

# **Abia State Government**



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

**August 2024**

**To Cover Period: 2025 - 2027**

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# Abbreviations

BRINCS	Brazil, Russia, India, Nigeria, China, South Africa
CBN	Central Bank of Nigeria
CPIA	Country Policy and Institutional Assessment
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
IGR	Internally Generated Revenue
IMF	International Monetary Fund
MDA	Ministry, Department and Agencies
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
PFM	Public Financial Management
PIB	Petroleum Industry Bill
PITA	Personal Income Tax Act
PMS	Petroleum
ShoA	State House of Assembly
VAT	Value Added Tax
WEO	World Economic Outlook

# Section 1 Introduction and Background

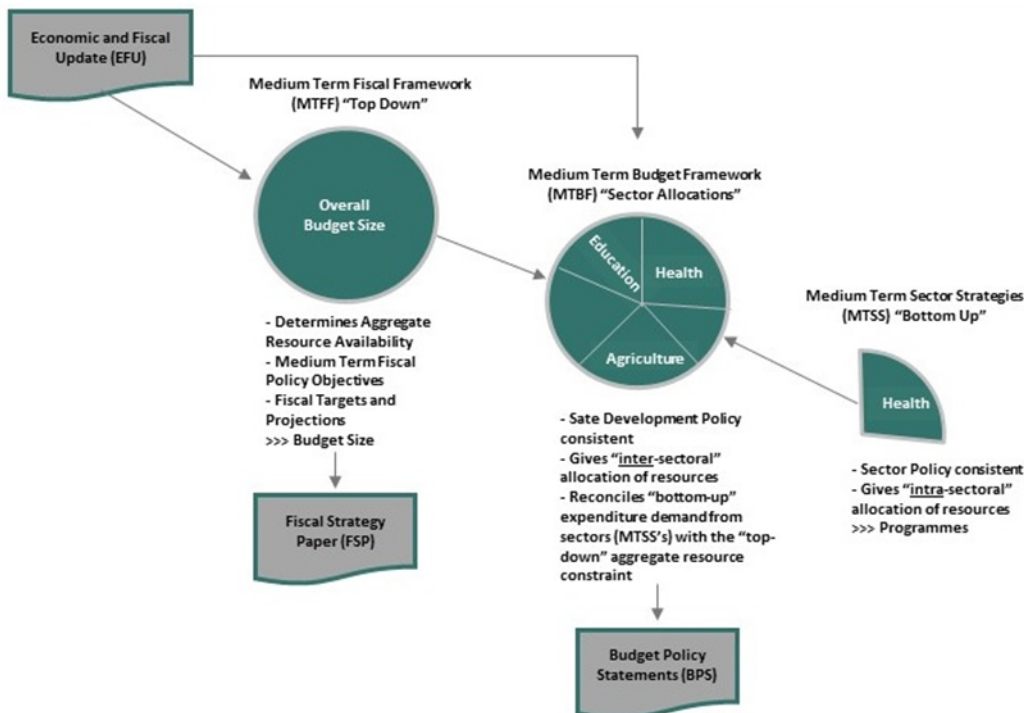
## 1.A Introduction

1. The Economic and Fiscal Update (EFU) provides economic and fiscal analyses which form the basis for budget planning process. It is aimed primarily at policy makers and decision takers in Abia State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.
2. On the other hand, Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) are key elements in Medium Term Expenditure Framework (MTEF) and annual budget process, and as such, they determine the resources available to fund Government projects and programmes from a fiscally sustainable perspective.
3. Abia State Government decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2017 as part of the movement toward a comprehensive MTEF process. This is the seventh iteration of the document and covers the period 2025 - 2027.

### 1.A.1 Budget Process

4. The budget process describes the budget cycle in a fiscal year. Its conception is informed by the MTEF process which has three components namely:
  - i. Medium Term Fiscal Framework (MTFF);
  - ii. Medium Term Budget Framework (MTBF);
  - iii. Medium Term Sector Strategies (MTSS).
5. It commences with the conception through preparation, execution, control, monitoring and evaluation and goes back again to conception for the ensuing year's budget.
6. The MTEF process is summarised in the diagram below:

**Figure 1: MTEF Process**



### **1.A.2 Summary of Document Content**

7. In accordance with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) is the first step in the budget preparation cycle for Abia State Government (ABSG) for the period 2025 - 2027.
8. The purpose of this document is three-fold:
  - i. To provide a backwards looking summary of key economic and fiscal trends that will affect the public expenditure in the future - Economic and Fiscal Update;
  - ii. To set out medium term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTF; and
  - iii. Provide indicative sector envelopes for the period 2025 - 2027 which constitute the MTBF.
9. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis in order to inform the budget planning process. It is aimed primarily at budget policy makers and decision takers in the Abia State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:
  - Overview of Global, National and State Economic Performance.
  - Overview of the Petroleum Sector.
  - Trends in budget performance over the last six years.
10. The FSP is a key element in the DSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund the Government's growth and poverty reduction programme from a fiscally sustainable perspective.

### **1.A.3 Preparation and Audience**

11. The purpose of this document is to provide an informed basis for the 2025 - 2027 budget preparation cycle for all of the key Stakeholders, specifically:
  - State House of Assembly (SHoA),
  - Executive Council (ExCo),
  - Ministry of Budget and Economic Planning
  - Ministry of Finance,
  - All Government Ministries, Departments and Agencies (MDA's),
  - Civil Society Organisations.
12. The document is prepared within in the first two quarters of the year prior to the annual budget preparation period. It is prepared by Abia 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>

13. **Legislative Framework for PFM in Abia State** - The fundamental law governing public financial management in Nigeria and Abia State in particular is the 1999 Constitution as amended. Section 120 and 121 of the Constitution provides that all revenues accruing to Abia State Government shall be received into a Consolidated Revenue Fund (CRF) to be maintained by the Government and revenue cannot be paid into any other fund, except as authorized by the State House of Assembly (SHoA) for a specific purpose. The withdrawal of funds from the CRF shall be authorized by the SHoA through the annual budget or appropriation process. The Governor of Abia State shall prepare and lay expenditure proposals for the coming financial year before the SHoA, and the SHoA shall approve the expenditure proposal by passing an Appropriation Law. The Appropriation Law shall authorize the executive arm of government to withdraw and spend the amounts specified from the CRF<sup>2</sup>.
14. Apart from the Nigerian Constitution, Abia State has a set of laws and regulations that regulate its budget preparation and implementation. The laws are:
  - a) **Finance (Control and Management) Act, 1958** reproduced as the law of Eastern Region Nigeria, 1963. On creation of States on 27th May, 1967, the Law was reproduced as law of East Central State and later Law of Abia State.
  - b) **Abia State Government Financial Regulations** issued under the Finance (Control and Management) Act. The Financial Regulations was revised on 1st January 2001. It provides guidelines for financial authorities, sub-accounting officer's cash book and monthly accounts, revenue-general, authorization of expenditure, expenditure-classification and control, payments procedure, adjustment, bank accounts and cheques, custody of public money, stamps, security books and documents, receipts and licence books, impress, self-accounting ministries/extra-ministerial departments or units, accounting procedure and equipment, boards of survey, loss of and shortages in public funds, deposits, advances, salaries, internal audit functions, government vehicles, store-classification and general, general instructions: books and forms of accounts, supervision and custody of stores, receipts of stores, issues of stores, returned stores, handing over stores, acquisition of stores, government contracts, tenders boards and tenders, loss of stores and unserviceable stores, stores inspection, allocated stores, unallocated stores, court accounts, pensions procedure, and miscellaneous.
  - c) **Abia State Fiscal Responsibility Law, 2012**. The FRL was enacted in 2012 based on the Federal Fiscal Responsibility Act. The FRL provides the following: the creation of the implementation organ, medium term fiscal framework, how public expenditure may be carried out, borrowing process, transparency and accountability in governance, principles of sound financial management, and application of law to Local Governments. The provisions for ensuring compliance as well as maintenance of reserve account are very weak.
  - d) **Abia State Public Procurement Law, 2012**. The Law No. 5 of 2012 establishes the Abia State Council of Public Procurement and the Bureau of Public Procurement as the regulatory authorities responsible for the monitoring and oversight of Public Procurements. The Law provides for a bicameral approach to procurement

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<sup>1</sup> Based on Diagnostic Review of Abia State Budget Process.

<sup>2</sup>Sections 120 and 121 of Constitution of Federal Republic of Nigeria 1999 as amended

administration; the Abia State Council on Public Procurement – the policy arm and the Bureau of Public Procurement - the technical oversight arm.

- e) **Abia State Audit Law, 2021** - provides for the appointment of the State Auditor-General and the Auditor-General for Local Governments and for other related purposes.
  - f) **The Abia State Tax (Codification and Consolidation) (Amendment No,1) Law, 2020** - provides for codification and consolidation of taxes, levies, charges and rates administered and collected by the Abia State Internal Revenue Service.
  - g) Occasional treasury circulars issued by the Accountant General of Abia State for additional rules and guidelines to support accounting, internal audit and stores procedures with Ministerial, Departments and Agencies (MDAs)
15. **Institutional Framework for PFM in Abia state** - The Constitution vests executive powers of the state in the Governor. The Governor shall cause to be prepared and laid before the House of Assembly at any time before the commencement of each financial year estimates of the revenues and expenditure of the State for the next following financial year. The Governor of Abia State exercises his executive powers either directly or through the Deputy Governor, the Commissioners, Special Advisers, Permanent Secretaries, Senior Special Assistants and other officers in the public service of Abia State.
  16. Specifically, the Abia State Executive Council (EXCO) formulates the priorities of the State Government and considers and recommends the state budget to the House of Assembly. On passage, the Governor signs the appropriation bill into law.
  17. The Ministry of Finance is the main organ of the EXCO for formulation and execution of fiscal policy. The functions of Ministry of Finance include, financial policy, borrowing, investment, loans, and advances, banking and treasury, boards of survey and boards of enquiry, etc. The Ministry of Finance has two important quasi-autonomous agencies, the Office of the Accountant General for the State (OAGS) and the Board of Internal Revenue (BIR).
  18. Specific functions of the OAGS include, maintenance of accounting policies and procedures, supervision and inspection of the accounting operations of all MDAs, inspection and monitoring of all revenue collectors, accounting for the SG's revenue and expenditure, safe custody of all revenue-earning books including license books, etc. The OAGS is also responsible for funds management, expenditure control, including of all MDAs, investment of surplus short-term funds, compilation of monthly and annual financial statements of accounts, treasury operations, maintenance of accounts, local and foreign, and internal audit, among others. The OAGS also deploys and posts accounting staff to MDAs.
  19. The Board of Internal Revenue is responsible for generation of government revenue. The Board formulates and executes Joint Tax Board (JTB) policies on taxation, stamp duties, motor vehicle licensing, pools betting and gaming machines, lotteries, sweepstakes, and raffles.
  20. The State Ministry of Budget and Economic Planning coordinates state development plans (long and medium-term), and preparation of annual budget.
  21. The Office of the Auditor General (State) audits and certifies the accounts of the State Government and submits certified reports to the SHoA. The Auditor General (Local Government) performs similar responsibilities at the local government level.
  22. The State Government allows line agencies some autonomy in expenditure control. Line agencies propose their budgets based on the guidelines issued by the EXCO through the Ministry of Budget and Economic Planning. There are three main categories of expenditure: personnel costs, overhead costs and capital expenditure. The payroll is centralized under the Head of Service (HoS). MDAs receive regular monthly disbursements for general items of overhead costs. They also receive, as the need arises, funds for other specific items of

overhead expenditure. MDAs have the responsibility to execute their capital program, but capital funds are paid project by project by the OAGS.

### 1.B.2 Overview of Budget Calendar

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

**Table 1: Budget Calendar**

Stage	Date (s)	Responsibility
Preparation of EFU-FSP-BPS Document	June/July	EFU-FSP-BPS Preparation Team
Submission of EFU-FSP-BPS to EXCO for Review and Approval	July	Ministry of Finance
Submission of EFU-FSP-BPS to House of Assembly and Political Engagement	July	EXCO
Pre-Budget Conference	July	Budget Department (Ministry of Budget and Economic Planning)), Ministry of Finance, and MDA's
Issuance of Budget Call Circular with Capital expenditure and Recurrent envelopes	July	Ministry of Budget and Economic Planning and Ministry of Finance
Stakeholder Consultation (MDAs, CSO's, other stakeholders)	August	Ministry of Budget and Economic Planning, Ministry of Finance, and MDA's
Preparation and Submission of MDA Budget Proposals	September	MDA's
Bilateral Discussions and Defence	September	Budget Committee
Preparation and Submission of MDA Budget Proposals	September	MDA's
Bilateral Discussions and Defence	September	Budget Committee
Consolidation of MDA's Proposals	September	Budget Department
EXCO Review and Approval of Draft Budget	October	EXCO
Presentation of Draft Budget to House of Assembly	October	HE, The Governor
Budget Defence by MDA's before House of Assembly	November	House of Assembly
Debate and Approval of Budget by House of Assembly	December	House of Assembly
HE, The Governor's Assent	December	HE, The Governor

## Section 2 Economic and Fiscal Update

### 2.A Economic Overview

#### 2.A.1 Global Economy

24. The International Monetary Fund's (IMF's) July 2024 World Economic Outlook (WEO) Update<sup>3</sup>, provides that Growth is expected to remain stable. At 3.2 percent in 2024 and 3.3 percent in 2025, the forecast for global economic growth is broadly unchanged from that in April. Under the hood, however, offsetting growth revisions have shifted the composition.
25. Among advanced economies, growth is expected to converge over the coming quarters (Figure 2). In the United States, projected growth is revised downward to 2.6 percent in 2024 (0.1 percentage point lower than projected in April), reflecting the slower-than-expected start to the year. Growth is expected to slow to 1.9 percent in 2025 as the labor market cools and consumption moderates, with fiscal policy starting to tighten gradually. By the end of 2025, growth is projected to taper to potential, closing the positive output gap.
26. In the euro area, activity appears to have bottomed out. In line with the April 2024 projection, a modest pickup of 0.9 percent is expected for 2024 (an upward revision of 0.1 percentage point), driven by stronger momentum in services and higher-than-expected net exports in the first half of the year; growth is projected to rise to 1.5 percent in 2025. This is underpinned by stronger consumption on the back of rising real wages, as well as higher investment from easing financing conditions amid gradual monetary policy loosening this year. Continued weaknesses in manufacturing suggest a more sluggish recovery in countries such as Germany. In Japan, the strong shunto wage settlement is expected to support a turnaround in private consumption starting in the second half. But the expectation for 2024 growth is revised downward by 0.2 percentage point, with the downward adjustment largely reflecting temporary supply disruptions and weak private investment in the first quarter.
27. The forecast for growth in emerging market and developing economies is revised upward; the projected increase is powered by stronger activity in Asia, particularly China and India. For China, the growth forecast is revised upward to 5 percent in 2024, primarily on account of a rebound in private consumption and strong exports in the first quarter. In 2025, GDP is projected to slow to 4.5 percent, and to continue to decelerate over the medium term to 3.3 percent by 2029, because of headwinds from aging and slowing productivity growth. The forecast for growth in India has also been revised upward, to 7.0 percent, this year, with the change reflecting carryover from upward revisions to growth in 2023 and improved prospects for private consumption, particularly in rural areas.
28. With regard to Latin America and the Caribbean, growth has been revised downward for 2024 in Brazil, reflecting the near-term impact of flooding, and in Mexico, due to moderation in demand. However, growth has been revised upwards in 2025 for Brazil to reflect reconstruction following the floods and supportive structural factors (for example, acceleration in hydrocarbon production). For the Middle East and Central Asia, oil production and regional conflicts continue to weigh on prospects. The growth forecast for 2024 in Saudi Arabia has been revised downward by 0.9 percentage point; the adjustment reflects mainly the extension of oil production cuts. Projected growth in Sudan is revised markedly downward, as persisting conflict takes a larger toll on the economy. The forecast for growth in sub-Saharan Africa is revised downward, mainly as a result of a 0.2

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<sup>3</sup> [World Economic Outlook Update, July 2024: The Global Economy in a Sticky Spot \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2024/07/01/wEO-24-07)

percentage point downward revision to the growth outlook in Nigeria amid weaker than expected activity in the first quarter of this year.

29. Trade makes a recovery. World trade growth is expected to recover to about 3¼ percent annually in 2024–25 (from quasi stagnation in 2023) and align with global GDP growth again. The uptick in the first quarter of this year is expected to moderate as manufacturing remains subdued. Although cross-border trade restrictions have surged, harming trade between geopolitically distant blocs, the global trade-to-GDP ratio is expected to remain stable in the projection.
30. Global inflation will continue to decline. In advanced economies, the revised forecast is for the pace of disinflation to slow in 2024 and 2025. That is because inflation in prices for services is now expected to be more persistent and commodity prices higher. However, the gradual cooling of labor markets, together with an expected decline in energy prices, should bring headline inflation back to target by the end of 2025. Inflation is expected to remain higher in emerging market and developing economies (and to drop more slowly) than in advanced economies. However, partly thanks to falling energy prices, inflation is already close to prepandemic levels for the median emerging market and developing economy.
31. Overall, risks to the outlook remain balanced, as in the April 2024 WEO, but some near-term risks have gained prominence. These include upside risks to inflation that stem from a lack of progress on services disinflation and price pressures emanating from renewed trade or geopolitical tensions. Risks of persistent inflation in the services sector are tied to both wage and price setting, given that labor accounts for a high share of the costs in that sector. Higher nominal wage growth, which in some cases reflects the catch-up of real wages, if accompanied by weak productivity, could make it difficult for firms to moderate price increases, especially when profit margins are already squeezed. This could lead to further stickiness in wage and price inflation. The escalation of trade tensions could further raise near-term risks to inflation by increasing the cost of imported goods along the supply chain. Bumpiness along the remaining disinflation path could destabilize the return to price stability if short-term expect.
32. The risk of elevated inflation has raised the prospects of higher-for-even-longer interest rates, which in turn increases external, fiscal, and financial risks. Prolonged dollar appreciation arising from rate disparities could disrupt capital flows and impede planned monetary policy easing, which could adversely impact growth. Persistently high interest rates could raise borrowing costs further and affect financial stability if fiscal improvements do not offset higher real rates amid lower potential growth (see IMF Blog).
33. The potential for significant swings in economic policy as a result of elections this year, with negative spill overs to the rest of the world, has increased the uncertainty around the baseline. These potential shifts entail fiscal profligacy risks that will worsen debt dynamics, adversely affecting long-term yields and ratcheting up protectionism. Trade tariffs, alongside a scaling up of industrial policies worldwide, can generate damaging cross-border spill overs, as well as trigger retaliation, resulting in a costly race to the bottom. By contrast, policies that promote multilateralism and a faster implementation of macrostructural reforms could boost supply gains, productivity, and growth, with positive spillovers worldwide.
34. As output gaps start to close and inflation recedes, policymakers face two tasks: persevering with restoring price stability and addressing the legacies of recent crises, including replenishing lost buffers and durably uplifting growth. In the near term, this will require careful calibration and sequencing of the policy mix. In countries where upside risks to inflation—including those arising through external channels—have materialized, central banks should refrain from easing too early and remain open to further tightening should it become necessary. Where inflation data encouragingly signal a durable return to price stability, monetary policy easing should proceed gradually, which would simultaneously

provide room for the required fiscal consolidation to take place. Fiscal slippages over the past year in some countries could require a stance significantly tighter than envisaged. As the space for fiscal manoeuvre narrows, commitments to achieving fiscal consolidation targets should be earnestly adhered to, aided by sound fiscal frameworks and resource mobilization (see Chapter 1 of the April 2024 Fiscal Monitor).

35. In emerging market and developing economies, recent policy divergences highlight the need to manage the risks of currency and capital flow volatility. Given that economic fundamentals remain the main factor in dollar appreciation, the appropriate response is to allow the exchange rate to adjust, while using monetary policy to keep inflation close to target. Foreign reserves should be used prudently and preserved to deal with potentially worse outflows in the future, in line with the IMF's Integrated Policy Framework. To the extent possible, macroprudential policies should mitigate vulnerabilities from large exposures to foreign-currency-denominated debt.
36. Near-term challenges aside, policymakers must act now to revitalize declining medium-term growth prospects. Striking differences in productivity trends across countries since the pandemic suggest that not all factors are cyclical and that decisive policy action is needed to enhance business dynamism and reduce resource misallocation to arrest weaknesses (see Chapter 3 of the April 2024 WEO). Further boosting labor supply, especially by better integrating women and immigrants—key segments contributing to economic resilience in advanced economies—will mitigate demographic pressures, adding to potential growth gains. While emigration of the young and educated population can take a toll on source countries, the costs can be mitigated. Policies that help leverage diaspora networks, maximize the benefits from remittances, and expand domestic labor market opportunities are possible avenues (see Chapter 4 of the October 2016 WEO).
37. Finally, the misuse of inward and domestically oriented policies compromises the ability to tackle global challenges—such as climate change—in regard to which multilateral cooperation and trade are vital. These policies are also often inadequate to address domestic issues, as they increase fiscal pressures and risk further distortions such as resource misallocation. All countries should thus scale back on use of trade-distorting measures and strive instead to strengthen the multilateral trading system.
38. The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in

**Selected Economies Real GDP Growth**

*(Percent change)*

	2022	2023	Projections		Difference from April 2024 WEO Projections 1/	
			2024	2025	2024	2025
Argentina	5.0	-1.6	-3.5	5.0	-0.7	0.0
Australia	3.9	2.0	1.4	2.0	-0.1	0.0
Brazil	3.0	2.9	2.1	2.4	-0.1	0.3
Canada	3.8	1.2	1.3	2.4	0.1	0.1
China	3.0	5.2	5.0	4.5	0.4	0.4
Egypt 2/	6.7	3.8	2.7	4.1	-0.3	-0.3
France	2.6	1.1	0.9	1.3	0.2	-0.1
Germany	1.8	-0.2	0.2	1.3	0.0	0.0
India 2/	7.0	8.2	7.0	6.5	0.2	0.0
Indonesia	5.3	5.0	5.0	5.1	0.0	0.0
Iran 2/	3.8	4.6	3.3	3.1	0.0	0.0
Italy	4.0	0.9	0.7	0.9	0.0	0.2
Japan	1.0	1.9	0.7	1.0	-0.2	0.0
Kazakhstan	3.3	5.1	3.5	4.6	0.4	-1.0
Korea	2.6	1.4	2.5	2.2	0.2	-0.1
Malaysia	8.9	3.6	4.4	4.4	0.0	0.0
Mexico	3.7	3.2	2.2	1.6	-0.2	0.2
Netherlands	4.3	0.1	0.7	1.5	0.1	0.2
Nigeria	3.3	2.9	3.1	3.0	-0.2	0.0
Pakistan 2/	6.2	-0.2	2.0	3.5	0.0	0.0
Philippines	7.6	5.5	6.0	6.2	-0.2	0.0
Poland	5.6	0.2	3.1	3.5	0.0	0.0
Russia	-1.2	3.6	3.2	1.5	0.0	-0.3
Saudi Arabia	7.5	-0.8	1.7	4.7	-0.9	-1.3
South Africa	1.9	0.7	0.9	1.2	0.0	0.0
Spain	5.8	2.5	2.4	2.1	0.5	0.0
Thailand	2.5	1.9	2.9	3.1	0.2	0.2
Türkiye	5.5	4.5	3.6	2.7	0.5	-0.5
United Kingdom	4.3	0.1	0.7	1.5	0.2	0.0
United States	1.9	2.5	2.6	1.9	-0.1	0.0

Source: IMF staff calculations.

