access to Foreign Exchange in the official market had incentivized players to purchase and meet their demands in the black market. The government had, however, removed the peg on the official exchange rate in June 2023 which suggests some level of commitment to exchange rate reforms.
68. A further encouraging sign is the effort made by Government at wooing investors into the country with the high-level participation in the Nigeria-India Business Summit; World Economic & Investment Forum in Dubai as well as the most recent Saudi-Nigeria Investment Forum as examples.
69. To win back investor's confidence, however, the government must intensify its efforts in curtailing oil theft in the short term and provide a clear roadmap to improve Foreign Exchange inflows and management in the medium to long term to assure top institutional investors. In the immediate term, the Naira will continue to face pressure in the official market.
70. Public Debt stock had risen to N87.4 trillion (US\$113.4 billion) in June 2023. According to the World Bank estimates, with fuel subsidy removal, debt servicing is expected to reach a peak of 120% of revenue in 2023 and trend downwards thereafter. Fiscal gains from subsidy removal and Foreign Exchange reforms will be more visible in 2024 and 2025.
71. On a positive note, such removal of fuel subsidy and Foreign Exchange reforms will improve government finances. Inflow into Federation Account had increased from about N800 billion monthly to over N1.7 trillion since the implementation of both reforms. This higher inflow will improve fiscal deficit and debt sustainability ratio in the short term. It

could also slow down the pace of debt accumulation in the remaining part of 2023.

72. A major concern, however, lies in the effectiveness of Government with the basic question of how and what these fiscal gains will be spent on. The prioritisation of capital projects as well as key sectors like education and health care have therefore become imperative.
73. High cost of governance remains a pending issue that also needs to be resolved. Government, at all levels, must reduce the over-bloated cost of governance, particularly overheads and transfers. to ensure enough funds are available for infrastructure and other development purposes. In addition, there must be significant efforts to block leakages and ensure transparency of government finances.

**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**



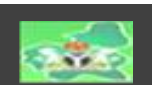
Source: Data are as of December 2020 and are from domestic authorities; figures for 2020 are estimates and figures for 2021 and 2022 are projections by the African Economic Outlook team.

## 2.A.4 Bauchi State Economy

74. 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.
75. 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.

**Table 4: Bauchi State Projected Population**

S/NO	LGA	Population	Population	Population
		Census 1991-11-26	Census 2006-03-21	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
	<b>Total</b>	<b>2,861,887</b>	<b>4,653,066</b>	<b>6,537,300</b>

76. 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 2019 to 2021 will 7,057,045, 7,318,156 respectively.
77. However, with the influx of Internally Displaced Persons (IDPs) from the neighbouring States, the population can be estimated to reach 8,308,800 in 2022. While the growth rate is expected to reach 8,631,181 in 2023.



**Table 5: Mineral Resource Endowment in Bauchi State**

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

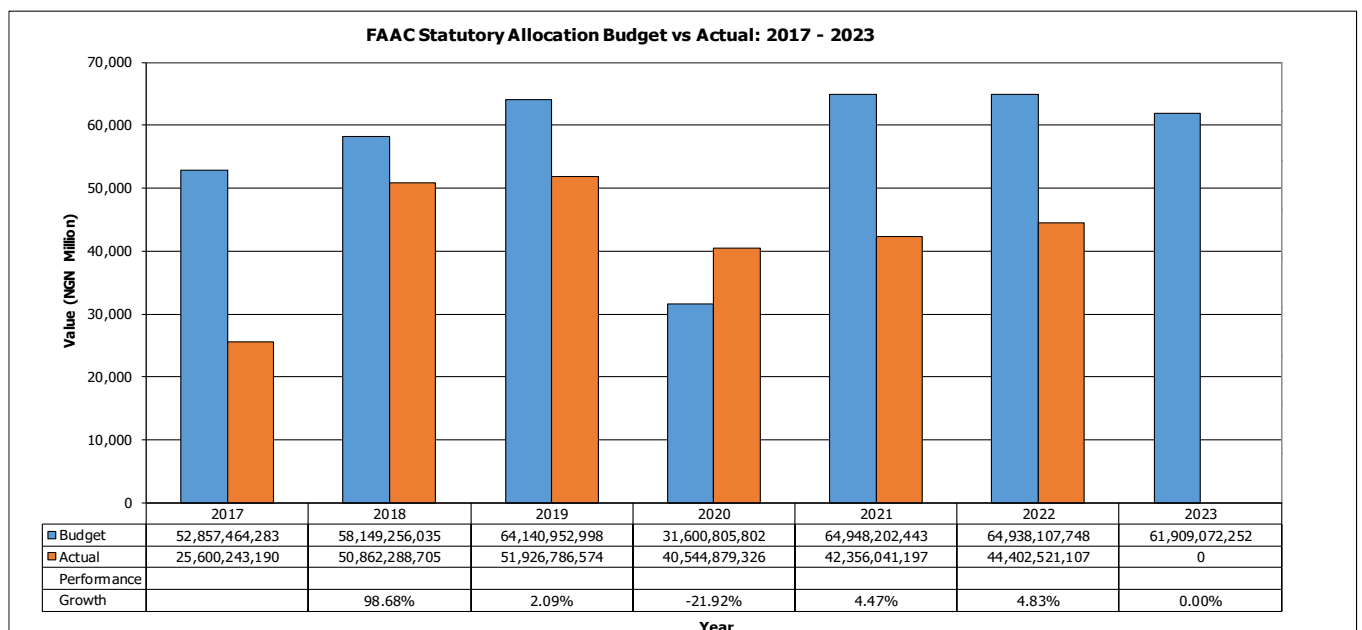
## 2.B Fiscal Update

### 2.B.1 Historic Trends

#### Revenue Side

78. The document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2017 – 2022 (six years historic) and 2023 budget.

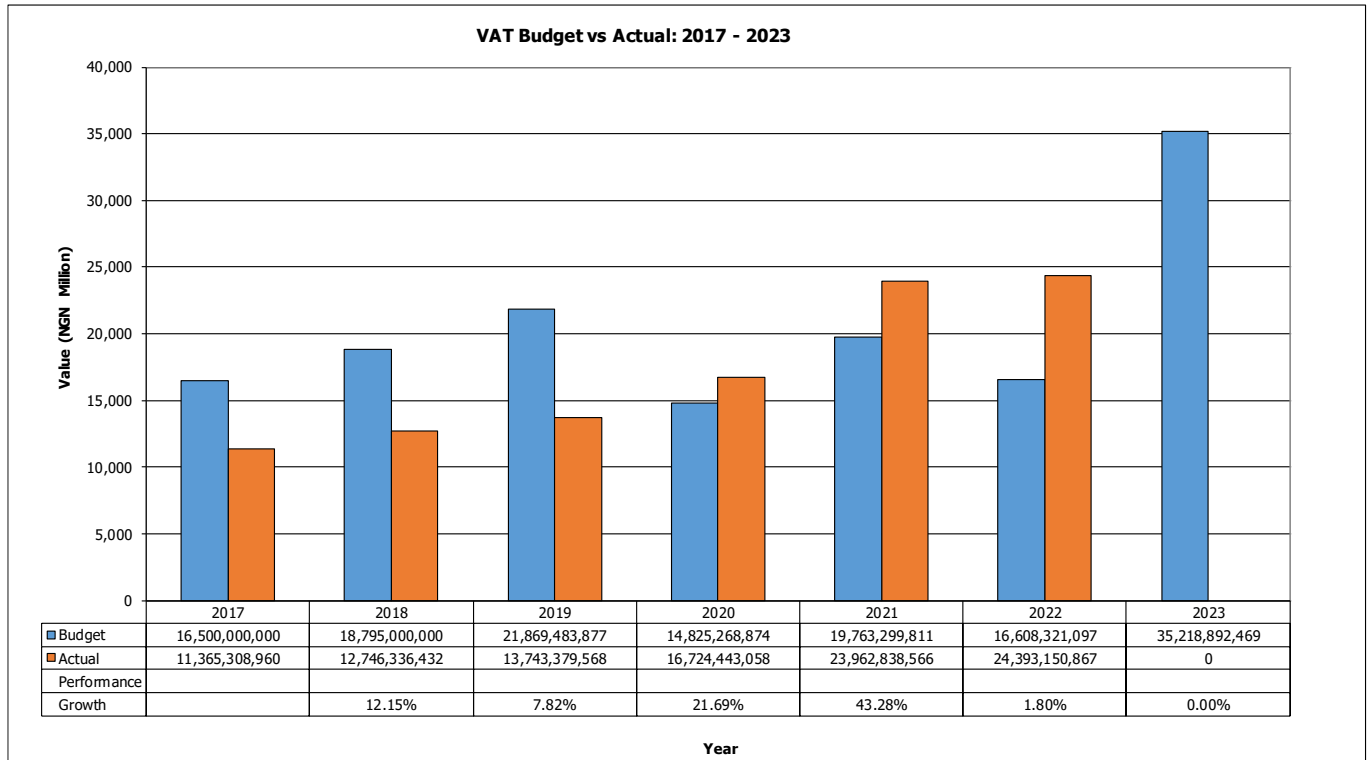
**Figure 3: Statutory Allocation**



79. 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.

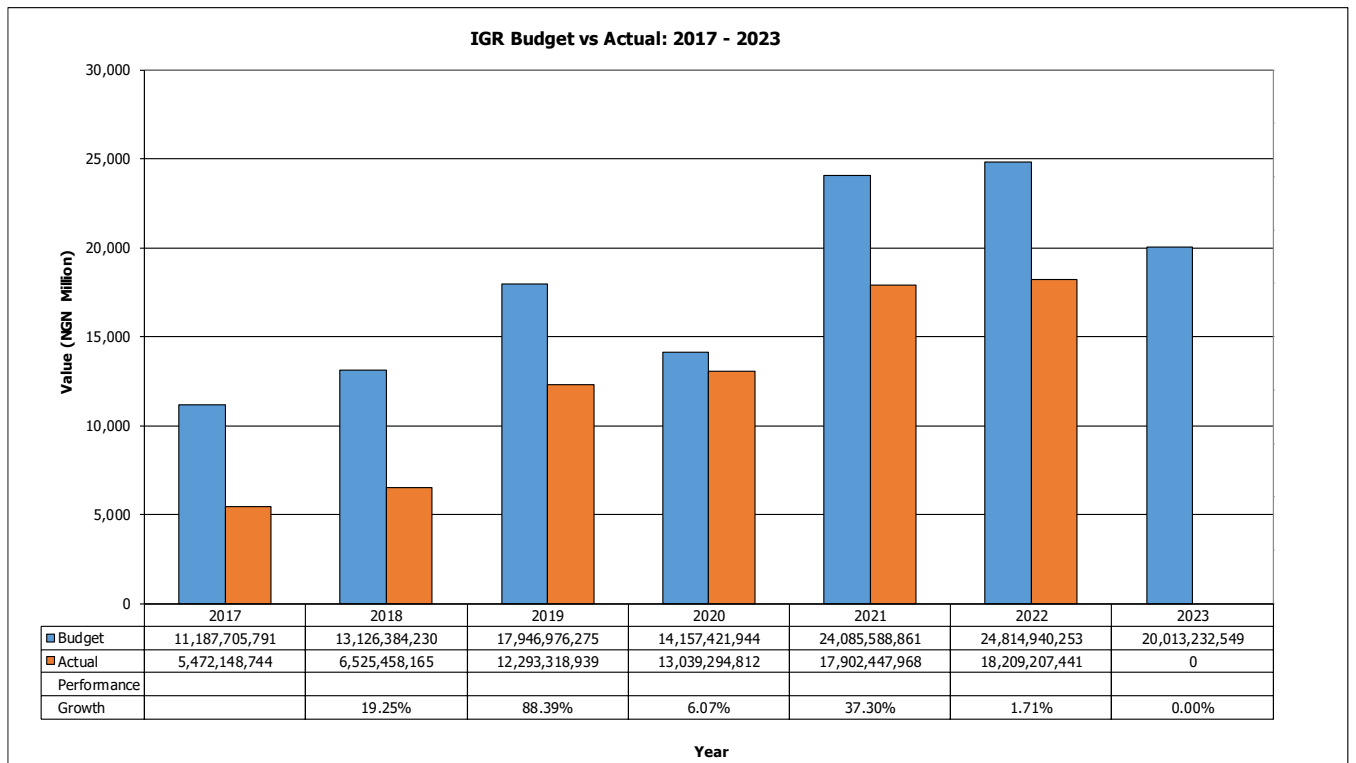
80. From the chart above, it can be realized that throughout the period of 2017, 2021, and 2022, actual statutory allocation received was less than budget estimates. In 2020 statutory allocation was above the Approved Budgets. The fall in growth rate between 2017 and 2020 was because oil sector was hindered 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.

