



# **GOMBE STATE**

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**2023 - 2025**

**MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)**

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

**Fiscal Strategy Paper (FSP) and**

**Budget Policy Statement (BPS)**

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## List of Abbreviations

<b>BRINCS</b>	Brazil, Russia, India, Nigeria, China, South Africa
<b>CBN</b>	Central Bank of Nigeria
<b>DMD</b>	Debt Management Department
<b>EFU</b>	Economic and Fiscal Update
<b>ExCo</b>	Executive Council
<b>FAAC</b>	Federal Allocation Accounts Committee
<b>FSP</b>	Fiscal Strategy Paper
<b>GDP</b>	Gross Domestic Product
<b>IGR</b>	Internally Generated Revenue
<b>IMF</b>	International Monetary Fund
<b>MDA</b>	Ministry, Department and Agencies
<b>GMSG</b>	Gombe State Government
<b>BPDPC</b>	Budget, Planning and Development Partners Coordination
<b>MINT</b>	Malaysia, Indonesia, Nigeria and Turkey
<b>MTBF</b>	Medium Term Budget Framework
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTFF</b>	Medium Term Fiscal Framework
<b>MTSS</b>	Medium Term Sector Strategy
<b>NBS</b>	National Bureau of Statistics
<b>NNPC</b>	Nigerian National Petroleum Company
<b>OAG</b>	Office of the Accountant General
<b>PFM</b>	Public Financial Management
<b>PITA</b>	Personal Income Tax Act
<b>SHoA</b>	State House of Assembly
<b>VAT</b>	Value Added Tax
<b>WEO</b>	World Economic Outlook

## FOREWORD

Since the inception of the States' Fiscal Transparency, Accountability and Sustainability (SFTAS), Program for Result (P for R) in 2018, sub national governments in Nigeria have been encouraged to key into International best practice aimed at providing good governance and people-oriented projects and programs pursuant to achieving the Sustainable Development Goals (SDGs).

Gombe State Government upholds existing best practices and initiated various reforms aimed at strengthening transparency and accountability in Governance and Public Financial Management (PFM), with a view to fortifying the effective utilization of the existing Fiscal Responsibility law, 2012 as amended.

The Medium-Term Expenditure Framework (MTEF) which includes the Economic and Fiscal Update (EFU) provides economic and fiscal analyses which form the basis for budget planning process. It is aimed primarily an economic planning tool for policy makers and decision takers in Gombe State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.

Similarly, the 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.

Government decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2018 as part of a comprehensive MTEF process. This is the 5th rolling iteration of the document and covers the period 2023 - 2025. This document is no doubt a comprehensive reference point providing clear guidance to the Ministries, Departments and Agencies of government (MDAs) on how to prepare their budgets which will in turn, impact, positively, the conduct of financial transactions to improve government financial management practices to provide value for money and improve the living standards of the citizens. The standardization and improvement of our budgeting system cannot therefore be over emphasized.

I would like to acknowledge the leadership and guidance provided by Ali Baba Manu, Chairman, Appropriation Committee of the Gombe State House of Assembly; Mal. Muhammad Gambo Magaji, Honourable Commissioner of Finance, Gombe State; Dr. Ishiyaku M. Mohammed, Special Adviser to the Gombe State Governor on Budget, Planning and Development Partner Coordination (BP&DPCO).

I also wish to recognize the roles played by Alh. Aminu Umar Yuguda, Gombe State Accountant General; Alh. Kabiru Tsoho, Director General, Debt Management Agency; Muhammed Yusuf Kulani; Abubakar Dauda Gadam; Mr. Bulus Nuhu and Mohammed Adamu (Landis) for their valuable contributions resulting in the compilation of this document.

Our special and profound thanks go to USAID State2State (S2S) project and officials for sponsoring the training and supervising the production of the MTEF 2023 -2025 especially Dr. Eunice Ngozi Akpala-Okoroafor (PFM Specialist).

This is one significant document that will revolutionize budget preparation and implementation in the State. It will strengthen governance by facilitating Transparency and Accountability in the management of government resources to enhance a purposeful Public Financial Management (PFM) practice in Gombe State.

**Abubakar Dauda Gadam**

For: Permanent Secretary

Gombe State.

# 1 Introduction and Background

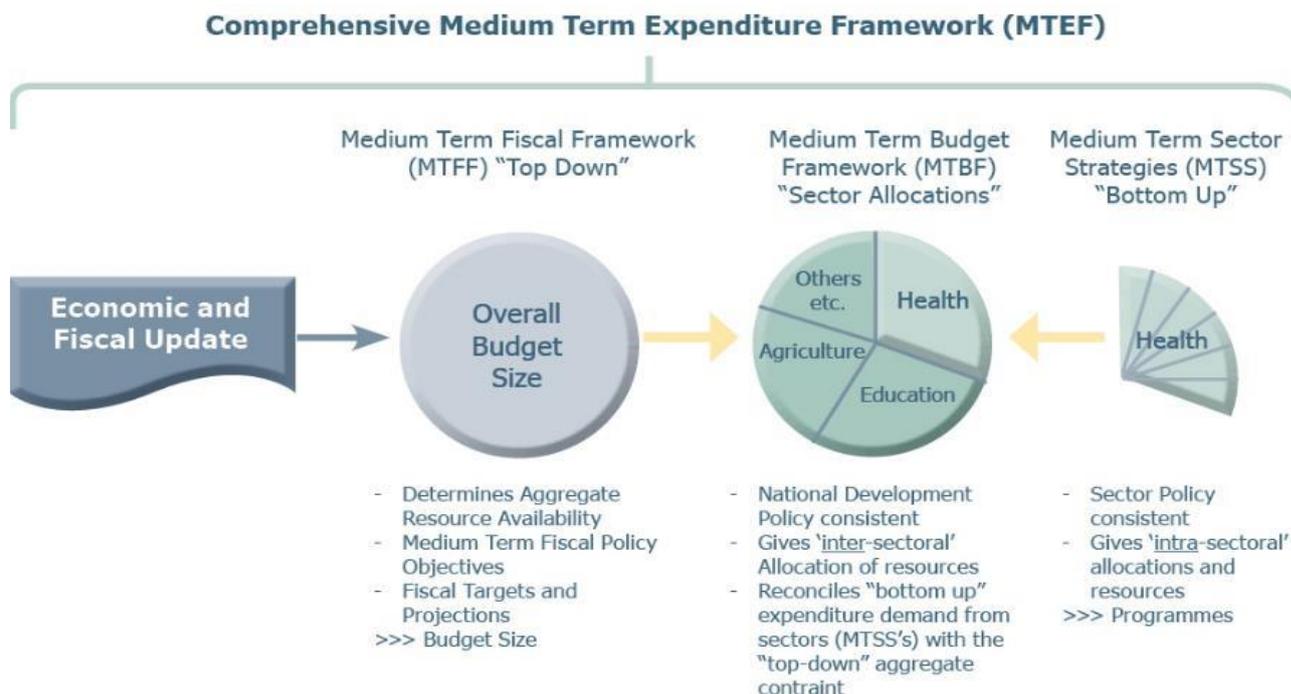
## 1.A Introduction

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 Gombe 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. Gombe State Government decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2018 as part of the movement toward a comprehensive MTEF process. This is the 5th rolling iteration of the document and covers the period 2023 - 2025.

## 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**



### 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 Gombe State Government (GSG) for the period 2023 - 2025.
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 MTEF; and
  - iii. Provide indicative sector envelopes for the period 2023 - 2025 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 Gombe 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 GSG 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.

## **Preparation and Audience**

11. The purpose of this document is to provide an informed basis for the 2023 - 2025 budget preparation cycle for all of the key Stakeholders, specifically:
  - State House of Assembly (SHoA);
  - Executive Council (ExCo);
  - Budget, Planning and Development Partner Coordination Office;
  - Ministry of Finance;
  - All Government Ministries, Departments and Agencies (MDA's);
  - Civil Society.
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 Gombe State Government (EFU-FSP-BPS) Working Group using data collected from International, National and State organisations.

## **1.B Background**

### **Legislative and Institutional arrangement for PFM**

13. Legislative Framework for PFM in Gombe State - The fundamental law governing public financial management in Nigeria and Gombe State is the 1999 Constitution as amended. Section 120 and 121 of the Constitution provides that all revenues accruing to Gombe State Government shall be paid into the 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 Gombe State shall prepare and lay revenue and expenditure proposals for each 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.
14. Apart from the Nigerian Constitution, Gombe State has a set of laws and regulations that regulate its budget preparation and implementation. The laws are:
  - Gombe State Government Financial Regulations issued under the Finance (Control and Management) Act arising from the Finance (Control and Management) Act, 1958 which was reproduced as Chapter 108 of the Laws of Northern Nigeria, 1963 (Control and Management) Law.

- Gombe State Fiscal Responsibility Law (FRL) 2012 (as amended); Gombe State FRL established the Fiscal Responsibility Commission and a Governing Board that will provide general policy guidelines for the discharge of the functions of the Agency. Section 47 of Gombe State FRL states that “any person who wilfully or negligently fails to perform his/her obligations under the FRL, or who knowingly or recklessly makes a false statement in the discharge of his obligation under the law, commits an offence and is liable on conviction to one year imprisonment or a fine of N100,000.00, while some offences have imprisonment of not less than 3 years or N250,000.00”. In addition, the head of an institution that fails to ensure performance will be punished as if he/she personally committed the offence.
  - Gombe State Public Service Rules.
  - Occasional treasury circulars issued by the Accountant General of Gombe State for additional rules and guidelines to support accounting, internal audit, and stores procedures.
15. Institutional Framework for PFM in Gombe state - The Constitution vests executive powers of the state in the Governor. The Constitution provides that “the Governor shall cause to be prepared and laid before the House of Assembly at any time before the commencement of each financial year, estimates of the revenues and expenditure of the State for the next following financial year”<sup>1</sup>. The Governor of Gombe State exercises his executive powers either directly or through the Deputy Governor, the Commissioners, Special Advisers, Permanent Secretaries, and other officers in the public service of the State.
  16. Specifically, Gombe State Executive Council (EXCO) formulates the policies of the State Government, 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 responsible for the formulation and execution of fiscal policy. The Ministry of Finance coordinates and manages the state’s fiscal policies and all revenue and expenditure profile of government. Ministry of Finance is also responsible for core treasury functions of revenue and expenditure management, accounting, and funds/cash management. The Ministry of Finance has two important quasi-autonomous agencies, the Office of the Accountant General for the State (OAGS) and the Internal Revenue Service (IRS).
  18. Specific functions of the OAGS include to account for all receipts and payments of the State Government; supervise the accounts of the State Ministries, Extra-Ministerial Departments and Agencies (MDAs); collate and prepare Statutory Financial Statements of the State Government and any other statements of accounts required by the Commissioner for Finance; maintain and operate the accounts of the Consolidated Revenue Fund, development fund and other public funds. The OAGS equally function to provide cash backing for the operations of the State Government; maintain and operate the State Government’s accounts; conduct routine and in-depth inspection of the books of accounts of State ministries, departments, and agencies of Government to ensure

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<sup>1</sup> Section 121 (1) of Constitution of Federal Republic of Nigeria 1999 as amended

compliance with rules, regulations, policy decisions and maintenance of account codes; and formulate and implement the accounting policy of the State Government. The OAGS also deploys and posts accounting staff to MDAs.

19. The Internal Revenue Service is responsible for generation of government revenue. The Service formulates and executes Joint Tax Board (JTB) policies on taxation, stamp duties and motor vehicle licensing.
20. The State Budget, Planning and Development Partner Coordination Office supports the preparation of the budget (both capital and recurrent) in close collaboration with Ministry of Finance (MOF). It is also in charge of planning, setting the broad agenda for development and statistics.
21. Another important institutional framework in the circle of public financial management in the State is the Due Process Office. This Office plays a significant role in ensuring that all MDAs adhere with the best practice in procurement as well as monitors the execution of all capital projects.
22. The Office of the Auditor General conducts annual audit of public accounts prepared by the Accountant General and publishes audited reports. The audit of the financial statements of Gombe State Local Governments is overseen by the Auditor General of Local Governments. Audit reports from both the Auditor General of the State and Auditor General for Local Governments are submitted to the SHoA.
23. The State Government allows line agencies some autonomy in expenditure control. Line ministries and agencies propose their budgets based on the guidelines issued by the EXCO through the Budget, Planning and Development Partner Coordination Office. There are three main categories of expenditure: personnel costs, overhead costs and capital expenditure.
24. The payroll is centralized under the Head of Service (HoS) and Office of the Accountant General of the State (OAGS). MDAs receive regular monthly disbursements for general items of overhead costs. They also receive, as the need arises, funds for other specific items of overhead expenditure. MDAs have the responsibility to execute their capital program, but capital funds are paid project by project by the OAGS. Overview of Budget Calendar.

## 1.C Overview of Budget Calendar

25. Indicative Budget Calendar for Gombe State Government is presented below:

**Table 1: Budget Calendar**

Stage	Month(s)	Duration	Responsibility
Preparation of MTEF/EFU-FSP-BPS/MTSS Documents	June/July	3 Weeks	Director Budget & Director Planning
Submission of MTEF/EFU-FSP-BPS/MTSS Documents to EXCO for Review and Approval	August	1 Week	Hon. Commissioner of Finance
Transmission of MTEF/EFU-FSP-BPS/MTSS Documents to State House of Assembly for approval	August	1 Week	Executive Governor
Issuance of FY Budget call Circular	August	1 Week	Permanent Secretary – Budget
Preparation of Budget Proposals by MDAs	August to September	6 Weeks	Accounting Officers/Budget Officers in MDAs
Bilateral Budget Discussions with MDAs	September to October	4 Weeks	Permanent Secretary – Budget
Stakeholder Consultation (MDAs, CSO's, other stakeholders)	October	2 Days	Ministry of Finance & Budget, Planning and Development Partners Coordination Office (BPDPKO)
Consolidation of Proposals	October	1 Week	Ministry of Finance & Budget Office, BPDPKO
Submission of Draft Budget to State Executive Council (EXCO)	October	1 Day	Hon. Commissioner of Finance
EXCO Review and Approval of Draft Budget	October	1 Day	EXCO
Presentation of Proposed Budget to State House of Assembly	November	1 Day	Executive Governor
Budget Defence by MDA's before House of Assembly	November	3 Weeks	MDAs, Appropriation and Sector Committees of House of Assembly
Public Hearing on Budget Proposals with (MDAs, CSO's, other stakeholders)	December	1 Day	State House of Assembly
Debate and Approval of Budget by House of Assembly	December	2 Weeks	State House of Assembly
HE, The Governor's Assent FY Appropriation Law	December	1 Day	Executive Governor
Dissemination of Approved Budget	December	1 Day	Ministry of Finance & Budget Office, BPDPKO

## 2 Economic and Fiscal Update

### 2.A Economic Overview

#### Global Economy

26. The International Monetary Fund's (IMF's) April 2022 World Economic Outlook (WEO) Update, provides that the war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. Economic damage from the conflict will contribute to a significant slowdown in global growth in 2022. A severe double-digit drop in GDP for Ukraine and a moderate contraction in Russia are more than likely, along with worldwide spill overs through commodity markets, trade, and financial channels. Even as the war reduces growth, it will add to inflation. Fuel and food prices have increased rapidly, with vulnerable populations—particularly in low-income countries—most affected.
27. Elevated inflation will complicate the trade-offs central banks will face between containing price pressures and safeguarding growth. Interest rates are expected to rise as central banks tighten policy, exerting pressure on emerging market and developing economies. Moreover, many countries have limited fiscal policy space to cushion the impact of the war on their economies.
28. The invasion has contributed to economic fragmentation as a significant number of countries sever commercial ties with Russia and risks derailing the post-pandemic recovery. It also threatens the rules-based frameworks that have facilitated greater global economic integration and helped lift millions out of poverty.
29. In addition, the conflict adds to the economic strains wrought by the pandemic. Although many parts of the world appear to be moving past the acute phase of the COVID-19 crisis, deaths remain high, especially among the unvaccinated. Moreover, recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.
30. Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than in the January World Economic Outlook Update. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term.
31. Crucially, this forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector (although the impact of European countries' decisions to wean themselves off Russian energy and embargoes announced through March 31, 2022, are factored into the baseline), and the pandemic's health and economic impacts abate over the course of 2022.
32. With a few exceptions, employment and output will typically remain below pre-pandemic trends through 2026. Scarring effects are expected to be much larger in emerging market and developing economies than in advanced economies—reflecting more limited policy support and generally slower vaccination—with output expected to remain below the pre-pandemic trend throughout the forecast horizon.

33. Unusually high uncertainty surrounds this forecast, and downside risks to the global outlook dominate—including from a possible worsening of the war, escalation of sanctions on Russia, a sharper-than-anticipated deceleration in China as a strict zero-COVID strategy is tested by Omicron, and a renewed flare-up of the pandemic should a new, more virulent virus strain emerge.
34. War-related interruptions to production, trade sanctions, and strongly impaired access to cross-border payment systems will disrupt trade flows, notably for energy and food. The magnitude of these changes depends not only on the decline in exports because of the conflict and sanctions, but also on the elasticity of global supply and demand. Although the price of oil has risen sharply, spare capacity in other countries and the release of petroleum reserves will likely mean that these increases will be contained over the medium term. In contrast, the relatively inflexible infrastructure needed to transport gas (pipelines are more important for gas than for oil, for example) means that global supply can adjust less easily, raising the prospect of higher prices for longer.
35. Prices of agricultural commodities are likely to rise further—particularly wheat (together, Russia and Ukraine account for close to 30 percent of global wheat exports) and, to a lesser extent, corn. These changes will add to already soaring prices of staple foods and mean that disruptions to Ukraine and Russian exports may be windfalls for other commodity exporters. The sharp increases in commodity prices echo those in the 1970s, when a regional conflict also prompted a spike in fossil fuel prices.
36. Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies—1.8 and 2.8 percentage points higher than projected in January.
37. Although a gradual resolution of supply-demand imbalances and a modest pickup in labour supply are expected in the baseline, easing price inflation eventually, uncertainty again surrounds the forecast. Conditions could significantly deteriorate. Worsening supply-demand imbalances—including those stemming from the war—and further increases in commodity prices could lead to persistently high inflation, rising inflation expectations, and stronger wage growth. If signs emerge that inflation will be high over the medium term, central banks will be forced to react faster than currently anticipated—raising interest rates and exposing debt vulnerabilities, particularly in emerging markets.
38. An increase in core sovereign interest rates before the war in Ukraine had already placed pressure on borrowers in some emerging market and developing economies. Markets have so far differentiated between countries directly and indirectly implicated in the conflict. Sovereign and credit default swap spreads have widened the most for Belarus, Russia, and Ukraine. Smaller extensions in spreads have occurred in other regional economies, such as Hungary and Poland.
39. A generalized flight to safety as the war continues could put other economies under stress too. More broadly, average spreads had—prior to the war—looked like previous tightening cycles, in 2018 and in the 2013 taper tantrum. Since then, spreads have

generally increased moderately. And compared with previous episodes, there is also more differentiation across borrowers, with greater dispersion of spreads now than in 2013 or 2018. This reflects heterogeneity in country circumstances, including in the build-up of private debt and contingent liabilities.