Note: The selected economies account for approximately 83 percent of world output.

1/ Difference based on rounded figures for the current and April 2024 WEO forecasts.

2/ Data and forecasts are presented on a fiscal year basis.

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41.

42.

43. Table 2 and Table 3 below.

44. Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

**Selected Economies Real GDP Growth***(Percent change)*

	2022	2023	Projections		Difference from April 2024 WEO Projections 1/	
			2024	2025	2024	2025
Argentina	5.0	-1.6	-3.5	5.0	-0.7	0.0
Australia	3.9	2.0	1.4	2.0	-0.1	0.0
Brazil	3.0	2.9	2.1	2.4	-0.1	0.3
Canada	3.8	1.2	1.3	2.4	0.1	0.1
China	3.0	5.2	5.0	4.5	0.4	0.4
Egypt 2/	6.7	3.8	2.7	4.1	-0.3	-0.3
France	2.6	1.1	0.9	1.3	0.2	-0.1
Germany	1.8	-0.2	0.2	1.3	0.0	0.0
India 2/	7.0	8.2	7.0	6.5	0.2	0.0
Indonesia	5.3	5.0	5.0	5.1	0.0	0.0
Iran 2/	3.8	4.6	3.3	3.1	0.0	0.0
Italy	4.0	0.9	0.7	0.9	0.0	0.2
Japan	1.0	1.9	0.7	1.0	-0.2	0.0
Kazakhstan	3.3	5.1	3.5	4.6	0.4	-1.0
Korea	2.6	1.4	2.5	2.2	0.2	-0.1
Malaysia	8.9	3.6	4.4	4.4	0.0	0.0
Mexico	3.7	3.2	2.2	1.6	-0.2	0.2
Netherlands	4.3	0.1	0.7	1.5	0.1	0.2
Nigeria	3.3	2.9	3.1	3.0	-0.2	0.0
Pakistan 2/	6.2	-0.2	2.0	3.5	0.0	0.0
Philippines	7.6	5.5	6.0	6.2	-0.2	0.0
Poland	5.6	0.2	3.1	3.5	0.0	0.0
Russia	-1.2	3.6	3.2	1.5	0.0	-0.3
Saudi Arabia	7.5	-0.8	1.7	4.7	-0.9	-1.3
South Africa	1.9	0.7	0.9	1.2	0.0	0.0
Spain	5.8	2.5	2.4	2.1	0.5	0.0
Thailand	2.5	1.9	2.9	3.1	0.2	0.2
Türkiye	5.5	4.5	3.6	2.7	0.5	-0.5
United Kingdom	4.3	0.1	0.7	1.5	0.2	0.0
United States	1.9	2.5	2.6	1.9	-0.1	0.0

Source: IMF staff calculations.

Note: The selected economies account for approximately 83 percent of world output.

1/ Difference based on rounded figures for the current and April 2024 WEO forecasts.

2/ Data and forecasts are presented on a fiscal year basis.

**Table 2 Real GDP Growth – Selected Economies**



Country	Actual				Forecast		
	2019	2020	2021	2022	2023	2024	2028
Mexico	-0.2	-8.2	4.8	2.0	1.8	1.6	1.8
Indonesia	5	-2.1	3.7	5.4	5.0	5.1	5.0
Turkey	0.9	1.8	11.0	2.7	2.7	3.6	3.0
United States	2.3	-3.4	5.7	3.7	1.6	1.1	2.1
Germany	1.1	-4.6	2.8	2.1	-0.1	1.1	1.1
United Kingdom	1.7	-9.3	7.4	3.7	-0.3	1.0	1.5
China	6	2.2	8.1	4.4	5.2	4.5	3.4
Ghana	6.5	0.4	4.2	5.2	1.6	2.9	5
South Africa	0.1	-6.4	4.9	1.9	0.1	1.8	1.4
Brazil	1.2	-3.9	4.6	0.8	0.9	1.5	2.0
Angola	-0.7	-5.6	0.7	3.0	3.5	3.7	4.2
Nigeria	2.2	-1.8	3.6	3.4	3.2	3.0	3.0

Source: IMF's World Economic Outlook, April 2023

**Table 3 Inflation – Selected Economies**

Country	Actual				Forecast		
	2019	2020	2021	2022	2023	2024	2027
Mexico	3.6	3.4	5.7	6.8	6.3	3.9	3.0
Indonesia	2.9	2.0	1.6	3.3	4.4	3.0	2.5
Turkey	15.2	12.3	19.6	60.5	50.6	35.2	20.0
United States	1.8	1.2	4.7	7.7	4.5	2.3	2.1
Germany	1.4	0.4	3.2	5.5	6.2	3.1	2.0
United Kingdom	1.8	0.9	2.6	7.4	6.8	3.0	2.0
China	2.9	2.4	0.9	2.1	2.0	2.2	2.2
Ghana	7.1	9.9	10.0	16.3	45.4	22.2	8.0
South Africa	4.1	3.3	4.5	5.7	5.8	4.8	4.5
Brazil	3.7	3.2	8.3	8.2	5.0	4.8	3.0
Angola	17.1	22.3	25.8	23.9	11.7	10.8	8.9
Nigeria	11.4	13.2	17.0	16.1	20.1	15.8	14.0

Source: IMF's World Economic Outlook, April 2023

### 2.A.2 Africa

45. The African Economic Outlook, 2022<sup>4</sup> provides that African economies continue to contend with significant structural challenges and multiple severe shocks, including heightened food and energy prices driven by geopolitical tensions such as Russia's invasion of Ukraine, climate issues affecting agriculture and energy production, and persistent political instability. This challenging environment has led to a slowdown in Africa's real GDP growth, which dropped to 3.1 percent in 2023 from 4.1 percent in 2022. Looking forward, however, the economic outlook is more positive, with growth expected to increase to 3.7 percent in 2024 and 4.3 percent in 2025, highlighting the strong resilience of African economies. This growth rebound will be underpinned by expected improvements in global economic

<sup>4</sup> African Economic Outlook 2024 - Driving Africa's Transformation. The Reform of the Global Financial Architecture(afdb.org)

conditions and effective policy measures. With these outturns, Africa will remain the second-fastest growing region globally, with 40 countries set to achieve post higher growth rates relative to 2023 levels.

46. Despite the global challenges that tested economies worldwide, the African continent is projected to remain resilient. Real GDP growth is projected to rise to 3.7 percent in 2024 and 4.3 percent in 2025, exceeding the 4.1 percent in 2022, as most of the effects of the above factors weighing on growth in 2023 fade away (figure 1 and annex 1.1A). The projected rebound in Africa's average growth will be led by east Africa (up 3.4 percentage points) and Southern Africa and West Africa (each rising by 0.6 percentage points). Crucially, 40 countries will post higher growth in 2024 relative to 2023, 17 economies are projected to grow by more than 5 percent in 2024, and the number could rise to 24 the following year, as the pace of growth accelerates. This is remarkable and Africa will retain its 2023 ranking as the second-fastest growing region after Asia, in 2024-25 with projected GDP growth exceeding the global average of 3.2 percent in 2024.
47. The growth outlook in 2024–25 is heterogenous across Africa's regions and economic groupings, reflecting differences in the structure of economies, commodity dependence, and the domestic policy responses to mitigate impact of these shocks.
48. East Africa is expected to bounce back as Africa's fastest growing region, with real GDP growth rising from an estimated 1.5 percent in 2023 to 4.9 percent in 2024 and 5.7 percent in 2025. The downward revision of 0.2 per-centage points for 2024 compared with the forecast in the January 2024 MeO is due to larger-than-expected contractions in Sudan and South Sudan due to the ongoing conflict in the former.
49. • Growth in Central Africa is expected to mod-erate from 4.3 percent in 2023 to 4.1 percent in 2024 before improving strongly to 4.7 percent in 2025. The upgraded forecast of 0.6 per-centage point for 2024 over the January 2024 projections is attributable to expectations of stronger growth in Chad and the Democratic Republic of Congo due to expectations of favourable metal prices.
50. Growth is projected to pick up in West Africa, rising from an estimated 3.6 percent in 2023 to 4.2 percent in 2024 and consolidating at 4.4 percent the following year. This is an upgrade of 0.3 percentage points for 2024 over the January MeO 2024 projections, reflecting stronger growth upgrades in the region's large economies— Côte d'Ivoire, Ghana, Nigeria, and Senegal.
51. In North Africa, growth is projected to decline from an estimated 4.1 percent in 2023 to 3.6 percent in 2024 and 4.2 percent in 2025, with a downward revision of 0.3 percentage point for 2024 from the January 2024 MeO. except for Libya and Mauritania, growth has been revised downward for all other countries in the region.
52. Growth in Southern Africa is projected to pick up slightly from an estimated 1.6 percent in 2023 to 2.2 percent in 2024 and firm up to 2.7 percent in 2025. The growth rates for 2024 and 2025 show an upgrade of 0.1 percentage point over the January 2024 projections, mainly reflecting a 0.7 percentage point increase in South Africa's projected growth. Due to South Africa's larger weight in the region, the upgraded growth forecast offset the combined effect of downward revisions in Angola, Botswana, Lesotho, Zambia, and Zimbabwe.
53. Average growth in non-resource–intensive economies is projected to improve from an estimated 4.8 percent in 2023 to 5.3 percent in 2024 and 5.6 percent in 2025. This growth is underpinned by increased public investments in major growth sectors and substantial capital outlays on critical public infrastructure including electricity, transport, and logistics.
54. Growth for tourism-dependent economies is projected to decelerate from 5.8 percent in 2023 to 4.7 percent in 2024 and further to 3.9 percent in 2025. This deceleration reflects

the stabilization of tourism numbers to trend levels, with projected slower economic growth in Mauritius and Seychelles as the key driver for the group.

55. Average growth in oil-exporting countries is expected to decline from an estimated 3.7 percent in 2023 to 3.5 percent in 2024 but could pick up the pace to 4 percent in 2025. The projected slowdown in 2024 reflects lower oil production targets set by the Organization of the Petroleum exporting Countries (OPEC), lower growth projections in South Sudan following the vandalizing of an oil pipeline due to the ongoing conflict, and uncertainty over new mechanisms for Angola's oil exports following its exit from OPEC.
56. Growth in other (non-oil) resource-intensive economies on the continent is estimated to improve strongly from 0.3 percent in 2023 to 2.7 percent in 2024 and consolidate at 3.3 percent projected for 2025. The sharp increase in growth will be driven largely by rebound in China's demand for metals and minerals linked to expansions in smart grids and construction.

### 2.A.3 Nigerian Economy<sup>5</sup>

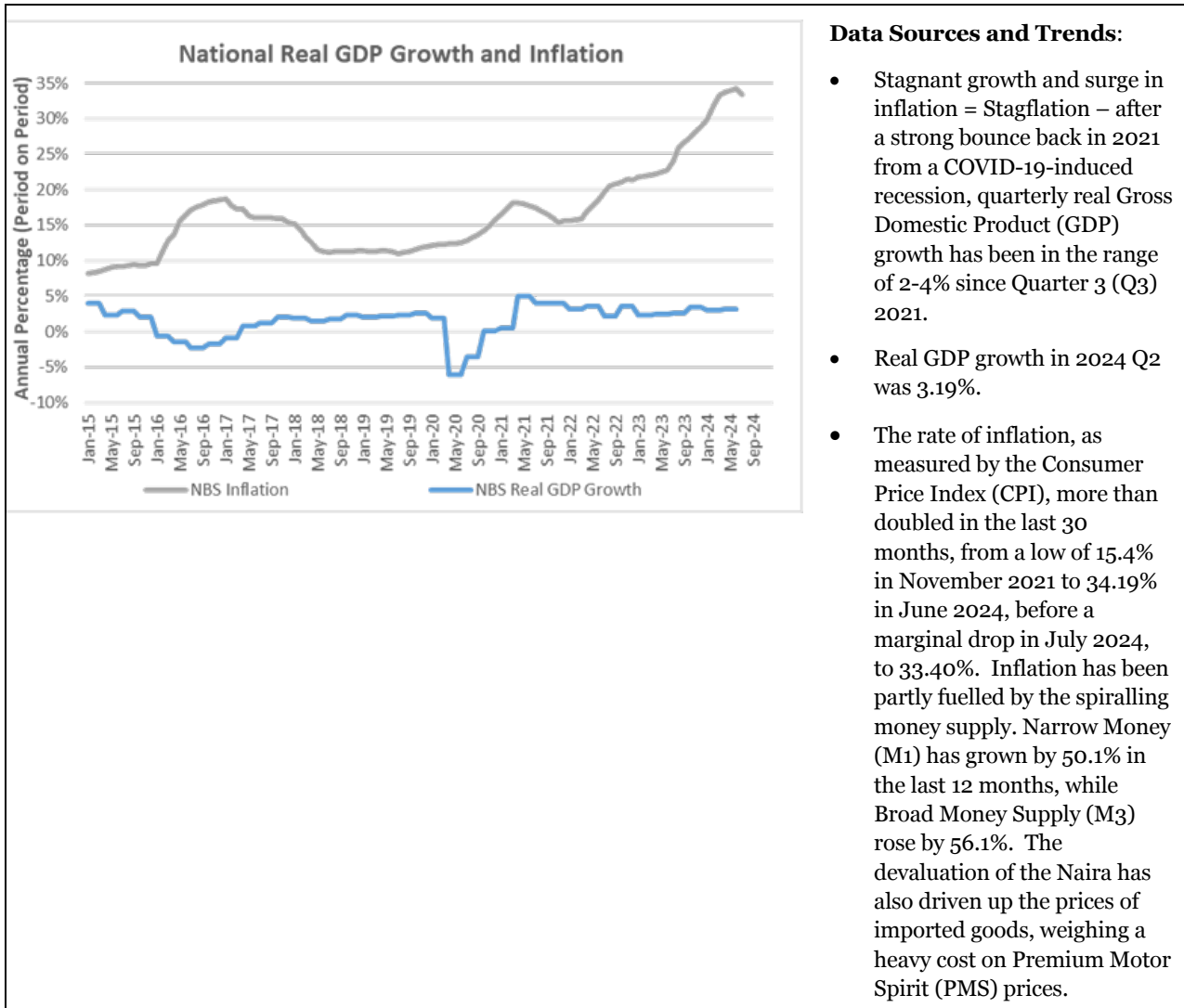
57. The challenging global economic context has put pressure on Nigeria's economy. However, domestic policies play the major role in determining Nigeria's economic performance and resilience to further external shocks. The previous mix of fiscal, monetary, and exchange rate policies, including the naira redesign program, did not deliver the desired improvements in growth, inflation, and economic resilience. The new government has recognized the need to chart a new course and has already made a start on critical reforms, such as the elimination of the petrol subsidy and foreign exchange (FX) harmonization.
58. With the petrol subsidy (PMS Under Recovery) removal, the government is projected to achieve fiscal savings of approximately N2 trillion in 2023, equivalent to 0.9 percent of GDP. These savings are expected to reach over N11 trillion by the end of 2025. However, the nature of the causal relationship between fuel price and key macroeconomic variables in Nigeria is such that if appropriate mitigation strategies are not well crafted, the removal of subsidy will likely have negative ripple effects on aggregate output and employment.
59. **Real GDP** - Nigeria's Gross Domestic Products (GDP) growth remained weak and fragile as it slowed to 2.31 percent in the first quarter of 2023, from 3.5 percent in the fourth quarter of 2022. This growth rate declined from 3.11 percent recorded in the first quarter of 2022, and 3.52 percent in the fourth quarter of 2022. The reduction in growth is attributed to the adverse effects of the cash crunch experienced during the quarter, as well as the elections.
60. The performance of the GDP in the first quarter of 2023 was driven mainly by the services sector, which recorded a growth of 4.35 percent and contributed 57.29 percent to the aggregate GDP. The agriculture sector grew by -0.90 percent, lower than the growth of 3.16 percent recorded in the first quarter of 2022. Although the growth of the industry sector improved to 0.31 percent relative to 6.81 percent recorded in the first quarter of 2022, agriculture, and the industry sectors contributed less to the aggregate GDP in the quarter under review compared to the first quarter of 2022.
61. **Inflation (CPI)** - Inflation has increased consecutively for the last 17 month, from 15.60 percent in January 2022 to 22.79 percent in June 2023. Dynamics in commodity prices, which are being exacerbated by the conflict in Ukraine, are causing inflations pressures globally. Also, the devaluation of the Naira has impacts (some positive, some negative) as does the removal of the Fuel Subsidy.

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<sup>5</sup> Sources: IMF WEO, July 2024, NBS Reports, CBN Reports, NNPC Reports, OPEC Reports and US Energy Information Administration Reports.

62. The national quarterly real GDP growth and year on year inflation rates from January 2014 and June 2023 are shown in **Figure 2** below.

**Figure 2: Real GDP Growth and Inflation**

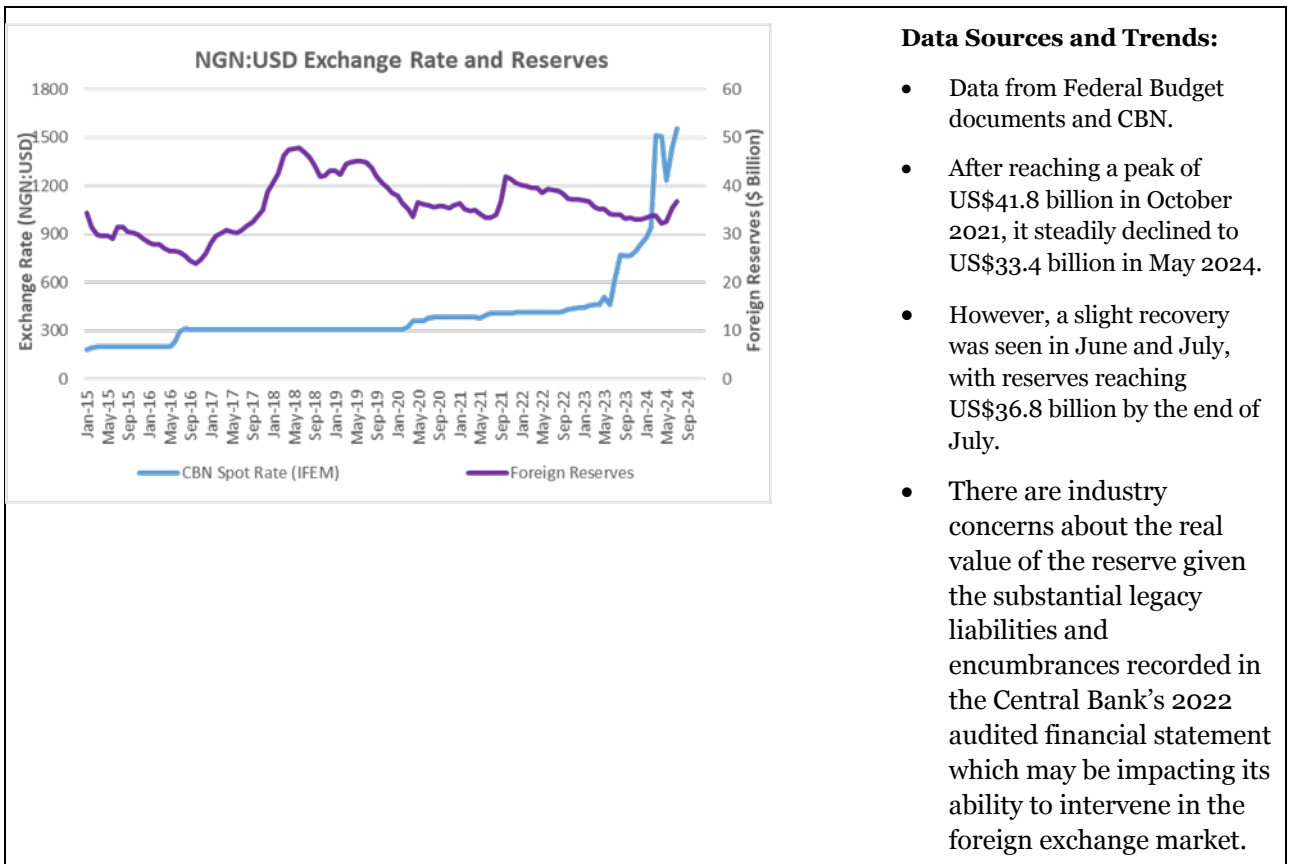


**Data Sources and Trends:**

- Stagnant growth and surge in inflation = Stagflation – after a strong bounce back in 2021 from a COVID-19-induced recession, quarterly real Gross Domestic Product (GDP) growth has been in the range of 2-4% since Quarter 3 (Q3) 2021.
- Real GDP growth in 2024 Q2 was 3.19%.
- The rate of inflation, as measured by the Consumer Price Index (CPI), more than doubled in the last 30 months, from a low of 15.4% in November 2021 to 34.19% in June 2024, before a marginal drop in July 2024, to 33.40%. Inflation has been partly fuelled by the spiralling money supply. Narrow Money (M1) has grown by 50.1% in the last 12 months, while Broad Money Supply (M3) rose by 56.1%. The devaluation of the Naira has also driven up the prices of imported goods, weighing a heavy cost on Premium Motor Spirit (PMS) prices.