Figure 4: VAT



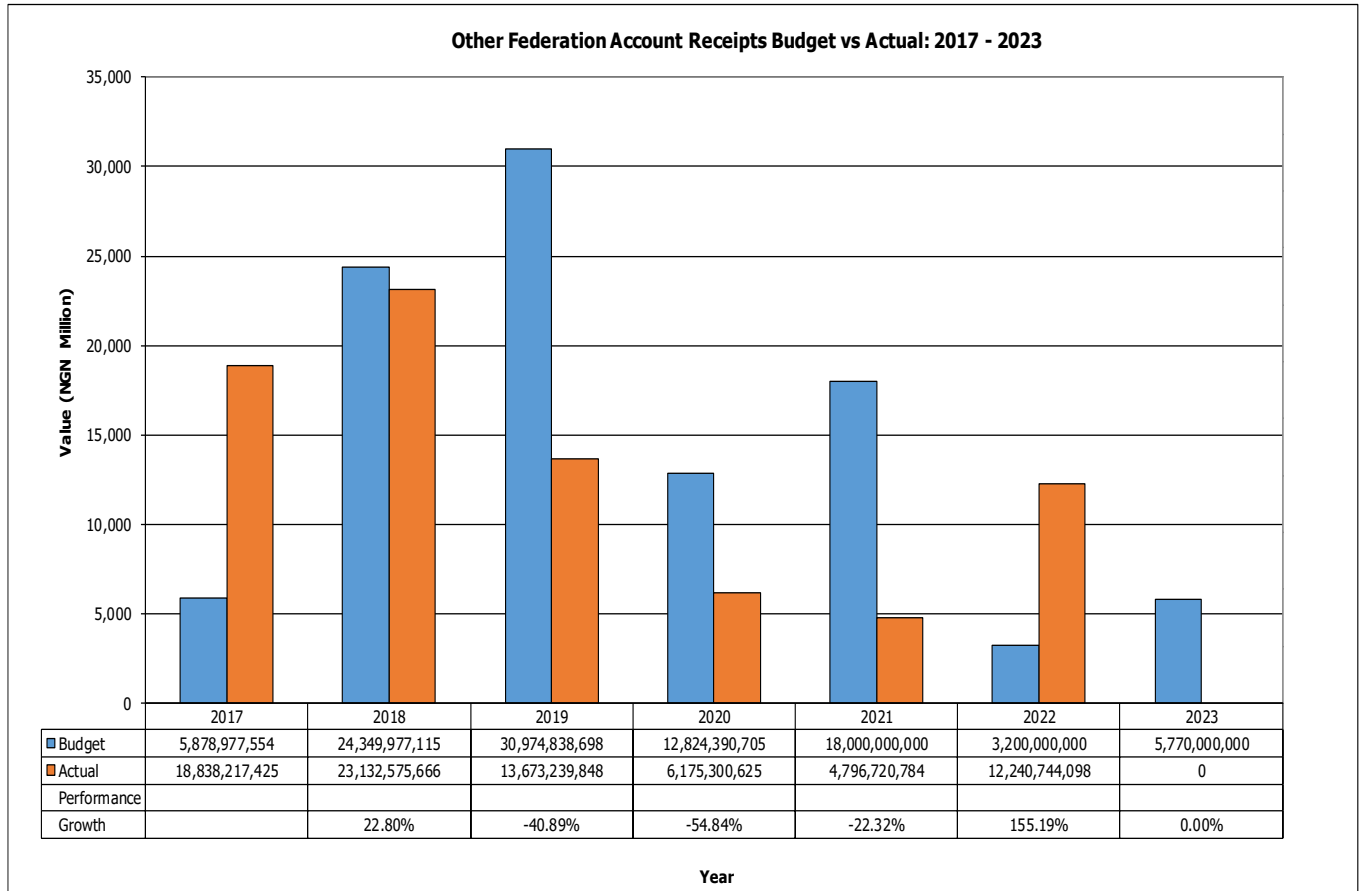
81. VAT is a tax on most goods and services at a rate of 7.5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government monthly – partially based on set ratios, and partially based on the amount of VAT a particular state generated. States receive 50% of the total VAT collections nationally, from which Bauchi State gets around 4% of the state allocation.
82. VAT receipts between 2020 to 2022 performed extremely well against the Approved Budgets in relation to the actual amount received within these periods. Within these years the budget targets were indeed surpassed because of the increase in the rates brought about by the Finance Act.
83. Furthermore, VAT receipts have increased year-on-year since 2017 largely due to the growth in nominal economic activity in the country.

Figure 5: IGR



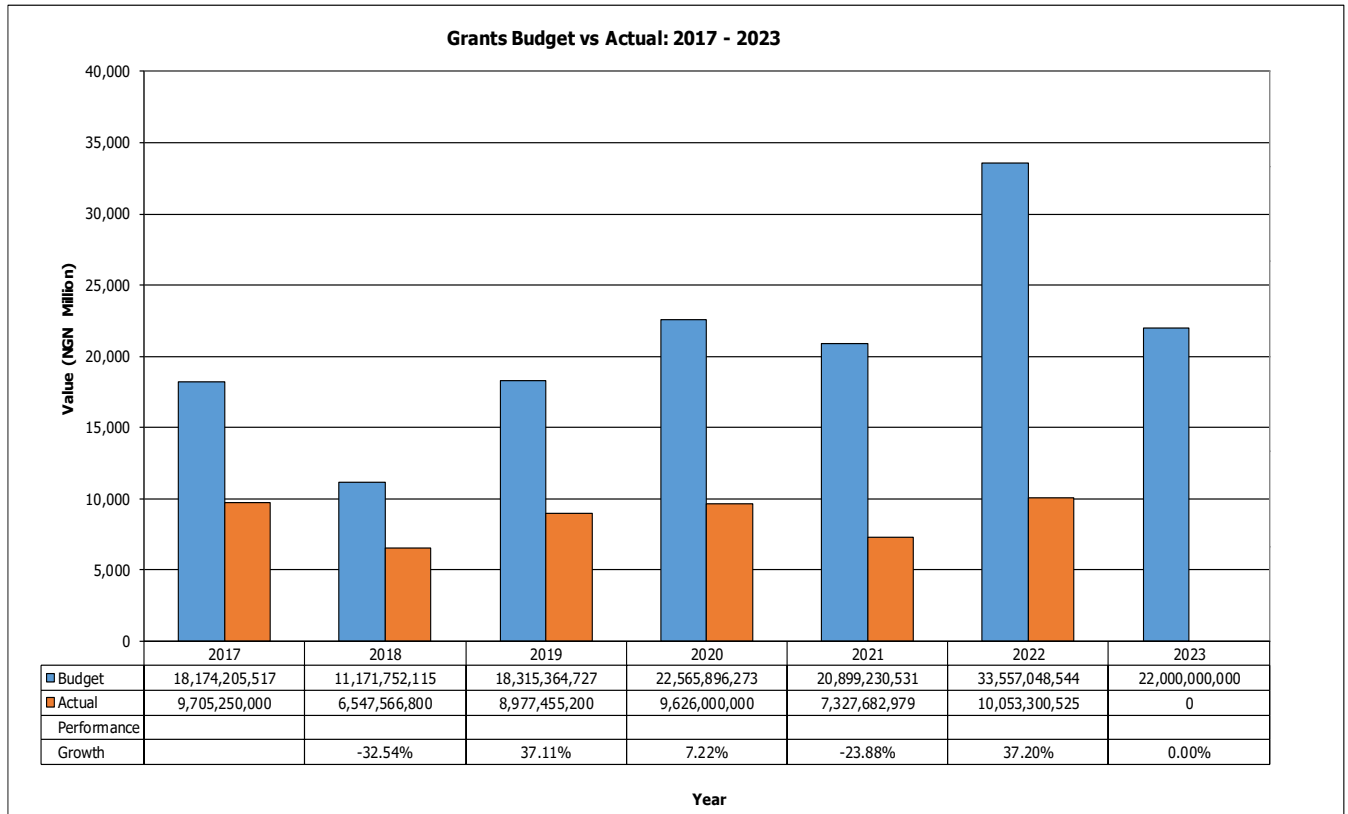
- 84. Internally Generated Revenue is revenue collected within Bauchi state and it is related to income tax. The Pay as You Earn (PAYE) represents the highest contributor to IGR. Some of these revenue items include fines, levies, fees, and other sources of revenue within the state.
- 85. The IGR growth showed some fluctuations within the periods under consideration as 2017 shows a considerable fall while picking up in 2019, 2020, 2021 and 2022 respectively. The performance in 2021 and 2022 were the most impressive as they are the highest figures recorded in the history of the State.
- 86. Between the years 2020 – 2022 the IGR keeps growing steadily in terms of Actual Performances within these periods.

**Figure 6: Other Federation Accounts Receipts**



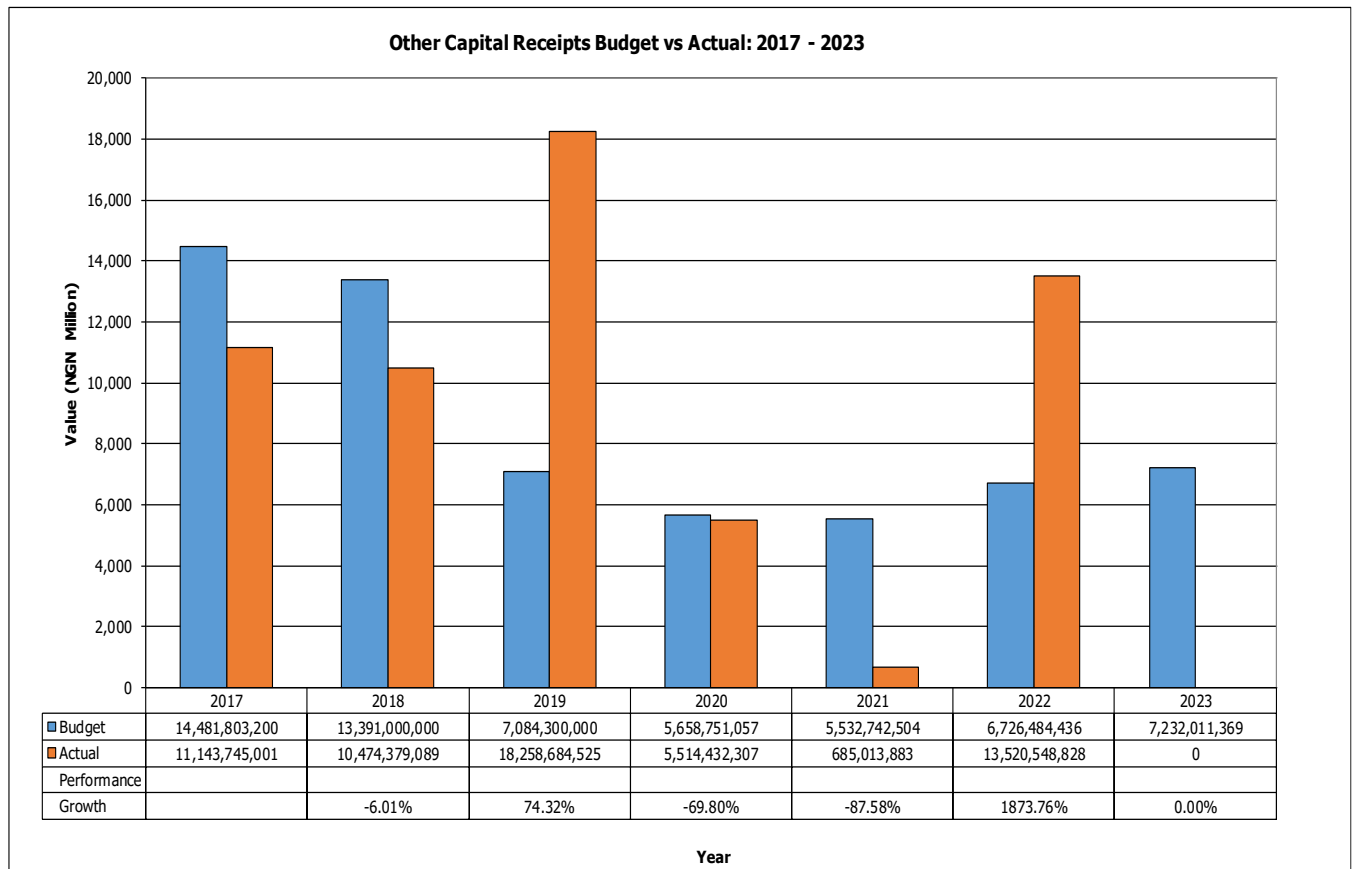
- 87. These are extraordinary windfalls of revenues that are not classified as FAAC Allocations or VATs such as refunds.
- 88. The year 2017 witnessed a tremendous performance against the Approved even performing more than twice of the Approved Budget.
- 89. 2017 and 2018 where that periods that the revenue component under consideration performed the highest.
- 90. The actual performances started declining from 2019 and 2021. Although the Approved Budget for these period was not steady.
- 91. The years 2017 and 2021 witnessed a significant Actual Performances to the Approved Budgets while the Approved Budget for these years is at the lowest compared to the other years for the period under consideration.