40. The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in tables 2 and 3 below.
41. Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

Country	Actual				Forecast		
	2018	2019	2020	2021	2022	2023	2027
Mexico	2.2	-0.2	-8.2	4.8	2.0	2.5	2.0
Indonesia	5.2	5.0	-2.1	3.7	5.4	6.0	5.2
Turkey	3.0	0.9	1.8	11.0	2.7	3.0	3.3
United States	2.9	2.3	-3.4	5.7	3.7	2.3	1.7
Germany	1.1	1.1	-4.6	2.8	2.1	2.7	2.1
United Kingdom	1.7	1.7	-9.3	7.4	3.7	1.2	1.5
China	6.8	6.0	2.2	8.1	4.4	5.1	4.8
Ghana	6.2	6.5	0.4	4.2	5.2	5.1	7.5
South Africa	1.5	0.1	-6.4	4.9	1.9	1.4	1.4
Brazil	1.8	1.2	-3.9	4.6	0.8	1.4	2.0
Angola	-2.0	-0.7	-5.6	0.7	3.0	3.3	3.9
Nigeria	1.9	2.2	-1.8	3.6	3.4	3.1	2.9

Source: IMF's World Economic Outlook, April 2022

Country	Actual				Forecast		
	2018	2019	2020	2021	2022	2023	2027
Mexico	4.9	3.6	3.4	5.7	6.8	3.9	3.0
Indonesia	3.3	2.9	2.0	1.6	3.3	3.3	2.9
Turkey	16.3	15.2	12.3	19.6	60.5	37.2	15.0
United States	2.4	1.8	1.2	4.7	7.7	2.9	2.0
Germany	1.9	1.4	0.4	3.2	5.5	2.9	2.0
United Kingdom	2.5	1.8	0.9	2.6	7.4	5.3	2.0
China	2.1	2.9	2.4	0.9	2.1	1.8	2.0
Ghana	9.8	7.1	9.9	10.0	16.3	13.0	6.0
South Africa	4.6	4.1	3.3	4.5	5.7	4.6	7.8
Brazil	3.7	3.7	3.2	8.3	8.2	5.1	3.0
Angola	19.6	17.1	22.3	25.8	23.9	13.2	6.4
Nigeria	12.1	11.4	13.2	17.0	16.1	13.1	11.5

Source: IMF's World Economic Outlook, April 2022

## Africa

42. The African Economic Outlook, 2021 provides that real gross domestic product (GDP) in Africa rebounded strongly in 2021, growing by 6.9 percent. This rebound was supported by recovery in global demand, higher oil prices benefiting oil-exporting economies, easing of COVID-19 restrictions in most countries, and associated growth in domestic consumption and investment. Africa's real GDP growth is, however, projected to decelerate to 4.1 percent in 2022, reflecting ebbing of base effects and uncertainties related to the persistence of the COVID-19 pandemic and the impact of the Russia Ukraine conflict.
43. Growth varies widely across countries and regions. Economic growth in 2021 was highest in North Africa (11.7 percent) and East Africa (4.8 percent). In 2022, growth is expected to decelerate to 4.5 percent in North Africa and to stabilize at 4.7 percent in East Africa. Average growth in 2021 in West Africa was 4.3 percent and is projected to remain strong at 4.1 percent in 2022.
44. Growth in Central Africa is projected to rise to 4.6 percent in 2022, from 3.4 percent in 2021. Southern Africa's estimated growth of 4.2 percent represented the largest recovery, from a contraction of 6.0 percent, underpinned by strong recovery in Botswana (12.5 percent), Mauritius (4.0 percent), and South Africa (4.9 percent). Growth in the region is projected to slow down to 2.5 percent in 2022 as the effects of large fiscal stimuli peter out.
45. Africa's growth outlook is highly uncertain, with risks tilting to the downside. The spill over effects from the Russia–Ukraine conflict and related sanctions on Russia may cause a larger decline in global output than currently projected. A combination of low COVID-19 vaccination rollout and emergence of new COVID-19 variants may force countries to retain some restrictions. Other downside factors include heightened debt vulnerabilities, tight global financial conditions as inflationary pressures rise, the effect of the Russia–Ukraine conflict and related sanctions on Russia, climate and environmental risks, and other socio-political and security issues.
46. Upside factors include faster vaccination rollout, a comprehensive resolution of debt problems, and policies to accelerate structural transformation and build economic resilience. Macroeconomic fundamentals have generally improved, but considerable challenges remain in the medium term, due largely to persistence of the pandemic effects and volatility induced by the impact of the Russia–Ukraine conflict. The average fiscal deficit in Africa is projected to narrow to 4.0 percent of GDP in 2022, from 5.1 percent in 2021, reflecting scaling down of COVID-19-related interventions and relative strengthening of domestic revenues. However, rising commodity prices triggered by the Russia–Ukraine conflict represent a major headwind for the fiscal situation in the short to medium term, especially for economies dependent on imports of energy and food commodities.
47. The average current account deficit is projected to be 2.0 percent of GDP in 2022, down from 2.4 percent in 2021, underpinned by expected narrowing of the trade deficit and current transfers. Exchange rate fluctuations fell in most countries in 2021, supported

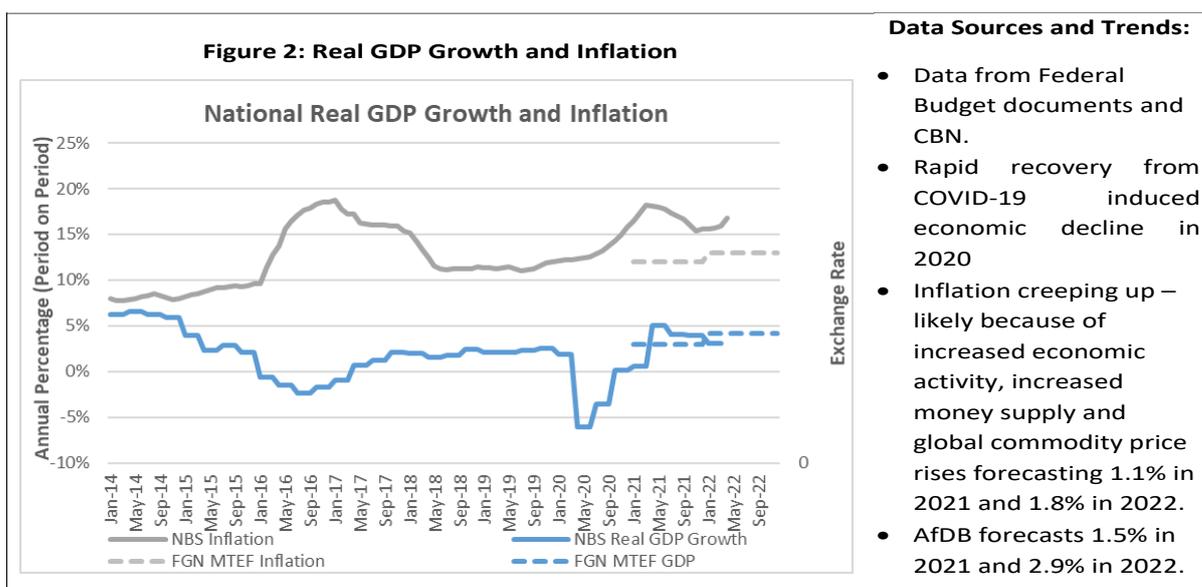
- by improved foreign exchange inflows. The outlook for exchange rates in 2022 and beyond depends on developments in international financial markets, especially on the back of the Russia–Ukraine conflict and normalization of monetary policy in advanced economies. Average inflation is projected to accelerate to 13.5 percent in 2022 from 13.0 percent in 2021, fuelled by a sharp rise in commodity prices, especially energy and food, due to escalation of the Russia–Ukraine conflict.
48. Sovereign debt remains a threat to economic recovery despite recent debt relief initiatives. Although Africa’s debt-to-GDP ratio is estimated to stabilize around 70 percent in 2021 and 2022, from 71.4 percent in 2020, thanks to growth recovery and debt relief measures, it will remain above pre-pandemic levels. The international financial community’s initiatives, such as the Debt Service Suspension Initiative (DSSI), the Common Framework, and the International Monetary Fund’s August 23rd, 2021, general allocation of \$650 billion-equivalent Special Drawing Rights (SDRs) have also helped alleviate liquidity pressures in many countries by boosting external buffers. However, these initiatives have not erased debt vulnerabilities, with 23 African countries either in or at risk of debt distress as of February 2022. Additional structural reforms such as debt restructuring, and reprioritizing public spending are required to ensure long-term debt sustainability. Reconfiguring the global debt relief architecture, including reinstating the DSSI, will be crucial in supporting debt-ridden African countries’ transition toward a path of sustainable debt in the medium to long term.
  49. Despite a rebound in growth, the impacts of the COVID-19 pandemic on lives and livelihoods in Africa continued in 2021. The Bank estimates that about 30 million Africans were pushed into extreme poverty in 2021 and that about 22 million jobs were lost in African countries the same year due to the pandemic. These outcomes are likely to continue in 2022 and 2023. When the prolonged effect of economic disruptions stemming from the Russia–Ukraine conflict is accounted for, the number of additional Africans who could be pushed into extreme poverty is estimated to be 1.8 million in 2022 and 2.1 million in 2023.
  50. Workers in the informal sector, mainly women and youth, are the hardest hit. In addition, several African countries, such as eSwatini, South Sudan, and Uganda, closed schools for more than 36.7 weeks (the global average from the onset of the pandemic to October 2021)—equivalent to more than a half-year of schooling—eroding the positive trends in education over the past decade. Additional financing needs are estimated at about \$432 billion over 2020–22 (a revision from the previously estimated \$484 billion due in part to better-than-anticipated fiscal positions) and translated into an average of \$144 billion a year over this period to support the recovery.
  51. Africa’s low vaccination rates are constraining faster economic recovery and increasing the health impact of COVID-19. These rates—15.3 percent of people were fully vaccinated by end-March 2022 against a target of at least 60 percent in most other global regions—are attributed to a combination of supply and demand-side impediments. Improving vaccination rates by tackling vaccine hesitancy and improving vaccine supply is key to reducing infections and mortality and to quickening the

economic recovery. African countries will thus need to speed up their current vaccination rollout if they are to close the vaccination gap with other regions.

## **Nigerian Economy**

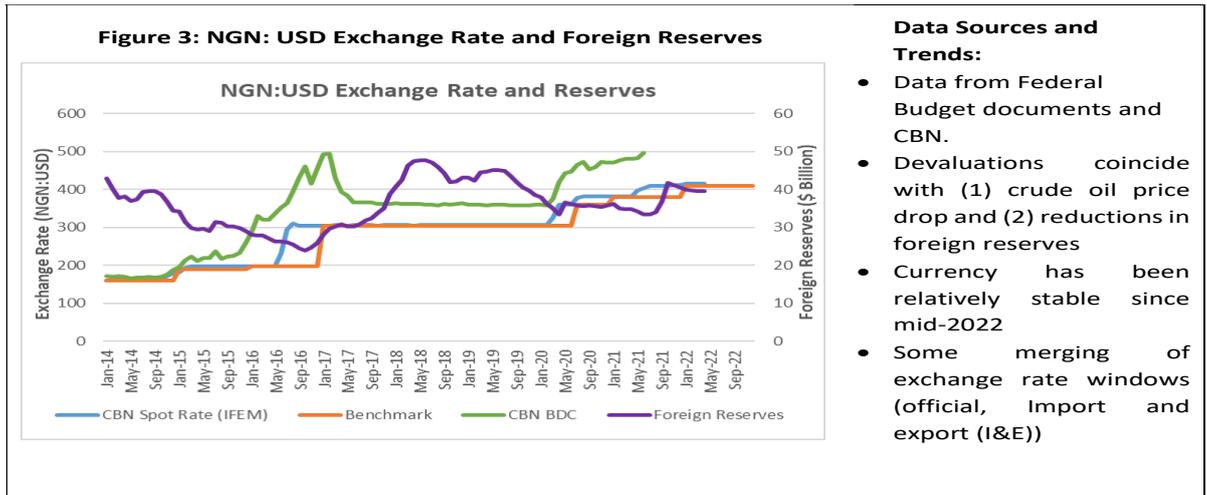
52. Nigeria's economy – The effect of global economic integration has significant effect on Nigerian economy with positive and negative developments in parts of the globe having varying degrees of impact in the Nigerian economy. The shocks of higher commodity prices due to the ongoing Russia–Ukraine conflict which has led to slow growth rate, regional disintegration among major global trading partners and blocks as well as the volatility in global monetary policy and capital flows are having implications on Nigeria. This has resulted in distributional and financial shocks, arising particularly from Nigeria's huge dependence on crude oil revenue.
53. The negative effect of oil price since mid-year 2014 and the volatility in oil production has continued to expose the Nigerian economy to both domestic and external vulnerabilities. Decline in oil exports even with Nigeria increase in OPEC output quota further reinforced the oil price effects, a reversal of the current account surplus as well as pressures on the foreign reserves and the exchange rate. To accommodate the pressures on the reserves, the foreign exchange policy has been revised continually. This has generated some pass-through effects on the volume of trade and led to rising inflation especially, given the nature of the exchange rate change and access restrictions. A flexible exchange rate policy has been instituted to stimulate trade and foreign investment in the economy, but its effect is yet to be felt in 2022. It is noteworthy that Nigeria has struggled to meet its production targets due to operational challenges and insecurity amid growing crude oil theft and pipeline vandalism.
54. Real GDP - Nigeria's economy entered a recession in 2020, with the real GDP contracting by 1.8%, reversing three years of recovery from 2017 to 2020. This downturn resulted from the fall in crude oil prices on account of falling global demand and containment measures to fight the spread of COVID–19. However, in the fourth quarter of 2020, the Nigerian economy expanded by 0.11%; exiting one of its worst recessions, having posted a decline of 6.1% and 3.6% in 2020 Q2 and 2020 Q3, respectively. Data from the NBS in Q1 2022 reveals that the real GDP growth YoY updated data from March 2011 to March 2022 shows an average real growth rate of 2.6 % and a nominal growth rate of 3.11%. Note that the data reached an all-time high of 6.9 % in March 2011 and a record low of -6.1 % in June 2020.
55. Overall, real GDP is estimated by the World Bank have been revised to 3.8% up from 2.5% projected earlier in the year. The upward revision of Nigeria's growth forecast for 2022 was hinged on high oil prices coupled with reforms initiated by the passing of the Petroleum Industry Act (PIA) and the expected completion of the Dangote refinery in 2023.
56. According to the IMF forecast, it is expected that Nigeria's economy will expand by 3.4% in 2022. The Federal 2022-2024 MTEF anticipates 2.5% growth in 2021, increasing to 4.2% in 2022 and a decline of 2.3% in 2023.

57. Inflation (CPI) reached 15.63% (year-on-year) in December 2021 representing a 0.13 percent points lower than the rate recorded in December 2020 which stood at 15.75%. This shows a slowing down in the rate when compared to the corresponding period of 2020 17% in 2021 according to the National Bureau of Statistics (NBS). IMF forecast shows that inflation is expected to be at 16.1% by the end of 2022. The decrease in end of 2021 inflation has been attributed to a marginal slowdown in food inflation in the previous months.
58. The national quarterly real GDP growth and year on year inflation rates from January 2014 and May 2022 are shown in figure 2 below.
59. Figure 2: Real GDP Growth and Inflation



60. Foreign Exchange Rate – The Naira devalued against the dollar from 305 to 360 to 380 and to 415 by end of May 2022. Foreign reserves have been on the decline since mid-2019 (25% drop from April 2019 to April 2020) and have remained relatively stable since the COVID pandemic. Foreign reserve stood at \$41.91 billion in November 2021 compared to \$40.52 billion it commenced in 2022 amid steady increase in global oil prices.
61. In 2022, arbitrage opportunities witnessed significant increase, weakening the convergence of foreign exchange windows. This is partly attributed to the ripples of economic downturn since the Russia–Ukraine conflict. Also, the fall in foreign reserve potentially condenses the policy options available to the Central bank of Nigeria (CBN) in controlling monetary aggregates.
62. The NGN:USD exchange rate, which is a key crude oil revenue parameter, for the period January 2014 to May 2022, along with the benchmarks assumed in the Federal Government budgets over the same period, are shown in Figure 3 below.

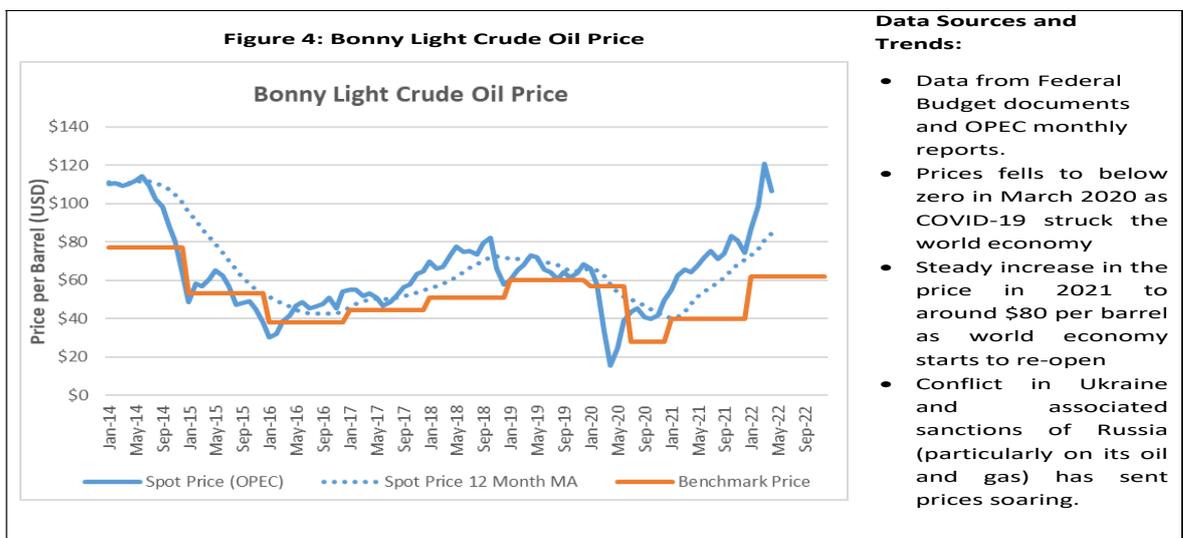
63. Figure 3: NGN: USD Exchange Rate and Foreign Reserves



64. Crude oil price has trended upwards since the beginning of Ukraine-Russian conflict on February 24th, 2022, rising by US\$89.69 by 24th February 2022 to US\$117.17 by June 6th, 2022. This implies that crude oil price has increased by 23% in less than four months. The increase in the price of crude oil has been driven by the Ukraine-Russian conflict and other factors such as the failure of OPEC and non-OPEC members to increase their production level when the conflict began. These factors will continue to sustain high crude oil price in the second quarter of 2022. However, it is important to always consider that the crude oil market is highly volatile. This only serves to remind authorities of the delicacies and unpredictability that reinforce the rationale for a benchmark that is set significantly below the current / forecast price.