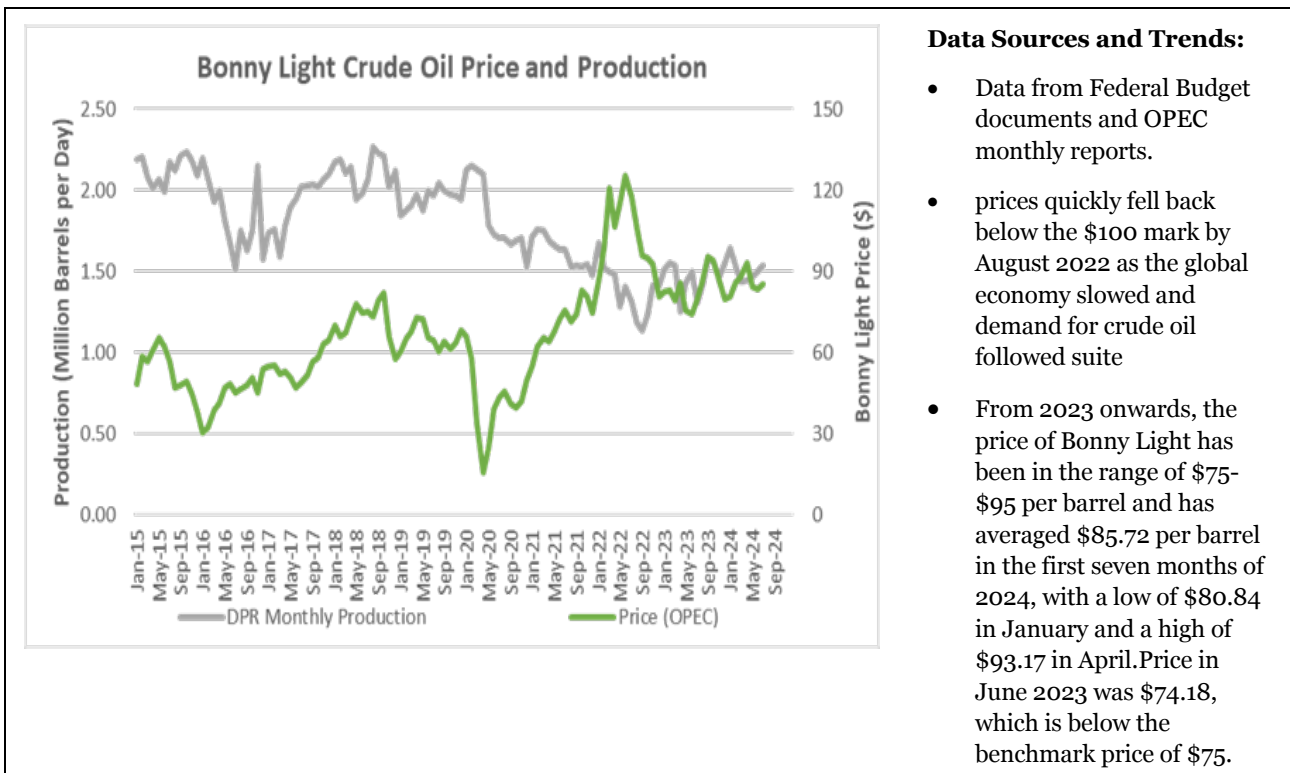
63. **Foreign Exchange Rate** – The value of the Naira on the foreign exchange market has plummeted since the Central Bank of Nigeria (CBN) adopted a free-floating exchange rate in early 2024. It was devalued by almost 80% in the second half of 2023, from N460 in June to the USD to N830 by December 2023. This was followed by a further circa 80% devaluation over the first three months of 2024, hitting 1,510 Naira to the USD by March. The following three months saw high levels of daily volatility – up to 10% swings (either appreciation or depreciation). The NGN: USD rate is currently settled in the range of 1,500-1,600.
64. As noted above, the devaluation of the Naira has caused the price of imported goods to surge, although the implicit PMS subsidy has continued to provide some protection to motorists.
65. Other implications of the Naira devaluation are the increase in the cost of servicing foreign debts and the increase in the Naira value of Crude Oil exports and other dollar-denominated non-oil revenues (albeit the implicit PMS subsidy is eroding this benefit)

**Figure 3: NGN: USD Exchange Rate and Foreign Reserves**



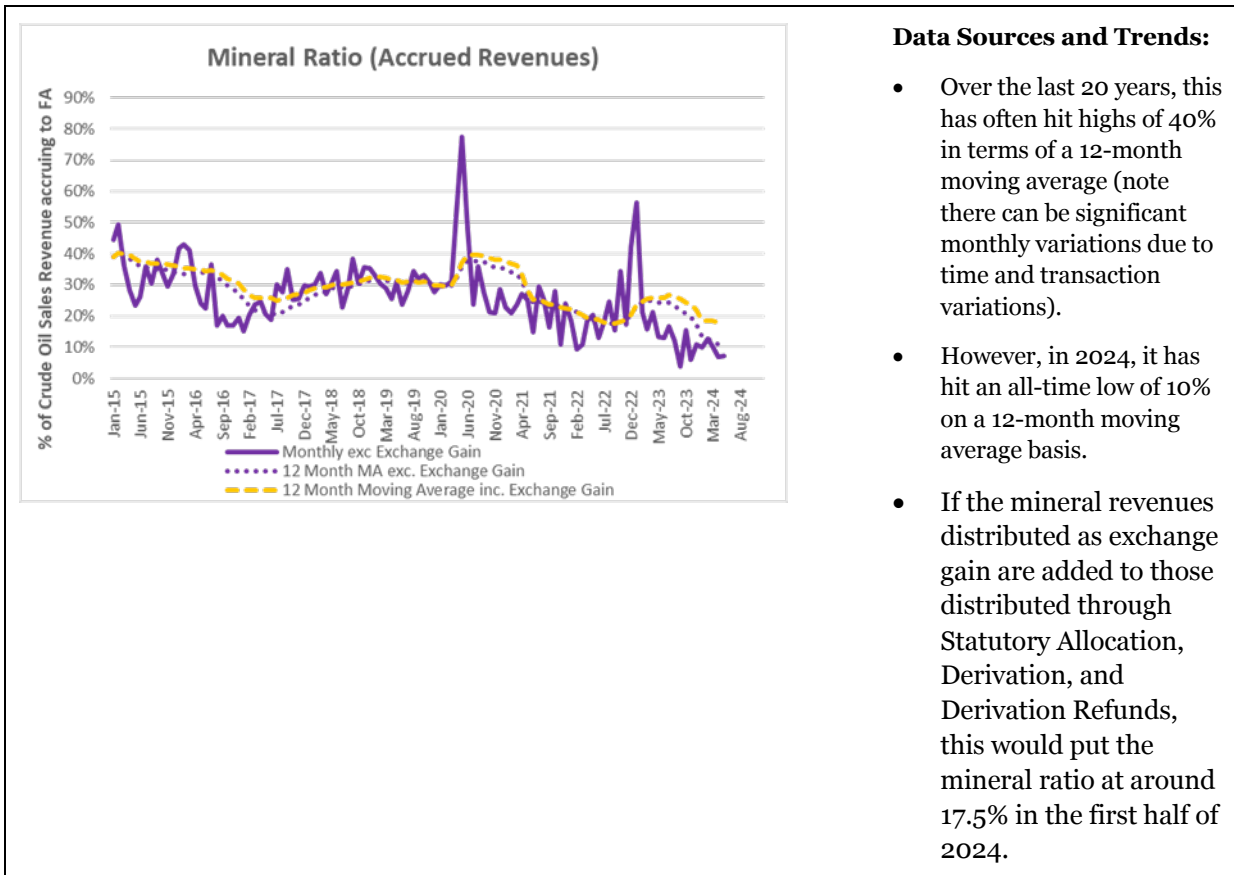
66. **Flat Crude Oil Price and Production – after the brief spike in crude oil prices in mid-2022 as a result of the conflict in Ukraine (Bonny Light reached a high of \$125.22 per barrel in June 2022).**

67. Figure 4: Crude Oil Price



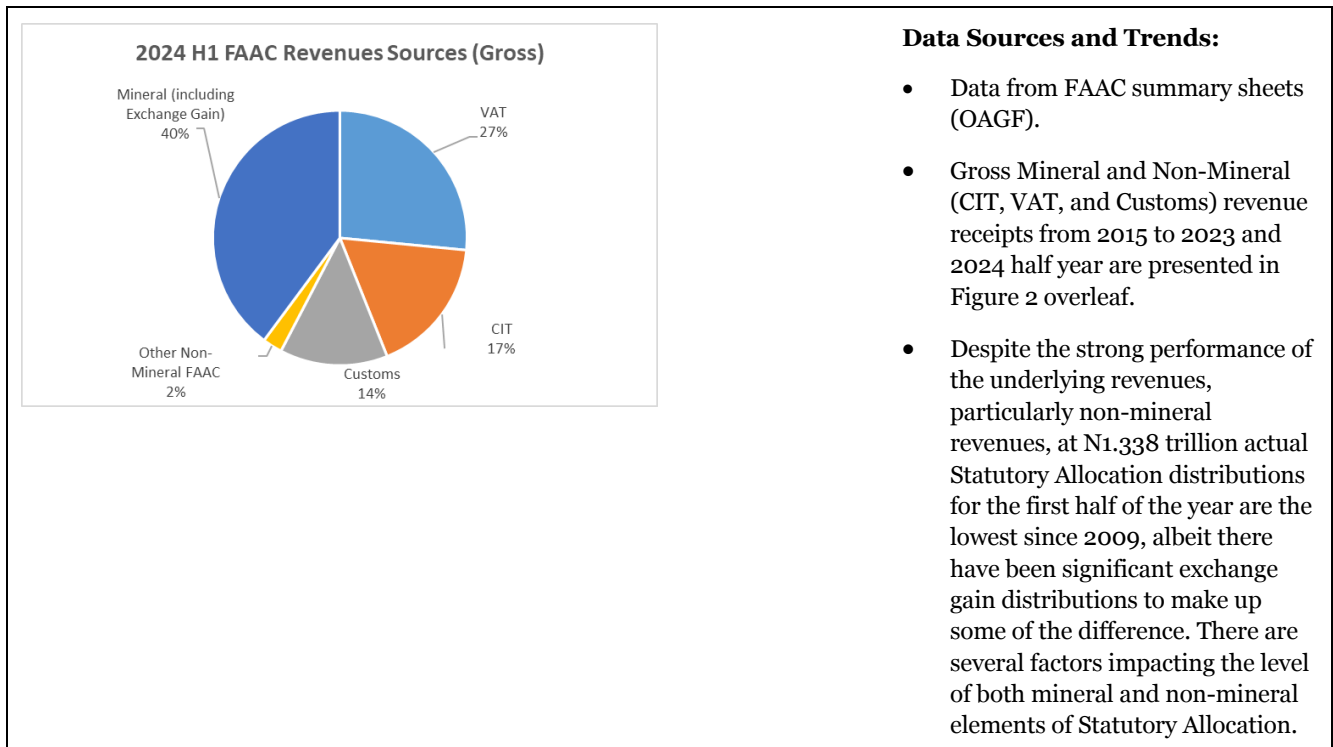
68. Crude Oil Production (including lease condensate) has averaged around 1.5 Million Barrels per day (MBPD) over the last 18 months, according to figures published by the Nigeria Upstream Petroleum Regulation Commission (NUPRC). This was after a brief drop to 1.2 MBPD in mid-2022, possibly as a result of the conflict in Ukraine and its impact on the global economy (and associated OPEC quota cuts). Around 200,000 barrels of Nigeria's production is in the form of lease condensate, which does not count towards its 1.58 MBPD OPEC (Organisation of Oil Exporting Countries) production quota.
69. Strong Growth in Non-Mineral Revenues – 2023 saw significant increases in gross revenues from Companies Income Tax (CIT) and VAT (Value Added Tax). CIT grew by 47.6% and VAT grew by 38.0% - both easily outstripping inflation (which averaged 24.5% for the year). Growth in Customs revenue was more modest at 13.0%.
70. Growth in non-mineral revenues in 2024 is set to continue the trend based on half-year revenues. VAT is likely to grow by more than 70% in 2024 – again significantly outstripping inflation. Customs revenue will also increase significantly – as of June 2024, it was already close to 80% of the total for 2023. This suggests that the full-year growth for Customs revenue is likely to be more than 50% - again significantly outstripping inflation. It is slightly more difficult to assess the level of growth in CIT in 2024 until the July distribution is known. The above figures for 2023 and 2024 also do not include Non-Mineral Exchange Gain, which reached N223 billion in the first half of 2024, and totalled N740 billion in 2023 (this is discussed in more detail later in this section).
71. Falling Mineral Sector revenues – according to the figures in the FAAC Schedule 1, mineral sector revenues continue to fall short of “potential” and are significantly below the level envisaged in the Federal Government of Nigeria (FGN) MTEF-FSP (Fiscal Strategy Paper) for 2024-2026. Revenues accruing to the Federation Account in 2023 (including those deducted as part of the derivation refund programme) were 25% lower than what was received in 2018: N3.676 trillion in 2023 compared to N4.618 trillion in 2018. Half-year receipts in 2024 (N2.294 trillion) suggest there may be some growth as at full year, but it is likely to be less than 20%, so will not keep up with inflation. And it will still be lower than the amount received in 2018.  
  
There are several factors impacting mineral revenues – some positively and some negatively:
72. Crude Oil Production – as already noted, since 2020, production has been well below the previous long-term trend of 2.0 MBPD. This has an accentuated impact on mineral revenue accruals with subsidy payments and other commitments eroding the source revenue. There is also the issue of bunkering /theft, which results either in reduced production or production not resulting in revenue.
73. Implicit Subsidy – prescriptive exchange rate prices have been used to convert crude oil revenues and PMS import transactions, rather than the market (IFEM) rate. This is discussed further in the latter part of this section
74. The above factors are borne out in the Mineral Ratio – the proportion of Crude Oil (and Gas) GDP that accrues to the Federation Account

Figure 5: Mineral Ratio



75. In conclusion: is Nigeria still reliant on crude oil revenues – not so much. If one compares the current contribution of mineral and non-mineral revenue to FAAC, ten years ago (i.e. in 2014) Mineral Revenue made up around 70% of total distributed FAAC revenue.
76. The figure is now less than 40% and, as above, likely to drop further in 2025 and beyond. However, crude oil (and gas) is still a significant contributor to the economy, the balance of trade, and foreign reserves.
77. Despite the strong performance of the underlying revenues, particularly non-mineral revenues, at N1.338 trillion actual Statutory Allocation distributions for the first half of the year are the lowest since 2009, albeit there have been significant exchange gain distributions to make up some of the difference. There are several factors impacting the level of both mineral and non-mineral elements of Statutory Allocation.

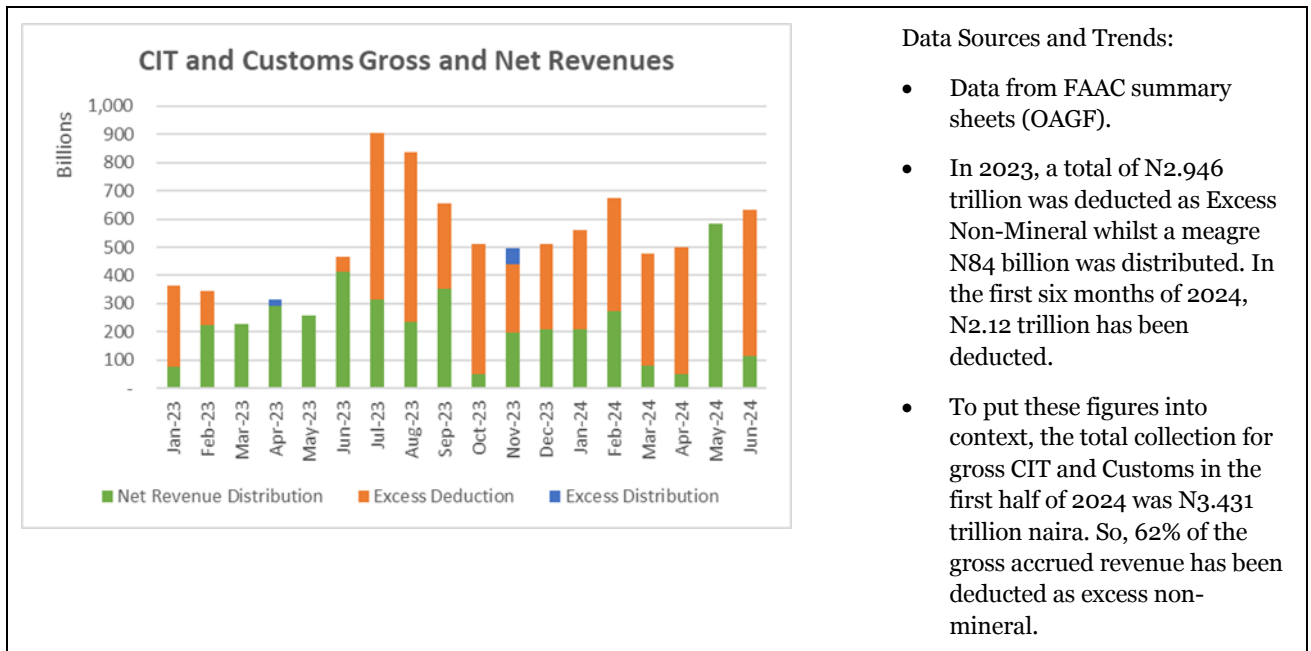
**Figure 6: Distributed Mineral Revenues**



78. Factors reducing distributable Mineral Revenues – as noted above, crude oil prices and production have been static since early 2023 but the amount of mineral revenue available for distribution through Statutory Allocation has significantly reduced. This is due to four main factors:
79. Derivation Refunds – since 2020, more than N3 trillion has been deducted from FAAC to pay derivation refunds to the crude oil producing States. These funds would otherwise have been available for distribution through Statutory Allocation. The scale of the deductions has significantly increased in 2024, with more than N1 trillion deducted in the first six months of the year.
80. Changes to the way Derivation is calculated – derivation (13% of mineral revenue) is now calculated based on the gross revenues (i.e. before the above derivation refunds and before any formal (explicit) subsidy). This has meant that in some months the contribution of mineral revenue to Statutory Allocation has been minimal (in March 2024, less than N6 billion of accrued mineral revenue was available for Statutory Allocation) as derivation captured most of the net revenue.
81. Reductions in distributable non-Mineral revenues - a significant proportion of CIT and Customs revenues have been deducted from FAAC as “Excess Non-Mineral” over the last 18 months, meaning the growth levels for the gross revenue receipts noted above have not been reflected in Statutory Allocation distributions.
82. The “Excess” deductions are to be made when the revenue in the month exceeds 1/12 of the budgeted revenue in the FGN annual budget, and are intended to be used to augment distributions in the months when actual revenues fall short of budget. However, what has been observed in terms of deductions and distributions of Excess Non-Mineral do not appear to be made in a systemic manner – rather, they have been used to fund various initiatives including the share of signature bonuses to States, various infrastructure and security initiatives, etc.



**Figure 7: CIT Revenues**

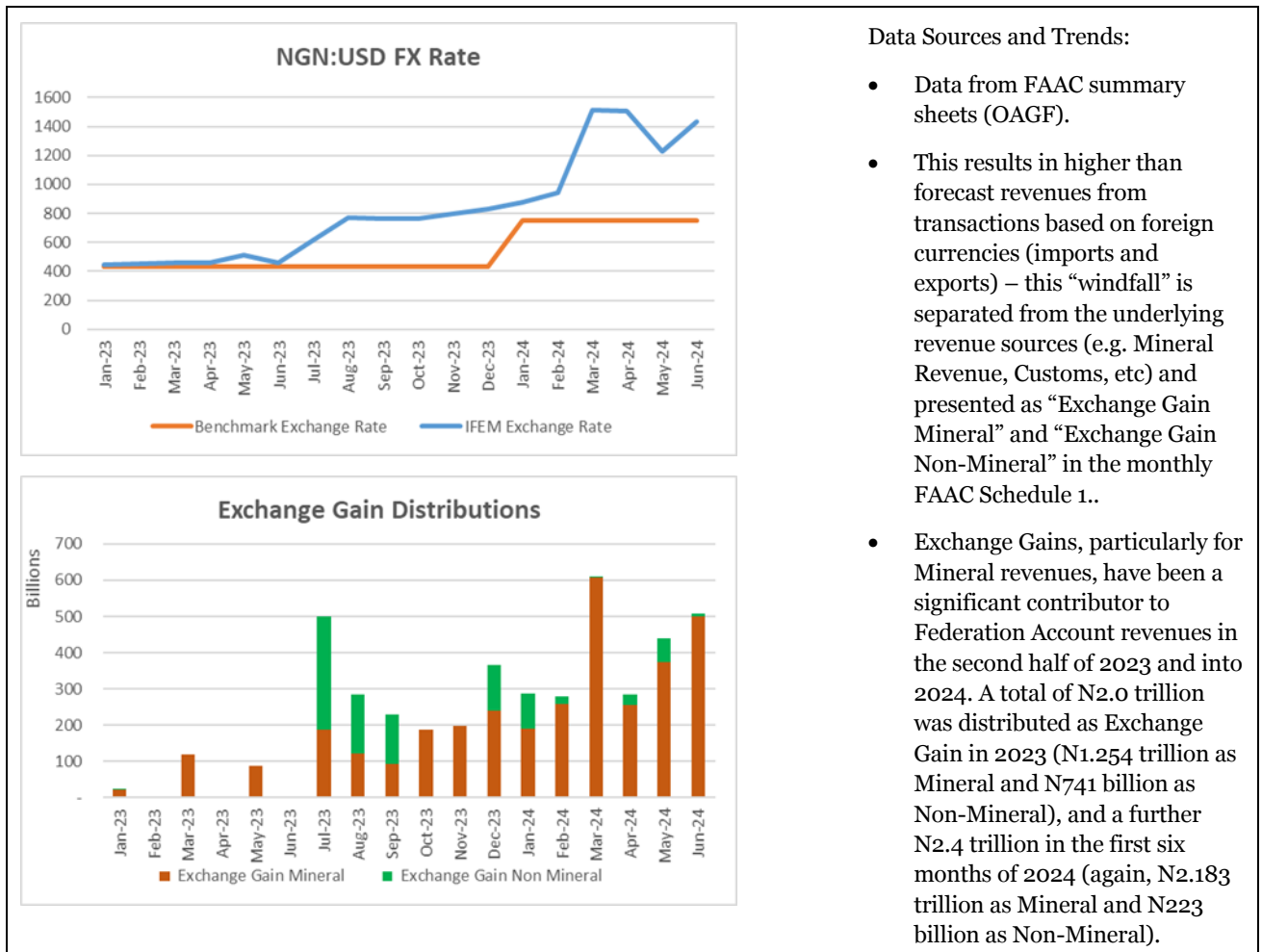


Data Sources and Trends:

- Data from FAAC summary sheets (OAGF).
- In 2023, a total of N2.946 trillion was deducted as Excess Non-Mineral whilst a meagre N84 billion was distributed. In the first six months of 2024, N2.12 trillion has been deducted.
- To put these figures into context, the total collection for gross CIT and Customs in the first half of 2024 was N3.431 trillion naira. So, 62% of the gross accrued revenue has been deducted as excess non-mineral.