Figure 7: Grants



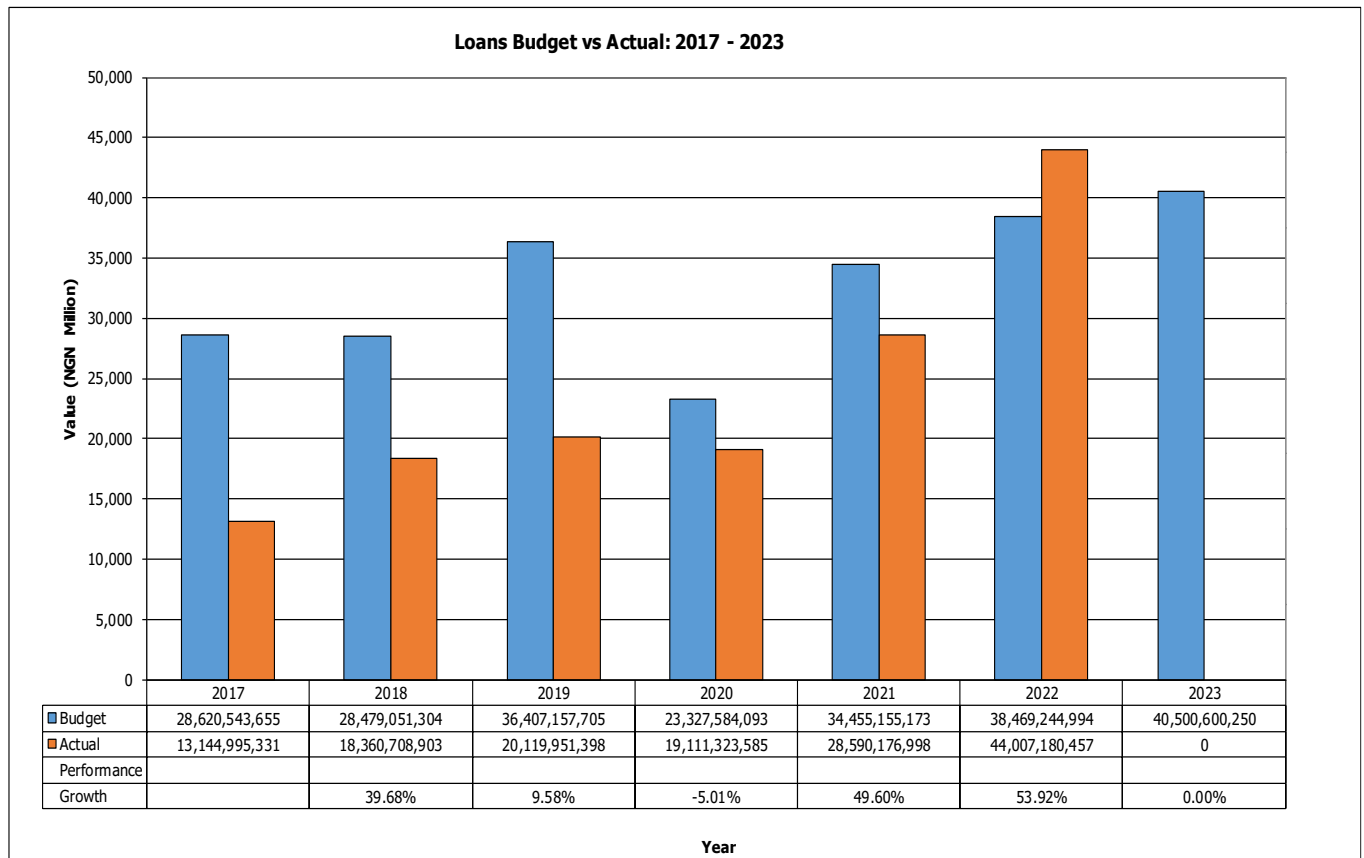
92. Grants are receipts from Federal Government, International Development Partners, FGN Social Investment Program, SDGs Conditional Grants Scheme, as well as grants from European Union (EU), USAID and United Nations Children’s Fund (UNICEF) to mentioned but a few. Bauchi State has proactively included as much Grants expenditure “on-budget” as possible, even if the funds don’t travel through the state treasury. This has greatly affected the Budget Size of the State. However, non-disclosure of actual performances by some of the development partners has affected the ratio of Actual Performance to the Approved Budget for the financial year reports.
93. Actual receipts against the Approved Budget have been below 50% over the period under consideration. This is largely due non-disclosure of performances from donor partners to the Office of the Accountant General.
94. Performance in relation to Grants has been on fluctuation year in year out this because data for performances in respect to this component has not been readily available in the Office of the Accountant General despite proactive measures taken by present administration in terms of creating conducive working environment and payment of GCCC.

Figure 8: Other Capital Receipts



95. Other Capital Receipts are associated with the income related to Joint Projects Accounts, Re-imburement from the Federal Government and Ecological Funds as well as other contribution by the local government councils for some specific institutions or MDAs activities.
96. The years 2019 and 2022 where the most significant in terms of actual performance to the Approved Budget. Within these two years the performances are above the Approved Budget for the years mentioned.
97. The year 2021 witnessed the lowest level of performance for the period under consideration compared to the Approved Budgets. Within this year (2021) the performance is below 20% of the entire Approved Budget. This is largely due to non-performance of some donations and contributions from the Federal Government most especial items like Ecological Funds and Sustainable Development Goals (SDGs).

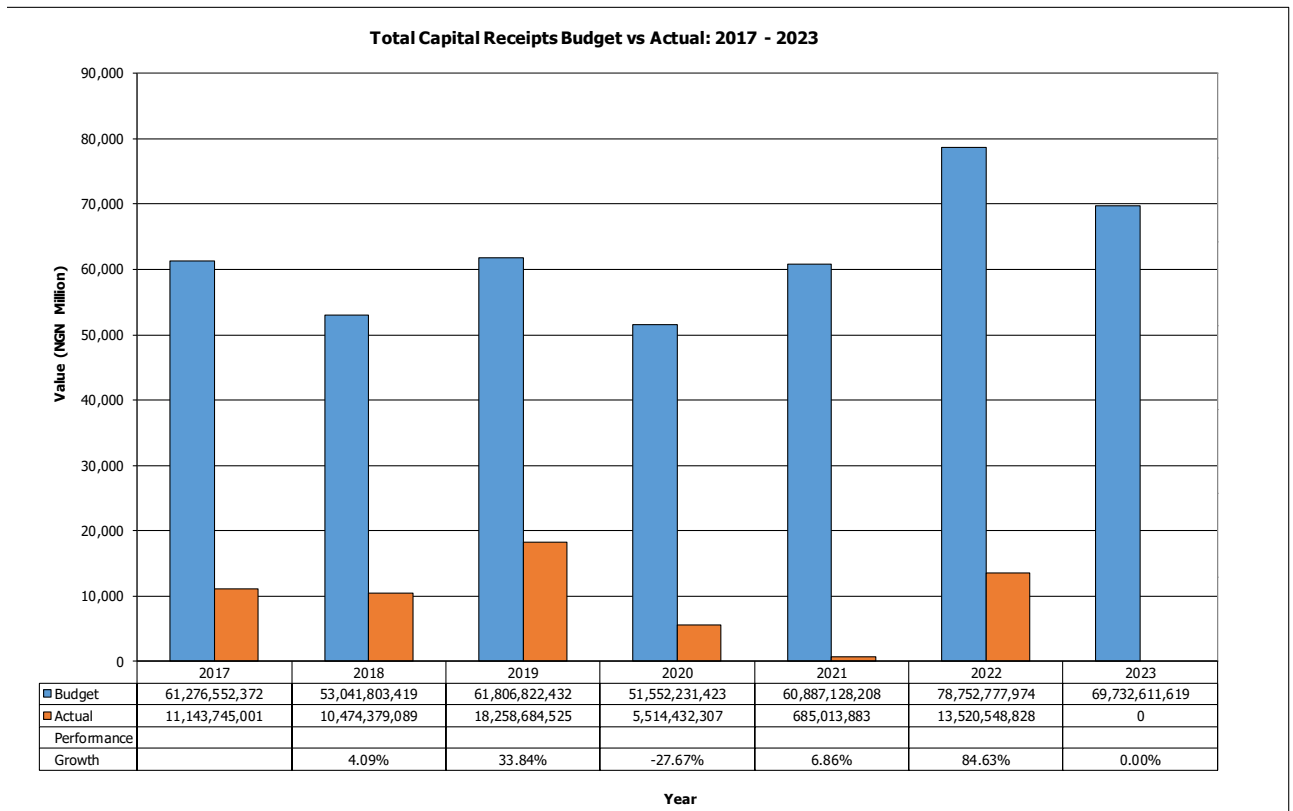
**Figure 9: Loans/Financing**



98. The Loans components instrument is used for the financing of the Budget deficit. This is made up of domestic and international loans.
99. 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).
100. The Loans instruments has been on the rise for the period under review (2017 – 2023) in terms of Approved Budget. The rise is also applicable to the actual performances within the period under consideration.
101. The year 2022 recorded a significant improvement in terms of performance over the Approved Budget. This was largely due to proper debt management adopted in the execution of important critical projects like Bauchi Urban Renewal Scheme and other capital infrastructures.
102. The overall Budget Performance compared to the Approved Budget for the period under review is very significant as all the years achieved between 70% and above.



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



103. 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.

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

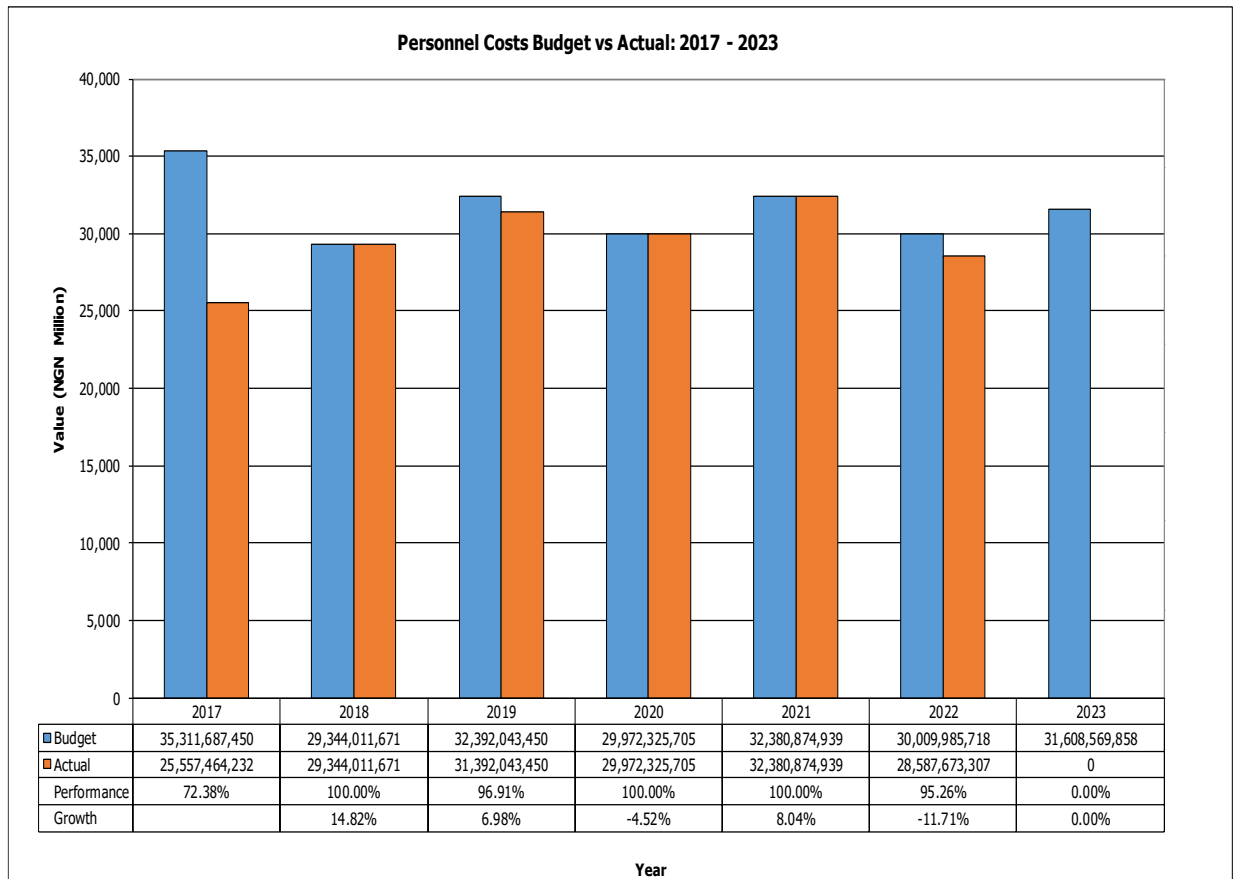
105. The only period that witnessed close to 40% was the year 2019 while the year 2021 witnessed a performance below 10%.