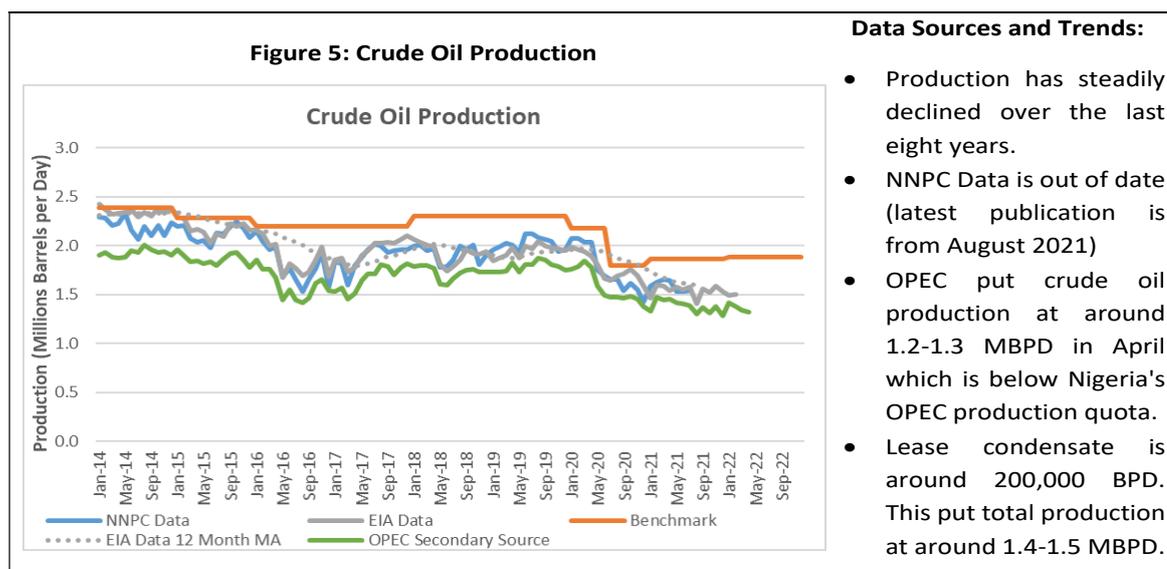
65. Crude Oil (Bonny Light) Price (spot price and benchmark for the period of January 2014 to May 2022 are presented in Figure 4 below.

66. Figure 4: Bonny Light Crude Oil Price



67. As indicated in figure 4 above the current price of about \$117 is higher than the average price of \$70.68 recorded in 2021. The current price (6th June 2022) is \$117.68. EIA is forecasting an average price of \$103.37 for Brent Crude in 2022. The IMF forecast in its April 2022 WEO suggest a price of around \$101.08 for Brent Crude – somewhat lower than EIA.
68. Crude Oil Production for Nigeria in the first quarter of 2022 rose by 5.07 percent to 1.388 million barrels a day compared to 1.321 million barrels produced daily in the fourth quarter of 2021. However, this number fell to an average of 1.219 million barrels per day (mbpd) in April 2022, representing a 1.53% decline compared to 1.238mbpd recorded in March. The fall is happening despite OPEC increasing Nigeria’s oil production quota from the 1.735mbpd target approved in May 2022 to a new target of 1.772mbpd for June 2022. The new quota is significantly higher than the current levels at which Nigeria is producing. Interestingly, African countries like Gabon, Congo, and Libya recorded a decline in their daily average crude oil production. However, the likes of Algeria, Angola, Iraq, Saudi Arabia, UAE, and Venezuela saw an uptick in their crude production.
69. Lease condensate, which is captured as part of crude oil production from a budgeting perspective, is around 200,000 BPD. This put total production at around 1.4-1.5 MBPD (NNPC figures are out of date, the latest available figures are for July 2021). Several things are likely to impact crude oil production in the medium term, including the Petroleum Industry Bill (PIB) and any significant boycott of Russian oil because of the conflict in Ukraine.
70. Crude Oil Production (including condensates) for the period January 2014 to May 2022 along with the benchmark is presented in figure 5 below.

71. Figure 5: Crude Oil Production

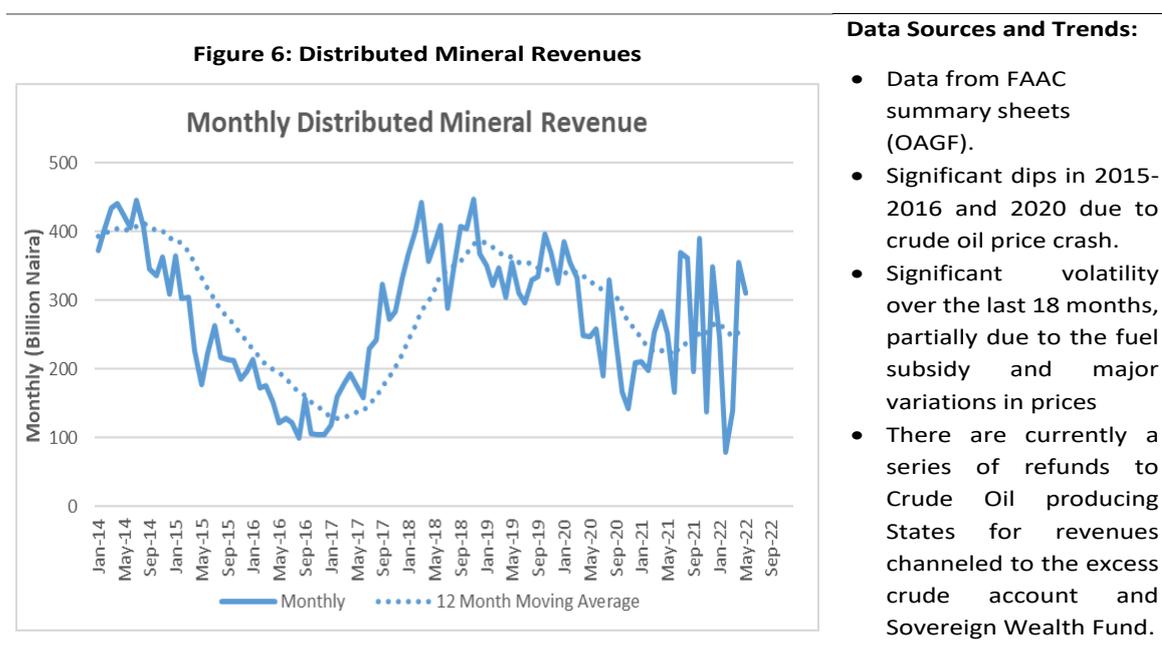


72. The policy thrust of the Economic Sustainability Plan (ESP) include deregulation of the price of refined petroleum products and establish a sustainable framework for

maintaining the national strategic stock; remittance of 100% of royalties and taxes paid to NNPC into the Federation Account as well as sustained periodic reconciliation with DPR and FIRS. The implementation of the Finance ACT 2021 and VAT reforms, development of business continuity plans for tax and custom administration and rationalization of ineffective tax incentives and exemptions as well as increased remittances and recovery of unremitted revenues from GOEs.

73. Monthly distributed Mineral Revenues (Statutory Allocation (SA) and Net Derivation (ND)) to the three tiers of government from January 2014 to May 2024 inclusive are shown in figure 6 below.

74. Figure 6: Distributed Mineral Revenues

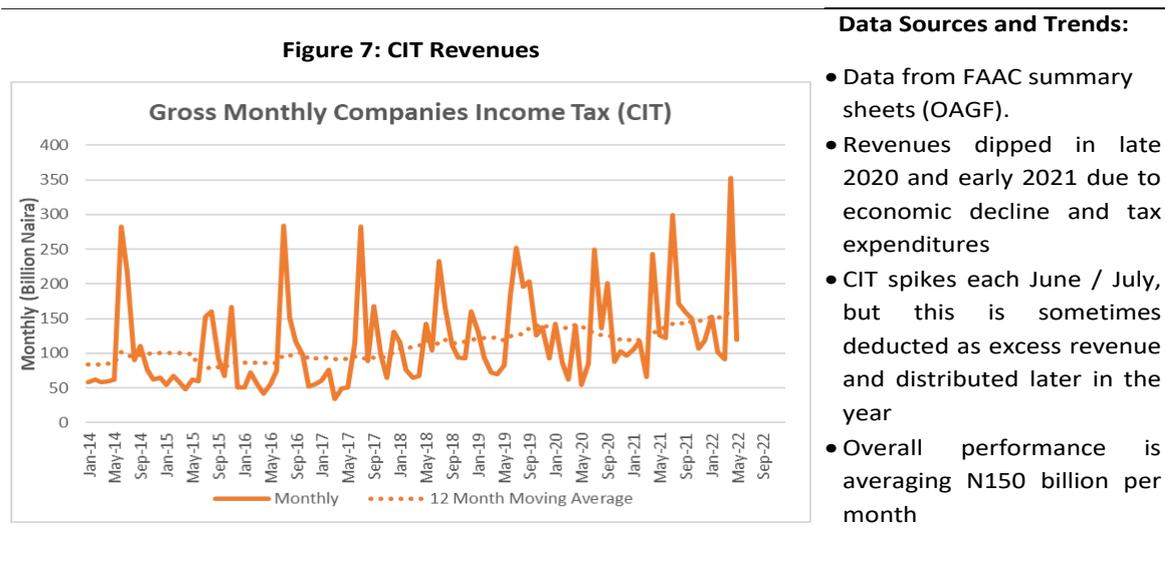


75. There are currently a series of refunds to Crude Oil producing States for revenues channelled to the excess crude account and Sovereign Wealth Fund.

76. A total of N656.6 billion generated as revenue in the month of April 2022 has been disbursed to the federal, states and local governments as allocation for May 2022. This was lower than the last month (March FAAC distributed in April) of N725.6 billion. NNPC reported a PMS Under Recovery in the April 2022 to the tune of N271 billion.

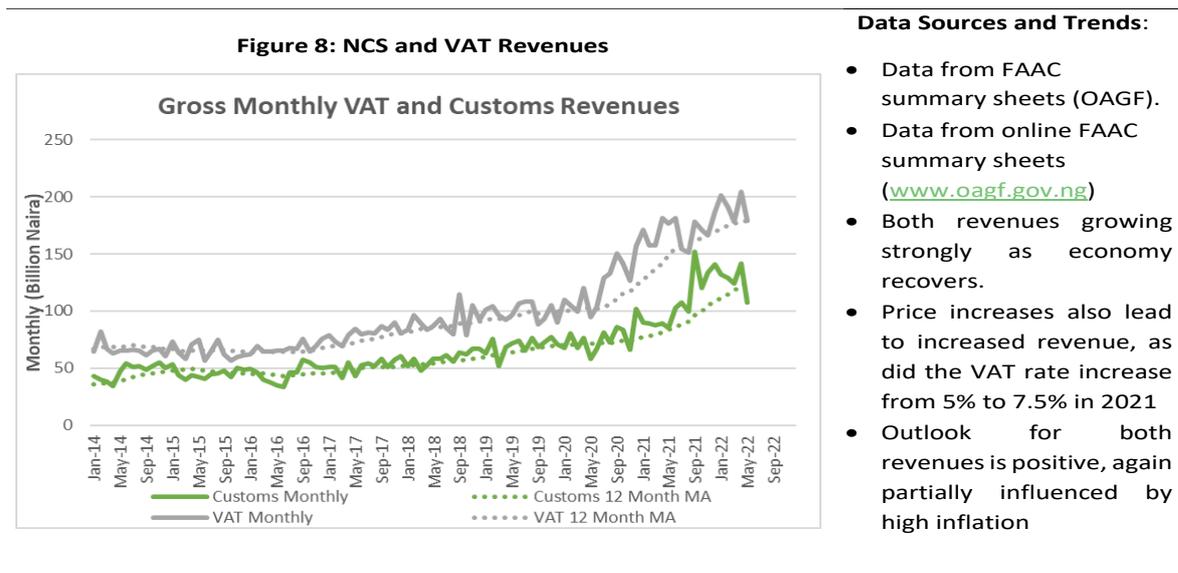
77. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2014 to May 2022 inclusive are shown in Figure 7 below. The graph also includes linear trend.

78. Figure 7: CIT Revenues



79. The graph shows the annual spike in distributions (collections from the previous month) that is in line with the annual tax returns and payment cycle in FIRS. This generally happens in July because June collections are distributed in June, the month many companies file their return.
80. Nigeria generated a sum of N532.48 billion from Company Income Tax (CIT) in the first quarter of 2022, an increase of 35.6% compared to Q1 2021. High CIT in Q1 2022 compared to the volume in Q1 2021 is something to cheer Nigeria as this show growth of the non-oil sector. It is also a signal for policy makers towards planning for a sustainable increase for non-oil revenue.
81. There is also a clear upward trend in CIT as shown by the linear trend line (which is useful given the level of fluctuation). Forecast of CIT for full-year 2022 is still difficult, it will be easier once the mid-year collections are known.
82. Customs and Excise duties (NCS), which is distributed as part of Statutory Allocation, and Value Added Tax (VAT) which is distributed in its own right for the period January 2014 to May 2022 are shown in Figure 8 below.

83. Figure 8: NCS and VAT Revenues



84. VAT shows a clear upward trend since late-2015. This is to be expected as the general price level rose quite significantly over the same period, which should transfer straight into additional VAT (for VAT-able items). Given the increase in VAT from 5% to 7.5%, in the 2020 Finance Act, there have been significant spike in VAT over the last twenty-one months from August 2020. There is still a level of monthly volatility that makes it slightly difficult to forecast. However, with the economy returning to positive real growth and inflation staying slightly above 10% for some time, it is anticipated that VAT will continue to grow in nominal terms.
85. Exchange rate controls import policy and devaluing Naira may have affected some Customs receipts. However, there are still some short-term volatility and Federal Revenue reforms should increase collections in the medium term, but the timing of impact remains uncertain.

## Gombe State Economy

86. The dominant economic activities in Gombe State are agriculture, public service and trading. Subsistence agriculture accounts for about 70% of total employment and the civil service provides the bulk of paid employment. A small proportion of total employment is provided by commercial enterprises while the rest of the population embarks on self-employment through commercial and other activities.
87. The State is endowed with vast arable and grazing land stretching through three vegetation zones comprising Sudan savannah in the northern part, guinea savannah in the central part and forest savannah in the southern part. The ecological conditions of the State hold out enormous prospects for the abundant production of a variety of crops. It produces cash crops such as groundnut, cotton, cowpea as well as food crops like maize, guinea corn,

millet, rice with various other types of vegetables. Many of the farmers involved in crop production are women. The expansive and rich grazing land encourages the rearing of cattle, goats, sheep and poultry.

88. Gombe State has enormous water resources comprising rivers, inland lakes and dams. There are three dams that are among the largest dams in Nigeria. The Dadin Kowa Dam, Balanga Dam and Cham Dam. The presence of these masses of water presents great opportunities for fishery and tourism development activities. The irrigation potentials of the water resources could also be harnessed for all year-round crop and fish production.
89. There are rich deposits of solid minerals in commercial quantities spread across the State. These include clay, limestone, uranium, columbine, talc, silica sand, gypsum, halides, dolomite, coal, zircon, agates, dolomite, granite, quartz, galena, amethyst, mica, bentonite, tourmaline, opal, topaz, iron ore, sand and kaolin and most recently discovered oil and gas deposits among others. The State has several cultural and heritage sites in different communities including the Kanawa forest and Bima hill in Yamaltu Deba Local Government amongst others. These sites and the mild weather condition, hilly and undulating physical landscape perennially covered by green grass, endow the State with good tourism potentials.
90. There is one large industrial enterprise in the State, i.e., Ashaka Cement Company, as well as a few medium size enterprises and several cottage industries and business concerns. The private sector in the State is dominated by informal sector activities such as trading, transportation, subsistence farming, agro-processing, poultry and animal production as well as production of local arts and crafts.
91. The size of the organised and formal private sector is small and highly concentrated in the few urban centres, particularly the State Capital, Gombe Town. The major activities undertaken by most enterprises in the formal private sector are services, finance, insurance and general commerce.
92. Like most States in Nigeria, the State depends largely on statutory allocations and other transfers from the Federation Account for recurrent revenue used to finance its annual budgets. In its drive to improve internally generated revenues, the State has embarked on the reform and modernization of its Internal Revenue Service, and the upgrading of its revenue generating assets particularly with the construction of Dadin Kowa Industrial park current going on to expand commercial activities.