83. Exchange Gain – the market exchange rates in 2023 and 2024 have been significantly above the benchmark rates in the respective FGN 2023-2025 and 2024-2026 MTEF-FSP documents, because of the devaluation of the naira.

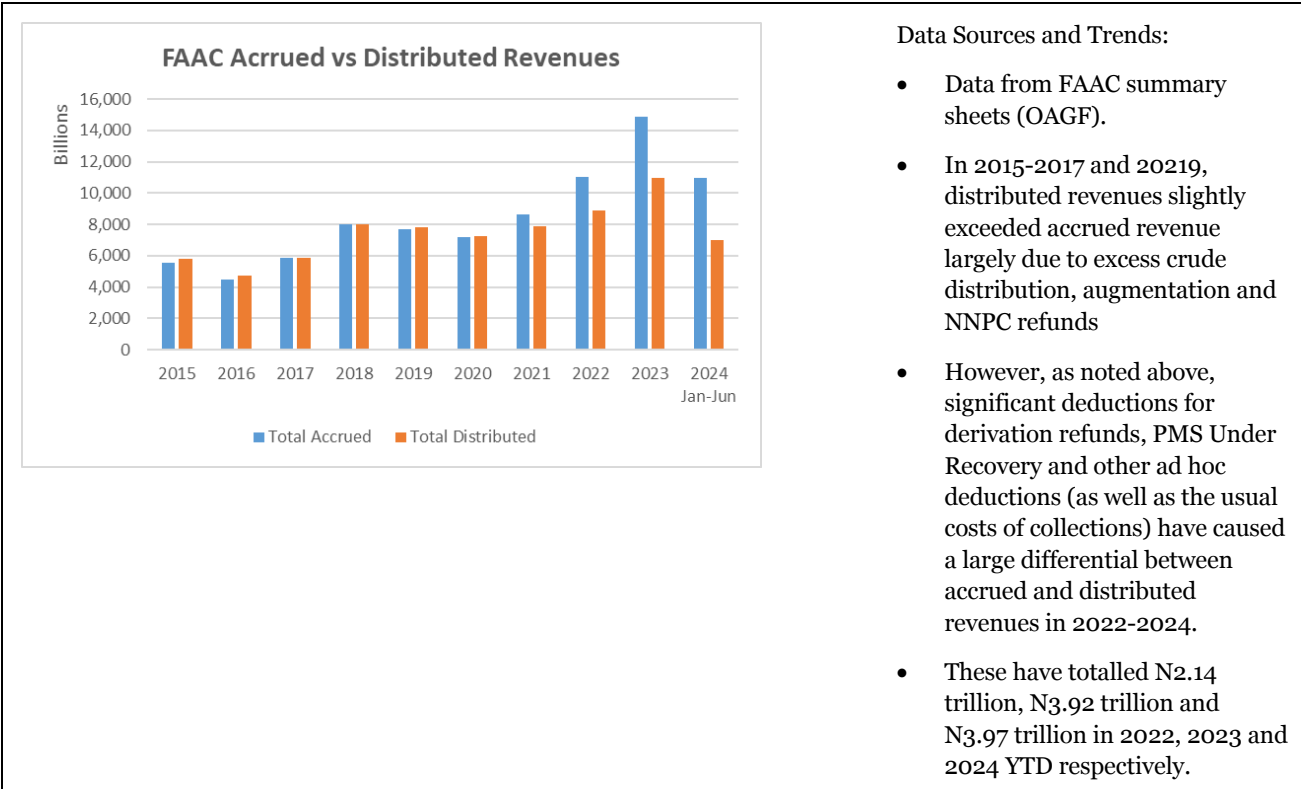
84. Figure 8: Exchange Gain Distribution



Data Sources and Trends:

- Data from FAAC summary sheets (OAGF).
- This results in higher than forecast revenues from transactions based on foreign currencies (imports and exports) – this “windfall” is separated from the underlying revenue sources (e.g. Mineral Revenue, Customs, etc) and presented as “Exchange Gain Mineral” and “Exchange Gain Non-Mineral” in the monthly FAAC Schedule 1..
- Exchange Gains, particularly for Mineral revenues, have been a significant contributor to Federation Account revenues in the second half of 2023 and into 2024. A total of N2.0 trillion was distributed as Exchange Gain in 2023 (N1.254 trillion as Mineral and N741 billion as Non-Mineral), and a further N2.4 trillion in the first six months of 2024 (again, N2.183 trillion as Mineral and N223 billion as Non-Mineral).

- 85. These gains are shared using the same vertical and horizontal sharing ratios as Statutory Allocation, meaning the derivation (crude oil and gas producers) states receive a higher proportionate share compared to the non-derivation States. But they have been a blessing to all three tiers of government given the various deductions to Statutory Allocation as discussed earlier in this section, and perhaps even enabled FAAC to make such deductions without overly burdening the fiscal positions of States.
- 86. The total gross revenues accruing to the Federation Account and distributed revenues can be seen in the adjacent graph.



**Data Sources and Trends:**

- Data from FAAC summary sheets (OAGF).
- In 2015-2017 and 20219, distributed revenues slightly exceeded accrued revenue largely due to excess crude distribution, augmentation and NNPC refunds
- However, as noted above, significant deductions for derivation refunds, PMS Under Recovery and other ad hoc deductions (as well as the usual costs of collections) have caused a large differential between accrued and distributed revenues in 2022-2024.
- These have totalled N2.14 trillion, N3.92 trillion and N3.97 trillion in 2022, 2023 and 2024 YTD respectively.

In summary, Table 1 below presents the total revenue accruals to the Federation Account in 2022,2023, and Year to Date (YTD) (January to June) in 2024, as well as a full-year forecast for 2024 based on historical flow dynamics. It also presents the total distributable revenues (i.e. after cost of collection deductions and the other deductions discussed in this section), and the proportion available to States based on the vertical sharing ratios.

**2.A.4 Abia State Economy**

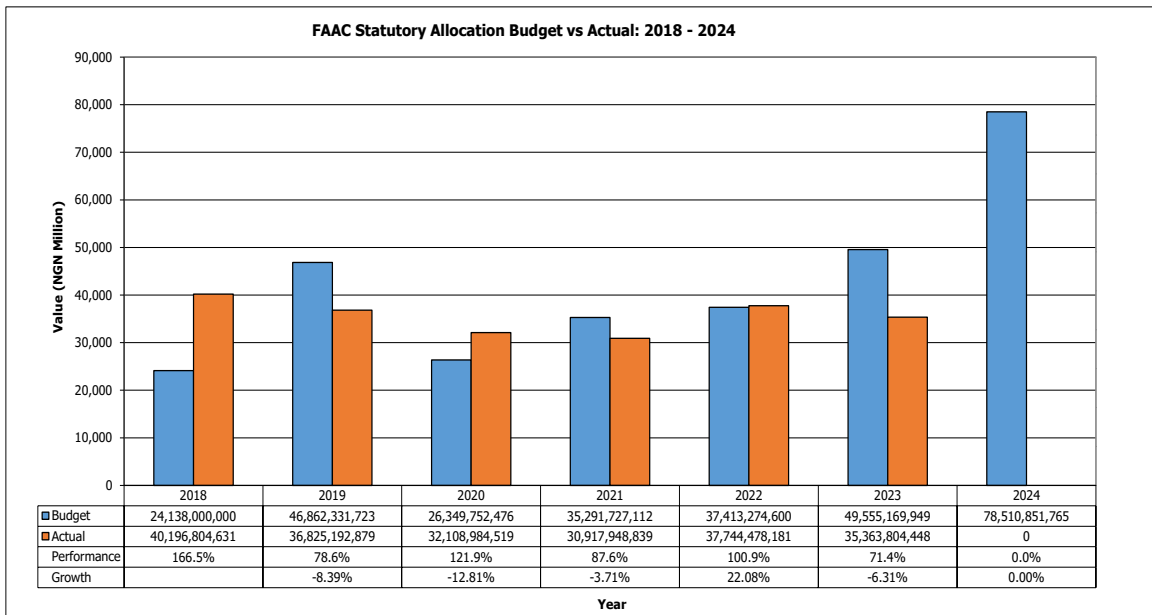
**2.B Fiscal Update**

**2.B.1 Historic Trends**

**Revenue Side**

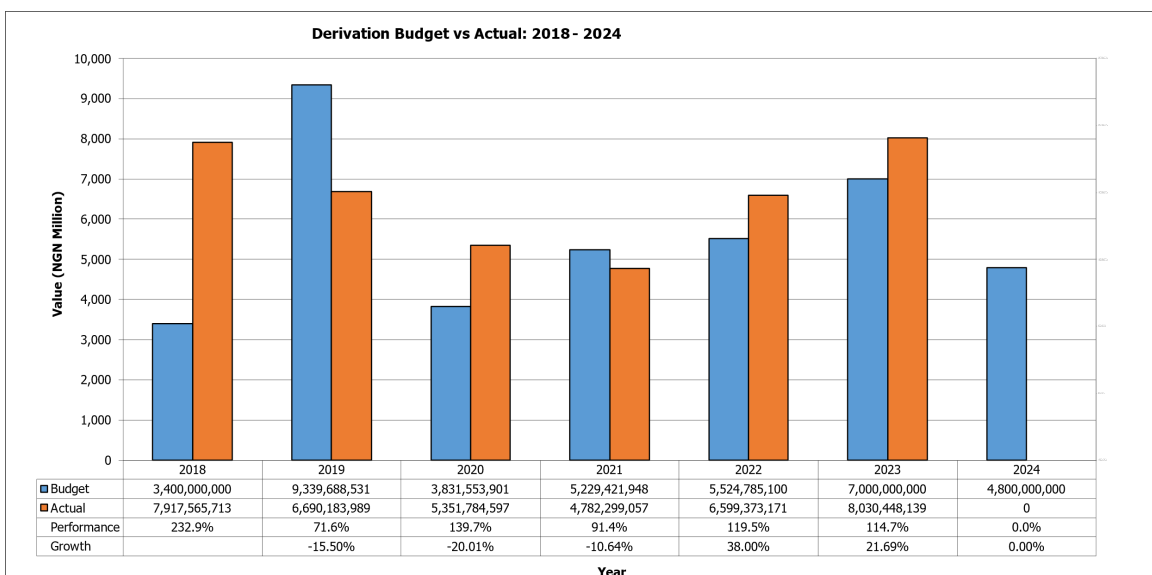
- 87. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Other FAAC transfers, and Capital Receipts – budget versus actual for the period 2018-2024 (five-year historic).

**Figure 9: Statutory Allocation**



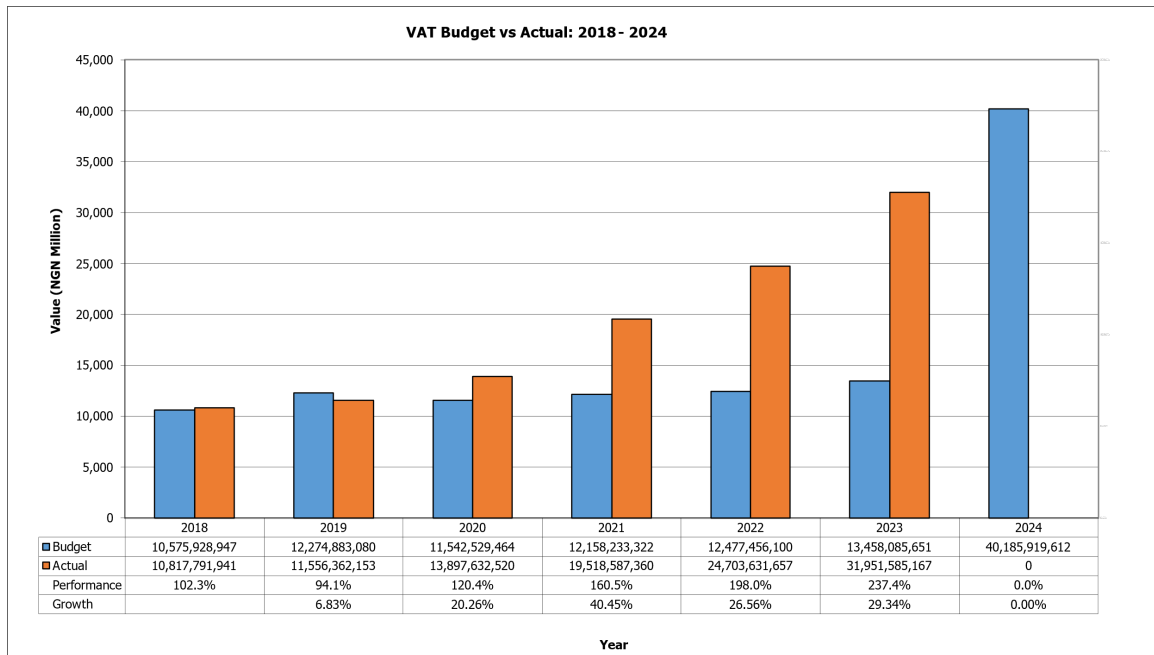
88. Statutory Allocation is a transfer from the Federal Allocation Accounts Committee (FAAC) and is based on the collection of minerals (largely Oil) and non-mineral revenues (companies income tax, customs and excise) at the national level, which is then shared between the three tiers of government using sharing ratios.
89. Actual receipts decreased from 2018 to 2019 to 78.6% and declined in 2019, 2020 and 2021 by -8.39%, -12.81% and -3.71% respectively. However, in 2022 there was a sharp increase by 22.08%. The decline of the statutory allocation in 2020 has been attributed to the impact of COVID-19 while the increase in 2022 was as a result of increase global oil price due to Russia – Ukraine war. It is expected that the removal of subsidy and liberalization of exchange rate in 2023 will increase the proportion of oil revenue accruing to FAAC in nominal value.
90. Statutory Allocation for 2024 is projected to increase because of the removal of subsidy and liberalization of exchange rate.

**Figure 10: Derivation**



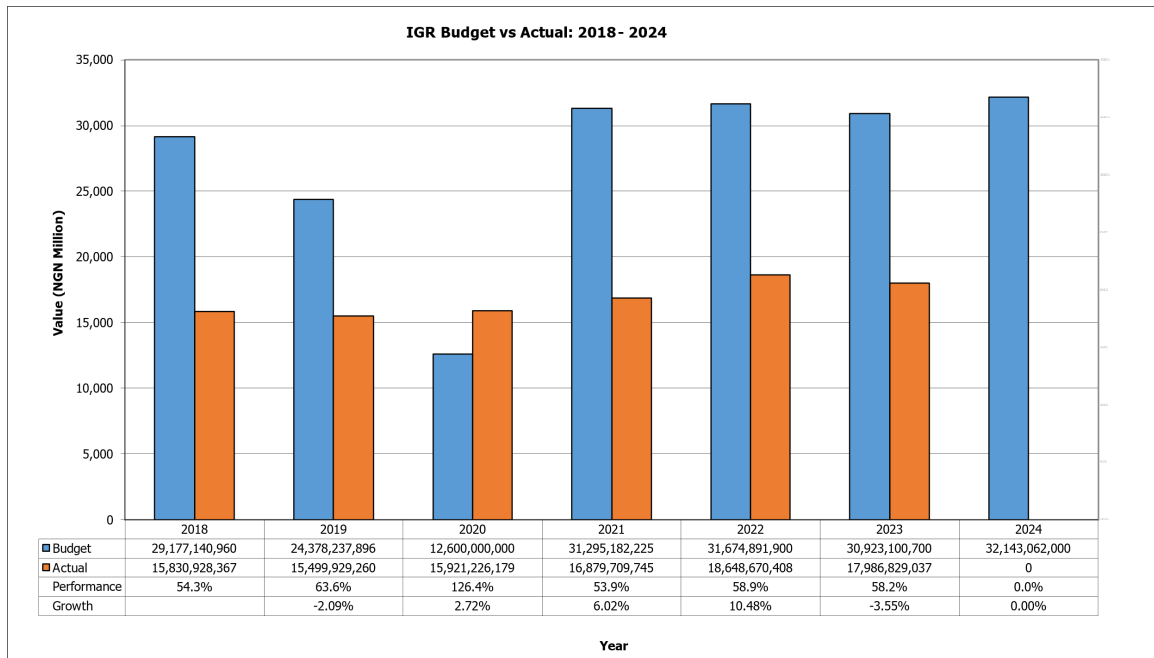
91. The derivation principle seeks to allocate oil revenues accruable to the federation’s account on the basis that is perceived to be equitable, given particular consideration to the resource-producing states. The percentage of oil revenue due to oil producing states is 13%. The oil producing states including Abia State share the net derivation based on the proportion of the oil revenue from each state for the month.
92. The actual net derivation decreased by 15.50% from 2018 to 2019 and then declined further in 2020, 2021 by -20.01%,-10.64% respectively. In 2022, there was a sharp increase by 38.00%. It does appear that the factors driving statutory allocation also applies to derivation.

**Figure 11: VAT**



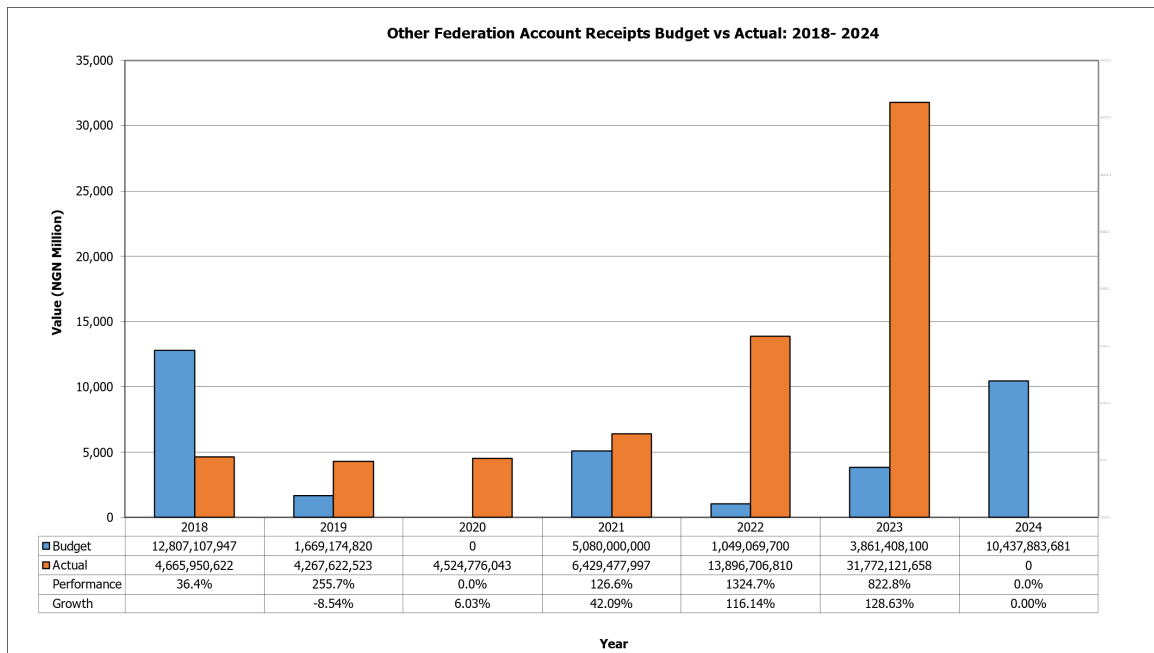
93. VAT, is an ad valorem tax on most goods and services at a rate of 7.5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government on a monthly basis – partially based on set ratios, and partially based on the amount of VAT a particular state generated. States receive 50% of the total VAT collections nationally, from which Abia State gets a proportion of it based on their contribution.
94. VAT receipts have increased year-on-year from 2018 to 2023 largely due to the growth in nominal economic activity, and high inflation. Actual receipts were higher than budgeted for most of the years except for 2019. Furthermore, the surge observed in 2022 and 2023 actuals is attributed to the increase in the VAT rate from 5% to 7.5% in 2020. The State has been conservative in its projection on VAT.
95. Forecasts took into consideration the possible implications of the oil prices, Russia - Ukraine crisis on economic activity in Nigeria – elasticity forecasting will enhance this.