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

## Expenditure Side

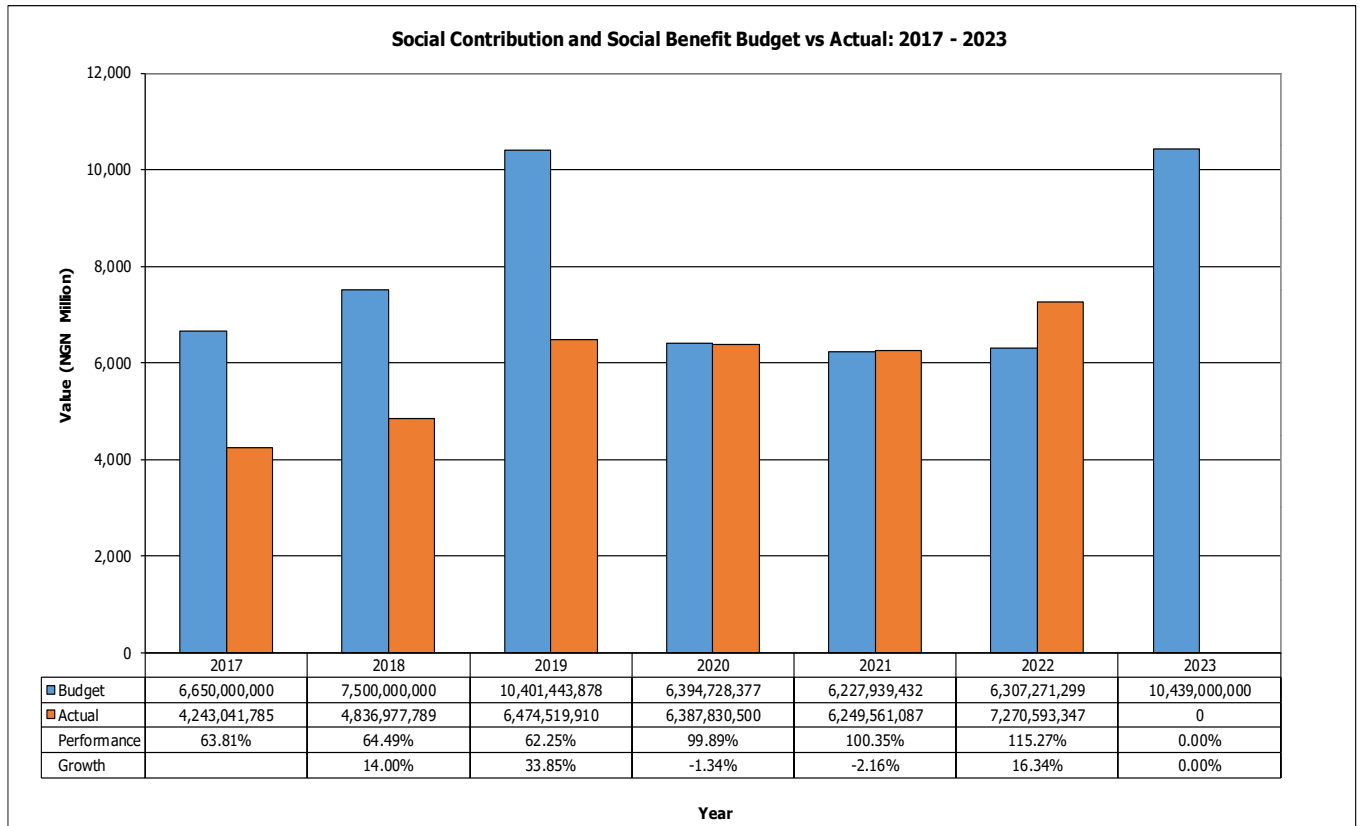
107. The document looks at Consolidated Revenue Fund (CRF) charges, Personnel, Overheads and Capital Expenditure – budget versus actual for the period 2017 - 2023 (six years) and 2021 budget.

**Figure 11: Personnel**



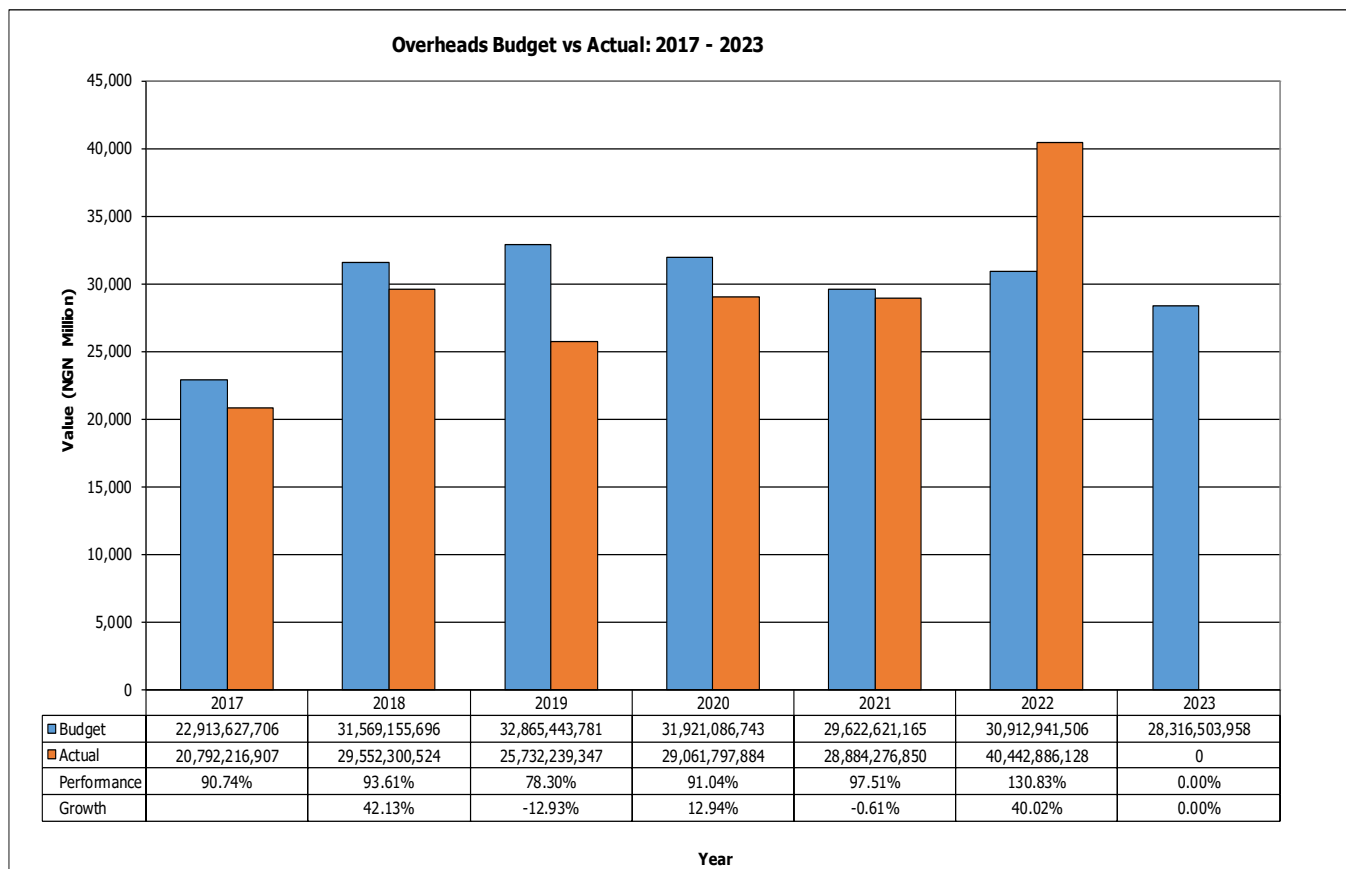
- 108. Personnel expenditure includes salaries, allowances and consolidated salaries of serving civil servants and political office holders of the state government, most of which are disbursed directly by MDAs.
- 109. Personnel costs rise in terms of Approved Budget and Actual Performances within the years under consideration has been on fluctuation basis as shown in the graph above.
- 110. However, the performances against the budget for the period under consideration has been significantly good because it was above 90% for most of the years except for the year 2017 which performance is about 72%.

**Figure 12: Social Contributions and Social Benefits**



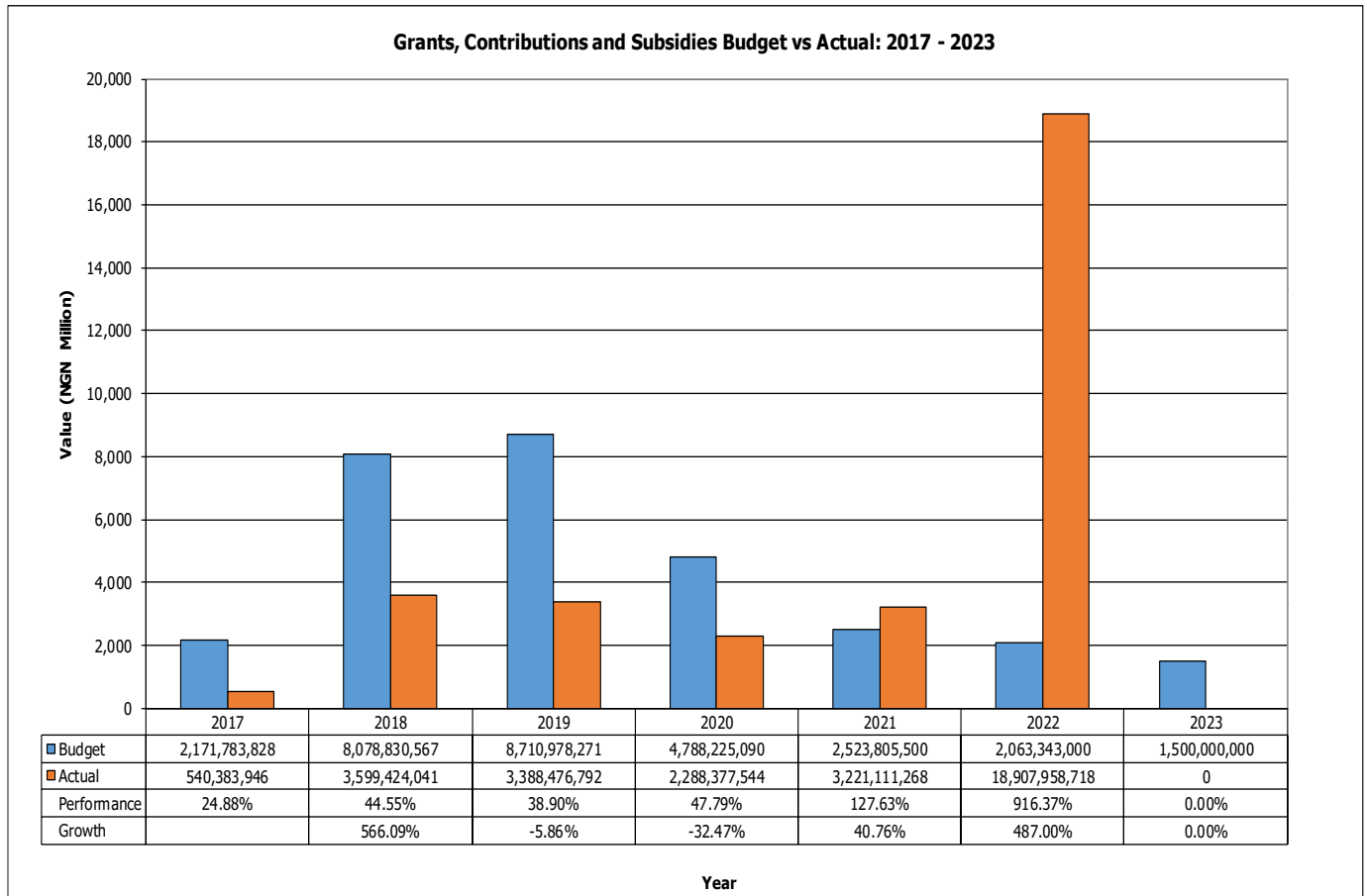
- 111. These are components of recurrent expenditures. They are associated with Pension and Gratuity of retired civil servants and political office holders of the State Government.
- 112. The performance growth has shown a considerable rate of about 10% on the average between 2017 to 2022.
- 113. The Actual performance between 2020 and 2021 is almost at the same level on the comparison. However, in comparison of the Approved Budget 2020 and 2021 is almost equal to the two period.
- 114. The performances between 2019 to 2022 is on a steady rise with a minimal drop in 2021.
- 115. The fluctuation in performance between 2017 to 2019 for remaining below 70% for those years is large due to little intervention in terms of payment of Gratuity.

Figure 13: Overheads



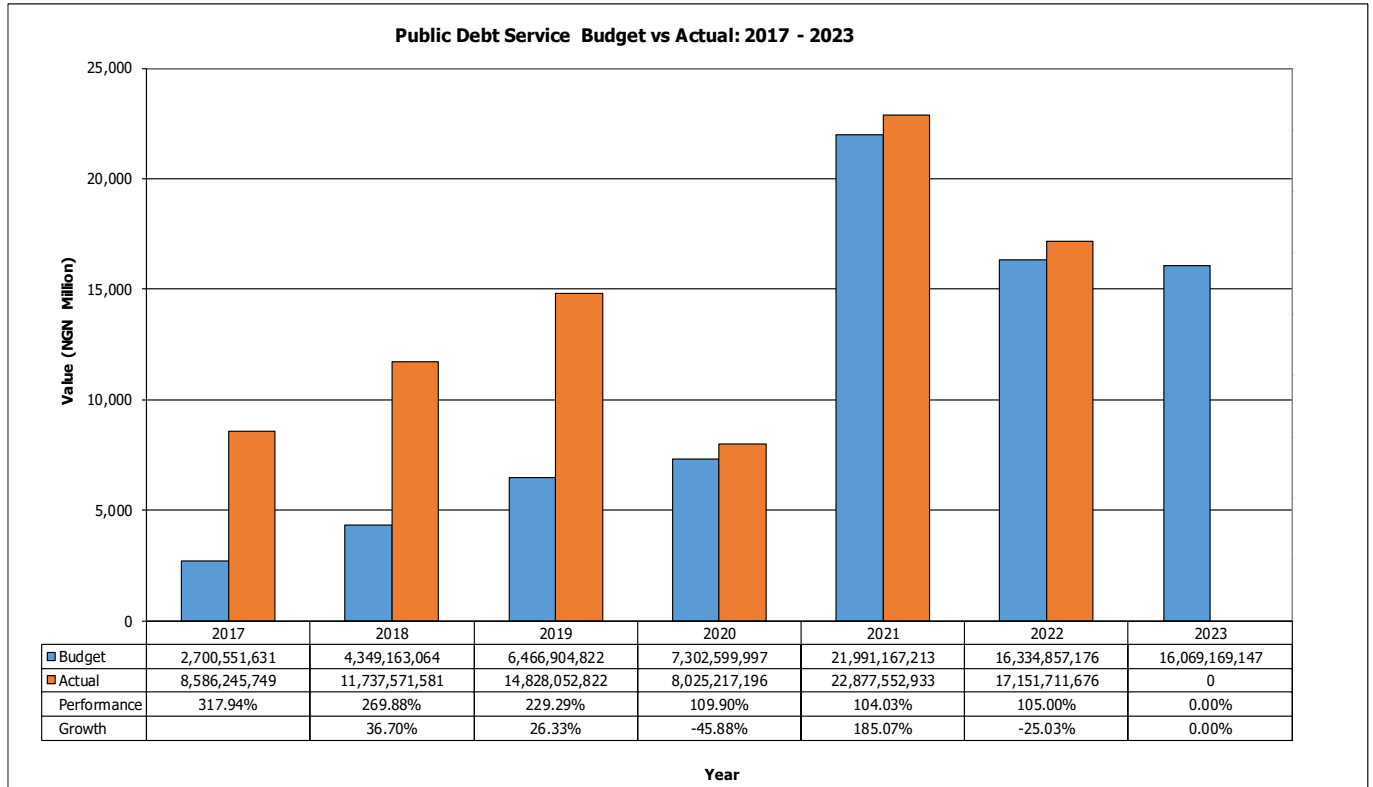
- 116. Overheads comprises mainly of operational maintenance costs for running of Government by the MDAs on daily basis. Overhead allocations are transferred to MDAs monthly subject to warrants.
- 117. Overhead expenditure has been somewhat inconsistent in terms of actual performance to the Budget over the period under review.
- 118. However, the performances for the period under consideration exceedingly well in comparison to the Approved Budgets.
- 119. The year 2022 witnessed a performance of 130% against the Approved Budget. This is because expenditures like security operational cost as well as other overhead cost witnessed a significant performance.
- 120. It is also quite interesting to note that the overall performance for the period under consideration shows that there is Budget Realism as it relate to the approved budget on the average.