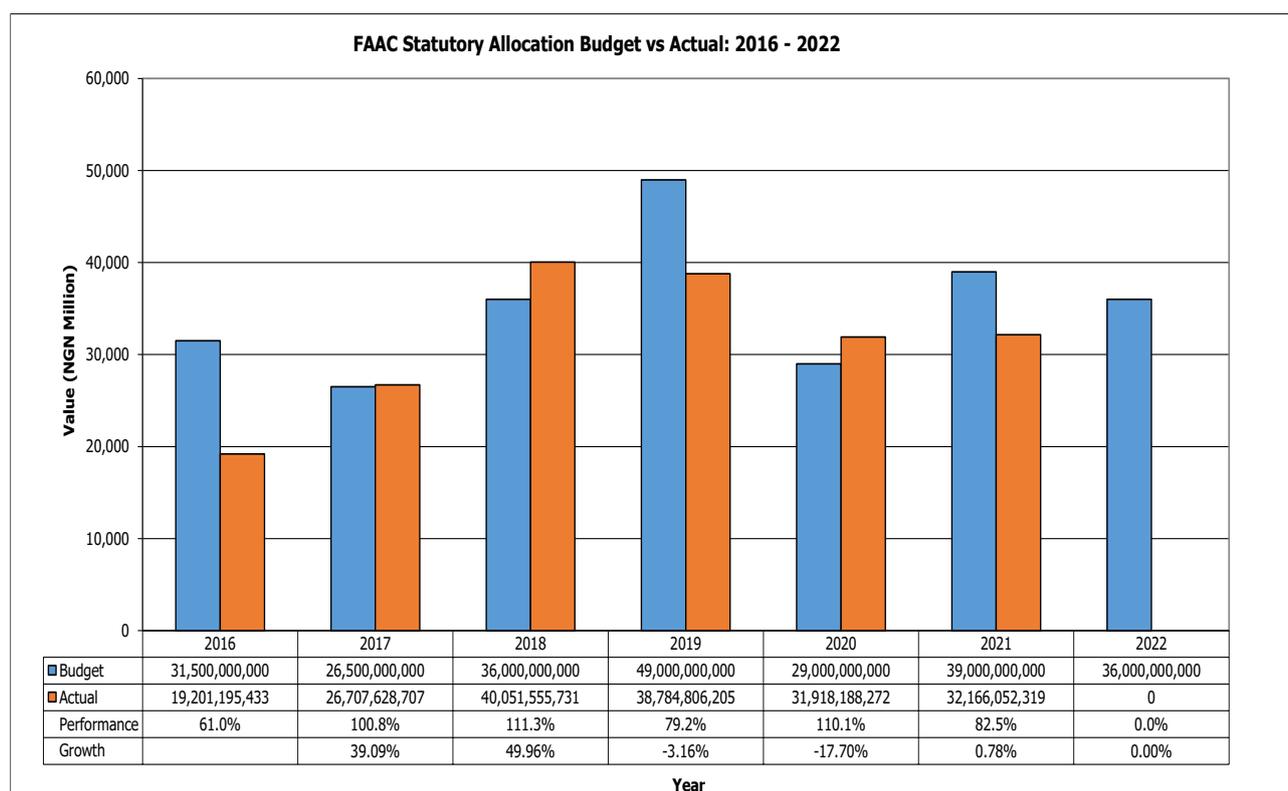
## 2.B Update Fiscal

### Historical Trends

#### Revenue Side

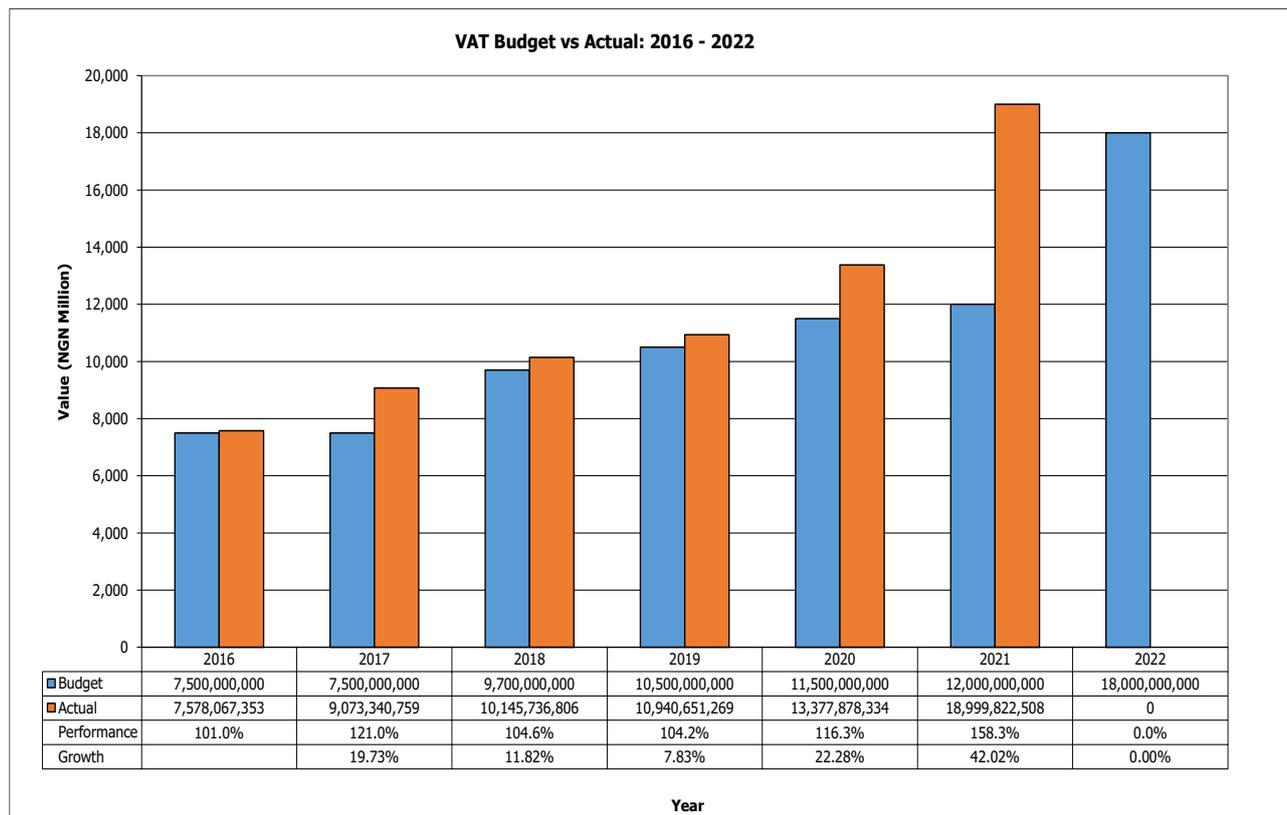
93. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2016-2021 (six year historic) and 2022 budget.

**Figure 2: Statutory Allocation**



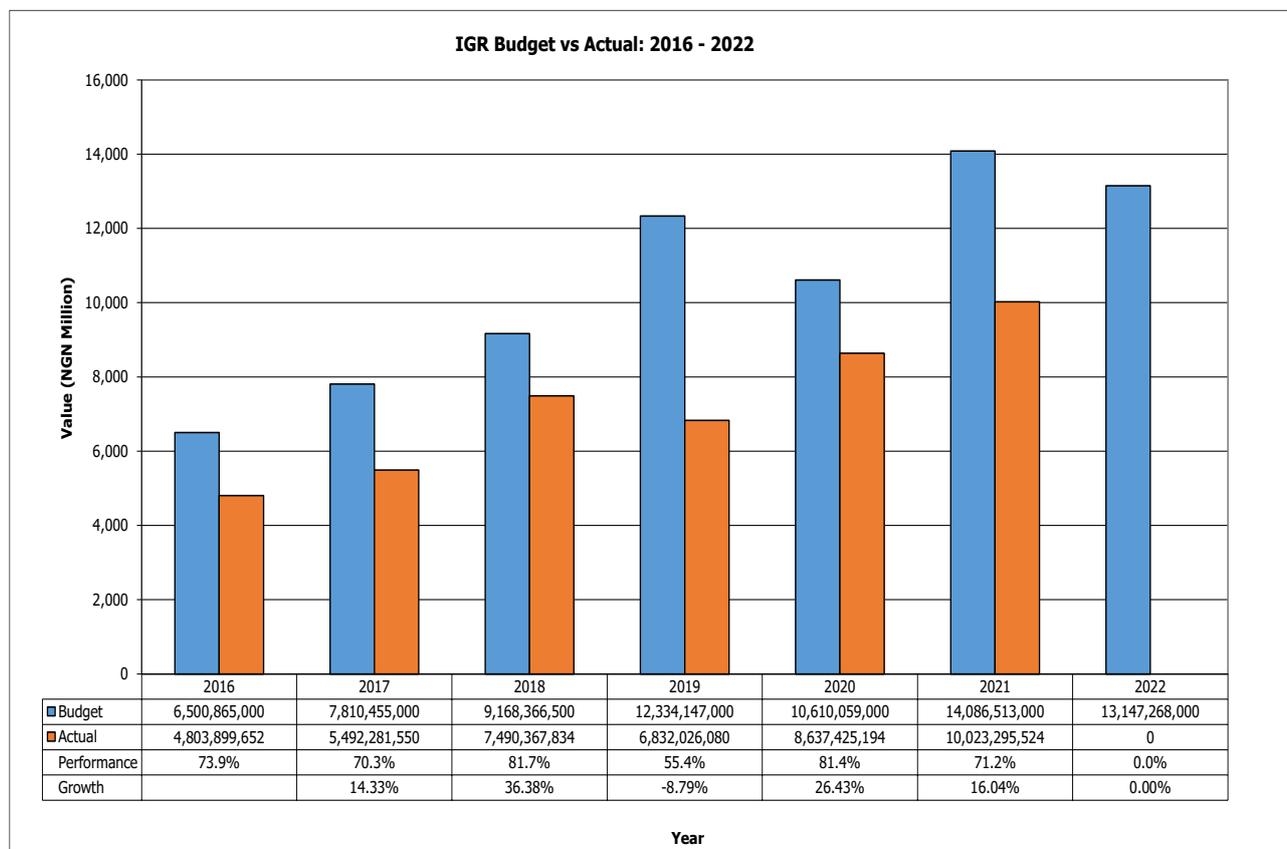
94. Statutory Allocation is a transfer from Federation Account that is distributed to all three tiers of government based on vertical (percentage to each of the three tiers) and a horizontal (e.g., Equity, land mass, population, etc) sharing formula. The revenue that flows into the Federation Account as Statutory allocation comes from the mineral and non-mineral sources (company income tax and custom and excise duties).
95. FAAC Statutory Allocations make up a significant portion of Gombe State Government’s recurrent revenues (79.2% in 2019, 110.1% in 2020 and 82.5% in 2021), consequently, realistic forecasting that would ensure strong performance is of great importance.
96. Actual performance has been relatively stable, over the period 2016-2021. In 2016, the performance of statutory allocation was 61.0%. The performances in 2017 and 2018 were 110.8% and 111.3% respectively. It failed to 79.2% in 2018, Statutory Allocation actual performance was 79.2%, 110.0% and 82.5% in 2019, 2020 and 2021 respectively.

**Figure 3: VAT**



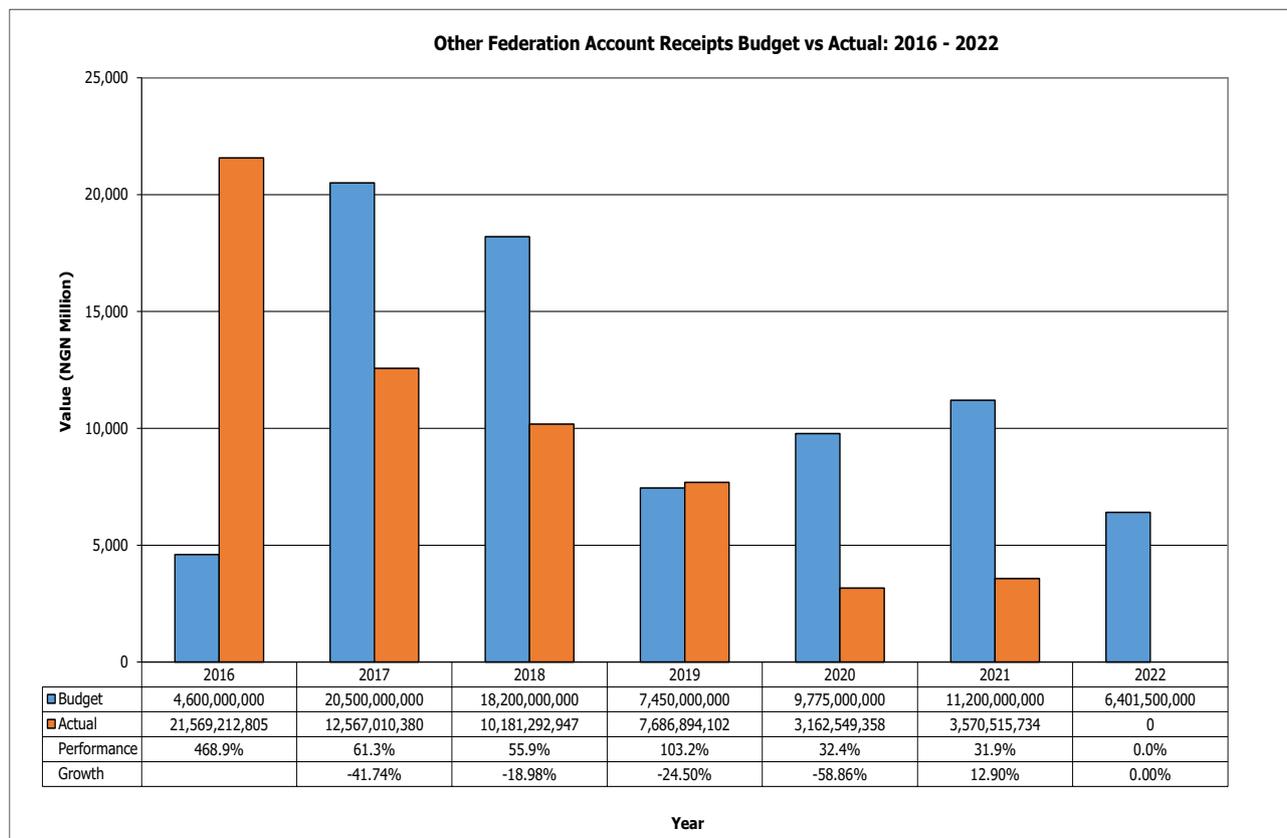
97. Value Added Tax (VAT) is an ad-valorem tax applied to sales of almost all goods and services within the Nigerian economy which is applied hitherto at a rate of 5%. VAT is collected by FIRS and distributed across the three tiers of government. The distribution to each state is based on a set of criteria slightly different from statutory allocation distribution. VAT has however, been increased to 7.5% from April 2020.
98. The VAT receipt in Gombe State performance was 101.0% in 2016 and continued to impress by more than 100% each year (2017-2021).
99. The VAT revenue forecasting over the period 2016-2021 have consistently been close to actual.

**Figure 4: IGR**



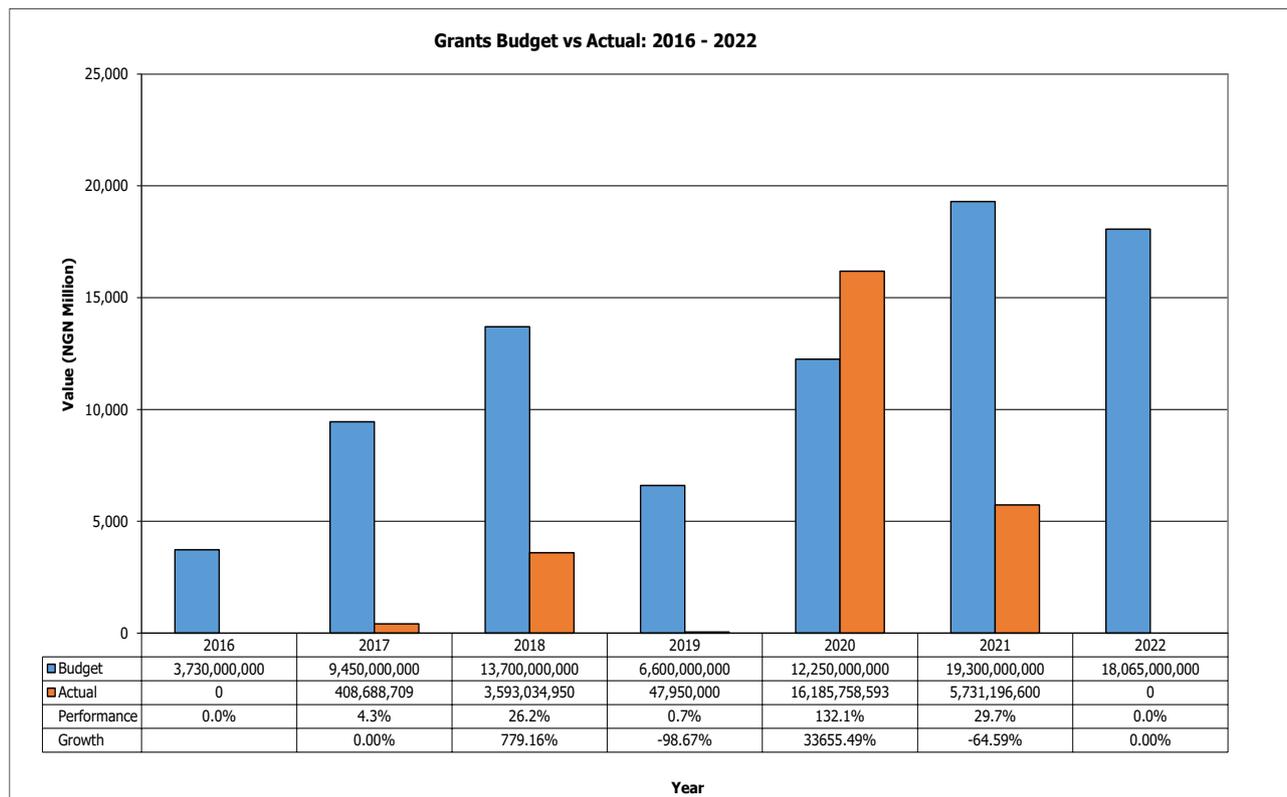
100. Internally Generated Revenue (IGR) is collected by IRS and revenue collecting MDA's. The major sources of IGR are PAYE, land and land Services, withholding tax, fines, fees, licenses and other sources.
101. Over the last six years (2016 - 2021), actual IGR collection has been lower than the budgeted figure. IGR collection was 73.9% in 2016, while in 2017 was 70.3%, 81.7% in 2018, 55.4% in 2019 while rising to 81.4% in 2020 and 71.2% in 2021. This may not be unconnected with current reforms being put in place to reinvigorate the Revenue Service.