**Figure 12: IGR**



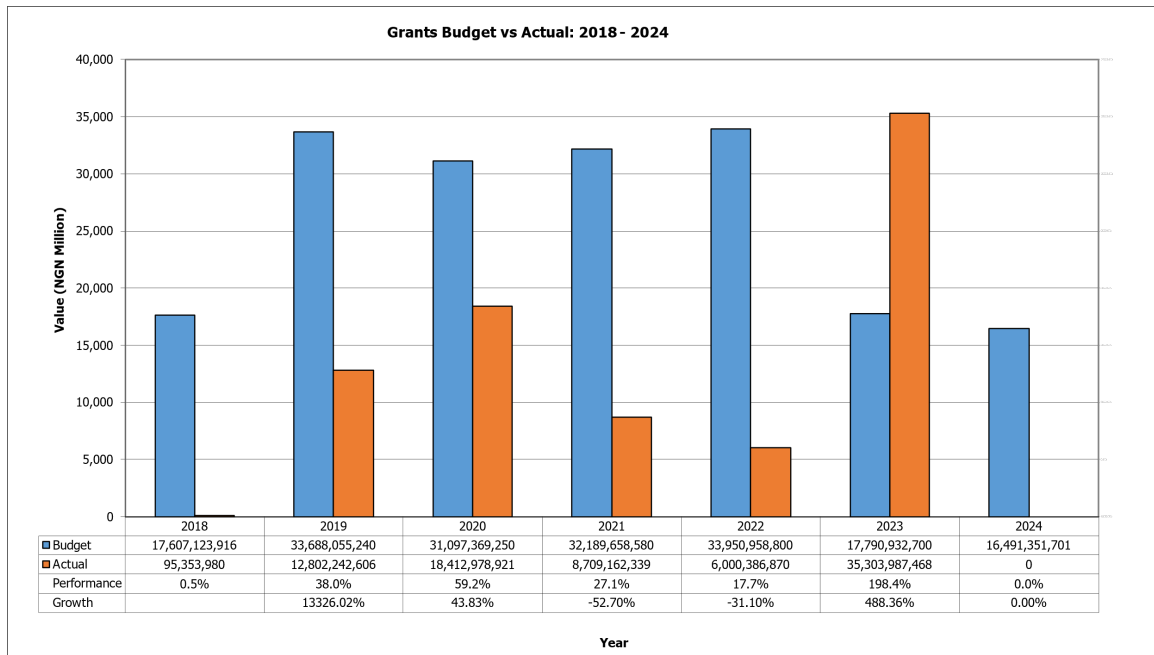
96. Internally Generated Revenue (IGR) is collected by BIR and revenue collecting MDA’s. The major sources of IGR are PAYE, lands and land Services, withholding tax, dividends from state investments, fine, fees, licenses and other sources.
97. IGR has grown year-on-year since 2018 to 2022, from 15.83 billion to 18.64 billion over the period, which represents an average annual growth rate of approximately 3.9% per annum. In 2023 it dropped to 17.98 billion due to administrative restructure of the tax regime and tax incentives.

**Figure 13: Other Federation Account Receipts**



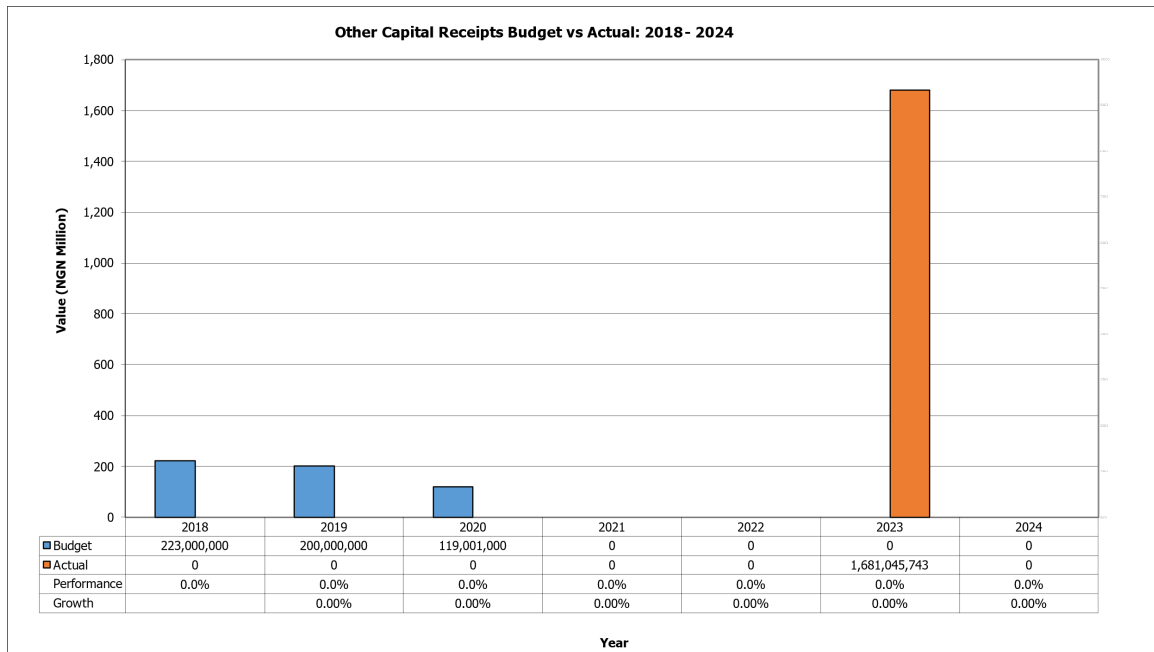
98. Other Federation Account Receipts are other receipts from Federation Accounts which include Exchange Gain, NNPC refund, Augmentation, etc. Receipts from this source have been unsteady since 2018. We don’t anticipate material increases in all but Exchange gain over the next 2 years. Exchange Gain will be a major revenue line item moving forward due to the policy change by CBN from a fixed rate to a floating rate in the open market.

**Figure 14: Grants**



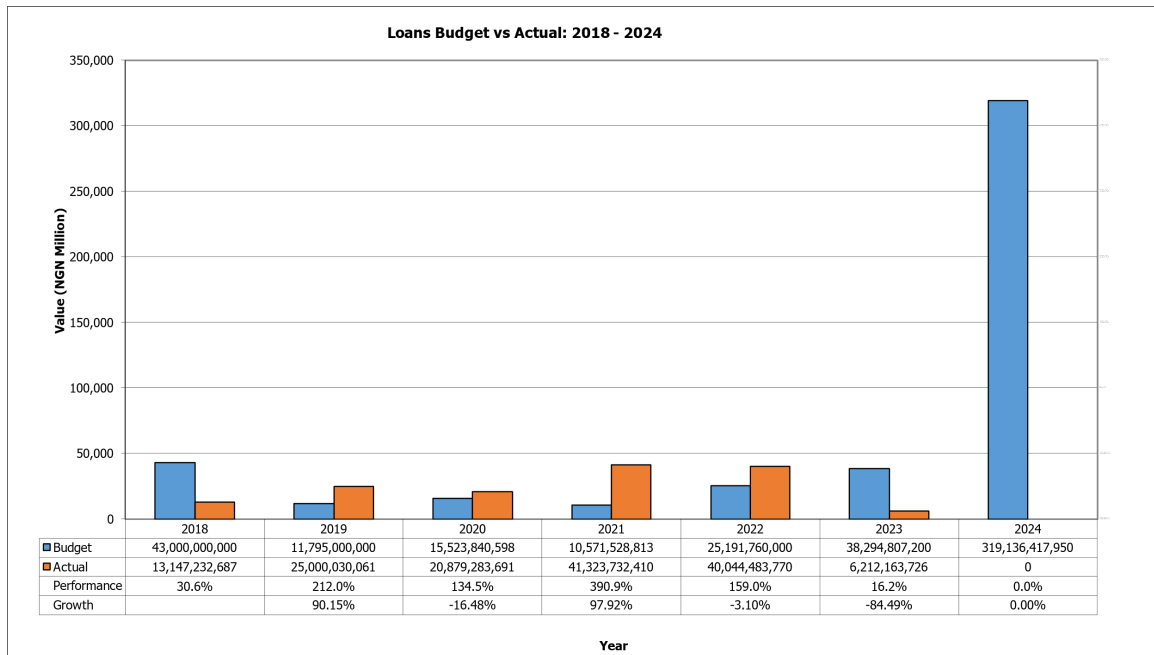
- 99. Grants are receipts from both internal and external sources such as Federal Government SDGs Conditional Grants Scheme, as well as grants from the international development partners including United States Agency for International Development (USAID), United Nations Children’s Fund (UNICEF) and United Nations Development Programme (UNDP).
- 100. Actuals receipts have been low compared to budget.
- 101. Grant estimates going forward will be consistent with signed agreements, any “blue-sky” should be specifically linked to the implementation of specific projects.

**Figure 15: Other Capital Receipts**



- 102. Other capital receipts are other capital development receipts excluding grants or loans. Historically, other capital receipts are related to sale of state assets (mostly housing) and also income from state assets.

**Figure 16: Loans / Financing**

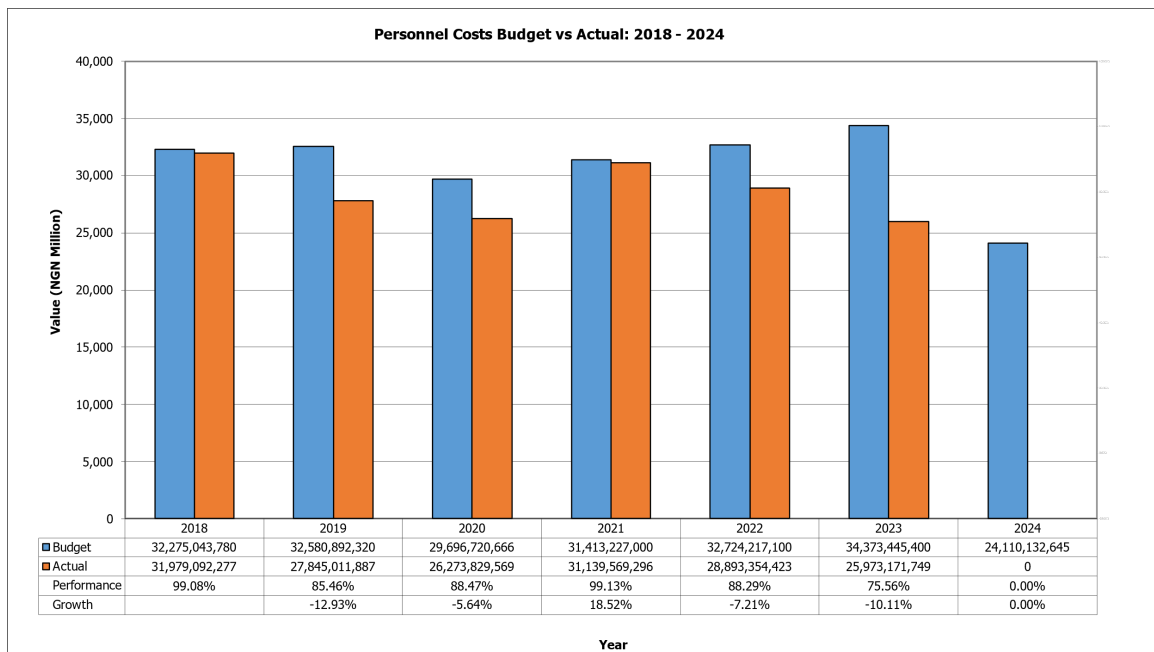


- 103. Historically, besides some short-term borrowing from banking facilities, financing has come in the form of various World Bank programmes (FADAMA, Health and Education sector support).
- 104. Performance of actuals against budget for the years 2018 – 2023 for this line item stands at an average of 157% with an average growth rate of 17%.

**Expenditure Side**

- 105. On the expenditure side, the document looks at Personnel, Overheads, Social Contribution & Social Benefits, Public Debt Service and Capital Expenditure – budget versus actual for the period 2018-2023 (six years) and 2024 budget.

**Figure 17: Personnel**

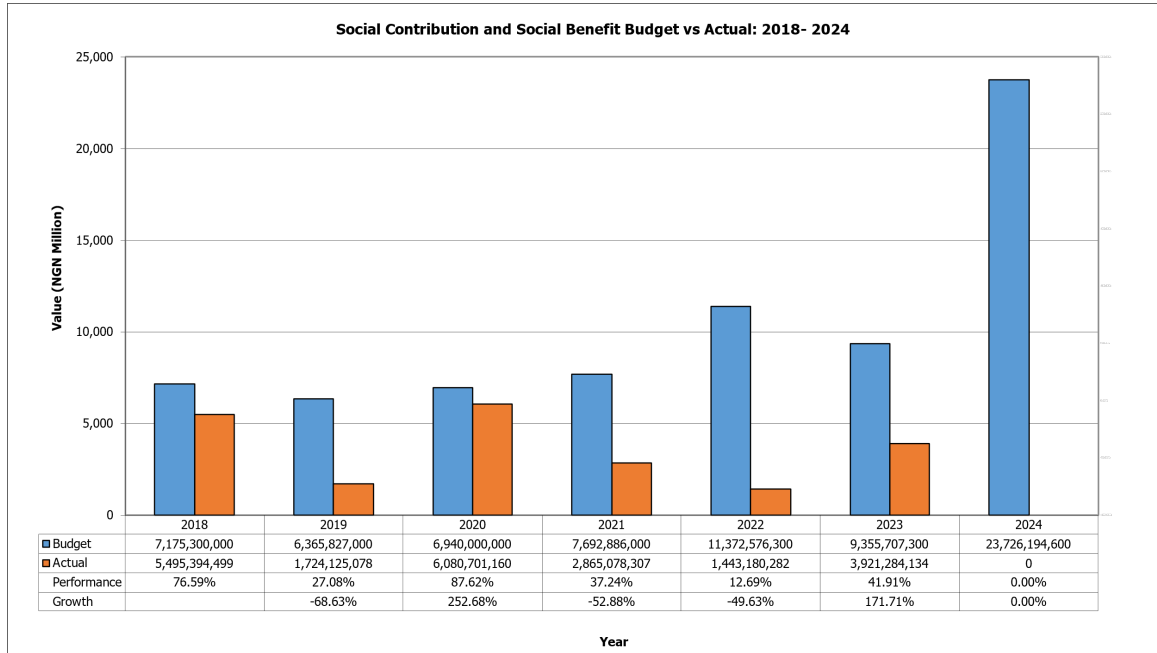


- 106. Personnel Cost comprised of salaries and allowances of civil servants, public servants in government agencies and parastatals, members of the State House of Assembly, Judicial

Officers, Political Office holders, Permanent Secretaries, Accountant General, Auditor Generals of state, Auditor Generals of Local Government, and members of Statutory Commissions.

107. Over the period 2018-2023, the actual personnel expenditure as a percentage of plan fluctuated between 85.46% and 99.13% with an average performance of 89.33%. Similarly, within the same period, the growth rate ranged from -12.93% to 18.52%, with an average rate of -3.47%.

**Figure 18: Social Contributions and Social Benefits**

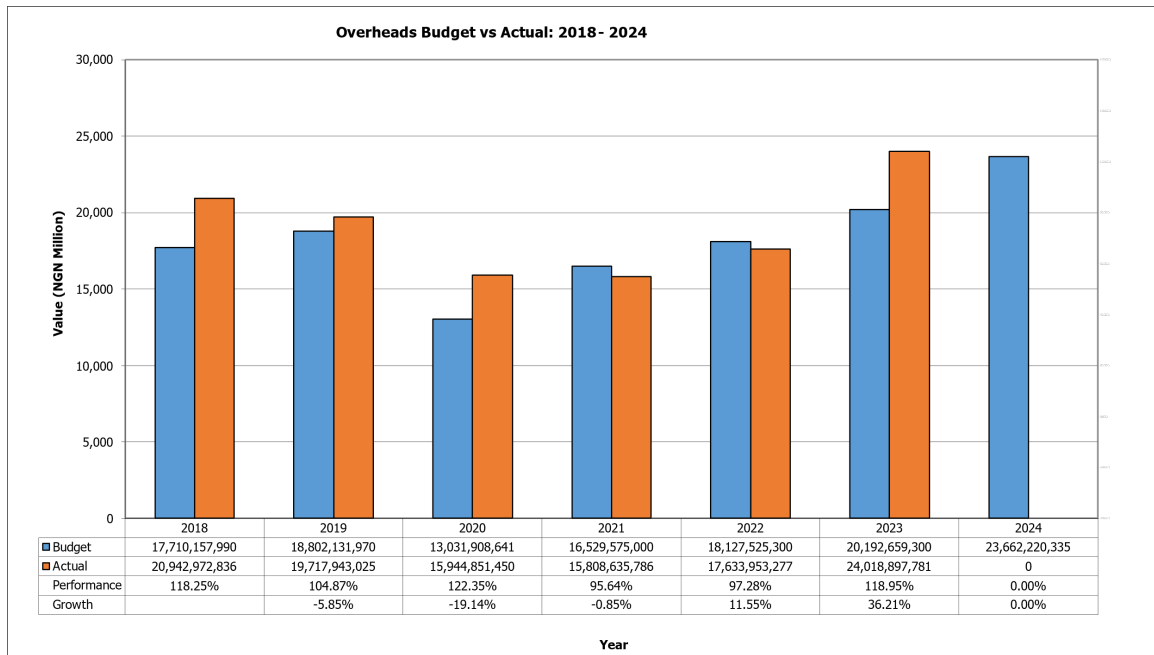


108. Social Contributions and Social Benefits comprised of the payment of Pension and Gratuity to retired civil servants, public servants in government agencies and parastatals, and Judicial Officers.

109. Performance over budget for 2018 to 2023 stands at an average of 47.18%, with year 2020 and 2022 recording the most and least performances at 87.62% and 12.62% respectively. The growth rate within this period has also been at an average of 50.65%, year 2020 having the highest rate of growth at 252.68% and 2019 the least at -68.63%.

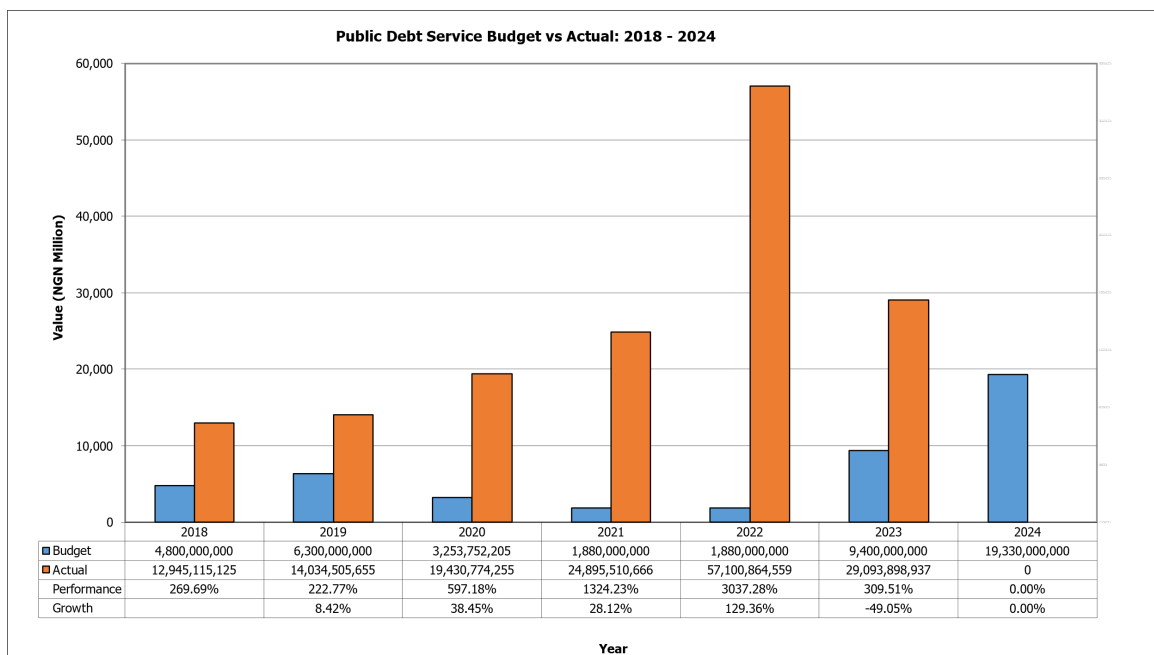


**Figure 19: Overheads**



110. Overhead expenditure relates to the operational costs incurred by MDA’s. Overhead allocations are transferred to MDAs monthly subject to warrants and availability of fund. A proportion of these, classified as regular overheads, are released monthly to MDAs for the day-today running costs. Non-regular overheads relate to periodic activities of government.
111. Performance of actuals over budget for 2018 to 2023 was high at an average of 109.56%, with year 2020 recording the most at 122.35% and 2021 the least at 95.64%. However, the growth rate within this period was generally at an average of 4.38% with 2020 having the least growth rate at -19.14%. The poor values recorded in 2020 has been attributed to the effects of the Covid-19 pandemic.

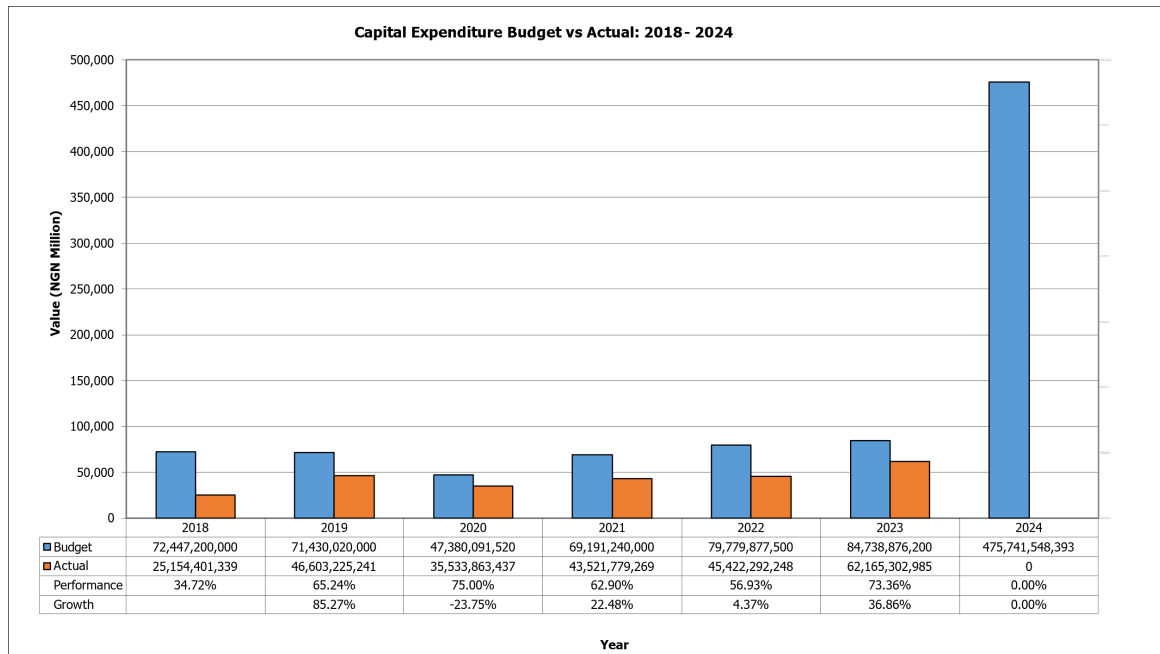
**Figure 20: Public Debt Service**



112. Public Debt Charge includes payment for internal and external debt (principal and interest). Budgeting and reporting on this expenditure class commenced in 2018 financial year.