**Figure 14: Grants, Contributions, Subsidies, Transfers**



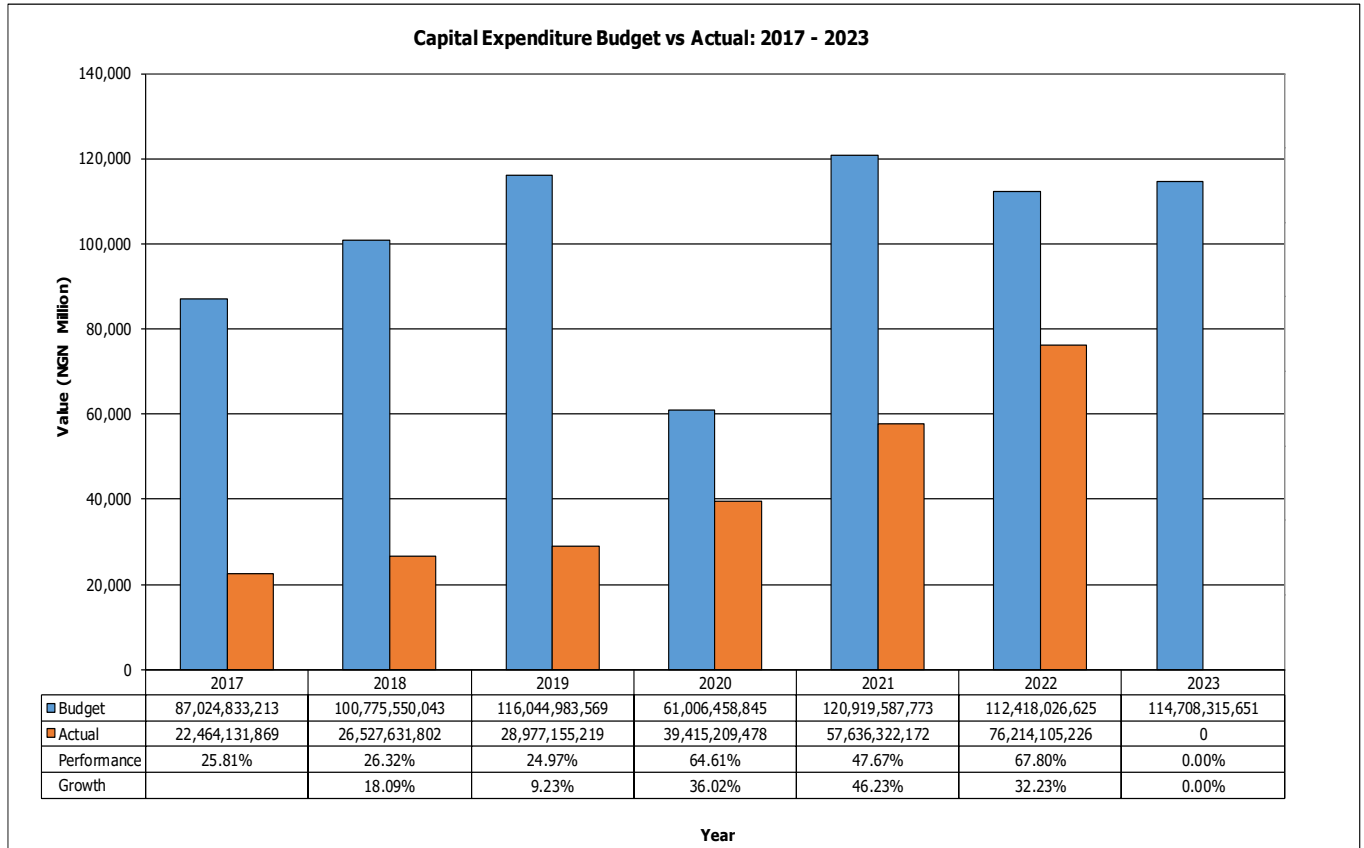
121. Grants, contributions, and subsidies are components of recurrent expenditure. These are expenditures often termed as assistance linked to individuals, public enterprises, NGOs, corporates organisations etc. that government often incurred within a particular financial year.
122. The years 2020 and 2021 recorded significant actual performances versus the Approved Budgets with 127,63% and 916.37% respectively compared to other years under consideration.
123. The years 2018 and 2019 recorded the highest budgetary allocations within the period under review.
124. The year 2017 performance is the lowest performance of 24.88% compared to all the years under consideration.
125. 2023 approved budget was the lowest compared to all the other approved budget for the years under consideration.

Figure 15: Public Debt Service



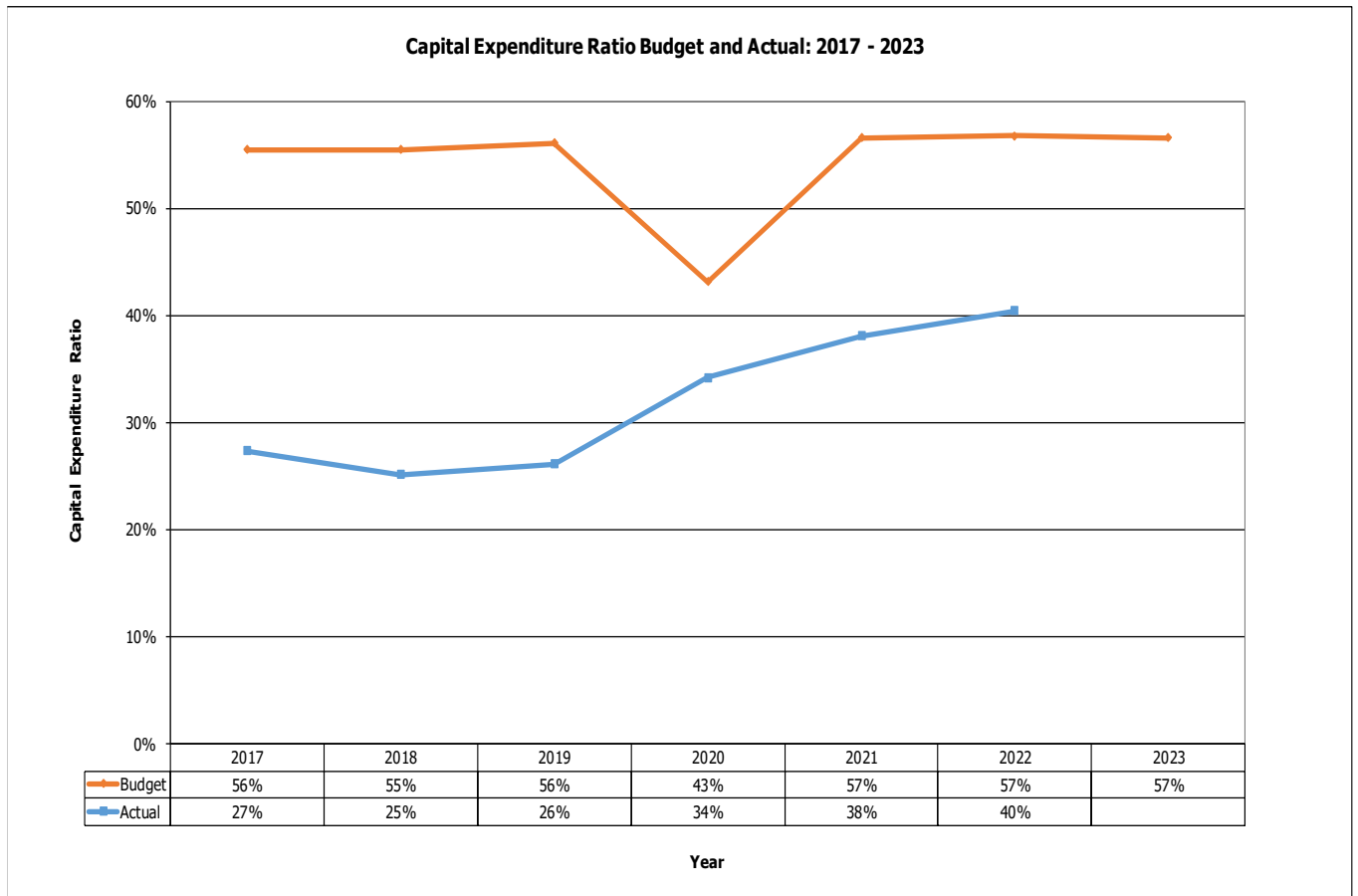
- 126. Public Debt Service often referred to as Loans Repayments. They are payments made in respect to loans taken by the Government. This is also known as loan servicing.
- 127. The actual performance for the period under review shows that the loan servicing performances was consistent to the approved budget. The actual performances were above the approved.
- 128. The year 2021 marked the year with highest budget performances as well as the approved budget.
- 129. The actual repayment from 2017 – 2019 shows a consistent growth rate of about 20% signifying that the State is servicing her loans according to terms and conditions.

**Figure 16: Capital Expenditure**



- 130. Capital expenditure refers to projects that generate state assets as well contribute to economic growth and development (e.g., roads, schools, hospitals). They serve as budget instrument or component that facilitate the creation of wealth in the society.
- 131. The overall budget performance of Capital Expenditure for the period under consideration was on a steady rise with an average of 15%.
- 132. The year 2020 witnessed a significant in the approved budget. This was as a result of the COVID-19 which saw the budget being reviewed downwardly.
- 133. The year 2022 was period for which capital expenditure recorded highest performance for the period under consideration. The significant performance is largely due to government renewed effort in providing infrastructure throughout the state.

**Figure 17: Recurrent: Capital Expenditure Ratio**



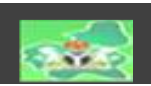
134. The capital expenditure ratio in terms of actual performance to the Approved Budget has been fluctuating between the range of 21% to 27% between 2017 to 2019. The actual performance started rising steadily and 2020 and 2022 with an average performance of 10%.

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



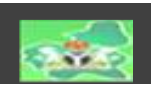
## **By Sector**

136. Performance by sector in respect to Personnel as shown in the table 6 below, cost varied over the period 2017 – 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.
137. 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.
138. Large expenditure by the governance sector is due to security challenges that bedevilled the State during the period under review. As noted below, there was rationing of releases for capital expenditure in 2016 due to the shortfalls in revenue.