Figure 5: Other FAAC Receipts



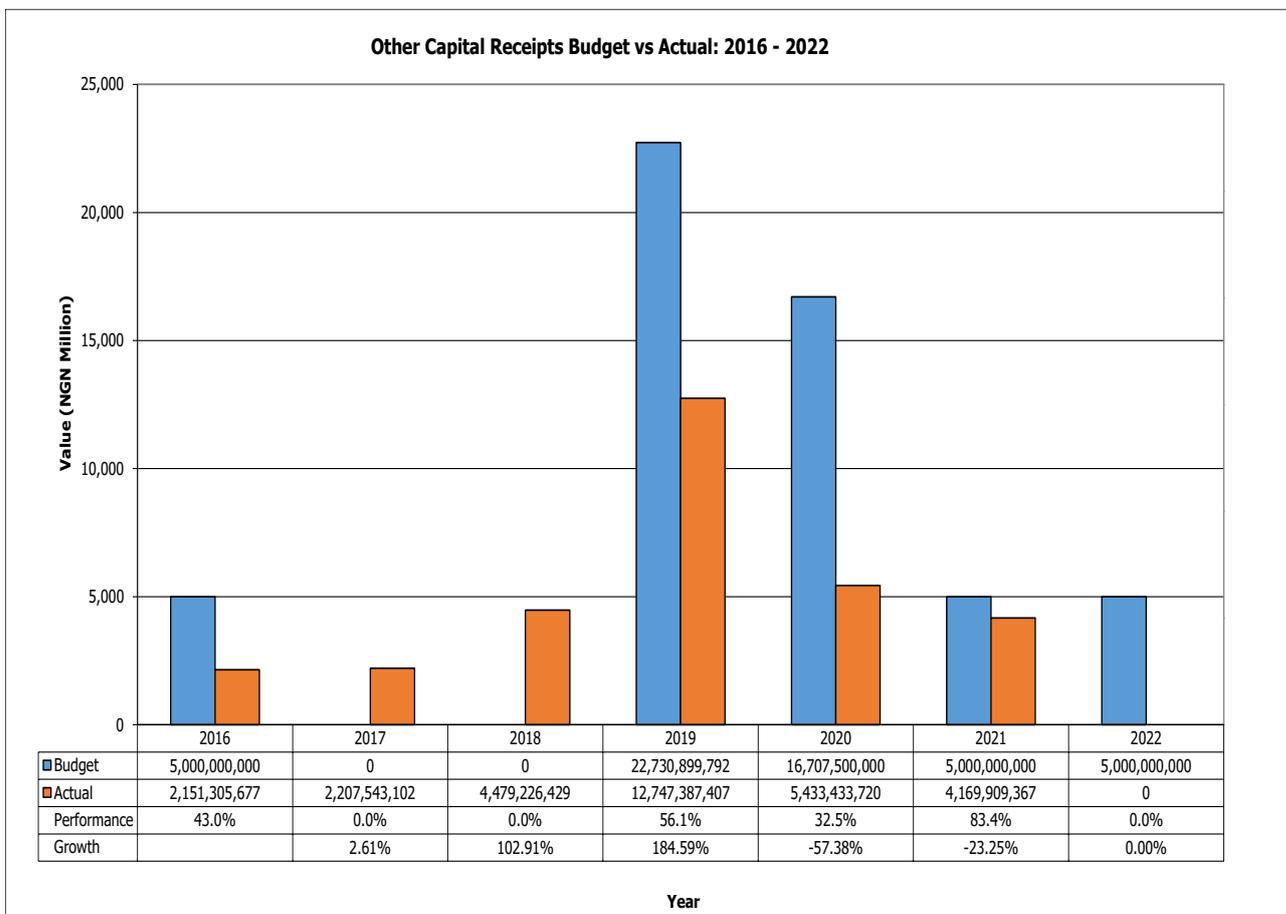
102. Other FAAC receipts include all FAAC distributed revenue accruing from other sources such as excess crude, exchange gains, refunds from NNPC and FIRS, augmentations, and any other periodic revenue shared by FAAC.
103. The actuals, over the period 2015 -2021, have varied greatly in real terms, and against the budget, underperforming in all the years, except in 2019. The 2016 receipts have included the bailout fund, which explains the performance of 468.9% while in 2017, other FAAC receipts, declined to 61.3% and further declined to 55.9% in 2018. It rose to 103.2% in 2019 but further declined to 32.4% in 2020 and 31.9% in 2021. Going forward, budgeting for other Federation Accounts receipts should be done more conservatively due to their ad-hoc nature while the assumptions around them need to be addressed in the fiscal risks section.

**Figure 6: Grants**



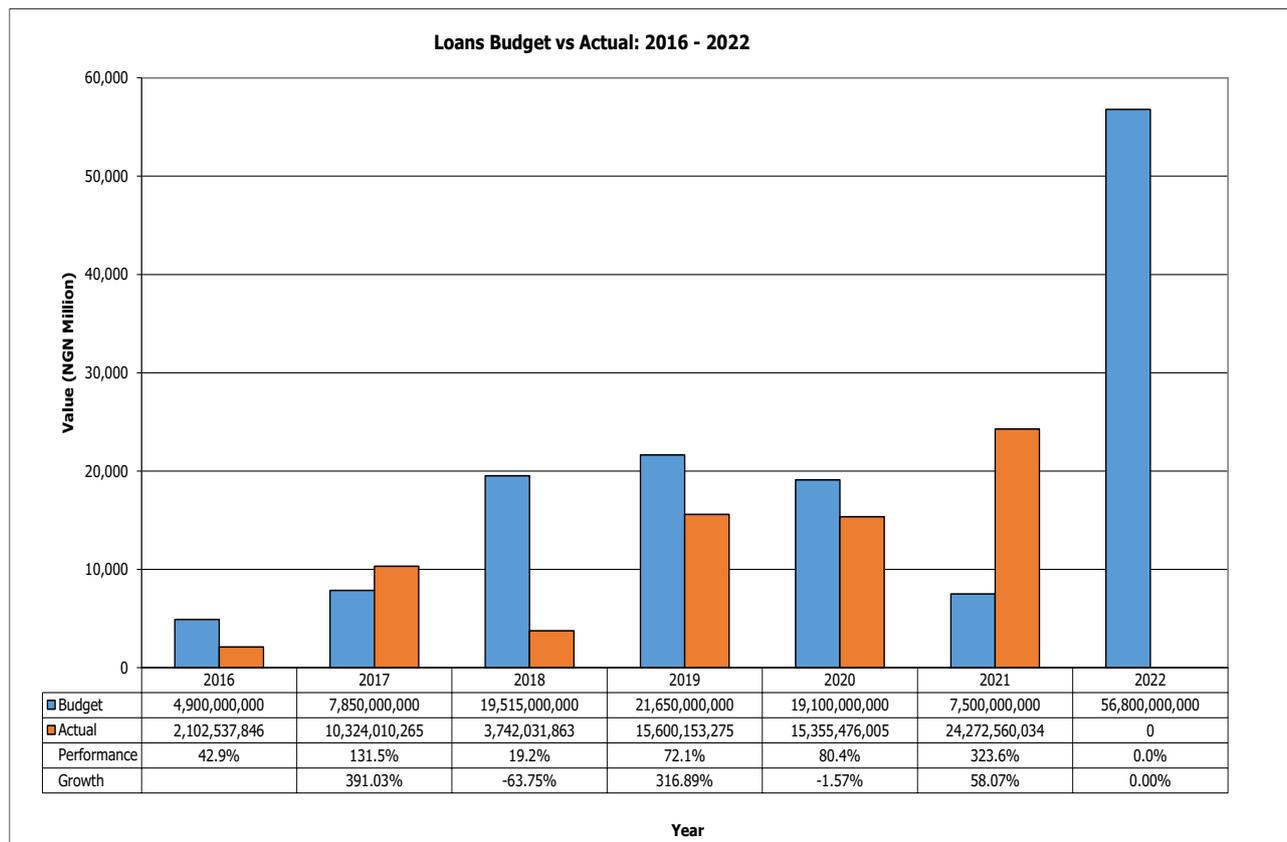
104. Grants are receipts from government and development partners such as Federal Government Conditional Grant Scheme, Federal Government Universal Basic Education Scheme, UNICEF, etc.
105. In Gombe State significant receipts on grants are shown in the budget over the period 2016 - 2021, but the accounts only showed impressive actuals in 2020. In 2016 and 2017 huge amount of grants was budgeted but actual grants accruing to the State was very low. A mere 4.3% in 2017, 26.2% in 2018 with a mere 0.7% in 2019. In 2020 actual grants receipt rose to 132.1% thanks to COVID. Grants fail to 29.7% in 2021. With the recent launching of the State 10-year development plan, however, donors are expected to key in with more grants in the coming years.

Figure 7: Other Capital Receipts



106. Significant other capital receipts have been budgeted over the last six years. In some instances, these receipts have not materialised, in others there are receipts without corresponding budget as in 2017 and 2018. More realistic budgets are expected in this category to avoid under performances.

**Figure 8: Loans/Financing**

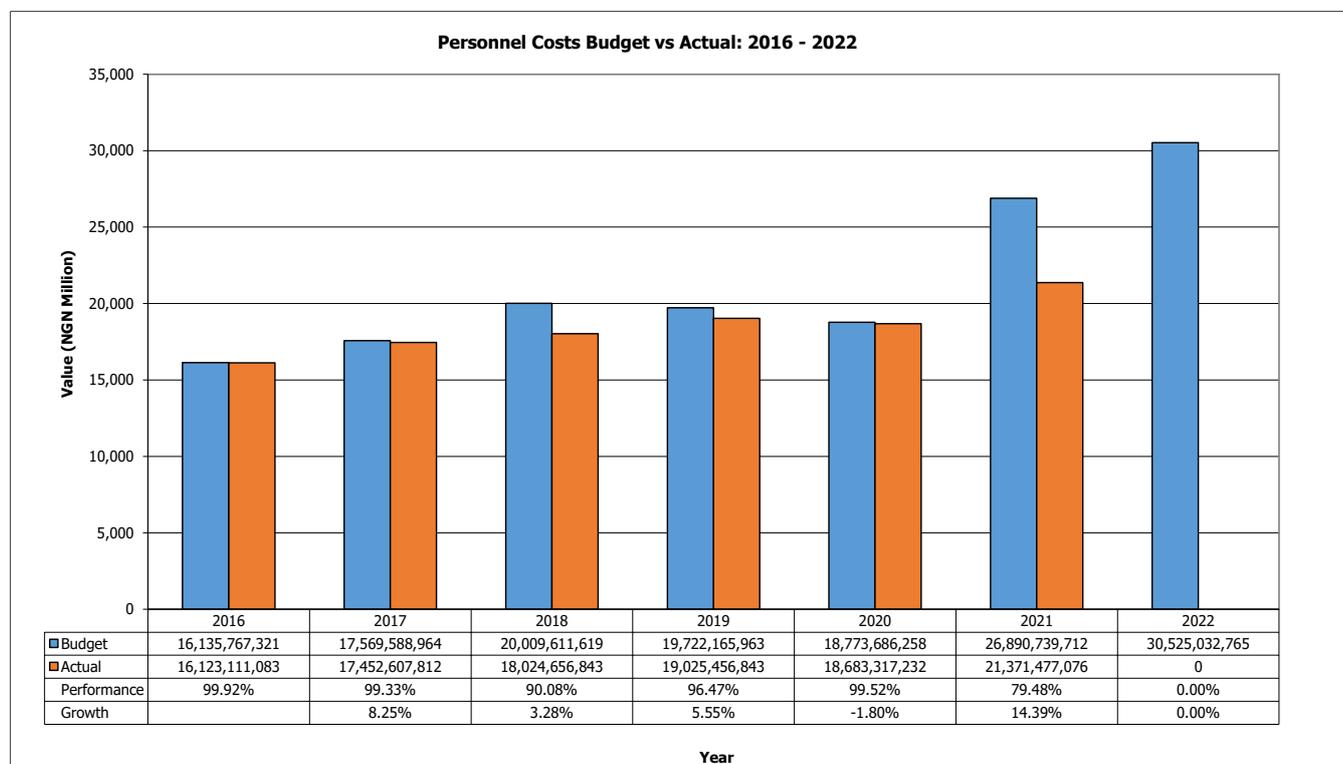


107. Loans include both Internal and External loans. Internal loans include, development bond, short term commercial loan, etc. External loan are receipts from World Bank, African Development, etc.
108. Gombe State loan budget for 2016 was N4.9 billion with 42.9% actual receipt. Over the years, Loans budgeted and actual have been fluctuating up and down.
109. However, from 2019, the chart indicate a progressive increase in actual loan performance. Loan budget for the fiscal year 2022 is high due to the massive construction works embarked by the present administration to establish an industrial hub for enhanced commercial business which will create employment and boost commercial activities that government will use to increase IGR.

## Expenditure Side

110. On the expenditure side, this document looks at Consolidated Revenue Fund (CRF) charges, Personnel, Overheads and Capital Expenditure – budget versus actual for the period 2016 -2021 (six years) and 2022 budget.

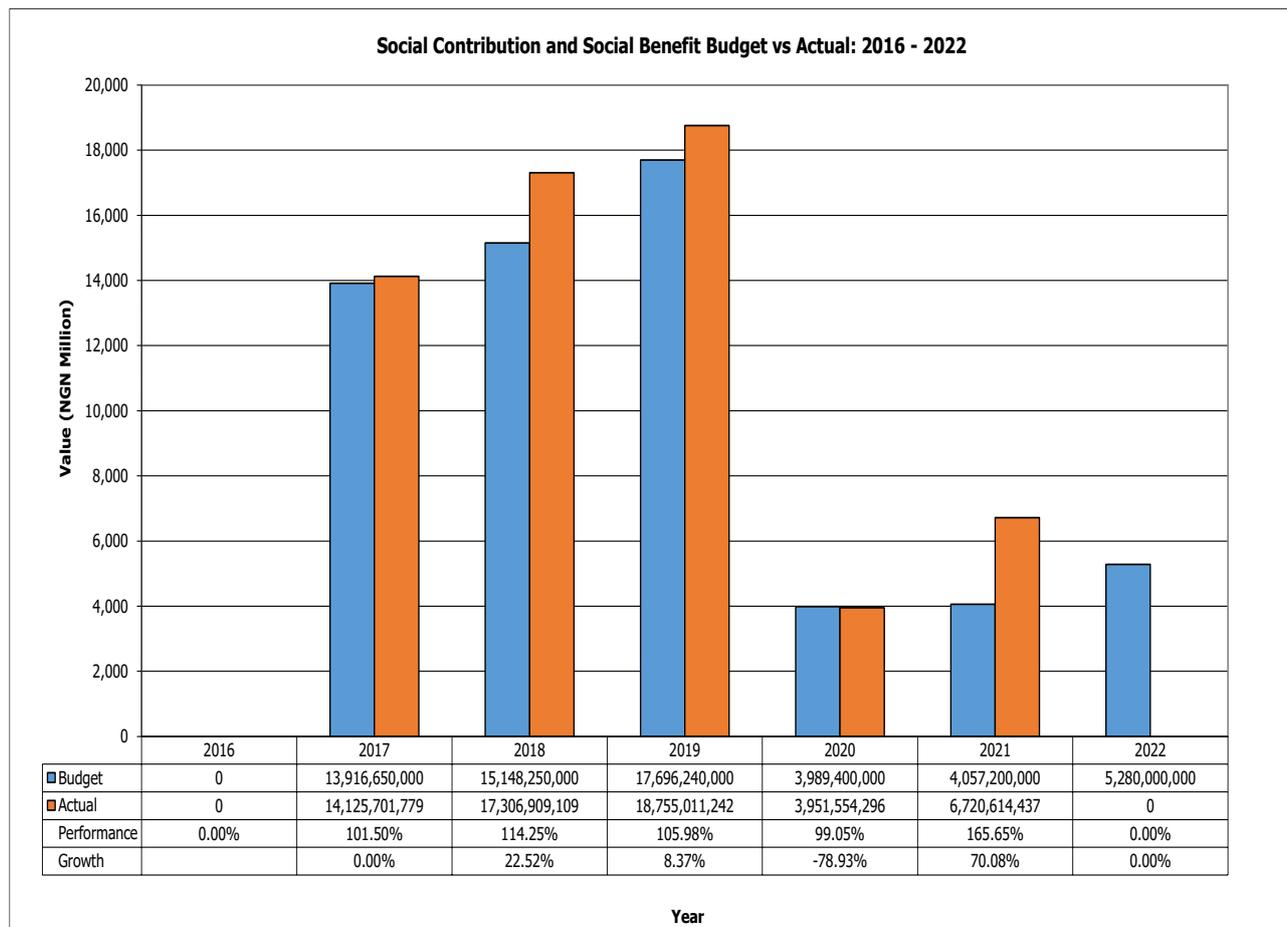
**Figure 9: Personnel**



111. Personnel Cost consist of salaries and allowances of civil servants, public servants in government agencies and parastatals, members of the State House of Assembly, Judicial Officers, other Political Office holders, staff of the office of the Accountant General, Auditors General of the state and Local Government including staff of Statutory Commissions.