113. Actual performance over budget had an upward trajectory for the period 2018 – 2023. Within this timeframe, the average performance was recorded at 960.11% with 2022 being an outlier year with a performance of 3037.28%. The sharp increase recorded in 2022 has been attributed to the efforts of the previous administration to clear outstanding debts. The debts repayments include; external loans, domestic loans, other Government deductions, and domestic arrears.

**Figure 21: Capital Expenditure**



114. Capital Expenditure relates to public investments and development programmes of government. It refers to projects that generate state assets (e.g., roads, schools, hospitals).
115. Capital Expenditure performance from 2018 to 2023, fluctuated between 34.72% and 75.00% at an average of 61.36%. The fluctuations were attributed largely to availability of revenues as well as the level of recurrent expenditure incurred by the State within the period.
116. Prudent forecasting of revenue, and hence the capital development fund, and tight control on recurrent expenditure are imperatives to improving capital expenditure performance against budget.

**By Sector**

117. Performance by sector for personnel, overhead and capital expenditures varied over the period 2020-2022 as shown in Table 4, Table 5 and Table 6 respectively below.

**Table 4: Personnel Expenditure by Main Organisation – Budget Vs Actual**

Personnel Expenditure by Sector										
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance
1	Office of the Governor - Government Hou	1,158,140,410	2,200,862,624	1,136,706,000	2,819,695,333	1,810,083,900	3,556,099,789	3,105,746,000	3,524,504,741	167.82%
2	Office of the Secretary to the State Govern	371,383,940	383,946,608	585,789,000	239,999,991	427,002,900	204,051,716	546,572,700	216,264,952	54.09%
3	Abia State House of Assembly (The Legis	788,638,170	739,210,514	589,476,000	826,058,654	1,495,167,600	765,783,457	1,180,716,500	673,473,229	74.11%
4	Ministry of Information	670,429,720	897,832,094	788,129,000	870,524,309	921,231,500	750,662,141	902,384,200	1,044,485,327	108.57%
5	Office of the Head of Service	429,505,457	398,683,855	378,105,000	329,664,461	478,449,300	389,844,930	442,023,700	373,730,907	86.33%
6	Office of the Auditor General (State)	166,454,010	104,087,674	150,454,000	106,390,253	167,566,600	84,759,801	143,115,200	109,877,905	64.55%
7	Civil Service Commission	118,614,810	92,115,106	123,744,000	100,778,555	161,098,500	110,074,107	136,666,300	84,459,916	71.73%
8	Abia State Independent Electoral Commis	263,062,250	304,949,838	276,372,000	237,909,461	337,155,100	187,183,652	336,124,700	225,125,597	78.76%
9	Ministry of Parastatals	0	0	0	0	11,403,200	0	11,403,300	0	0.00%
10	Office of the Auditor General (Local Gove	75,510,300	78,461,674	71,458,000	95,348,534	95,776,700	59,164,280	84,387,800	68,538,871	92.17%
11	Local Government Service Commission	30,405,730	18,870,928	20,480,000	9,701,514	18,978,100	50,285,629	44,059,700	18,104,084	85.11%
12	Ministry of Boundry Matters & Conflict Re	18,563,140	2,481,327	0	0	15,522,200	614,602	12,034,800	2,060,861	11.18%
13	Ministry of Establishment & Training	6,866,620	0	0	0	6,867,800	0	6,868,000	0	0.00%
14	Ministry of Inter state Affairs	21,050,000	0	0	0	21,051,500	0	21,051,500	0	0.00%
15	Ministry of Home Land Security	96,000,000	19,394,942	33,665,000	21,051,029	421,674,600	24,235,600	25,153,700	48,285,615	19.60%
16	Ministry of Documentation & Strategic Co	0	0	0	0	11,051,500	0	11,051,500	0	0.00%
17	Ministry of Agriculture	852,092,360	958,018,705	914,794,000	961,376,013	1,275,369,600	987,099,356	1,329,936,200	915,033,078	87.41%
18	Ministry of Finance	664,029,940	695,693,634	757,483,000	667,051,617	692,421,400	662,334,020	730,933,700	616,943,223	92.87%
19	Ministry of Trade and Commerce	293,932,390	388,738,914	320,756,000	418,691,962	469,391,400	351,296,329	506,350,600	418,202,153	99.15%
20	Ministry of Science and Technology	99,359,400	93,934,007	100,743,000	29,102,435	93,124,900	86,542,626	87,375,600	81,740,928	76.54%
21	Ministry of Transport	383,540,480	198,468,705	373,001,000	259,449,006	470,675,800	181,477,601	454,497,900	289,846,581	55.26%
22	Ministry of Energy and Mineral Resources	37,307,270	3,741,241	0	0	0	0	0	0	10.03%
23	Ministry of Petroleum and Solid Minerals	56,883,815	85,587,848	95,148,000	81,000,375	115,695,300	83,191,347	110,268,000	93,173,029	90.73%
24	Ministry of Works	171,312,760	178,777,930	161,281,000	174,021,552	259,986,900	149,315,170	239,973,600	183,705,180	82.38%
25	Ministry of Arts & Culture	0	0	0	0	0	0	0	0	0.00%
26	Ministry of Budget & Economic Planning	326,522,558	304,224,358	440,304,000	317,011,349	442,247,100	268,259,474	437,720,600	199,586,099	66.13%
27	Ministry of Power & Public Utilities	214,879,990	293,821,119	259,160,000	297,631,482	349,764,700	258,494,331	352,508,900	298,101,944	97.60%
28	Ministry of Housing	0	0	0	0	0	0	0	0	0.00%
29	Ministry of Poverty Alleviation & Social Pr	0	0	0	0	0	0	0	0	0.00%
30	Ministry of Lands and Housing	469,927,317	706,055,157	597,317,000	465,554,168	721,818,900	574,130,449	775,571,800	589,853,541	91.07%
31	Ministry of Industry	0	0	0	0	0	0	0	0	0.00%
32	Ministry of Industry, Small & Medium Ent	26,420,749	34,140,367	67,527,000	43,581,044	54,310,900	39,572,780	51,264,100	48,176,566	82.93%
33	Judicial Service Commission	112,361,550	116,889,152	119,700,000	100,686,931	143,202,900	123,786,507	117,203,100	4,106,571,070	903.19%
34	Ministry of Justice	2,692,421,929	3,898,587,171	3,499,880,000	3,020,926,671	4,550,612,300	4,046,455,547	5,110,905,600	1,049,459,050	75.79%
35	Ministry of Youth and Sports Developmen	1,840,889,660	1,565,738,087	1,862,607,000	1,617,924,577	1,705,419,000	1,778,340,855	1,533,633,700	1,394,269,019	91.56%
36	Ministry of Women Affairs	269,799,750	352,211,237	397,189,000	658,442,495	452,181,500	320,933,099	514,405,900	409,632,131	106.59%
37	Ministry of Basic & Secondary Education	10,826,608,381	6,589,090,782	11,391,591,000	9,973,223,469	7,781,214,700	5,652,907,446	9,281,597,600	4,656,866,366	68.41%
38	Ministry of Health	5,600,011,820	4,060,203,588	5,331,665,000	5,856,400,508	6,095,861,100	6,553,917,609	5,019,269,000	3,529,574,427	90.72%
39	Ministry of Environment and Urban Rene	349,169,010	366,790,608	419,195,000	406,120,483	443,370,800	382,767,218	500,783,900	361,920,181	88.62%
40	Ministry of Sports	0	0	0	0	0	0	0	0	0.00%
41	Ministry of Local Government and Chiefta	104,109,430	121,797,584	114,074,000	117,279,002	147,017,000	115,081,580	149,634,100	118,592,019	91.83%
42	Ministry of Strategy & Social Developmen	90,515,550	0	0	0	24,213,700	0	24,213,600	0	0.00%
43	Ministry of Joint Projects Implementati	0	20,422,190	35,434,000	16,972,062	36,236,200	94,691,376	36,038,300	12,604,598	134.34%
44	Ministry of Labour and Productivity	0	0	0	0	0	0	0	0	0.00%
	<b>Total</b>	<b>29,696,720,666</b>	<b>26,273,829,569</b>	<b>31,413,227,000</b>	<b>31,139,569,296</b>	<b>32,724,217,100</b>	<b>28,893,354,423</b>	<b>34,373,445,400</b>	<b>25,762,763,187</b>	<b>87.41%</b>

**Table 5: Overhead Expenditure by Main Organisation – Budget Vs Actual**

Overhead Expenditure by Sector										
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance
1	Office of the Governor - Government Hou	5,669,478,001	12,767,636,473	8,870,170,000	11,215,610,056	9,274,784,000	11,922,446,967	9,316,801,500	18,355,862,643	163.78%
2	Office of the Secretary to the State Gover	362,620,000	249,987,742	318,260,000	133,205,000	328,928,100	236,675,000	391,301,300	176,647,765	56.85%
3	Abia State House of Assembly (The Legisl	3,615,398,560	1,483,900,000	1,528,500,000	876,000,000	2,780,470,000	1,807,600,000	3,005,602,700	1,264,091,202	49.69%
4	Ministry of Information	73,619,745	13,500,000	152,900,000	200,000	127,081,200	80,486,878	234,602,300	135,285,890	39.01%
5	Office of the Head of Service	74,759,999	35,871,000	117,708,000	32,340,000	123,752,800	31,604,500	126,802,800	72,500,900	38.90%
6	Office of the Auditor General (State)	24,210,000	5,910,000	20,350,000	4,615,100	17,556,800	3,269,800	17,307,600	4,466,300	22.99%
7	Civil Service Commission	12,150,000	2,400,000	20,660,000	2,200,000	18,812,800	3,200,000	17,652,000	4,141,700	17.24%
8	Abia State Independent Electoral Commis	8,400,000	400,000	14,421,000	200,000	14,422,300	1,200,000	11,273,300	899,700	5.56%
9	Ministry of Parastatals	0	0	0	0	4,003,300	0	4,003,700	0	0.00%
10	Office of the Auditor General (Local Gove	18,542,778	400,000	20,100,000	0	19,657,600	200,000	19,476,200	1,654,700	2.90%
11	Local Government Service Commission	3,060,000	400,000	6,500,000	0	6,752,400	200,000	6,622,800	1,249,400	8.06%
12	Ministry of Boundry Matters & Conflict Re	15,000,000	0	0	0	15,002,000	200,000	15,702,000	200,000	0.88%
13	Ministry of Establishment & Training	11,838,000	1,500,000	0	0	9,010,800	0	5,010,700	0	5.80%
14	Ministry of Inter state Affairs	4,452,000	0	0	0	4,101,000	0	4,100,900	0	0.00%
15	Ministry of Home Land Security	6,330,000	8,900,000	395,448,000	86,000,000	1,035,356,600	97,200,000	1,032,054,000	680,238,683	35.33%
16	Ministry of Documentation & Strategic Co	0	0	0	0	4,401,100	0	4,401,100	0	0.00%
17	Ministry of Agriculture	10,426,865	400,000	30,450,000	5,000,000	31,352,100	201,136	31,353,700	8,856,318	13.96%
18	Ministry of Finance	286,162,990	653,661,685	424,350,000	2,383,519,629	402,208,900	1,656,321,515	1,112,007,200	771,992,383	245.67%
19	Ministry of Trade and Commerce	13,589,906	3,100,000	24,500,000	741,350	22,867,800	121,192,520	23,352,700	2,249,700	150.97%
20	Ministry of Science and Technology	5,999,899	200,000	14,150,000	320,000	11,051,900	1,060,000	11,051,500	3,067,599	11.00%
21	Ministry of Transport	29,969,492	2,225,000	35,700,000	2,250,000	42,561,100	3,500,800	64,152,600	29,613,900	21.81%
22	Ministry of Energy and Mineral Resources	5,099,913	0	0	0	0	0	0	0	0.00%
23	Ministry of Petroleum and Solid Minerals	4,889,917	1,021,000	14,600,000	637,878	14,606,200	914,644	14,606,300	13,605,000	33.22%
24	Ministry of Works	10,559,821	400,000	38,450,000	5,200,000	38,504,300	200,000	37,234,000	7,200,000	10.42%
25	Ministry of Arts & Culture	0	0	0	0	0	0	0	0	0.00%
26	Ministry of Budget & Economic Planning	82,166,173	5,600,000	118,600,000	17,655,000	110,957,800	7,340,000	110,960,400	11,408,700	9.94%
27	Ministry of Power & Public Utilities	52,199,139	800,000	59,500,000	10,332,800	59,962,400	600,000	50,015,600	10,371,428	9.97%
28	Ministry of Housing	0	0	0	0	0	0	0	0	0.00%
29	Ministry of Poverty Alleviation & Social Pr	0	0	0	0	0	0	0	0	0.00%
30	Ministry of Lands and Housing	123,127,985	22,150,000	174,300,000	133,042,938	149,701,800	67,810,409	141,840,300	70,408,528	49.82%
31	Ministry of Industry	0	0	0	0	0	0	0	0	0.00%
32	Ministry of Industry, Small & Medium Ent	6,869,922	400,000	28,500,000	2,200,000	12,502,800	4,158,665	23,813,700	1,640,000	11.72%
33	Judicial Service Commission	12,000,000	9,750,000	25,000,000	9,000,000	24,252,200	25,610,000	15,255,800	233,682,001	363.42%
34	Ministry of Justice	165,660,000	200,200,000	351,992,000	230,676,400	375,315,100	277,384,188	505,164,300	194,120,000	64.54%
35	Ministry of Youth and Sports Developmen	455,792,764	356,289,900	1,078,050,000	559,915,862	839,262,500	320,222,635	943,561,700	509,887,845	52.65%
36	Ministry of Women Affairs	54,149,124	29,420,000	69,960,000	11,400,000	69,657,600	39,780,000	145,208,500	66,230,500	43.32%
37	Ministry of Basic & Secondary Education	1,391,154,903	32,633,450	2,051,775,000	29,000,000	1,617,124,700	702,252,747	2,238,769,900	1,175,160,237	26.57%
38	Ministry of Health	338,371,078	1,400,000	412,529,000	2,700,000	412,378,700	185,628,380	412,332,200	165,659,403	22.56%
39	Ministry of Environment and Urban Rene	45,352,108	50,111,450	71,552,000	54,473,773	71,503,300	32,156,330	61,501,700	62,207,879	79.61%
40	Ministry of Sports	0	0	0	0	0	0	0	0	0.00%
41	Ministry of Local Government and Chiefta	8,939,996	4,083,750	20,600,000	200,000	20,602,600	2,735,764	21,102,100	3,436,600	14.68%
42	Ministry of Strategy & Social Developmen	29,567,563	0	0	0	8,404,500	0	8,404,700	0	0.00%
43	Ministry of Joint Projects Implementation	0	200,000	20,000,000	0	8,654,200	600,400	8,255,500	600,400	3.80%
44	Ministry of Labour and Productivity	0	0	0	0	0	0	0	0	0.00%
	<b>Total</b>	<b>13,031,908,641</b>	<b>15,944,851,450</b>	<b>16,529,575,000</b>	<b>15,808,635,786</b>	<b>18,127,525,300</b>	<b>17,633,953,277</b>	<b>20,192,659,300</b>	<b>24,038,637,302</b>	<b>108.17%</b>

**Table 6: Capital Expenditure by Main Organisation – Budget Vs Actual**

Capital Expenditure by Sector										
No.	Sector	2020		2021		2022		2023		Performance
		2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	
1	Office of the Governor - Government House	3,132,340,200	3,897,471,891	5,406,694,000	4,509,991,557	6,661,131,700	4,441,554,324	7,278,914,800	8,955,534,562	97.00%
2	Office of the Secretary to the State Government	161,340,000	73,660,000	137,100,000	11,300,000	123,654,100	15,920,000	3,127,506,200	16,000,000	3.29%
3	Abia State House of Assembly (The Legislature)	1,218,000,000	625,000,000	2,272,000,000	1,090,000,000	2,002,000,000	2,765,000,000	3,436,136,300	457,300,000	55.30%
4	Ministry of Information and Culture	197,850,000	229,224,000	708,100,000	264,792,500	1,073,594,300	519,400,000	1,261,094,900	76,320,200	33.63%
5	Office of the Head of Service	86,350,000	0	188,885,000	0	189,102,100	0	182,374,400	72,212,000	11.17%
6	Abia State Tourism Board	38,500,000	1,570,300	0	929,000	0	4,500,000	0	0	18.18%
7	Office of the Auditor General (State)	16,500,000	0	24,568,000	0	23,000,000	0	18,901,400	4,500,000	5.42%
8	Civil Service Commission	6,500,000	8,000,000	8,091,000	0	7,000,000	5,000,000	10,600,200	0	40.38%
9	Abia State Independent Electoral Commission (ABSIEC)	253,000,000	0	10,500,000	0	255,501,800	0	351,001,200	0	0.00%
10	Ministry of Parastatals	0	0	0	0	6,000,000	0	3,000,000	0	0.00%
11	Office of the Auditor General (Local Government)	2,500,000	0	55,000,000	0	53,000,000	0	52,500,600	0	0.00%
12	Local Government Service Commission	33,250,000	0	231,825,000	0	240,000,000	2,000,000	229,700,900	0	0.27%
13	Ministry of Boundary Matters	0	0	0	0	13,000,000	0	13,202,800	0	0.00%
14	Ministry of Establishment & Training	2,200,000	0	0	0	4,500,600	0	2,001,200	0	0.00%
15	Ministry of Inter-Governmental Affairs	0	28,000,000	0	0	9,559,500	10,000,000	3,001,200	0	302.53%
16	Home Land Security	330,000,000	0	620,000,000	0	1,574,851,100	0	1,133,262,700	350,000,000	9.57%
17	Ministry of Documentation & Strategic Communications	0	0	0	0	7,500,600	0	5,000,000	0	0.00%
18	Ministry of Agriculture	1,696,025,346	2,000,000	1,506,032,000	12,000,000	2,393,804,100	29,350,000	2,409,198,000	7,264,609	0.63%
19	Ministry of Finance	706,800,000	329,586,112	350,000,000	517,608,846	2,301,421,200	437,765,000	1,678,100,800	252,184,190	30.52%
20	Ministry of Trade, Commerce and Industry	722,830,000	29,800,000	1,345,100,000	29,000,000	3,408,209,000	125,054,635	3,057,351,800	81,143,440	3.11%
21	Ministry of Science and Technology	33,000,000	0	302,000,000	0	456,501,800	1,000,000	406,501,800	27,186,350	2.35%
22	Ministry of Transport	336,000,000	12,000,000	421,000,000	11,500,000	722,009,600	7,147,300	723,009,600	198,530,518	10.41%
23	Ministry of Energy and Mineral Resources	165,000,000	0	0	0	0	0	0	0	0.00%
24	Ministry of Petroleum and Energy Development	11,000,000	0	319,000,000	0	300,124,900	0	300,124,900	67,638,475	7.27%
25	Ministry of Works	9,167,500,000	10,986,309,441	16,310,000,000	20,518,485,728	14,437,442,000	18,974,987,358	17,217,332,500	26,999,039,651	135.61%
26	Ministry of Tourism, Arts & Culture	0	0	0	0	0	0	0	0	0.00%
27	Ministry of Budget & Economic Planning	5,043,355,000	3,891,902,877	7,224,500,000	3,059,604,508	8,595,600,200	980,178,945	6,880,920,700	11,279,681,994	69.24%
28	Ministry of Power & Public Utilities	2,064,530,000	664,810,000	4,491,000,000	507,100,000	3,908,934,200	2,187,579,688	2,957,934,000	747,563,581	30.60%
29	Abia State Rural Water Sanitation Agency	257,500,000	452,542,414	100,000,000	224,582,975	94,168,100	2,309,360,968	94,168,100	0	547.14%
30	Ministry of Housing	0	0	0	0	0	0	5,553,000,000	0	0.00%
31	Min of Rural Development, Cooperatives & Poverty Reduc	0	0	0	0	0	0	0	0	0.00%
32	Ministry of Lands and Housing	2,819,390,149	18,500,000	6,875,000,000	20,000,000	11,442,886,900	226,000,000	8,036,451,400	1,828,143,704	7.17%
33	Ministry of Industry, Promotions & Development	0	0	0	0	0	0	0	0	0.00%
34	Ministry of Digital Economy and SMEs	384,500,000	0	246,500,000	0	687,700,000	0	637,701,000	84,000,000	4.29%
35	Judicial Service Commission	2,200,000	73,000,000	6,000,000	45,000,000	58,000,000	30,000,000	20,000,000	117,150,000	307.60%
36	Ministry of Justice	221,500,000	66,000,000	411,125,000	373,990,000	981,157,100	155,950,000	801,547,300	65,000,000	27.36%
37	Ministry of Youth and Sports development	99,000,000	16,000,000	210,000,000	377,059,733	1,373,000,000	89,013,770	2,865,000,000	220,720,104	15.46%
38	Ministry of Women Affairs and Poverty Alleviation	1,582,098,110	524,700,000	1,310,000,000	3,858,624,760	1,641,400,800	2,043,807,421	1,839,201,700	6,549,574,919	203.63%
39	Ministry of Education	9,934,432,715	472,260,000	8,554,600,000	361,856,394	7,032,208,400	2,728,604,060	8,487,421,300	1,590,815,375	15.15%
40	Ministry of Health	5,427,100,000	13,069,526,402	5,203,220,000	7,728,353,268	4,722,206,400	7,180,868,779	5,761,507,400	739,213,848	136.01%
41	Ministry of Environment and Urban Renewal	1,125,000,000	62,000,000	4,268,400,000	0	2,898,501,800	152,250,000	3,355,201,500	1,366,835,466	13.57%
42	Ministry of Sports	77,000,000	0	0	0	1,268,000,000	0	2,625,000,000	0	0.00%
43	Ministry of Local Government and Chieftaincy Affairs	27,500,000	0	55,000,000	0	56,001,200	0	57,500,600	6,750,000	3.44%
44	Ministry of Strategy & Social Development	0	0	20,000,000	0	7,002,400	0	7,002,400	0	0.00%
45	Ministry of Joint Projects Implementation	75,500,000	0	0	0	18,201,600	0	37,500,600	0	0.00%
46	0	0	0	0	0	0	0	0	0	0.00%
	<b>Total</b>	<b>47,457,091,520</b>	<b>35,533,863,437</b>	<b>69,191,240,000</b>	<b>43,521,779,269</b>	<b>81,047,877,500</b>	<b>45,422,292,248</b>	<b>92,916,876,200</b>	<b>62,160,302,985</b>	<b>64.22%</b>

## 2.B.2 Debt Position

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

**Table 7: Debt Position as of 31<sup>st</sup> December 2023**

<b>Debt Sustainability Analysis</b>		
<b>A DSA RATIO SCENARIOS:</b>	<b>Sustainability Thresholds</b>	<b>As at 31st December 2023</b>
<b>Solvency Ratios</b>	<b>Percentage</b>	<b>Percentage</b>
<b>1</b> Total Domestic Debt/IGR	150%	438.52%
<b>2</b> Total External Debt/Gross FAAC	150%	74.77%
<b>3</b> Total Public Debt/Total Recurrent Revenue	150%	127.07%
<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%	11.14%
<b>6</b> External Debt Service/Gross FAAC	10%	15.32%
<b>8</b> Debt Service Deductions from FAAC/Gross FAAC	40%	9.23%
<b>8</b> Total Debt Service/Total Recurrent Revenue	25%	14.72%
<b>B PUBLIC DEBT DATA AS AT 31st DECEMBER 2023</b>		<b>Naira</b>
<b>1</b> Total Domestic Debt		78,875,681,912
<b>2</b> Total External Debt		80,094,222,458
<b>3 Total Public Debt</b>		<b>158,969,904,370</b>
<b>4</b> Total Domestic Debt Service 2023		2,004,390,383
<b>5</b> Total External Debt Service in 2023		16,411,316,628
<b>6 Total Public Debt Service</b>		<b>18,415,707,012</b>

119. By December 2023, the State's total public debt was N158,969,904,370 broken into N78,875,681,912 for domestic debt and N80,094,222,458 for external debt. We anticipate changes in the foreign debt stock due to the new CBN Policy of floating the Naira on the open market. This policy will certainly lead to an increase in the naira value of the foreign debt stock in 2024.
120. The removal of fuel subsidy in addition to floating of the Nigerian Currency should lead to increase revenue for the Federation Account which should help cushion the effects increase of the foreign debt stock as well as improve solvency and liquidity ratios.