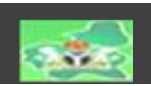
**Table 6: Personnel Expenditure by Sector – Budget Vs Actual**

Personnel Expenditure by Sector										
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
1	GOVERNMENT HOUSE	97,682,072	71,976,133	85,479,814	67,197,895	86,584,457	77,282,367	79.11%	0.29%	0.22%
2	GOVERNOR'S OFFICE (SSG's OFFICE)	375,030,620	236,086,965	285,787,282	230,299,991	334,580,031	1,086,274,098	130.25%	1.06%	1.31%
3	BAUCHI STATE HOUSE OF ASSEMBLY	639,576,192	137,476,585	478,467,485	91,356,296	746,971,401	369,949,235	35.53%	2.03%	0.69%
4	MINISTRY OF INFORMATION AND COMMUNIC	506,722,022	417,253,438	367,566,860	234,580,890	333,892,263	282,534,301	69.91%	1.44%	0.96%
5	OFFICE OF THE HEAD OF CIVIL SERVICE	928,762,412	972,582,166	1,029,326,539	2,989,930,065	1,191,431,918	8,194,343,346	363.47%	3.55%	12.32%
6	OFFICE OF STATE AUDITOR GENERAL	394,459,787	145,462,416	371,662,050	136,558,894	374,756,917	344,650,027	52.42%	1.47%	0.73%
7	CIVIL SERVICE COMMISSION	16,915,750	13,920,754	14,195,930	15,102,362	16,712,937	15,076,489	84.39%	0.06%	0.05%
8	LOCAL GOVERNMENT SERVICE COMMISSION	14,500,975	14,503,577	14,609,263	14,114,401	20,908,095	23,092,886	104.91%	0.05%	0.05%
9	STATE INDEPENDENT ELECTORAL COMMISSIO	30,957,370	21,824,217	28,629,251	20,387,130	21,288,733	18,380,307	76.27%	0.08%	0.06%
10	MINISTRY OF RELIGIOUS AFFAIRS AND SOCI	359,098,885	110,037,780	454,942,674	120,237,787	321,427,464	404,218,691	55.64%	0.95%	0.50%
11	MINISTRY OF RURAL DEVELOPMENT SPECIAL	0	0	0	0	0	0	0.00%	0.00%	0.00%
12	MINISTRY OF AGRICULTURE	2,061,669,288	2,046,442,121	1,945,895,605	1,893,839,970	1,625,102,689	1,693,753,596	100.71%	6.24%	6.00%
13	MINISTRY OF FINANCE-HQTRS	1,380,522,814	1,254,045,464	1,412,719,922	1,225,764,448	1,332,930,324	1,253,107,352	69.06%	4.57%	3.01%
14	MIN OF COMMERCE AND INDUSTRY	138,943,358	381,872,777	250,999,777	160,019,845	128,342,450	168,184,141	61.11%	1.18%	0.69%
15	MINISTRY OF POWER, SCIENCE & TECHNOLO	39,504,541	37,015,510	48,877,412	36,442,114	37,708,284	42,188,742	91.43%	0.13%	0.12%
16	MINISTRY OF NATURAL RESOURCES	6,516,853	0	0	4,486,656	3,095,973	4,486,656	88.03%	0.01%	0.01%
17	MINISTRY OF WORKS AND TRANSPORT	498,216,453	301,837,985	607,731,941	469,707,721	405,901,000	350,107,599	86.92%	1.52%	1.26%
18	MINISTRY OF TOURISM AND CULTURE	0	501,864	218,204,016	62,149,346	199,282,723	155,684,994	52.30%	0.34%	0.17%
19	MINISTRY OF LANDS AND SURVEY	116,390,838	73,512	152,199,998	42,100,788	158,460,648	111,579,687	24.08%	0.52%	0.12%
20	STATE PLANNING COMMISSION	102,057,222	83,113,192	87,553,159	76,935,871	83,604,045	74,849,011	89.22%	0.32%	0.28%
21	MINISTRY OF WATER RESOURCES	285,574,366	786,488,161	297,661,278	773,077,589	290,897,403	293,195,501	157.47%	0.97%	1.46%
22	MINISTRY OF HOUSING AND ENVIRONMENT	628,242,914	139,833,636	610,896,687	131,516,643	589,279,820	572,147,337	39.77%	1.92%	0.73%
23	JUDICIAL SERVICE COMMISSION	2,838,446,909	73,563,821	3,151,134,011	54,897,722	3,002,296,449	2,666,857,020	23.37%	9.92%	2.21%
24	MINISTRY OF JUSTICE	117,497,388	3,271,040,196	129,552,160	3,143,113,844	125,119,337	126,982,592	1576.38%	0.42%	6.31%
25	STATE DEVELOPMENT BOARD	111,170,793	105,172,942	111,991,435	100,217,493	111,023,589	88,735,381	85.71%	0.38%	0.31%
26	MINISTRY OF WOMEN AFFAIRS AND CHILD D	23,118,810	23,651,365	24,600,144	23,205,102	22,721,475	21,975,926	90.17%	0.08%	0.07%
27	MINISTRY OF EDUCATION	11,291,415,095	10,877,811,986	11,352,807,854	12,524,538,074	11,044,456,109	10,109,841,592	99.79%	36.47%	34.74%
28	MINISTRY OF HEALTH	6,450,911,911	7,727,236,541	8,183,232,322	6,992,688,652	6,936,116,349	6,688,882,935	108.25%	22.63%	23.38%
29	MINISTRY OF YOUTH AND SPORTS DEVELOPN	453,563,080	661,483,207	603,564,627	686,992,614	404,646,026	564,335,521	180.75%	1.18%	2.04%
30	MINISTRY FOR LOCAL GOVERNMENT AND CH	64,856,987	60,017,394	60,585,443	59,414,734	60,446,809	55,569,323	88.77%	0.22%	0.18%



**Table 7: Overhead Expenditure by Sector – Budget Vs Actual**

Overhead Expenditure by Sector										
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
1	GOVERNMENT HOUSE	2,228,233,327	2,884,959,539	2,796,474,619	2,593,788,920	2,940,474,619	2,453,764,892	88.76%	8.59%	7.79%
2	GOVERNOR'S OFFICE (SSG's OFFICE)	6,824,907,712	12,997,100,221	7,493,519,221	15,835,554,048	7,468,118,155	25,038,763,419	226.69%	23.10%	53.47%
3	BAUCHI STATE HOUSE OF ASSEMBLY	1,807,258,255	1,675,626,311	2,412,445,867	1,742,599,156	4,272,608,698	627,027,534	47.82%	9.55%	4.66%
4	MINISTRY OF INFORMATION AND COMMUNIC	183,131,671	13,373,146	367,566,860	39,818,352	356,073,920	178,816,347	23.28%	1.02%	0.24%
5	OFFICE OF THE HEAD OF CIVIL SERVICE	230,281,930	281,334,013	468,296,285	345,779,163	678,029,564	522,819,507	78.61%	1.43%	1.15%
6	OFFICE OF STATE AUDITOR GENERAL	87,319,000	54,952,297	158,000,000	68,670,008	178,250,000	49,769,150	42.08%	0.41%	0.18%
7	CIVIL SERVICE COMMISSION	15,919,150	14,375,140	25,337,810	17,556,498	25,337,810	12,426,306	65.08%	0.07%	0.05%
8	LOCAL GOVERNMENT SERVICE COMMISSION	16,725,104	210,510	38,500,000	1,663,410	49,862,000	105,790,456	72.83%	0.12%	0.09%
9	STATE INDEPENDENT ELECTORAL COMMISSIO	14,312,661	11,286,764	22,734,250	16,444,125	36,700,000	19,771,000	37.59%	0.13%	0.05%
10	MINISTRY OF RELIGIOUS AFFAIRS AND SOCI	229,916,343	127,721,822	359,843,928	117,235,640	397,639,935	590,695,923	60.70%	1.26%	0.78%
11	MINISTRY OF RURAL DEVELOPMENT SPECIAL	23,742,750	3,220,109	27,660,304	4,451,702	43,630,000	8,116,680	12.98%	0.10%	0.01%
12	MINISTRY OF AGRICULTURE	410,103,537	671,542,675	348,296,408	512,119,696	262,915,208	37,509,109	89.91%	1.08%	1.00%
13	MINISTRY OF FINANCE-HQTRS	9,702,055,968	6,441,722,175	1,401,484,445	3,828,854,314	1,627,038,595	4,956,509,534	119.39%	14.49%	17.66%
14	MIN OF COMMERCE AND INDUSTRY	98,037,842	14,430,842	74,555,342	24,534,968	91,432,342	49,685,710	25.40%	0.36%	0.09%
15	MINISTRY OF POWER, SCIENCE & TECHNOLO	25,088,300	17,402,530	61,979,550	24,457,195	54,300,000	21,510,705	32.76%	0.17%	0.06%
16	MINISTRY OF NATURAL RESOURCES	59,533,225	0	46,780,000	11,233,250	46,780,000	5,205,582	11.15%	0.15%	0.02%
17	MINISTRY OF WORKS AND TRANSPORT	60,887,625	90,599,869	371,475,991	309,791,510	540,686,741	155,459,293	63.93%	0.89%	0.58%
18	MINISTRY OF TOURISM AND CULTURE	30,055,000	11,802,025	83,409,290	14,092,650	152,266,500	29,400,294	20.81%	0.21%	0.04%
19	MINISTRY OF LANDS AND SURVEY	22,598,443	9,593,443	119,950,000	33,114,835	119,950,000	36,280,673	19.04%	0.33%	0.06%
20	STATE PLANNING COMMISSION	4,125,877,776	74,155,960	4,126,065,000	91,913,630	3,614,631,000	2,272,545,650	16.34%	12.10%	2.02%
21	MINISTRY OF WATER RESOURCES	47,582,950	3,010,200	108,650,000	3,563,552	154,617,913	11,226,275	3.67%	0.44%	0.02%
22	MINISTRY OF HOUSING AND ENVIRONMENT	73,224,700	9,385,138	172,390,000	2,822,889	248,730,000	44,210,770	8.95%	0.50%	0.05%
23	JUDICIAL SERVICE COMMISSION	335,517,746	27,750,000	755,377,086	26,995,237	1,008,485,000	179,455,074	10.55%	2.00%	0.22%
24	MINISTRY OF JUSTICE	366,649,358	368,904,990	631,206,558	348,744,678	602,280,000	471,171,085	61.51%	1.61%	1.01%
25	STATE DEVELOPMENT BOARD	67,822,500	164,607,062	188,500,000	185,884,910	139,000,000	223,251,186	116.10%	0.40%	0.47%
26	MINISTRY OF WOMEN AFFAIRS AND CHILD D	152,910,350	173,047,480	398,140,558	169,783,235	425,800,000	149,194,150	56.20%	1.00%	0.57%
27	MINISTRY OF EDUCATION	2,029,526,648	2,019,889,249	3,245,151,663	1,362,297,501	2,617,972,129	671,017,389	46.45%	9.13%	4.33%
28	MINISTRY OF HEALTH	1,880,756,079	848,584,208	2,238,257,542	1,101,951,531	1,949,431,377	928,959,935	42.19%	5.97%	2.57%
29	MINISTRY OF YOUTH AND SPORTS DEVELOPN	453,360,793	51,210,168	710,393,838	48,560,250	663,040,000	535,681,700	23.46%	2.53%	0.61%
30	MINISTRY FOR LOCAL GOVERNMENT AND CH	317,750,000	0	370,178,750	141,860,000	146,860,000	56,850,800	18.47%	0.85%	0.16%



**Table 8: Capital Expenditure by Sector – Budget Vs Actual**

Overhead Expenditure by Sector										
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
1	GOVERNMENT HOUSE	2,228,233,327	2,884,959,539	2,796,474,619	2,593,788,920	2,940,474,619	2,453,764,892	88.76%	8.59%	7.79%
2	GOVERNOR'S OFFICE (SSG's OFFICE)	6,824,907,712	12,997,100,221	7,493,519,221	15,835,554,048	7,468,118,155	25,038,763,419	226.69%	23.10%	53.47%
3	BAUCHI STATE HOUSE OF ASSEMBLY	1,807,258,255	1,675,626,311	2,412,445,867	1,742,599,156	4,272,608,698	627,027,534	47.82%	9.55%	4.66%
4	MINISTRY OF INFORMATION AND COMMUNICATIONS	183,131,671	13,373,146	367,566,860	39,818,352	356,073,920	178,816,347	23.28%	1.02%	0.24%
5	OFFICE OF THE HEAD OF CIVIL SERVICE	230,281,930	281,334,013	468,296,285	345,779,163	678,029,564	522,819,507	78.61%	1.43%	1.15%
6	OFFICE OF STATE AUDITOR GENERAL	87,319,000	54,952,297	158,000,000	68,670,008	178,250,000	49,769,150	42.08%	0.41%	0.18%
7	CIVIL SERVICE COMMISSION	15,919,150	14,375,140	25,337,810	17,556,498	25,337,810	12,426,306	65.08%	0.07%	0.05%
8	LOCAL GOVERNMENT SERVICE COMMISSION	16,725,104	210,510	38,500,000	1,663,410	49,862,000	105,790,456	72.83%	0.12%	0.09%
9	STATE INDEPENDENT ELECTORAL COMMISSION	14,312,661	11,286,764	22,734,250	16,444,125	36,700,000	19,771,000	37.59%	0.13%	0.05%
10	MINISTRY OF RELIGIOUS AFFAIRS AND SOCIAL WELFARE	229,916,343	127,721,822	359,843,928	117,235,640	397,639,935	590,695,923	60.70%	1.26%	0.78%
11	MINISTRY OF RURAL DEVELOPMENT SPECIAL AGENTS	23,742,750	3,220,109	27,660,304	4,451,702	43,630,000	8,116,680	12.98%	0.10%	0.01%
12	MINISTRY OF AGRICULTURE	410,103,537	671,542,675	348,296,408	512,119,696	262,915,208	37,509,109	89.91%	1.08%	1.00%
13	MINISTRY OF FINANCE-HQTRS	9,702,055,968	6,441,722,175	1,401,484,445	3,828,854,314	1,627,038,595	4,956,509,534	119.39%	14.49%	17.66%
14	MIN OF COMMERCE AND INDUSTRY	98,037,842	14,430,842	74,555,342	24,534,968	91,432,342	49,685,710	25.40%	0.36%	0.09%
15	MINISTRY OF POWER, SCIENCE & TECHNOLOGY	25,088,300	17,402,530	61,979,550	24,457,195	54,300,000	21,510,705	32.76%	0.17%	0.06%
16	MINISTRY OF NATURAL RESOURCES	59,533,225	0	46,780,000	11,233,250	46,780,000	5,205,582	11.15%	0.15%	0.02%
17	MINISTRY OF WORKS AND TRANSPORT	60,887,625	90,599,869	371,475,991	309,791,510	540,686,741	155,459,293	63.93%	0.89%	0.58%
18	MINISTRY OF TOURISM AND CULTURE	30,055,000	11,802,025	83,409,290	14,092,650	152,266,500	29,400,294	20.81%	0.21%	0.04%
19	MINISTRY OF LANDS AND SURVEY	22,598,443	9,593,443	119,950,000	33,114,835	119,950,000	36,280,673	19.04%	0.33%	0.06%
20	STATE PLANNING COMMISSION	4,125,877,776	74,155,960	4,126,065,000	91,913,630	3,614,631,000	2,272,545,650	16.34%	12.10%	2.02%
21	MINISTRY OF WATER RESOURCES	47,582,950	3,010,200	108,650,000	3,563,552	154,617,913	11,226,275	3.67%	0.44%	0.02%
22	MINISTRY OF HOUSING AND ENVIRONMENT	73,224,700	9,385,138	172,390,000	2,822,889	248,730,000	44,210,770	8.95%	0.50%	0.05%
23	JUDICIAL SERVICE COMMISSION	335,517,746	27,750,000	755,377,086	26,995,237	1,008,485,000	179,455,074	10.55%	2.00%	0.22%
24	MINISTRY OF JUSTICE	366,649,358	368,904,990	631,206,558	348,744,678	602,280,000	471,171,085	61.51%	1.61%	1.01%
25	STATE DEVELOPMENT BOARD	67,822,500	164,607,062	188,500,000	185,884,910	139,000,000	223,251,186	116.10%	0.40%	0.47%
26	MINISTRY OF WOMEN AFFAIRS AND CHILD DEVELOPMENT	152,910,350	173,047,480	398,140,558	169,783,235	425,800,000	149,194,150	56.20%	1.00%	0.57%
27	MINISTRY OF EDUCATION	2,029,526,648	2,019,889,249	3,245,151,663	1,362,297,501	2,617,972,129	671,017,389	46.45%	9.13%	4.33%
28	MINISTRY OF HEALTH	1,880,756,079	848,584,208	2,238,257,542	1,101,951,531	1,949,431,377	928,959,935	42.19%	5.97%	2.57%
29	MINISTRY OF YOUTH AND SPORTS DEVELOPMENT	453,360,793	51,210,168	710,393,838	48,560,250	663,040,000	535,681,700	23.46%	2.53%	0.61%
30	MINISTRY FOR LOCAL GOVERNMENT AND CHIEFS	317,750,000	0	370,178,750	141,860,000	146,860,000	56,850,800	18.47%	0.85%	0.16%