112. Over the period 2016 - 2021, the actual personnel expenditure as a percentage of the budget has been between 90.08% and 99.92% with some years recording variance of less than 2%. However, the actual personnel expenditure decreased to 79.48% in 2021

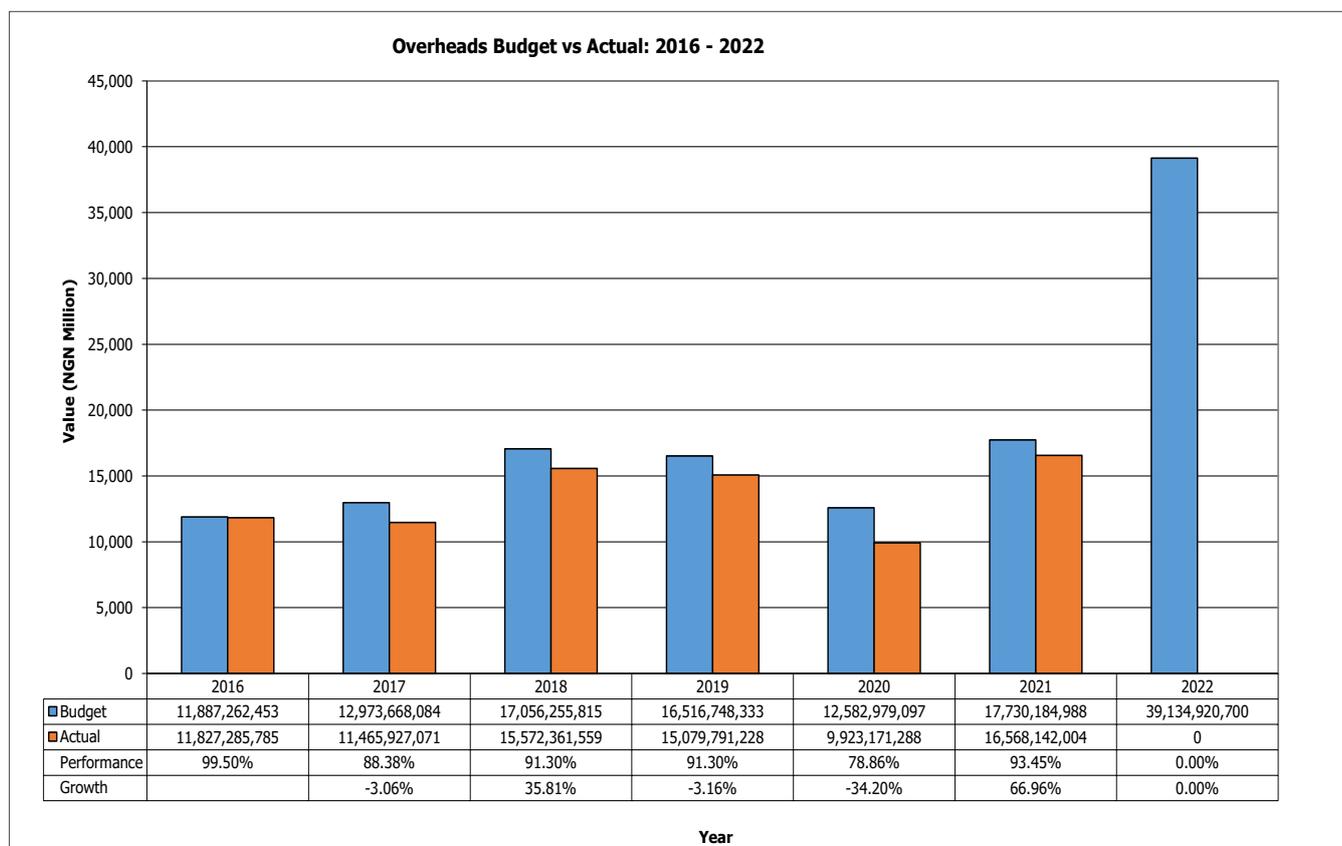
### 113. Social Contributions and Social Benefits



114. Social Contributions and Social Benefits include payment of Pension and Gratuity to retired civil servants, public servants in government agencies and parastatals, members of the State House of Assembly, Judicial Officers, and other Political Office holders.

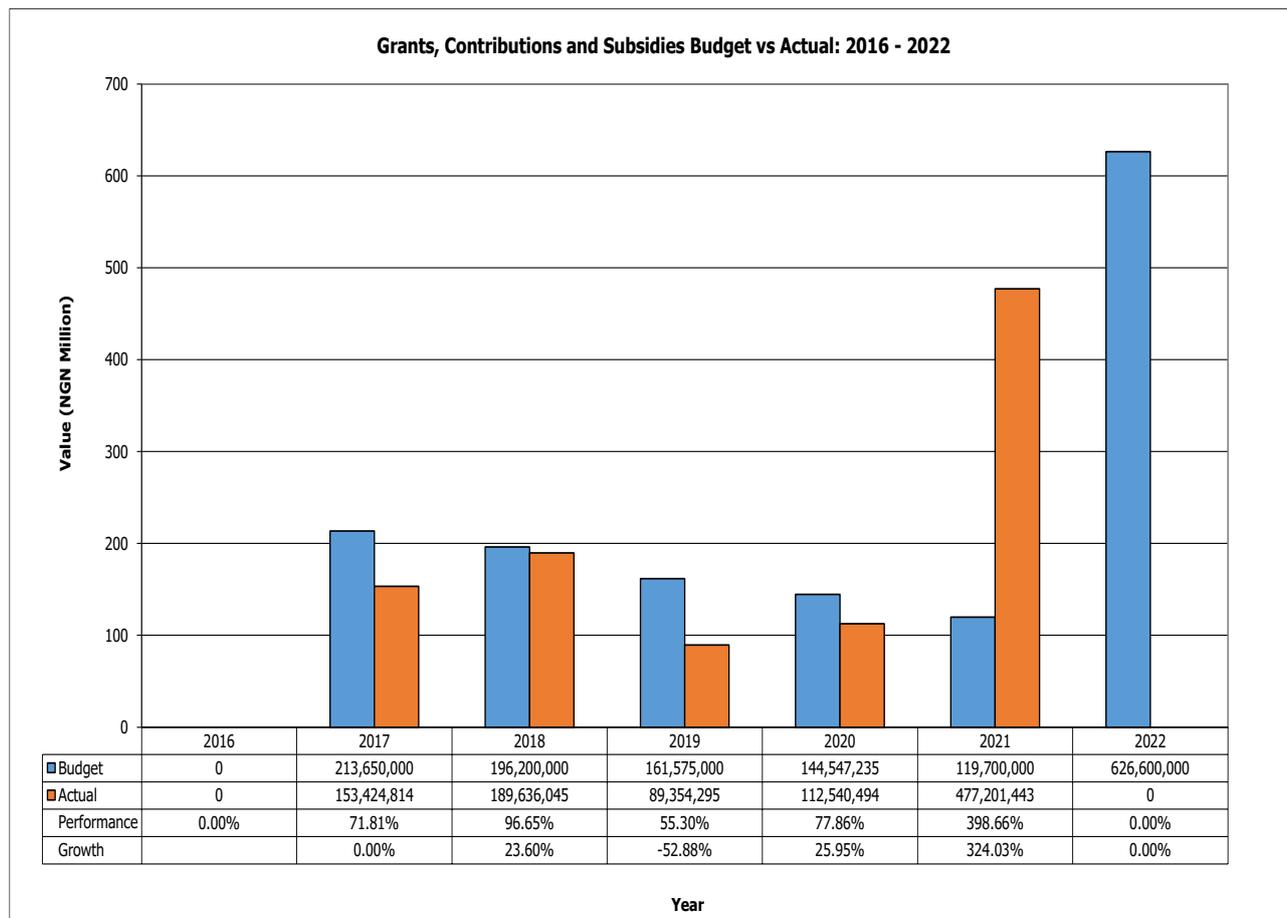
115. Over the period 2016 - 2021, the actual social contributions and social benefits expenditure as a percentage of the budget has been impressive and consistent between 5% and 10% deviation.

Figure 11 Overheads



116. Overhead expenditure comprise of operational and maintenance cost for running day-to-day Government activities.
117. Overhead expenditure has been relatively volatile, with a lower figure in 2016 but increased in 2018 and 2019. Overhead budget declined 2020 while rising again in 2021. However, performance over budget has been stable between 88.38% - (99.50%) over the period as actual performance has been close to budget through the years except in 2020 which recorded 78.86%.

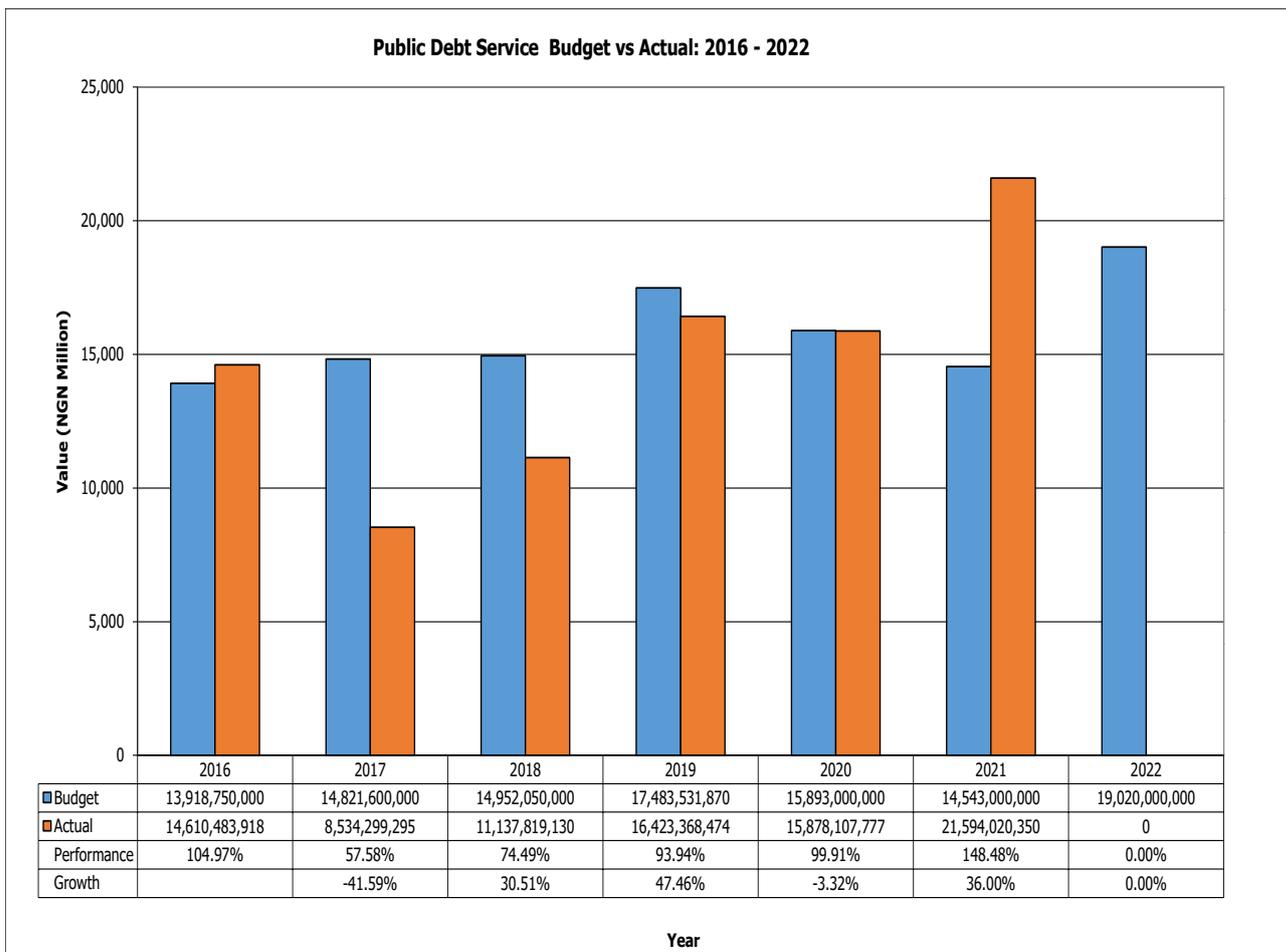
**Figure 12: Grants, Contributions, Subsidies, Transfers**



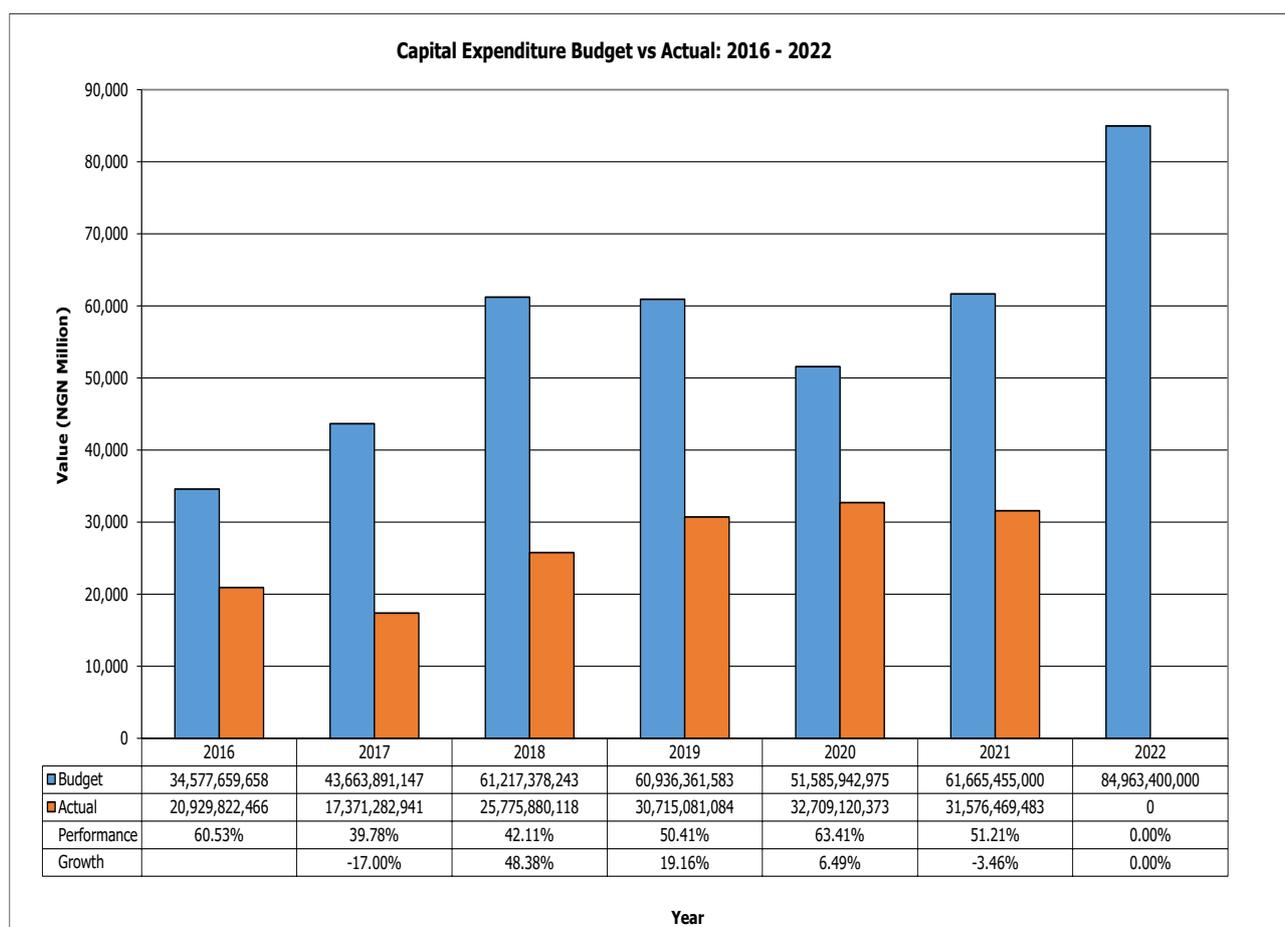
118. Grants, Contributions, Subsidies and Transfers in Gombe State are mainly monies transferred to parastatals, state owned tertiary institutions and agencies for their personnel and overhead costs.

119. Actual expenditure has been relatively steady between 2017 and 2018 but fail low in 2019. Actual performance over budget was 71.81% in 2017, 96.66% in 2018 and 55.3% in 2019 while rising to 77.86% in 2020 and 398.66% in 2021. This is indicative of renewed government commitment to fulfilling its obligations.

Figure 13: Public Debt Service

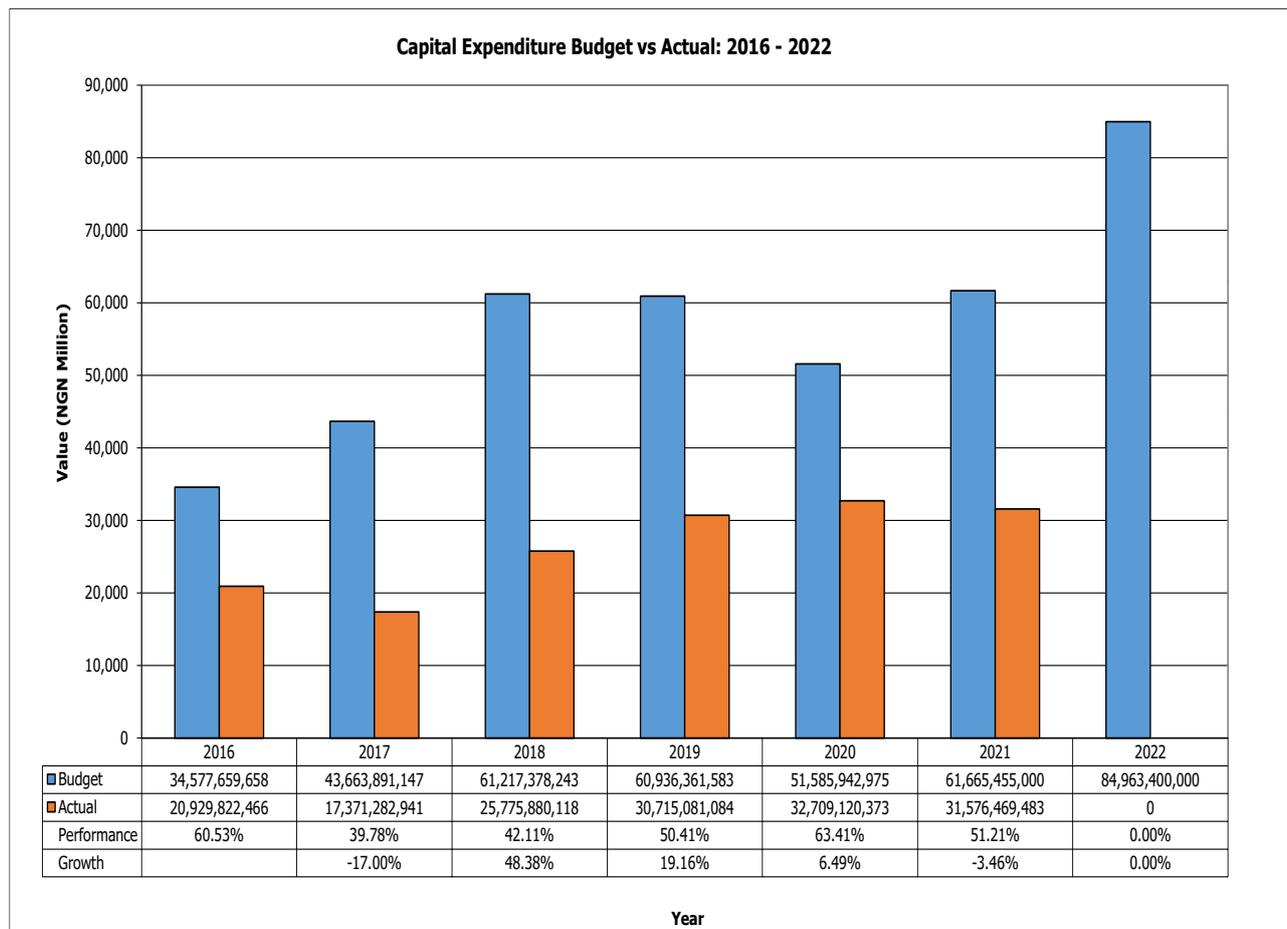


120. Public Debt Charge includes payment for internal and external debt (principal and interest).
121. The targets and performance in all the years indicated a good projection particularly in 2016, 2019 and 2020 with variance of less than 5%. Debt service however, increased in 2021 simply because of the resumption of debt repayments after the holiday enjoyed in 2020 due to COVID.
122. Strong forecasting ability, to maintain equality in both budget and actuals should provide for accurate estimates going forward as well as ensuring that debt data is kept up-to-date and regularly reconciled with the Debt Management Office (DMO), Abuja.