## Section 3 Fiscal Strategy Paper

### 3.A Macroeconomic Framework

121. The Macroeconomic framework is based on IMF national real GDP growth and inflation forecasts from the [April 2024 World Economic Outlook document](#), and mineral benchmarks (oil price, production and NGN: USD exchange rate) based on the current mineral sector realities (providing some margin for error).

**Table 8: Abia State Macroeconomic Framework**

<b>Macro-Economic Framework</b>			
<b>Item</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
National Inflation	32.00%	25.00%	28.00%
National Real GDP Growth	4.00%	1.70%	3.50%
Oil Production Benchmark (MBPD)	1.6100	1.9000	1.8100
Oil Price Benchmark	\$83.64	\$76.00	\$83.64
NGN:USD Exchange Rate	1941	2045	2045
<b>Other Assumptions</b>			
Mineral Ratio	25%	30%	35%

### 3.B Fiscal Strategy and Assumptions

#### Policy Statement

122. Abia State's Fiscal mission is to strengthen the fiscal framework, 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

123. The key targets for Abia State Government from a fiscal perspective are:

- Create efficiencies in personnel and overhead expenditure to allow greater resource for capital development.
- Grow IGR by 213% in 2025.
- Loans will only be used for capital expenditure projects.
- Long term target of funding all non-debt recurrent expenditure through IGR;
- Target sources of capital receipts and financing outside of loans (e.g. Grants, PPP, etc.); and
- Priority given to the completion of ongoing capital projects before new projects are commenced.

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

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



**Table 9: Abia State Medium Term Fiscal Framework**

Item	2024 Original Budget	2025 Forecast	2026 Forecast	2027 Forecast
<b>Opening Balance</b>	65,534,609,263	21,408,699,381		
<b>Recurrent Revenue</b>				
Statutory Allocation	78,510,851,765	136,872,447,781	140,294,258,975	143,801,615,449
VAT	40,185,919,612	60,681,331,215	62,198,364,495	63,753,323,607
IGR	32,143,062,000	100,625,062,000	103,140,688,550	105,719,205,764
Other Federation Account Revenues	10,437,883,681	41,094,275,207	42,121,632,087	43,174,672,889
Other Recurrent Revenues (Recurrent Grants)	0	0	0	0
<b>Total Recurrent Revenue</b>	<b>166,077,717,058</b>	<b>339,273,116,202</b>	<b>347,754,944,107</b>	<b>356,448,817,710</b>
<b>Recurrent Expenditure</b>				
Personnel (Salaries, Allowances and Contributions)	24,110,132,645	58,441,339,795	59,902,373,290	61,399,932,622
Social Benefits	23,726,194,600	18,900,000,000	19,372,500,000	19,856,812,500
Overheads	23,662,220,335	37,980,132,527	38,929,635,840	39,902,876,736
Grants, Contributions and Subsidies	0	0	0	0
Public Debt Service	20,000,000,000	23,291,769,030	23,874,063,255	24,470,914,837
<b>Total</b>	<b>91,498,547,579</b>	<b>138,613,241,352</b>	<b>142,078,572,385</b>	<b>145,630,536,695</b>
<b>Transfer to Capital Account</b>	<b>140,113,778,742</b>	<b>222,068,574,232</b>	<b>205,676,371,722</b>	<b>210,818,281,015</b>
<b>Capital Receipts</b>				
Capital Grants	16,491,351,701	25,491,351,791	22,491,351,701	24,491,351,701
Other Capital Receipts	0	0	0	0
<b>Total</b>	<b>16,491,351,701</b>	<b>25,491,351,791</b>	<b>22,491,351,701</b>	<b>24,491,351,701</b>
<b>Reserves</b>				
Contingency Reserve		29,513,012,963	30,068,974,093	30,892,584,256
Planning Reserve		23,610,410,371	24,055,179,275	24,714,067,405
Climate Response Reserve		29,513,012,963	30,068,974,093	30,892,584,256
<b>Total Reserves</b>	<b>0</b>	<b>82,636,436,297</b>	<b>84,193,127,461</b>	<b>86,499,235,917</b>
<b>Capital Expenditure</b>				
Discretionary Funds	475,741,548,393	529,032,522,351	517,186,354,403	531,352,449,202
Non-Discretionary Funds	0	0	0	0
Planning and Climate Reserves	0	53,123,423,334	54,124,153,368	55,606,651,661
<b>Financing (Loans)</b>	<b>319,136,417,950</b>	<b>364,109,032,626</b>	<b>373,211,758,441</b>	<b>382,542,052,402</b>
<b>Total Revenue (Including Opening Balance)</b>	<b>567,240,095,972</b>	<b>750,282,200,000</b>	<b>743,458,054,249</b>	<b>763,482,221,813</b>
<b>Total Expenditure (including Reserves)</b>	<b>567,240,095,972</b>	<b>750,282,200,000</b>	<b>743,458,054,249</b>	<b>763,482,221,813</b>
<b>Closing Balance</b>				
<b>Ratios</b>				
Growth in Recurrent Revenue	32.75%	104.29%	2.50%	2.50%
Growth in Recurrent Expenditure	69.71%	51.49%	2.50%	2.50%
Capital Expenditure Ratio	83.87%	80.74%	80.08%	80.12%
Deficit (Financing) to Total Expenditure	56.26%	48.53%	50.20%	50.10%

### 3.C.1 Assumptions

125. **Statutory Allocation** – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macro-economic framework real GDP growth and inflation forecasts from the July 2024 IMF, World Economic Outlook document. The State will continue to monitor the development at Federal level to ascertain the mineral assumptions that will be provided in the 2025-2027 Federal Fiscal Strategy Paper in order to update the statutory allocation forecast.
126. **Derivation** - The Nigeria Constitution stipulates payment of 13 percent of oil revenue from the Federation Account as a derivation fund to the oil-producing States, of which Abia State is among. The estimate for derivation is based on an elasticity forecast taking into consideration the macro-economic factors that affect crude oil production in Nigeria.
127. **VAT** - is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2025-2027 is in line with the current rate of collections (i.e. 7.5%). Any further revision of the rate would need to be reflected in these forecasts.
128. **Other Federation Account Distributions** - Other Federation Account Distributions – the estimation is based on the current receipt (i.e., from January to May 2024). Other Federation Account distribution such as ecological fund, Forex and removal of fuel subsidy would cause increase in 2025 taking a guide from the receipts of 2024 Q3 going forward but



due to pressure on government to restore the subsidy, we conservatively kept the 2026 and other years at low.

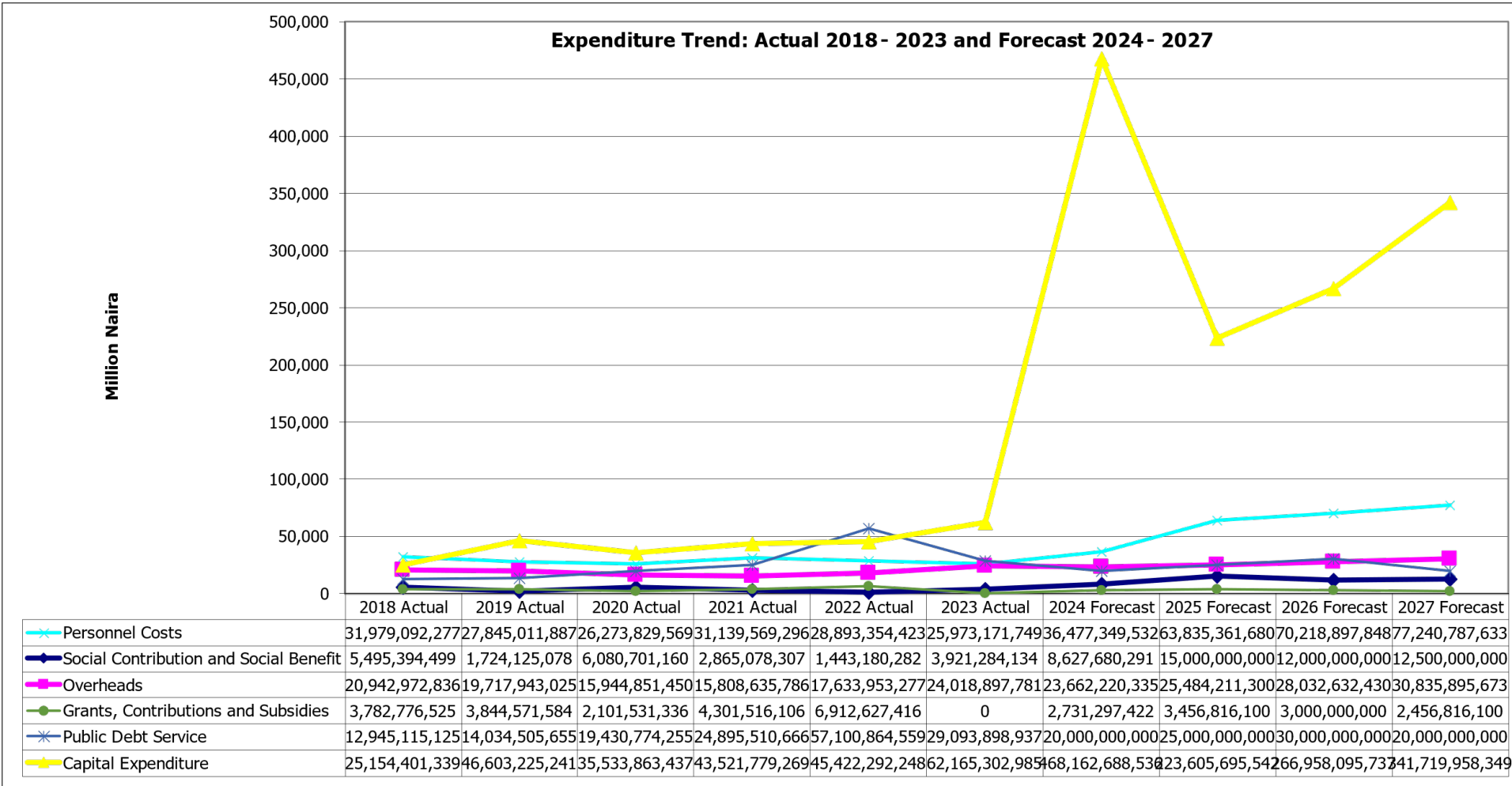
129. **Internally Generated Revenue (IGR)** - The IGR projections were set at own values of N100,625,062,000 for 2025 and beyond. These optimistic IGR projections are in line with the current revenue drive by the Abia State Internal Revenue Service to collect and close leakages in revenue collection in the State.
130. **Grants** - Over the forecast period, modest amounts have been projected for grants based on the level of grant received in the past. The estimated amount for 2025, 2026 and 2027 is N25,491,351,791, N22,491,351.701 and N24,491,351,701 billion respectively.
131. **Financing (Loans)** - All other internal and external loans are projections based on signed agreement.
132. A full schedule of anticipated capital receipts is included in Annex 1.
133. **Personnel** - Over the forecast period 2025 to 2027, it is anticipated that the present level of personnel cost will increase because of the proposed minimum wage increase, promotions, annual notch increments as well as other salary increments. Therefore, Personnel costs is estimated to grow by 142% in 2025, and 2.5% in each of 2026 and 2027.
134. **Social Contribution and Social Benefits** -. Pensions and Gratuities are estimated at N18.9B for 2025, N19.3B for 2026, and N19.8B and 2027 respectively. These projections were made taking into cognizance the 2024 Q2 BIR values.
135. **Overheads** – Considering the inflationary impacts on operational expenditure exacerbated by the fuel subsidy removal and floating of the Naira, the overhead expenditure has been projected to increase by 61% in 2025 and 2.5% in each of 2026 and 2027.
136. **Public Debt Service** –own value projected based on the projected principal and interest repayment for 2025, 2026 and 2027. The debt figures projected are based on the principal repayment and interest payment on already existing debt of the State as it is in the repayment schedule of the years concerned. From the projection made, debt service is expected to increase from ₦20b in 2024 to ₦23.2b in 2025, ₦23.8b, ₦24.4b for year 2026 and 2027.
137. **Capital Expenditure** – is based on the treasury opening balance, capital receipts and the transfer from the recurrent account less the treasury closing balance. Over the forecasted period, the ratio is projected to increase by 29% for 2025. This reflects the projected increase in revenue, particular in the Statutory Allocation.
138. **Contingency Reserves** - This will serve the purpose for emergency appropriations as well as a shock-absorbing mechanism/reserve in times of budgetary stress. The Planning reserve has been set at 4% of the Capital Development Fund (CDF), and Contingency Reserve has been set at 5% of the CDF.

### 3.C.2 Fiscal Trends

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



**Figure 9: State Expenditure Trend**



### 3.D Local Government Forecasts

140. Based on the Macroeconomic assumptions in section 3.A, the forecasting techniques noted in section 3.B and the vertical and horizontal sharing ratios from April 2024, the Federation Account revenues have been forecasted for the 17 Local Governments (LGs) of Abia State. Forecasts for 2025 for the 17 Local Governments are provided in Table 10 below.

**Table 10: Local Government FAAC Estimates 2025**

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2025			
				Statutory Allocation	VAT	Other Federation Account	Total Transfer
ABA NORTH	0.1063%	0.0882%		6,090,822,583	1,966,360,174	530,383,879	<b>8,587,566,636</b>
ABA SOUTH	0.1774%	0.1560%		10,161,744,023	3,478,074,321	884,876,409	<b>14,524,694,754</b>
AROCHUKWU	0.1248%	0.1016%		7,149,905,727	2,266,051,946	622,607,979	<b>10,038,565,652</b>
BENDE	0.1272%	0.1063%		7,284,979,559	2,370,722,827	634,370,098	<b>10,290,072,484</b>
IKWUANO	0.1158%	0.0947%		6,630,758,170	2,112,125,306	577,401,031	<b>9,320,284,507</b>
ISIALA NGWA NORTH	0.1196%	0.0981%		6,847,859,273	2,187,342,120	596,306,019	<b>9,631,507,413</b>
ISIALA NGWA SOUTH	0.1160%	0.0940%		6,644,257,663	2,096,686,291	578,576,556	<b>9,319,520,510</b>
ISUIKWUATO	0.1131%	0.0897%		6,478,565,530	1,999,589,177	564,148,220	<b>9,042,302,927</b>
NNEOCHI	0.1220%	0.1003%		6,989,449,624	2,236,053,143	608,635,592	<b>9,834,138,359</b>
OBIOMA NGWA	0.1238%	0.1040%		7,092,877,113	2,319,727,728	617,641,973	<b>10,030,246,814</b>
OHAFIA	0.1354%	0.1177%		7,756,628,472	2,624,135,783	675,440,902	<b>11,056,205,157</b>
OSISIOMA	0.1304%	0.1122%		7,468,254,334	2,502,229,209	650,329,517	<b>10,620,813,060</b>
UGWUNAGBO	0.0996%	0.0829%		5,702,923,742	1,847,521,334	496,605,964	<b>8,047,051,039</b>
UKWA EAST	0.0941%	0.0778%		5,388,483,971	1,734,019,968	469,224,804	<b>7,591,728,743</b>
UKWA WEST	0.0980%	0.0841%		5,610,990,179	1,875,890,702	488,600,464	<b>7,975,481,345</b>
UMUAHIA NORTH	0.1460%	0.1125%		8,364,176,944	2,507,141,405	728,345,729	<b>11,599,664,078</b>
UMUAHIA SOUTH	0.1262%	0.0949%		7,227,139,541	2,114,882,443	629,333,436	<b>9,971,355,420</b>

### 3.E Fiscal Risks

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

**Table 11: Fiscal Risks**

Risk	Likelihood	Impact	Reaction
Security situation country wide could affect economic activity and oil production, resulting in risk to VAT and Statutory Allocation	Medium	High	The estimates for VAT and Statutory are not overly ambitious. In addition, clear prioritisation of projects in the capital budget is required. Increased IGR effort to decrease reliance on federal transfers and seeking alternative means of funding (grants, PPP etc.)
Mismanagement and inefficient use of financial resources	Medium	High	Adherence to existing and new institutional and legal/regulatory framework that will require more transparent and efficient use of financial resources.
Floods and other natural disasters impact on economic activity and hence IGR tax base, and causing increased overhead expenditure	Medium	Medium	Increased investment to increase climate resilience (flood control and irrigation) adaptation, and awareness
Communal crises	Medium	High	Effective crisis management to

			reduce communal crisis
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142. It should be noted however that no budget is without risk. The ongoing implementation of the 2023 budget should be closely monitored, as should the security situation and impact of the fiscal and economic outlook.

## Section 4 Budget Policy Statement

### 4.A Budget Policy Thrust

143. Reduced over-dependence on Federal transfers through improved independent revenue generation achievable via a technological-driven and autonomous Board of Internal Revenue.
144. Continuous improvement in access to - and quality of - public services, these include education and Health Care Delivery Systems at all levels. Inherent in this is the resolve of government to promote gender equality and inclusive development.
145. Pursuit of initiatives that would continue to generate economic growth and guarantee security. This would involve implementation of programmes that generate employment and create wealth and ensure adequate security.
146. Constant Infrastructural Development which is aligned to its quest for all round and total transformation of the State with Infrastructure that will stand the test of time.
147. Another major priority area is to broaden governance reforms particularly in policy and strategy; public expenditure and financial management; and public service management. As part of this process, Government is currently working to produce the Medium-Term Sector Strategy for the key sectors.

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

148. Presented in the table below are the indicative three envelopes for sectors and sub-sectors. The total forecast budget size for the 2025 fiscal year is **N750,282,200,000** of which the sum of **N138,613,241,352** will be for recurrent expenditure (i.e. Personnel, Social Contribution and Social Benefits, Overhead, and Public Debt Charge), **N611,668,958,648.80** will be for capital expenditure, of which **N23,610,410,371** is 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 budget call circular and additional **N29,513,012,963** is for contingency reserve.
149. The capital expenditure component is in two parts, the discretionary capital expenditure of sum of **N529,032,522,351** that will be spent across all MDAs and non-discretionary capital expenditure of **N25,491,351,791** which is specifically earmarked for projects and programmes in Agriculture; Budget and Economic Planning; Power and Public Utilities; Women Affairs and Poverty Alleviation; Education and Health. The non-discretionary amounts are in the form of loans and grants.
150. Presented in the Table 12, Table 13 and Table 14: present the indicative three-year (2025-2027) envelopes for Main Organisation for Personnel, Overheads and Capital expenditure respectively. The basis for the envelopes is as follows:
  - Non-Discretionary capital expenditure is allocated automatically to the relevant sectors.
  - Discretionary capital expenditure is allocated using the average trend from 2020-2024 budget, and 2020-2023 actuals.
  - These are combined to give the total sector envelopes.
  - Overhead expenditure is allocated using the average trend from 2020-2024 budget, and 2020-2023 actuals.