## 2.B.2 Debt Position

139. 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**

<b>Debt Sustainability Analysis</b>		
<b>A DSA RATIO SCENARIOS:</b>	<b>Sustainability Thresholds</b>	<b>As at 31st December 2022</b>
<b>Solvency Ratios</b>	<b>Percentage</b>	<b>Percentage</b>
<b>1</b> Total Domestic Debt/IGR	150%	597.48%
<b>2</b> Total External Debt/Gross FAAC	150%	91.76%
<b>3</b> Total Public Debt/Total Recurrent Revenue	150%	184.55%
<b>4</b> Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
<b>Liquidity Ratios</b>	<b>Percentage</b>	<b>Percentage</b>
<b>5</b> Domestic Debt Service/IGR	15%	7.61%
<b>6</b> External Debt Service/Gross FAAC	10%	0.16%
<b>8</b> Debt Service Deductions from FAAC/Gross FAAC	40%	19.97%
<b>8</b> Total Debt Service/Total Recurrent Revenue	25%	1.53%
<b>B PUBLIC DEBT DATA AS AT 31st DECEMBER 2022</b>		<b>Naira</b>
<b>1</b> Total Domestic Debt		108,795,486,652
<b>2</b> Total External Debt		74,360,389,319
<b>3 Total Public Debt</b>		<b>183,155,875,972</b>
<b>4</b> Total Domestic Debt Service 2022		1,386,037,070
<b>5</b> Total External Debt Service in 2022		132,109,967
<b>6 Total Public Debt Service</b>		<b>1,518,147,038</b>
<b>C STATE GDP FOR 2022</b>		
<b>1 State GDP</b>		0

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

141. 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

142. 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 2023-2025 Federal Fiscal Framework.

**Table 10: Bauchi State Macroeconomic Framework**

<b>Macro-Economic Framework</b>				
<b>Item</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
National Inflation	22.22%	21.00%	20.50%	20.30%
National Real GDP Growth	2.31%	3.76%	3.00%	3.00%
Oil Production Benchmark (MBPD)	1.3000	1.7800	1.7000	1.8000
Oil Price Benchmark	\$75.00	\$73.96	\$68.00	\$68.00
NGN:USD Exchange Rate	750	700	750	750
<b>Other Assumptions</b>				
Mineral Ratio	16%	30%	30%	30%

Source: *Bauchi State 2024 – 2026 MTEF*

#### 3.B Fiscal Strategy and Assumptions

##### Policy Statement

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

##### Objectives and Targets

144. 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 and other institutional guidelines that are provided from time to time.
  - Use loans to finance capital expenditure projects only;
  - Target other sources of capital receipts and financing such as Aids and Grants, PPP, etc.

#### 3.C Indicative Three-Year Fiscal Framework

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

**Table 10: Bauchi State Medium Term Fiscal Framework**

**Fiscal Framework**

Item	2023	2024	2025	2026
<b>Opening Balance</b>	9,997,749,725	30,152,000,211	7,852,455,024	7,933,105,577

<b>Recurrent Revenue</b>				
Statutory Allocation	61,909,072,252	88,094,906,983	96,904,397,681	102,950,235,000
Derivation	0	0	0	0
VAT	27,780,900,332	31,799,983,271	37,104,866,600	42,675,200,274
IGR	20,013,232,549	28,110,500,715	33,732,600,858	37,105,860,943
Excess Crude / Other Revenue	5,770,000,000	10,114,500,120	11,005,650,000	12,350,115,000
<b>Total Recurrent Revenue</b>	<b>115,473,205,132</b>	<b>158,119,891,089</b>	<b>178,747,515,139</b>	<b>195,081,411,217</b>

<b>Recurrent Expenditure</b>				
Personnel Costs	29,587,551,585	30,174,808,374	30,271,353,242	30,856,836,289
Social Contribution and Social Benefit	10,439,000,000	12,526,800,000	13,779,480,000	15,846,402,000
Overheads	28,316,503,958	30,950,165,005	33,145,900,350	34,750,000,450
Grants, Contributions and Subsidies	1,500,000,000	2,250,450,100	2,700,540,120	3,375,675,150
Public Debt Service	19,324,469,562	20,224,312,787	19,704,963,722	20,674,213,452
<b>Total</b>	<b>89,167,525,106</b>	<b>96,126,536,266</b>	<b>99,602,237,434</b>	<b>105,503,127,340</b>
<b>Transfer to Capital Account</b>	<b>36,303,429,751</b>	<b>92,145,355,035</b>	<b>86,997,732,729</b>	<b>97,511,389,453</b>

<b>Capital Receipts</b>				
Grants	16,124,813,875	11,681,293,500	12,882,000,533	11,194,700,000
Other Capital Receipts	6,382,776,488	9,196,858,155	7,781,358,155	5,456,358,155
<b>Total</b>	<b>22,507,590,363</b>	<b>20,878,151,655</b>	<b>20,663,358,688</b>	<b>16,651,058,155</b>

<b>Reserves</b>				
Contingency Reserve	0	0	0	0
Planning Reserve	4,901,460,732	7,634,434,783	7,429,181,820	7,078,967,102
<b>Total Reserves</b>	<b>4,901,460,732</b>	<b>7,634,434,783</b>	<b>7,429,181,820</b>	<b>7,078,967,102</b>

<b>Capital Expenditure</b>	<b>72,973,503,431</b>	<b>167,353,806,071</b>	<b>141,073,804,020</b>	<b>134,379,474,332</b>
Discretionary Funds	43,887,507,558	126,718,465,227	99,705,445,332	107,900,416,177
Non-Discretionary Funds	29,085,995,873	40,635,340,844	41,368,358,688	26,479,058,155

<b>Financing (Loans)</b>	49,215,944,260	69,817,189,189	48,775,000,000	35,350,000,000
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<b>Total Revenue (Including Opening Balance)</b>	<b>197,194,489,480</b>	<b>278,967,232,145</b>	<b>256,038,328,851</b>	<b>255,015,574,949</b>
<b>Total Expenditure (including Contingency Reserve)</b>	<b>167,042,489,269</b>	<b>271,114,777,121</b>	<b>248,105,223,274</b>	<b>246,961,568,774</b>

<b>Closing Balance</b>	30,152,000,211	7,852,455,024	7,933,105,577	8,054,006,175
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<b>Ratios</b>				
Growth in Recurrent Revenue	16.35%	36.93%	13.05%	9.14%
Growth in Recurrent Expenditure	16.86%	7.80%	3.62%	5.92%
Capital Expenditure Ratio	46.62%	64.54%	59.85%	57.28%
Deficit (Financing) to Total Expenditure	29.46%	25.75%	19.66%	14.31%
Deficit (Financing) to GDP Ratio	NA	NA	NA	NA

### 3.C.1 Assumptions

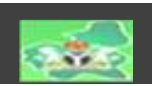
146. **Opening Balance** – The opening balance of the current year is closing balance of the previous year.
147. **Statutory Allocation** – the estimation for statutory allocation is usually based on an elasticity forecast taking into consideration the macro-economic framework (National) and the mineral assumptions in the 2024 - 2026 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and Inflation data. However, the forecasting value for the year 2024 is based on Own Value data. This method was adopted in order to maintain a more realistic and conservative data.
148. **VAT** - is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2024 - 2026 is based on the current rate of collections (i.e., 7.5%). The forecasting method adopted is the reflection Moving Average with 5 Year X-Outliers. This was adopted because the option gives a comfortable projection compared to the other options available.
149. **Other Federation Account Distributions** – the estimation is based on the current receipt (i.e., from January to September 2023). The projected figure was based on Own Value. This is because it is more predictive compared to other options available in the application. Furthermore, it is anticipated that the States will press FAAC for excess crude distributions in 2024 to fund some key and critical projects and programmes most especially with the removal of the petroleum oil subsidy.
150. **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 on the average of about 10% every year from 2021 and with the hope that it will start stabilizing in the year 2023. The Own Value which is consistent with the projected IGR annual growth rate of 10% is used to forecast IGR for 2024 – 2026.
151. **Grants** – The internal grants are based on the actual receipts for 2021 and performance from January to December 2022. External grants are based on signed grant agreements with the development partners.
152. **Financing (Net Loans)** – Bauchi State has commenced the floating of Bonds from the Capital Market as well as Contract Financing agreement of with some notable commercial banks. to finance Capital Infrastructure Development. The State Government is to provide guarantee for the Loans repayment. All other internal and external loans projections are based on signed agreement.