**Figure 14: Capital Expenditure**

123. Capital Expenditure includes the main investment and implementation of programmes and projects of government.
124. The capital expenditure budgets for the period (2016 – 2021) have been on the high with the actuals deviating significantly from the budget. Performance have been slightly above 50.0% in 2016, 2019, 2020 and 2021..
125. Over the period 2015-2021, the actual capital expenditure has consistently underperformed against the budget. Lack of fund releases affect capital spending and the delivery of capital projects. Government should exhibit more commitment and prioritize capital projects. Again, forecasting trends show the need for a more conservative on capital expenditure budgeting.

**Figure 15: Recurrent: Capital Expenditure Ratio**



126. The budgeted Capital Expenditure ratio for the period 2016 – 2021 has been between 39.8% and 64%. The significant drop was in 2017 (39.78%) which may largely due to revenue short falls as a result of the global crude oil price drop and Nigeria went through its election cycle (resulting in some economic and tax slow down).
127. To ensure better/improved capital expenditure in the future stronger actions to improve revenue drive (particularly IGR), improved access to loans and grants coupled with more prudence and efficient management of overhead expenditure, more funds will be available to attain a higher level of actual capital expenditure performance in future years.

## By Sector

128. Analysis of both personnel, overhead & capital budget and actual expenditure with performance indicators for all sectors from 2018 to 2021 are presented in tables below.

**Figure 16: Expenditure Allocation – Personnel**

Personnel Expenditure by Sector									
Sector	2018 Budget	2018 Actual	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	Performance
<b>Administrative Sector</b>	2,349,700,793	2,115,827,879	3,067,550,624	3,115,827,879	2,062,725,139	2,095,272,487	3,159,997,503	2,509,160,039	92.44%
Governors Office	146,701,707	132,100,037	1,129,085,885	1,132,100,037	128,784,610	121,759,520	197,291,940	156,657,419	96.30%
Ministry of Information and Culture	256,279,172	230,770,921	225,505,376	230,770,921	224,979,066	257,787,096	344,657,305	273,671,209	94.44%
Ministry of Internal Security and Ethical Orientation	7,891,882	7,106,379	6,944,231	7,106,379	6,928,024	4,596,981	10,613,406	8,427,454	84.12%
Office of the Head of Civil Service	680,491,344	612,759,957	598,778,494	612,759,957	597,380,997	655,737,615	915,159,477	726,671,963	93.41%
Office of the Auditor General	205,416,854	184,971,085	180,750,564	184,971,085	180,328,708	182,524,008	276,255,065	219,357,189	91.58%
Civil Service Commission	73,960,922	66,599,365	65,079,754	66,599,365	64,927,864	55,239,535	99,466,421	78,980,179	88.13%
Gombe State Independent Electoral Commission	49,153,975	44,261,530	43,251,606	44,261,530	43,150,660	33,176,740	66,104,774	52,489,743	86.38%
<b>Local Government Service Commission</b>	48,741,571	43,890,173	42,888,722	43,890,173	42,788,624	33,608,956	65,550,151	52,049,351	86.73%
Office of the Secretary to the State Government	524,754,131	472,523,746	461,742,080	472,523,746	460,664,414	450,502,381	705,716,127	560,365,856	90.85%
Ministry of Special Duties	85,845,282	77,300,838	75,537,050	77,300,838	75,360,753	74,939,986	115,449,115	91,671,055	91.20%
<b>Economic Sector</b>	2,279,105,173	2,058,921,990	2,020,724,380	2,059,721,990	2,008,657,095	2,015,851,300	3,045,850,076	2,437,713,945	91.64%
Ministry of Agriculture and Animal Husbandry	592,245,766	533,297,732	521,129,374	533,297,732	519,913,103	590,542,294	796,482,321	632,437,719	94.23%
<b>Ministry of Finance and Economic Development</b>	441,985,791	397,993,592	388,912,495	397,993,592	388,004,807	391,281,729	594,405,041	471,980,555	91.50%
Ministry of Commerce, Industry and Tourism	135,026,995	121,587,345	118,813,063	121,587,345	118,535,763	121,847,830	181,591,191	144,190,418	91.92%
<b>Ministry of Science, Technology and Innovation</b>	42,673,512	38,426,087	37,549,311	38,426,087	37,461,675	33,371,062	57,389,516	45,569,492	88.99%
Ministry of Energy and Mineral Resources	24,981,383	22,494,910	21,981,639	22,494,910	21,930,336	20,844,672	33,596,239	26,676,711	90.26%
<b>Ministry of Works and Transport</b>	171,768,706	154,672,040	151,142,858	154,672,040	150,790,104	127,574,823	231,003,319	183,425,555	88.03%
<b>Budget, Planning and Development Partnership</b>	62,576,060	56,347,673	55,061,977	56,347,673	54,933,467	59,671,287	84,155,478	66,822,699	93.17%
<b>Fiscal Responsibility Commission</b>	2,913,255	6,347,673	3,633,150	6,347,673	3,633,150	9,671,287	3,633,150	9,822,699	233.04%
<b>Ministry of Water Resources</b>	413,140,475	372,019,339	363,530,901	372,019,339	362,682,451	355,361,635	555,612,388	441,177,691	90.89%
<b>Ministry of Housing and Urban Development</b>	265,079,649	238,695,460	233,249,100	238,695,460	232,704,716	187,852,519	356,492,636	283,068,919	87.20%
<b>Ministry of Lands and Survey</b>	71,843,244	64,692,466	63,216,365	64,692,466	63,068,824	63,160,875	96,618,460	76,718,788	91.35%
<b>Ministry of Rural, Community Development</b>	54,870,337	52,347,673	62,504,146	53,147,673	54,998,699	54,671,287	54,870,337	55,822,699	95.05%
<b>Law and Justice Sector</b>	2,119,882,876	1,908,884,443	1,865,329,056	1,908,884,443	1,860,975,539	2,110,020,889	2,850,926,643	2,263,745,842	94.19%
<b>Judicial Service Commission</b>	1,685,742,530	1,517,955,415	1,483,319,931	1,517,955,415	1,479,857,990	1,617,169,120	2,267,072,557	1,800,143,152	93.31%
<b>Ministry of Justice</b>	434,140,346	390,929,028	382,009,125	390,929,028	381,117,549	492,851,769	583,854,087	463,602,690	97.60%
<b>Social Sector</b>	13,260,922,776	11,941,022,531	11,668,561,903	11,941,022,531	11,641,328,485	12,462,172,556	17,833,965,490	14,160,857,250	92.83%
<b>Ministry of Youth Development</b>	231,101,107	208,098,906	203,350,673	208,098,906	202,876,070	218,141,131	310,796,559	246,784,469	92.93%
<b>Ministry of Women Affairs &amp; Social Development</b>	123,474,165	111,184,403	108,647,487	111,184,403	108,393,913	108,293,814	166,054,356	131,853,571	91.30%
<b>Ministry of Education</b>	3,490,981,081	3,143,513,046	3,071,786,898	3,143,513,046	3,064,617,612	3,156,700,585	4,694,849,459	3,727,891,760	91.97%
<b>Ministry of Health</b>	5,672,888,503	5,108,248,541	4,991,692,643	5,108,248,541	4,980,042,463	5,567,822,838	7,629,189,875	6,057,871,359	93.85%
<b>Ministry of Environment</b>	198,977,945	179,173,061	175,084,834	179,173,061	174,676,201	200,078,264	267,595,691	212,481,312	94.44%
<b>Ministry for Local Government and Chieftaincy</b>	62,504,146	56,282,917	54,998,699	56,282,917	54,870,337	52,234,470	84,058,765	66,745,905	90.30%
<b>Ministry of Higher Education</b>	3,480,995,830	3,134,521,658	3,063,000,669	3,134,521,658	3,055,851,889	3,158,901,454	4,681,420,785	3,717,228,874	92.04%

129. Personnel Expenditure has averaged between 89% and 99% in all the sectors except Fiscal Responsibility Commission over the period 2018-2021.

Figure 17: Expenditure Allocation - Overhead

Overhead Expenditure by Sector										
No.	Sector	2018 Budget	2018 Actual	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	Performance
<b>1</b>	<b>Administrative Sector</b>	<b>2,614,261,124</b>	<b>2,386,820,406</b>	<b>2,639,416,103</b>	<b>2,409,786,902</b>	<b>2,179,025,803</b>	<b>4,937,608,667</b>	<b>2,781,431,161</b>	<b>8,453,355,273</b>	<b>178.06%</b>
2	Governors Office	819,515,377	748,217,539	914,842,487	835,251,191	886,098,383	2,385,048,163	923,709,085	3,688,179,833	216.04%
3	Gombe State House of Assembly	220,342,365	201,172,580	211,727,277	193,307,004	158,733,729	812,380,252	228,074,019	879,845,625	254.83%
4	Ministry of Information and Culture	208,786,266	190,621,861	200,623,006	183,168,804	150,408,763	60,427,991	216,112,425	90,592,711	67.64%
5	Ministry of Internal Security and Ethical Orientation	6,429,382	5,870,025	6,178,002	5,640,515	4,631,700	36,984,615	6,654,984	26,356,411	313.26%
6	Office of the Head of Civil Service	554,384,681	506,153,214	532,708,990	486,363,308	399,376,433	44,670,023	573,837,638	56,653,499	53.09%
7	Office of the Auditor General	167,349,604	152,790,189	160,806,461	146,816,299	120,557,963	247,332,478	173,221,781	300,171,189	136.21%
8	Civil Service Commission	60,254,700	55,012,541	57,898,823	52,861,625	43,407,237	11,990,037	62,368,994	15,315,037	60.37%
9	Gombe State Independent Electoral Commission	40,044,905	36,560,998	38,479,203	35,131,512	28,848,184	2,777,000	41,450,051	7,288,660	54.94%
10	Local Government Service Commission	39,708,926	36,254,249	38,156,360	34,836,757	28,606,146	6,499,840	41,102,283	6,000,000	56.64%
11	Office of the Secretary to the State Government	427,508,233	390,315,016	410,793,239	375,054,227	307,975,164	1,302,474,682	442,509,187	3,360,646,308	341.68%
12	Ministry of Special Duties	69,936,686	63,852,194	67,202,256	61,355,660	50,382,099	27,023,586	72,390,713	22,306,000	67.15%
<b>13</b>	<b>Economic Sector</b>	<b>1,911,514,894</b>	<b>1,745,213,098</b>	<b>1,836,777,246</b>	<b>1,676,977,626</b>	<b>1,377,047,430</b>	<b>2,775,970,193</b>	<b>1,978,588,567</b>	<b>5,526,506,972</b>	<b>165.04%</b>
14	Ministry of Agriculture and Animal Husbandry	482,492,515	440,515,667	463,627,711	423,292,100	347,585,614	28,185,829	499,422,828	44,873,748	52.25%
15	Ministry of Finance and Economic Development	360,078,279	328,751,468	345,999,705	315,897,731	259,398,904	2,473,302,190	372,713,165	5,152,049,623	618.00%
16	Ministry of Commerce, Industry and Tourism	110,004,188	100,433,823	105,703,173	96,506,997	79,246,562	16,039,828	113,864,155	20,643,142	57.15%
17	Ministry of Science, Technology and Innovation	34,765,382	31,740,794	33,406,102	30,499,772	25,044,837	20,050,200	35,985,274	19,650,800	78.90%
18	Ministry of Energy and Mineral Resources	20,351,907	18,581,291	19,556,175	17,854,787	14,661,429	12,812,500	21,066,040	16,095,500	86.39%
19	Ministry of Works and Transport	139,937,032	127,762,510	134,465,683	122,767,169	100,810,060	14,525,020	144,847,321	17,646,500	54.36%
20	Budget, Planning and Development Partners Coordination	50,979,648	46,544,418	48,986,412	44,724,595	36,725,528	78,164,650	52,768,487	97,260,044	140.77%
21	Fiscal Responsibility Commission	50,921,061	46,490,929	48,930,116	44,673,196	36,683,322	3,226,370	52,707,844	2,999,700	51.46%
22	Ministry of Water Resources	336,578,492	307,296,163	323,418,728	295,281,299	242,469,755	35,333,422	348,388,788	39,881,403	54.19%
23	Ministry of Housing and Urban Development	215,955,865	197,167,705	207,512,283	189,458,714	155,573,713	30,758,454	223,533,600	25,251,232	55.15%
24	Ministry of Lands and Survey	58,529,464	53,437,401	56,241,042	51,348,071	42,164,384	18,192,600	60,583,221	38,802,930	74.38%
25	Ministry of Rural, Community Development and Cooperatives	50,921,061	46,490,929	48,930,116	44,673,196	36,683,322	45,379,130	52,707,844	51,352,350	99.29%
<b>26</b>	<b>Law and Justice Sector</b>	<b>1,727,032,390</b>	<b>1,576,780,572</b>	<b>1,659,507,760</b>	<b>1,515,130,584</b>	<b>1,244,146,997</b>	<b>313,134,036</b>	<b>1,787,632,706</b>	<b>373,984,541</b>	<b>58.88%</b>
27	Judicial Service Commission	1,373,345,661	1,253,864,589	1,319,649,703	1,204,840,179	989,352,539	239,268,298	1,421,535,366	212,134,148	57.02%
28	Ministry of Justice	353,686,729	322,915,983	339,858,056	310,290,405	254,794,458	73,865,738	366,097,340	161,850,393	66.11%
<b>29</b>	<b>Social Sector</b>	<b>10,803,447,407</b>	<b>9,863,547,482</b>	<b>10,381,047,224</b>	<b>9,477,896,115</b>	<b>7,782,758,866</b>	<b>1,896,458,392</b>	<b>11,182,532,554</b>	<b>2,214,295,218</b>	<b>58.41%</b>
30	Ministry of Youth Development	188,274,127	171,894,278	180,912,863	165,173,444	135,631,903	128,286,738	194,880,529	161,850,393	89.64%
31	Ministry of Women Affairs & Social Development	100,592,294	91,840,765	96,659,272	88,249,915	72,466,273	49,602,000	104,122,005	15,677,289	65.64%
32	Ministry of Education	2,844,042,691	2,596,610,977	2,732,844,469	2,495,087,000	2,048,836,602	606,514,740	2,943,838,090	845,190,841	61.91%
33	Ministry of Health	4,621,605,420	4,219,525,749	4,440,906,899	4,054,547,998	3,329,385,446	562,290,103	4,783,774,208	474,847,069	54.21%
34	Ministry of Environment	162,103,935	148,000,892	155,765,890	142,214,258	116,779,005	27,929,985	167,792,044	34,700,100	58.57%
35	Ministry for Local Government and Chieftancy Affairs	50,921,061	46,490,929	48,930,116	44,673,196	36,683,322	5,250,100	52,707,844	6,000,000	54.12%
36	Ministry of Higher Education	2,835,907,878	2,589,183,893	2,725,027,716	2,487,950,304	2,042,976,316	516,584,726	2,935,417,832	676,029,526	59.49%

130. The average Overhead expenditure performance over the period 2018-2021 was 93%, with significant variation across sectors as some sectors performed below 55% on the average.