Table 12: Indicative Sector Expenditure Ceilings 2025-2027 – Personnel Expenditure (Salaries and Wages)

No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Office of the Governor - Government House	2.07%	1,209,735,734	2.07%	1,239,979,127	2.07%	1,270,978,605
2	Office of the Secretary to the State Government	0.83%	485,063,120	0.83%	497,189,698	0.83%	509,619,441
3	Abia State House of Assembly (The Legislature)	1.89%	1,104,541,322	1.89%	1,132,154,855	1.89%	1,160,458,727
4	Ministry of Information	1.52%	888,308,365	1.52%	910,516,074	1.52%	933,278,976
5	Office of the Head of Service	20.79%	12,149,954,543	20.79%	12,453,703,407	20.79%	12,765,045,992
6	Office of the Auditor General (State)	0.38%	222,077,091	0.38%	227,629,019	0.38%	233,319,744
7	Civil Service Commission	0.35%	204,544,689	0.35%	209,658,307	0.35%	214,899,764
8	Abia State Independent Electoral Commission	0.43%	251,297,761	0.43%	257,580,205	0.43%	264,019,710
10	Office of the Auditor General (Local Government)	0.19%	111,038,546	0.19%	113,814,509	0.19%	116,659,872
11	Local Government Service Commission	1.38%	806,490,489	1.38%	826,652,751	1.38%	847,319,070
17	Ministry of Agriculture	2.61%	1,525,318,969	2.61%	1,563,451,943	2.61%	1,602,538,241
18	Ministry of Finance	2.27%	1,326,618,413	2.27%	1,359,783,874	2.27%	1,393,778,471
19	Ministry of Trade, Commerce	0.97%	566,880,996	0.97%	581,053,021	0.97%	595,579,346
20	Ministry of Science and Technology	0.28%	163,635,751	0.28%	167,726,645	0.28%	171,919,811
21	Ministry of Transport	1.78%	1,040,255,848	1.78%	1,066,262,245	1.78%	1,092,918,801
23	Ministry of Petroleum and Solid Minerals	1.18%	689,607,810	1.18%	706,848,005	1.18%	724,519,205
24	Ministry of Works	0.52%	303,894,967	0.52%	311,492,341	0.52%	319,279,650
25	Ministry of Arts, Culture & Creative Economy	0.58%	338,959,771	0.58%	347,433,765	0.58%	356,119,609
26	Ministry of Budget & Economic Planning	1.36%	794,802,221	1.36%	814,672,277	1.36%	835,039,084
27	Ministry of Power & Public Utilities	0.79%	461,686,584	0.79%	473,228,749	0.79%	485,059,468
29	Min. of Poverty Reduction and Social Protection	0.40%	233,765,359	0.40%	239,609,493	0.40%	245,599,730
30	Ministry of Lands and Housing	1.21%	707,140,212	1.21%	724,818,717	1.21%	742,939,185
32	Ministry of Industry and SMEs	0.20%	116,882,680	0.20%	119,804,747	0.20%	122,799,865
33	Judicial Service Commission	8.95%	5,230,499,912	8.95%	5,361,262,409	8.95%	5,495,293,970
34	Ministry of Justice	1.92%	1,122,073,724	1.92%	1,150,125,567	1.92%	1,178,878,706
35	Ministry of Youth and Sports Development	3.57%	2,086,355,831	3.57%	2,138,514,726	3.57%	2,191,977,595
36	Ministry of Women Affairs and Poverty Alleviation	0.53%	309,739,101	0.53%	317,482,578	0.53%	325,419,643
37	Ministry of Basic and Secondary Education	8.31%	4,856,475,337	8.31%	4,977,887,220	8.31%	5,102,334,401
38	Ministry of Health	13.99%	8,175,943,437	13.99%	8,380,342,023	13.99%	8,589,850,574
39	Ministry of Environment and Urban Renewal	1.02%	596,101,666	1.02%	611,004,208	1.02%	626,279,313
41	Ministry of Local Government and Chieftaincy Affairs	0.30%	175,324,019	0.30%	179,707,120	0.30%	184,199,798
44	Ministry of Labour and Productivity	0.83%	485,063,120	0.83%	497,189,698	0.83%	509,619,441
45	Ministry of Tertiary Education	16.60%	9,701,262,406	16.60%	9,943,793,966	16.60%	10,192,388,815
	<b>Total</b>	<b>100.00%</b>	<b>58,441,339,795</b>	<b>100.00%</b>	<b>59,902,373,290</b>	<b>100.00%</b>	<b>61,399,932,622</b>

Table 13: Indicative Sector Expenditure Ceilings 2025-2027 – Overhead Expenditure

No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Office of the Governor - Government House	5.17%	1,963,572,852	7.17%	2,791,254,890	7.17%	2,861,036,262
2	Office of the Secretary to the State Government	5.21%	1,978,764,905	5.21%	2,028,234,027	5.21%	2,078,939,878
3	Abia State House of Assembly (The Legislature)	9.42%	3,577,728,484	9.42%	3,667,171,696	9.42%	3,758,850,989
4	Ministry of Information	1.72%	653,258,279	1.72%	669,589,736	1.72%	686,329,480
5	Office of the Head of Service	0.71%	269,658,941	0.71%	276,400,414	0.71%	283,310,425
6	Office of the Auditor General (State)	0.23%	87,354,305	0.23%	89,538,162	0.23%	91,776,616
7	Civil Service Commission	0.42%	159,516,557	0.42%	163,504,471	0.42%	167,592,082
8	Abia State Independent Electoral Commission	0.32%	121,536,424	0.32%	124,574,835	0.32%	127,689,206
10	Office of the Auditor General (Local Government)	0.09%	34,182,119	0.09%	35,036,672	0.09%	35,912,589
11	Local Government Service Commission	0.13%	49,374,172	0.13%	50,608,527	0.13%	51,873,740
17	Ministry of Agriculture	0.37%	140,526,490	0.37%	144,039,653	0.37%	147,640,644
18	Ministry of Finance	8.01%	3,042,208,615	8.01%	3,118,263,831	8.01%	3,196,220,427
19	Ministry of Trade, Commerce	0.41%	155,718,543	0.41%	159,611,507	0.41%	163,601,795
20	Ministry of Science and Technology	1.76%	668,450,332	1.76%	685,161,591	1.76%	702,290,631
21	Ministry of Transport	1.88%	714,026,492	1.88%	731,877,154	1.88%	750,174,083
23	Ministry of Petroleum and Solid Minerals	0.63%	239,274,835	0.63%	245,256,706	0.63%	251,388,123
24	Ministry of Works	4.23%	1,606,559,606	4.23%	1,646,723,596	4.23%	1,687,891,686
25	Ministry of Arts, Culture & Creative Economy	0.59%	224,082,782	0.59%	229,684,851	0.59%	235,426,973
26	Ministry of Budget & Economic Planning	10.21%	3,877,771,531	8.21%	3,196,123,102	8.21%	3,276,026,180
27	Ministry of Power & Public Utilities	3.07%	1,165,990,069	3.07%	1,195,139,820	3.07%	1,225,018,316
29	Min. of Poverty Reduction and Social Protection	0.34%	129,132,451	0.34%	132,360,762	0.34%	135,669,781
30	Ministry of Lands and Housing	3.40%	1,291,324,506	3.40%	1,323,607,619	3.40%	1,356,697,809
32	Ministry of Industry and SMEs	0.47%	178,506,623	0.47%	182,969,288	0.47%	187,543,521
33	Judicial Service Commission	1.69%	641,864,240	1.69%	657,910,846	1.69%	674,358,617
34	Ministry of Justice	3.55%	1,348,294,705	3.55%	1,382,002,072	3.55%	1,416,552,124
35	Ministry of Youth and Sports Development	5.97%	2,267,413,912	5.97%	2,324,099,260	5.97%	2,382,201,741
36	Ministry of Women Affairs and Poverty Alleviation	0.98%	372,205,299	0.98%	381,510,431	0.98%	391,048,192
37	Ministry of Basic and Secondary Education	6.72%	2,552,264,906	6.72%	2,616,071,528	6.72%	2,681,473,317
38	Ministry of Health	6.10%	2,316,788,084	6.10%	2,374,707,786	6.10%	2,434,075,481
39	Ministry of Environment and Urban Renewal	6.81%	2,586,447,025	6.81%	2,651,108,201	6.81%	2,717,385,906
41	Ministry of Local Government and Chieftaincy Affairs	0.06%	22,788,080	0.06%	23,357,782	0.06%	23,941,726
44	Ministry of Labour and Productivity	0.25%	94,950,331	0.25%	97,324,090	0.25%	99,757,192
45	Ministry of Tertiary Education	9.08%	3,448,596,033	9.08%	3,534,810,934	9.08%	3,623,181,208
	<b>Total</b>	<b>100.00%</b>	<b>37,980,132,527</b>	<b>100.00%</b>	<b>38,929,635,840</b>	<b>100.00%</b>	<b>39,902,876,736</b>



Table 14: Indicative Sector Expenditure Ceilings 2024-2026 – Capital Expenditure

No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Office of the Governor - Government House	1.38%	7,300,648,808	1.38%	7,137,171,691	1.38%	7,332,663,799
2	Office of the Secretary to the State Government	0.88%	4,655,486,197	0.88%	4,551,239,919	0.88%	4,675,901,553
3	Abia State House of Assembly (The Legislature)	1.17%	6,189,680,512	1.17%	6,051,080,347	1.17%	6,216,823,656
4	Ministry of Information	0.73%	3,861,937,413	0.73%	3,775,460,387	0.73%	3,878,872,879
5	Office of the Head of Service	2.18%	11,532,908,987	2.18%	11,274,662,526	2.18%	11,583,483,393
6	Office of the Auditor General (State)	0.06%	317,419,513	0.06%	310,311,813	0.06%	318,811,470
7	Civil Service Commission	0.11%	581,935,775	0.11%	568,904,990	0.11%	584,487,694
8	Abia State Independent Electoral Commission	0.11%	581,935,775	0.11%	568,904,990	0.11%	584,487,694
10	Office of the Auditor General (Local Government)	0.03%	158,709,757	0.03%	155,155,906	0.03%	159,405,735
11	Local Government Service Commission	0.02%	105,806,504	0.02%	103,437,271	0.02%	106,270,490
17	Ministry of Agriculture	4.56%	24,123,883,019	4.56%	23,583,697,761	4.56%	24,229,671,684
18	Ministry of Finance	4.50%	23,806,463,506	4.50%	23,273,385,948	4.50%	23,910,860,214
19	Ministry of Trade, Commerce	0.48%	2,539,356,107	0.48%	2,482,494,501	0.48%	2,550,491,756
20	Ministry of Science and Technology	0.98%	5,184,518,719	0.98%	5,068,426,273	0.98%	5,207,254,002
21	Ministry of Transport	0.82%	4,338,066,683	0.82%	4,240,928,106	0.82%	4,357,090,083
23	Ministry of Petroleum and Solid Minerals	1.05%	5,554,841,485	1.05%	5,430,456,721	1.05%	5,579,200,717
24	Ministry of Works	16.83%	89,036,173,512	16.83%	87,042,463,446	16.83%	89,426,617,201
25	Ministry of Arts, Culture & Creative Economy	0.30%	1,587,097,567	0.30%	1,551,559,063	0.30%	1,594,057,348
26	Ministry of Budget & Economic Planning	3.73%	19,732,913,084	3.73%	19,291,051,019	3.73%	19,819,446,355
27	Ministry of Power & Public Utilities	3.56%	18,833,557,796	3.56%	18,411,834,217	3.56%	18,916,147,192
29	Min. of Poverty Reduction and Social Protection	0.46%	2,433,549,603	0.46%	2,379,057,230	0.46%	2,444,221,266
30	Ministry of Lands and Housing	16.04%	84,856,816,585	16.04%	82,956,691,246	16.04%	85,228,932,852
32	Ministry of Industry and SMEs	0.19%	1,005,161,792	0.19%	982,654,073	0.19%	1,009,569,653
33	Judicial Service Commission	1.37%	7,247,745,556	1.37%	7,085,453,055	1.37%	7,279,528,554
34	Ministry of Justice	0.59%	3,121,291,882	0.59%	3,051,399,491	0.59%	3,134,979,450
35	Ministry of Youth and Sports Development	1.12%	5,925,164,250	1.12%	5,792,487,169	1.12%	5,951,147,431
36	Ministry of Women Affairs and Poverty Alleviation	0.41%	2,169,033,342	0.41%	2,120,464,053	0.41%	2,178,545,042
37	Ministry of Basic and Secondary Education	14.63%	77,397,458,020	14.63%	75,664,363,649	14.63%	77,736,863,318
38	Ministry of Health	14.50%	76,709,715,741	14.50%	74,992,021,388	14.50%	77,046,105,134
40	Ministry of Sports	1.66%	8,781,939,871	1.66%	8,585,293,483	1.66%	8,820,450,657
41	Ministry of Local Government and Chieftaincy Affairs	0.07%	370,322,766	0.07%	362,030,448	0.07%	371,946,714
44	Ministry of Labour and Productivity	0.06%	317,419,513	0.06%	310,311,813	0.06%	318,811,470
45	Ministry of Tertiary Education	5.42%	28,673,562,711	5.42%	28,031,500,409	5.42%	28,799,302,747
	<b>Total</b>	<b>100.00%</b>	<b>529,032,522,351</b>	<b>100.00%</b>	<b>517,186,354,403</b>	<b>100.00%</b>	<b>531,352,449,202</b>

## 4.C Considerations for the Annual Budget Process

151. This 2025 - 2027 MTBF Document will be used to inform the Y2025 Budget Call Circular and in turn, formulate the Annual Budget.
152. The Budget Call Circular (BCC) shall include the following instructions to MDA's for the annual budget submissions among others:
  - a) As stipulated in the existing budgetary guidelines, all MDAs must make adequate provision for all on-going projects, emphasis will be placed towards completion of such projects.
  - b) Budget submissions for capital projects must include full life-time capital investment requirements (costs) and sources of funding (particularly if grants and/or loans are being used to fund partially / fully the project).
  - c) Adequate budgetary provisions must reflect the priorities of the State Government and should be consistent with the Ministerial mandates of respective MDAs.
  - d) All supervising Ministries should endorse budget proposals of all Parastatals and Tertiary Institutions under their supervision, to avoid duplications and ensure that these proposals are consistent with the policy thrust of the State Government.

## **Section 5 Summary of Key Points and Recommendations**

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

- ✓ Abia State should sustain the current Budget reform programme particularly as it relates to the preparation of a realistic budget, explore preparation of Medium-Term Sector Strategy for key sector to ensure policy-plan-budget linkages, early submission budget proposals by MDAs to ensure early presentation of Executive budget to State House of Assembly.
- ✓ Based on the macroeconomic and other assumptions the indicative budget size of N367B for 2025 Fiscal Year is considered realistic and should therefore be maintained throughout the budget stages with little or no change especially if nothing material occurs to affect the underlying assumptions
- ✓ Finalize the already developed IGR improvement strategy and continue to strengthen IGR generating entities to grow IGR to be commensurate to the level of economic activity in the state.
- ✓ With a relatively small Capital Development Fund, priority must be given to completing ongoing projects.
- ✓ The efficiency of recurrent expenditure should be improved to create space to accommodate more spending for capital expenditure. In addition, more sources of funding capital projects should be explored.
- ✓ The State needs to expand their local revenue base over the medium and long-term period to improve the State's fiscal sustainability.
- ✓ The planning reserve should be specifically dedicated to take care of any shortfall arising from the introduction of any critical project or programme of government.

# Annex 1 – Capital Receipts

Table 15: Estimates for Capital Receipts 2024-2026

ITEM	2024	2025	2026	2027
<b>Internal Grants</b>				
Federal Gov't Grant/Conditional Grant Scheme & FADAMAIII/IDA	861,000,000	861,000,000	861,000,000	861,000,000
FGN Grant in Support of National Programme for Food Security (NPFs) to ADP	83,948,400	83,948,400	83,948,400	83,948,400
CBNRMP/NDDC/RUMED/IFAD Fund for Agricultural Mechanization	107,625,400	107,625,400	107,625,400	107,625,400
FGN Supported Agricultural Extension Transformation Agenda ATA/ETA	53,812,700	53,812,700	53,812,700	53,812,700
SDGs Grant From FG	753,374,600	753,374,600	753,374,600	753,374,600
Nig Covid-19 Action Recovery & Econ Stimulus Prog (NCARES)	2,840,939,936	11,840,940,026	8,840,939,936	10,840,939,936
FGN National Social Safety Net Project - Scale-up (NASSP-SU-ABIA)	250,000,000	250,000,000	250,000,000	250,000,000
Nat Youth Volunteer Program for Hand washing and Clean Nig	102,000,000	102,000,000	102,000,000	102,000,000
Federal Government Grant for UBE (UBEC Fund)	4,305,000,000	4,305,000,000	4,305,000,000	4,305,000,000
Tertiary Education Trust Fund (TETFUND)	4,975,207,700	4,975,207,700	4,975,207,700	4,975,207,700
Special Private Sector Donation to Support Abia State Integrated Infrastructure Project	483,475,465	483,475,465	483,475,465	483,475,465
Sub-Total Recurrent External Grants	0	0	0	0
Sub-Total Capital External Grants	14,816,384,201	23,816,384,291	20,816,384,201	22,816,384,201
<b>Sub-Total Internal Grant</b>	<b>14,816,384,201</b>	<b>23,816,384,291</b>	<b>20,816,384,201</b>	<b>22,816,384,201</b>
<b>External Grants</b>				
State Agency for the Cntrl of HIV & AIDS (SACA) World Bank	50,000,000	50,000,000	50,000,000	50,000,000
Capital Grants from European Union, AfDB, and USAID	609,869,100	609,869,100	609,869,100	609,869,100
UNDP Support to Integrated Economic Development Project	209,869,100	209,869,100	209,869,100	209,869,100
Worldbank Grants to Abia State Operation Coordinating Units(ABSOCU)	48,431,000	48,431,000	48,431,000	48,431,000
UNICEF Water, Sanitation & Hygiene-Partnership	315,000,000	315,000,000	315,000,000	315,000,000
UNICEF Grant & UBE	53,812,700	53,812,700	53,812,700	53,812,700
UNICEF Grant to Abia State Nutrition Programme	75,338,500	75,338,500	75,338,500	75,338,500
United Nations Population Fund (UNFPA) Grant/Aid to Primary Health Care	16,893,200	16,893,200	16,893,200	16,893,200
WHO Grant/Aid to Primary Health Care	75,338,500	75,338,500	75,338,500	75,338,500
Multilateral Aids /Grants From Development Partner TCI	220,415,400	220,415,400	220,415,400	220,415,400
Sub-Total Recurrent External Grants	0	0	0	0
Sub-Total Capital External Grants	1,674,967,500	1,674,967,500	1,674,967,500	1,674,967,500
<b>Sub-Total External Grant</b>	<b>1,674,967,500</b>	<b>1,674,967,500</b>	<b>1,674,967,500</b>	<b>1,674,967,500</b>
<b>Grant Balancing Item / Blue Sky (Capital)</b>				
Total Recurrent Grants	0	0	0	0
Total Capital Grants	16,491,351,701	25,491,351,791	22,491,351,701	24,491,351,701
<b>Total Grants</b>	<b>16,491,351,701</b>	<b>25,491,351,791</b>	<b>22,491,351,701</b>	<b>24,491,351,701</b>
<b>Internal Loans</b>				
FGN Support to Abia State Livelihood Improvement Family Enterprise (Niger Delta States)	732,000,000	732,000,000	750,300,000	769,057,500
Loan from Commercial Banks	50,521,027,213	50,521,027,213	51,784,052,893	53,078,654,216
Abia State Capital Project Fund from CAPITAL MARKET (Bond)	50,000,000,000	50,000,000,000	51,250,000,000	52,531,250,000
CBN - Abia State Integrated & Infrastructural Development Project	34,465,390,737	78,404,005,413	80,364,105,548	82,373,208,187
FGN Nigerian Sustainable Rural Wash Project (WADA) III Project	102,000,000	204,000,000	209,100,000	214,327,500
FGN Household Upliftment Programme (Conditional Cash Transfer)	49,845,100	99,690,200	102,182,455	104,737,016
Federal Govt Basic Health Care Provision Fund	538,124,900	1,076,249,800	1,103,156,045	1,130,734,946
Federal Govt Loan for Universal Health Coverage	344,030,000	688,060,000	705,261,500	722,893,038
<b>Total</b>	<b>136,752,417,950</b>	<b>181,725,032,626</b>	<b>186,268,158,441</b>	<b>190,924,862,402</b>
<b>External Loans</b>				
World Bank State Action on Business Enabling Reforms (SABER)	5,970,548,800	5,970,548,800	6,119,812,520	6,272,807,833
African Development Bank Loan FOR INFRASTRUCTURE	80,000,000,000	80,000,000,000	82,000,000,000	84,050,000,000
Canadian African Development Climate Fund	12,000,000,000	12,000,000,000	12,300,000,000	12,607,500,000
Islamic Bank Loan to Support Aba City Urban Renewal Project	80,000,000,000	80,000,000,000	82,000,000,000	84,050,000,000
World Bank Loan for Water Development Project	322,875,100	322,875,100	330,946,978	339,220,652
3rd National Urban Water Reform Project (World Bank)	322,875,100	322,875,100	330,946,978	339,220,652
WORLD BANK Rural Access Agric. & Marketing Agency (RAAMP)	395,200,400	395,200,400	405,080,410	415,207,420
World Bank Nigeria for Women Project	1,200,000,000	1,200,000,000	1,230,000,000	1,260,750,000
World Bank Loan for the Save One Million Lives Project Fund	320,000,000	320,000,000	328,000,000	336,200,000
World Bank Loan for Innovation Development & Effectiveness in the Acquisition of Skills	762,500,600	762,500,600	781,563,115	801,102,193
World Bank Loan for Accelerating Nutrition Results in Nigeria (ARIN)	90,000,000	90,000,000	92,250,000	94,556,250
World Bank Loan for State Optima Nutrition Programme	1,000,000,000	1,000,000,000	1,025,000,000	1,050,625,000
<b>Total</b>	<b>182,384,000,000</b>	<b>182,384,000,000</b>	<b>186,943,600,000</b>	<b>191,617,190,000</b>
<b>Loan Balancing Item / Blue Sky</b>				
<b>Total Loans</b>	<b>319,136,417,950</b>	<b>364,109,032,626</b>	<b>373,211,758,441</b>	<b>382,542,052,402</b>