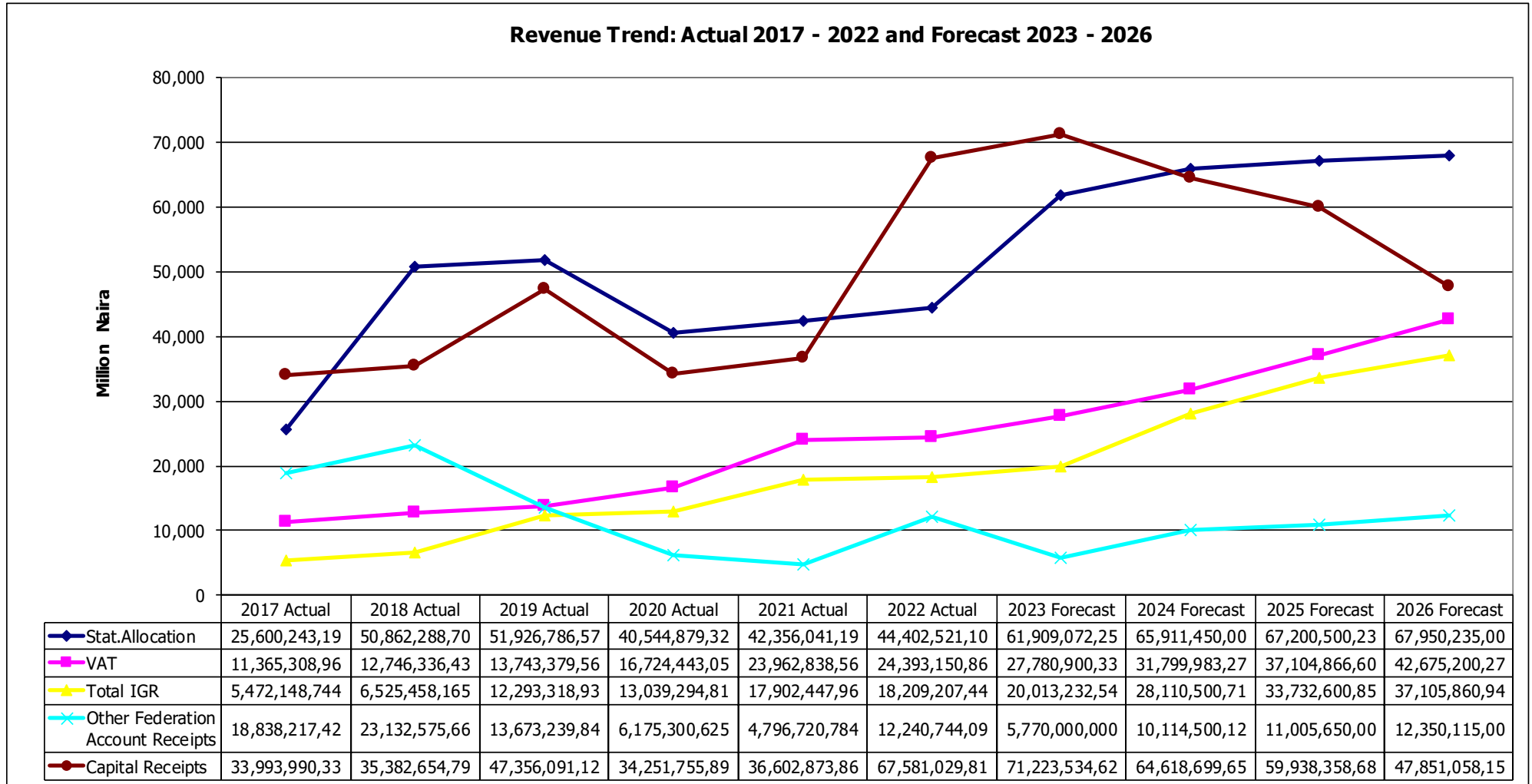
153. **Personnel** – Total wage bill will increase by 2.5% on the average between 2024 and 2026. A 5-year moving average without outliers was used to forecast Overhead Cost for the period under consideration. This option was adopted because it suits the current situation as well taking into consideration of the inflow of funds.
154. **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 forecast was adopted to project the overhead for 2024, 2024 and 2026. This option seems more comfortable compared to other options available most especially if the state wants to maintain the status quo.
155. **Social Contribution and Social Benefits** – With substantial increase in pension's payment which is considered as one off, Own Value forecasting method was used to estimate social contribution and social benefits for 2024 – 2026. This is largely due to the growing size of gratuity which is one of the component of social benefit.
156. **Grants and Contributions** – Grants and contribution is estimated to increase by 3% every year. Own Value was used for 2024 – 2026 forecast. This method was adopted because it is more predictive compared to other arrays of projections available.
157. **Public Debt Charge** – is based on the projected principal and interest repayment for 2023, 2024 and 2026. The forecasting method adopted under this expenditure component is the 5-year moving average without outliers.
158. **Transfer to Local Governments** – is 10% of total IGR for 2023, 2024 and 2025.
159. **Capital Expenditure** – this is the product of balance from the recurrent account plus capital receipts, less contingency reserve as outlined in table 10 above.

### **Fiscal Trends**

160. Based on the above envelope, plus actual figures for 2024 – 2026 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below:



**Figure 192: Bauchi State Revenue Trend**



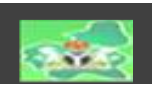
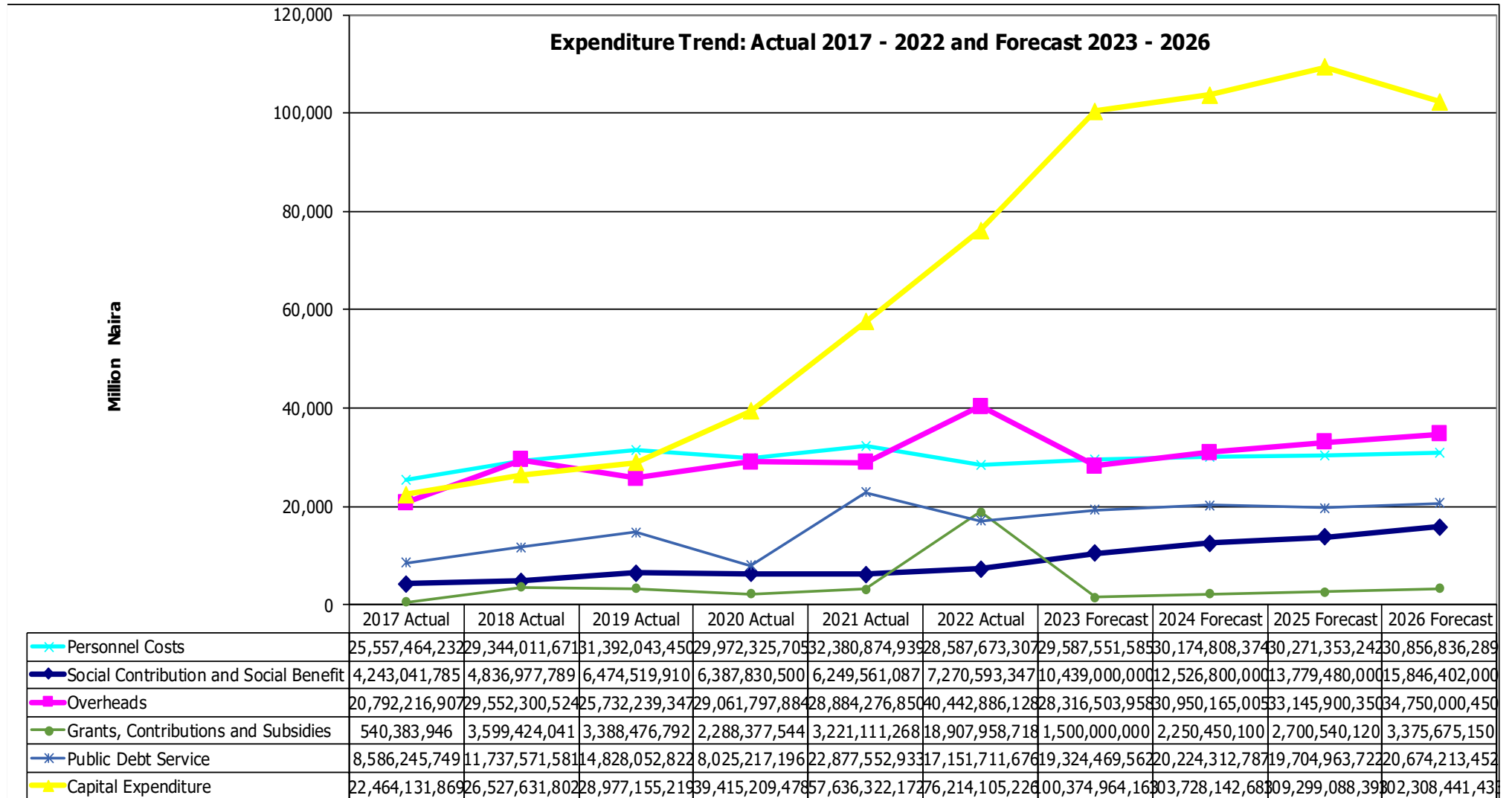
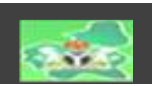


Figure 20: Bauchi State Expenditure Trend





**3.D Local Government Forecast**

161. 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 2024 are as follows:

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2024				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
ALKALERI	0.1967%	0.1382%	0.656%	3,169,475,700	1,219,166,475	559,051,390	18,435,616	<b>4,966,129,182</b>
BAUCHI	0.2376%	0.1734%	0.792%	3,827,475,721	1,530,004,117	675,113,434	22,262,949	<b>6,054,856,221</b>
BOGORO	0.1039%	0.0856%	0.346%	1,673,932,983	755,500,547	295,258,475	9,736,622	<b>2,734,428,626</b>
DAMBAN	0.1228%	0.0999%	0.409%	1,978,315,287	881,636,876	348,947,276	11,507,096	<b>3,220,406,535</b>
DARAZO	0.1558%	0.1215%	0.519%	2,509,574,415	1,072,003,328	442,653,990	14,597,225	<b>4,038,828,958</b>
DASS	0.1032%	0.0869%	0.344%	1,661,801,937	766,331,627	293,118,727	9,666,060	<b>2,730,918,352</b>
GAMAWA	0.1646%	0.1290%	0.549%	2,651,192,147	1,137,789,662	467,633,387	15,420,961	<b>4,272,036,157</b>
GANJUWA	0.1661%	0.1213%	0.554%	2,676,301,205	1,069,868,501	472,062,275	15,567,011	<b>4,233,798,992</b>
GIADE	0.1169%	0.1012%	0.390%	1,882,481,674	893,071,154	332,043,561	10,949,669	<b>3,118,546,058</b>
I/GADAU	0.1338%	0.1169%	0.446%	2,155,990,914	1,031,157,977	380,286,783	12,540,567	<b>3,579,976,240</b>
JAMA'ARE	0.1036%	0.0928%	0.345%	1,668,237,598	819,163,400	294,253,888	9,703,494	<b>2,791,358,380</b>
KATAGUM	0.1604%	0.1310%	0.535%	2,583,439,759	1,155,908,275	455,682,809	15,026,872	<b>4,210,057,714</b>
KIRFI	0.1319%	0.0992%	0.440%	2,124,755,910	875,389,339	374,777,363	12,358,885	<b>3,387,281,497</b>
MISAU	0.1540%	0.1241%	0.513%	2,481,046,805	1,094,486,140	437,622,117	14,431,291	<b>4,027,586,353</b>
NINGI	0.1974%	0.1506%	0.658%	3,179,406,604	1,328,400,041	560,803,064	18,493,381	<b>5,087,103,089</b>
SHIRA	0.1480%	0.1177%	0.493%	2,383,537,992	1,038,755,617	420,422,920	13,864,120	<b>3,856,580,649</b>
TAFAWA BALEWA	0.1455%	0.1147%	0.485%	2,344,392,377	1,012,233,840	413,518,178	13,636,425	<b>3,783,780,821</b>
TORO	0.2047%	0.1427%	0.682%	3,296,941,783	1,258,837,577	581,534,633	19,177,037	<b>5,156,491,031</b>
WARJI	0.1139%	0.0922%	0.380%	1,834,939,289	813,182,480	323,657,746	10,673,133	<b>2,982,452,648</b>
ZAKI	0.1275%	0.1086%	0.425%	2,053,243,358	958,284,545	362,163,545	11,942,924	<b>3,385,634,372</b>

**3.E Fiscal Risks**

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

**Table 3: Fiscal Risks**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Reaction</b>
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.
Fuel Subsidy removal will affect purchasing power of household thereby limiting investments and other economic activities	High	High	Most Household will concentrate on essential commodities to keep body and soul together thereby having little to plough back into savings and

163. There is no budget without risk. Therefore, implementation of the 2024 budget should be closely monitored to mitigate the negative impact of the risk as well as adopt measures that conform with Government development objectives.

## **4 Budget Policy Statement**

### **4.A Budget Policy Thrust**

164. The 2024 - 2026 Medium Term Budget Framework (MTBF) policy is targeted at attaining a realistic budget that will guarantee transparency and accountability towards achieving a sustainable economy that can ensure effective service delivery to the citizenry of Bauchi State. The Proposed 2024 Budget implementation approach includes efficient allocation of resources across all sectors focusing on sustainable development and good governance policy as enumerated below:
- a. Education;
  - b. Health;
  - c. Agriculture;
  - d. Youth and Women empowerment, job creation and community development;
  - e. Poverty reduction through 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.
165. 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 and Local Government to ensure synergy in providing adequate security throughout the State;
  - iii. Enhancement of economic activities through employment generation and other economic empowerment strategies in order to improve the living conditions of the populace;
  - iv. Embarking on qualitative education strategy by providing conducive teaching and learning environment through renovation of existing schools, construction of new ones, and provision of basic infrastructures;
  - v. Improvement of service delivery in existing Health institutions through the allocation of budgetary provision as required by international agreement;
  - vi. Modernization of agriculture to create wealth, employment and reduce poverty among the populace.
  - vii. Provision of water for human and animal consumption as well as irrigation for agricultural purposes.

- viii. Infrastructural development through road construction and provision of other social amenities.
- ix. Implementation of development partners' programmes and projects like the Agro-Climatic Resilience in Semi-Arid Landscapes (ACReSAL) Project, AGILE etc. in the State in line with agreement reached with the Federal Government and the World Bank.

166. Hence, we propose the 2024 Budget to be tagged “**Budget of Sustainability & Renewed Commitment**”.

#### **4.B Sector Allocations (3 Year)**

167. The total forecast budget size for the 2024 fiscal year as explained in Section 3.C above is N278,967,232,145 of which the sum of N96,126,536,266 representing 35% will be for recurrent expenditure (i.e. Personnel, Overhead, Social Contributions, Grants & Contributions and Public Debt Service) while N174,988,240,855 representing 65% will be for capital expenditure. N7,852,455,024 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.
168. Meanwhile, the Capital Expenditure component of N167,353,806,071 as highlighted in the model is in two parts, the discretionary capital expenditure of sum of N126,718,465,227 that will be spent across all MDAs and non-discretionary capital expenditure which is in forms of loans and grants to the tune of N40,635,340,844 is specifically earmarked for projects and programmes in Health, Education, Infrastructural Development, Agricultural Development, Community Development, Environment & Sewerage Management and General Administration.
169. The indicative overhead and capital allocation (envelope) to the sectors for 2024 - 2026 based on budget projections as shown in tables 8, 9 and 10 below:

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

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



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

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

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

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



#### **4.B Considerations for the Annual Budget Process**

170. 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 policies, programmes, 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

171. 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
- ✓ Spending outside Approved Budget is not encouraged and perpetrators will be sanctioned accordingly.