**Figure 18: Expenditure Allocation - Capital**

Capital Expenditure by Sector										
No.	Sector	2018	2018	2019	2019	2020	2020	2021	2021	Performance
		2018 Budget	2018 Actual	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	
1	<b>Administrative Sector</b>	7,209,490,880	5,271,075,067	8,000,776,795	5,849,607,938	7,529,702,006	1,013,281,983	4,524,170,700	52,930,750	44.70%
1	Governors Office	450,118,851	329,095,395	499,522,160	365,215,637	470,110,979	0	414,520,000	0	37.85%
1	Gombe State House of Assembly	829,853,490	606,730,782	920,935,008	673,323,212	866,711,615	1,194,000	685,000,000	36,072,000	39.89%
1	Ministry of Information and Culture	786,330,905	574,910,115	872,635,553	638,010,032	821,255,966	2,150,000	641,000,000	0	38.93%
1	Ministry of Internal Security and Ethical Orientation	24,214,339	17,703,830	26,872,012	19,646,934	25,289,825	59,677,500	730,000,000	0	12.03%
1	Office of the Head of Civil Service	2,087,923,771	1,526,543,707	2,317,086,232	1,694,091,256	2,180,659,365	9,019,552	860,500,000	0	43.37%
1	Office of the Auditor General	630,272,135	460,810,866	699,448,373	511,387,689	658,265,810	0	573,150,700	0	37.96%
1	Civil Service Commission	226,931,272	165,916,261	251,838,374	184,126,590	237,010,475	0	12,000,000	0	48.10%
1	<b>Gombe State Independent Electoral Commission</b>	150,817,133	110,266,930	167,370,240	122,369,404	157,515,709	94,323,000	65,000,000	0	60.47%
1	Local Government Service Commission	149,551,769	109,341,785	165,965,994	121,342,717	156,194,143	4,096,381	22,500,000	0	47.51%
1	Office of the Secretary to the State Government	1,610,081,647	1,177,178,995	1,786,797,999	1,306,381,621	1,681,593,778	812,876,550	342,500,000	16,858,750	61.12%
1	Ministry of Special Duties	263,395,569	192,576,402	292,304,850	213,712,845	275,094,341	29,945,000	178,000,000	0	43.24%
1	<b>Economic Sector</b>	9,049,798,330	6,616,579,053	9,367,782,782	6,849,067,025	9,205,601,020	20,489,401,932	36,002,750,000	21,681,986,030	87.44%
1	<b>Ministry of Agriculture and Animal Husbandry</b>	1,817,163,472	1,328,582,729	2,016,608,326	1,474,402,846	1,897,873,188	1,583,631,250	2,457,000,000	196,946,916	55.97%
1	Ministry of Finance and Economic Development	1,356,126,933	991,505,084	1,504,970,195	1,100,328,858	1,416,359,609	722,350,970	2,986,500,000	2,372,061,596	71.40%
1	<b>Ministry of Commerce, Industry and Tourism</b>	414,297,808	302,905,556	459,769,537	336,151,302	432,698,936	59,451,585	2,077,000,000	206,794,373	26.75%
1	Ministry of Science, Technology and Innovation	130,933,393	95,729,331	145,304,137	106,236,214	136,748,828	25,933,613	448,000,000	48,719,341	32.13%
1	<b>Ministry of Energy and Mineral Resources</b>	76,649,357	56,040,645	85,062,095	62,191,450	80,053,756	61,370,500	300,000,000	70,250,115	46.12%
1	<b>Ministry of Works and Transport</b>	527,030,897	385,328,100	584,875,776	427,620,226	550,439,090	12,305,403,647	13,020,000,000	15,434,553,526	194.47%
1	<b>Budget, Planning and Development Partners Coordination C</b>	191,999,566	140,376,643	213,072,698	155,783,842	200,527,269	1,081,037,284	1,530,000,000	254,029,790	76.38%
1	<b>Fiscal Responsibility Commission</b>	61,913,250	45,266,634	14,950,000	10,930,394	15,000,000	10,650,000	15,500,000	11,325,500	72.81%
1	<b>Ministry of Water Resources</b>	1,267,622,029	926,796,494	1,406,751,334	1,028,518,103	1,323,923,741	1,690,131,094	4,939,750,000	1,973,511,306	62.87%
1	<b>Ministry of Housing and Urban Development</b>	813,333,051	594,652,194	902,601,350	659,918,925	849,457,418	914,068,637	3,925,500,000	67,335,349	34.45%
1	<b>Ministry of Lands and Survey</b>	220,433,688	161,165,683	244,627,640	178,854,606	230,224,299	893,022,682	2,019,000,000	886,115,623	78.07%
1	<b>Ministry of Rural, Community Development and Cooperative</b>	2,172,294,886	1,588,229,960	1,789,189,694	1,308,130,261	2,072,294,886	1,142,350,670	2,284,500,000	160,342,595	50.48%
1	<b>Law and Justice Sector</b>	6,504,349,962	4,755,525,387	7,218,242,328	5,277,473,514	6,793,242,098	1,167,242,912	1,336,420,000	1,390,837,636	57.62%
1	Judicial Service Commission	5,172,294,886	3,781,619,960	5,739,986,025	4,196,675,982	5,402,023,503	93,337,485	918,500,000	110,040,105	47.48%
1	<b>Ministry of Justice</b>	1,332,055,076	973,905,427	1,478,256,304	1,080,797,531	1,391,218,595	1,073,905,427	417,920,000	1,280,797,531	95.45%
1	<b>Social Sector</b>	40,687,947,207	30,748,178,842	45,153,699,373	35,013,224,223	42,495,111,347	12,372,750,873	20,195,265,000	14,053,445,924	62.07%
1	<b>Ministry of Youth Development</b>	709,078,078	518,428,255	786,903,754	575,328,941	740,571,937	984,031,668	1,045,000,000	85,272,311	65.92%
1	<b>Ministry of Women Affairs &amp; Social Development</b>	378,850,732	276,989,136	420,431,927	307,390,395	395,677,471	0	532,000,000	0	33.84%
1	<b>Ministry of Education</b>	10,711,234,528	7,831,304,901	11,886,858,321	8,690,838,724	11,186,976,370	4,154,473,911	6,400,765,000	4,350,679,635	62.28%
1	<b>Ministry of Health</b>	17,405,891,867	12,725,969,721	19,316,295,430	14,122,723,078	18,178,978,389	1,175,180,789	5,389,000,000	2,931,321,805	51.34%
1	<b>Ministry of Environment</b>	610,515,893	1,446,366,485	677,523,763	2,495,357,948	637,632,091	2,712,832,409	3,178,500,000	2,987,965,551	188.91%
1	<b>Ministry for Local Government and Chieftancy Affairs</b>	191,778,916	140,215,319	212,827,831	155,604,812	200,296,819	123,215,319	148,000,000	135,604,812	73.67%
1	<b>Ministry of Higher Education</b>	10,680,597,192	7,808,905,025	11,852,858,349	8,665,980,324	11,154,978,270	3,223,016,777	3,502,000,000	3,562,601,810	62.54%

131. For Capital Expenditure, overall performance has been poor as noted in paragraph 108. The only sector that has received more than 70% of its budgetary allocations is Environmental sector whereas Infrastructure had both the highest budget and actual disbursement over the period 2018-2021.

## Debt Position

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

**Table 4: Debt Position as at 31st December 2021**

<b>Debt Sustainability Analysis</b>			
<b>A</b>	<b>DSA RATIO SCENARIOS:</b>	<b>Sustainability Thresholds</b>	<b>As at 31st December 2021</b>
	<b>Solvency Ratios</b>	<b>Percentage</b>	<b>Percentage</b>
<b>1</b>	Total Domestic Debt/IGR	150%	449.94%
<b>2</b>	Total External Debt/Gross FAAC	150%	26.51%
<b>3</b>	Total Public Debt/Total Recurrent Revenue	150%	92.05%
<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%	242.16%
<b>6</b>	External Debt Service/Gross FAAC	10%	1.60%
<b>8</b>	Debt Service Deductions from FAAC/Gross FAAC	40%	16.61%
<b>8</b>	Total Debt Service/Total Recurrent Revenue	25%	38.84%
<b>B</b>	<b>PUBLIC DEBT DATA AS AT 31st DECEMBER 2021</b>		<b>Naira</b>
<b>1</b>	Total Domestic Debt		45,098,824,156
<b>2</b>	Total External Debt		14,512,511,974
<b>3</b>	<b>Total Public Debt</b>		<b>59,611,336,130</b>
<b>4</b>	Total Domestic Debt Service 2021		24,272,560,034
<b>5</b>	Total External Debt Service in 2021		877,238,311
<b>6</b>	<b>Total Public Debt Service</b>		<b>25,149,798,345</b>
<b>C</b>	<b>STATE GDP FOR 2021</b>		
<b>1</b>	<b>State GDP</b>		0

133. The domestic and foreign debt ratio (both liquidity and solvency) for the 2021 fiscal year did not exceed recommended sustainability thresholds except for the ratio of total domestic debt and IGR, and public debt service to IGR.

134. Based on the above ratios, future debt draw down should be focused on foreign concessional rate debt rather than higher interest domestic debt.

### 3 Fiscal Strategy Paper

#### 3.A Macroeconomic Framework

135. The Macroeconomic framework reflects the mineral sector benchmarks (price and NGN: USD exchange rate) as laid out in the Federal Government MTEF/FSP for the period 2023-2025. We have adopted price of \$75 per barrel for 2023 - 2025. Real GDP growth and Inflation (CPI) are as per the IMF World Economic Outlook dated April 2022. The figures represent a prudent macro-economic framework from which the Gombe State Medium Term Fiscal Framework are drawn.

**Figure 19: Gombe State Macroeconomic Framework**

<b>Macro-Economic Framework</b>			
<b>Item</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
National Inflation	17.16%	16.21%	17.21%
National Real GDP Growth	3.75%	3.30%	3.46%
State Inflation			
State Real GDP Growth			
State GDP Actual			
Oil Production Benchmark (MBPD)	1.6900	1.8300	1.8300
Oil Price Benchmark	\$70.00	\$66.00	\$62.50
NGN:USD Exchange Rate	435.57	435.92	437.57
<b>Other Assumptions</b>			
Mineral Ratio	6%	10%	11%

#### 3.B Fiscal Strategy and Assumptions

##### Policy Statement

136. Gombe state policy statement is based on its fiscal responsibility law which advocates “sound public expenditure and financial management in the state” specifically this is achieved through:

- Aligning state government’s income and expenditure by keeping spending limits within the dictates of available resources and fiscal sustainable debt position;
- Boosting IGR in accordance with the recently submitted business case of BIRS;
- Emphasis on achieving a more favourable balance for capital expenditure through restraining the increasing trend in recurrent expenditure;
- Ensuring that the budget process is pursued with a framework that support strategic prioritization and rational resource allocation and in accordance with the overall development policy objectives of the state; and
- Ensure strict adherence to due process in budget execution as well as accountability, transparency and prudence in the entire public financial management process.

137. This strategy is anchored by the state government on the newly introduced PFM Reform programs.

### **Objectives and Targets**

138. The key targets from the fiscal perspective are:

- To have higher proportion of capital expenditure compared to recurrent expenditure.
- Personnel expenditure is to be on stable marginal increase for 2023 - 2025.
- Decrease in overhead expenditure.
- Certain parastatals cover overhead expenditure from the revenue they generate.

### **3.C Indicative Four-Year Fiscal Framework**

139. The indicative four-year fiscal framework for the period 2023-2025 is presented in the table below.

Table 5: Gombe State Medium Term Fiscal Framework

<b>Fiscal Framework</b>			
<b>Item</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Opening Balance</b>	3,800,000,000	1,800,000,000	1,800,000,000
<b>Recurrent Revenue</b>			
Statutory Allocation	43,916,766,179	58,580,853,859	73,141,834,479
Derivation			
VAT	17,579,983,858	21,599,385,568	26,517,326,720
IGR	13,255,808,331	14,912,784,372	16,776,882,419
Excess Crude / Other Revenue	4,600,000,000	4,500,000,000	3,500,000,000
<b>Total Recurrent Revenue</b>	<b>79,352,558,368</b>	<b>99,593,023,800</b>	<b>119,936,043,617</b>
<b>Recurrent Expenditure</b>			
Personnel Costs	22,343,879,283	23,014,195,661	23,704,621,531
Social Contribution and Social Benefit	7,060,677,527	7,272,497,853	7,563,397,767
Overheads	18,266,376,559	19,179,695,387	20,138,680,157
Grants, Contributions and Subsidies	526,114,591	552,420,320	580,041,336
Public Debt Service	22,500,000,000	23,000,000,000	23,700,000,000
<b>Total</b>	<b>70,697,047,961</b>	<b>73,018,809,222</b>	<b>75,686,740,792</b>
<b>Transfer to Capital Account</b>	<b>12,455,510,408</b>	<b>28,374,214,577</b>	<b>46,049,302,826</b>
<b>Capital Receipts</b>			
Grants	17,250,000,000	13,300,000,000	13,000,000,000
Other Capital Receipts	5,000,000,000	5,000,000,000	5,000,000,000
<b>Total</b>	<b>22,250,000,000</b>	<b>18,300,000,000</b>	<b>18,000,000,000</b>
<b>Reserves</b>			
Contingency Reserve	2,078,813,959	2,534,825,595	3,043,401,090
Planning Reserve	1,058,110,208	1,169,484,292	1,478,986,057
<b>Total Reserves</b>	<b>3,136,924,167</b>	<b>3,704,309,887</b>	<b>4,522,387,147</b>
<b>Capital Expenditure</b>			
Discretionary Funds	21,018,586,241	31,869,904,691	48,226,915,679
Non-Discretionary Funds	30,750,000,000	22,900,000,000	21,200,000,000
<b>Financing (Loans)</b>	22,000,000,000	13,600,000,000	11,700,000,000
<b>Total Revenue (Including Opening Balance)</b>	<b>127,402,558,368</b>	<b>133,293,023,800</b>	<b>151,436,043,617</b>
<b>Total Expenditure (including Contingency Reserve)</b>	<b>125,602,558,368</b>	<b>131,493,023,800</b>	<b>149,636,043,617</b>
<b>Closing Balance</b>	1,800,000,000	1,800,000,000	1,800,000,000
<b>Ratios</b>			
Growth in Recurrent Revenue	9.06%	25.51%	20.43%
Growth in Recurrent Expenditure	3.13%	3.28%	3.65%
Capital Expenditure Ratio	42.06%	42.54%	47.39%
Deficit (Financing) to Total Expenditure	17.52%	10.34%	7.82%

## Assumptions

140. **Statutory Allocation** - The estimation for statutory allocation is based on an elasticity forecast taking into consideration the macro-economic framework (National) and the mineral assumptions in the FGN MTEF/FSP 2023-2025 and GDP growth and inflation rate provided in WEO April 2022 Report.

141. **VAT - This** is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2023-2025 is in line with the current rate of collections which is 7.5% as revisited by the National Assembly.
142. **Internally Generated Revenue (IGR) - IGR** estimation is based on 3-year simple moving average. The growth rate of moving average is consistent with the estimated IGR growth of 11% for 2023, 16% for 2024 and 15% for 2025. These growth rates are based on recovery from impact of COVID-19, increasing economic activity of the State and reform of revenue administration. However, actual collections are largely from traditional sources such as PAYE, fees, etc. It is believed that current effort to establish taxpayer database by BIR, perfection of the TSA and technical support from development partners towards harmonization/review of tax rate and other efforts focused on blocking leakages and dealing with the phenomena of tax avoidance/evasion, collection will improve. Also, the Internal Revenue Service has introduced more revenue sources intended to boost inflows therefore IGR is expected to grow annually in 2023 up to 2025.
143. Other FAAC transfer - the estimation is based on the current receipt (i.e., from January to May 2022).
144. **Grants** - Internal grants are largely TETFund, UBEC grant and SFTAS (original and additional) grant. External grants are from multiple sources for Health, Education, Water and Social Development sectors. It is important that the relevant institutions in Gombe State Government put in place the necessary requirements to draw down the grants particularly UBEC funds, TETFund and SFTAS.
145. **Financing (Net Loans)** – Gombe State will continue to make use of short to medium term commercial bank facility and National Housing Loan Facility. Gombe State will continue to draw down existing World Bank and AfDB facilities.
146. **Personnel Costs** – Q1 actual personnel increased by about 5% over Q1 of 2022. It is anticipated that the trend will continue in Q2, Q3 and Q4. Own percentage is used to estimate the personnel cost at 5% for 2022, 10% for 2023 and 2.5% for 2024 and 2025.
147. **Social Contribution and Social Benefits** – Own percentage is used taking into consideration of Q1 2022 performance.
148. **Overhead Costs** – Actual overhead costs decreased by 13% in 2021 due to decline in revenue. However, Q1 performance indicated an increase in actual but not up to 2021 level. Own percentage is used taking into consideration the current performance.
149. **Public Debt Service** – Own value calculated based on expected debt repayment for 2023, 2024 and 2025.
150. **Capital Expenditure** - This is based on the balance from the recurrent account plus capital receipts. It is presented in the form of discretionary and non-discretionary capital expenditure.

### **3.D Fiscal Trends**

151. Based on the above envelope, plus actual figures for 2023 - 2025 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below.

**Figure 20: Gombe State Revenue Trend**

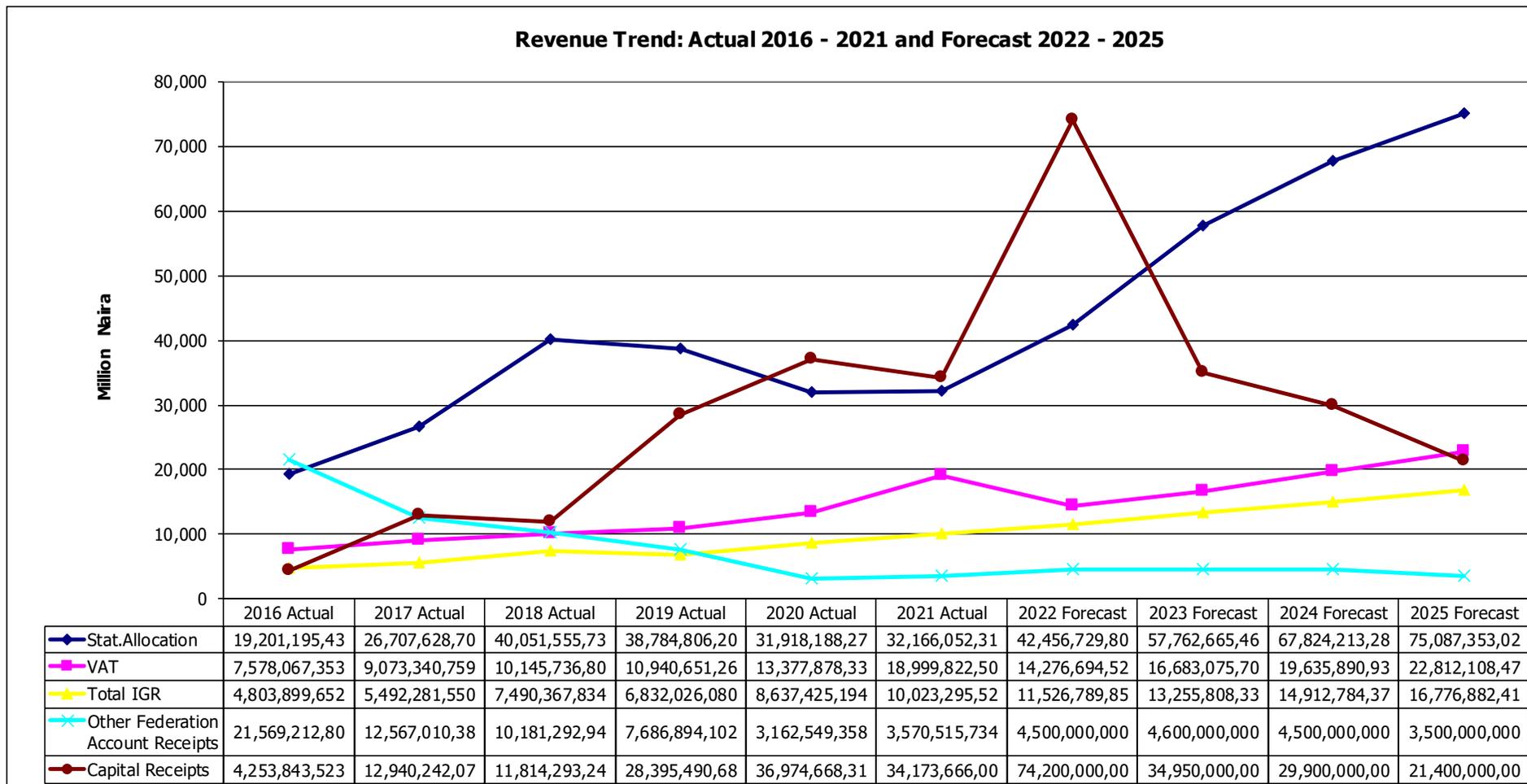
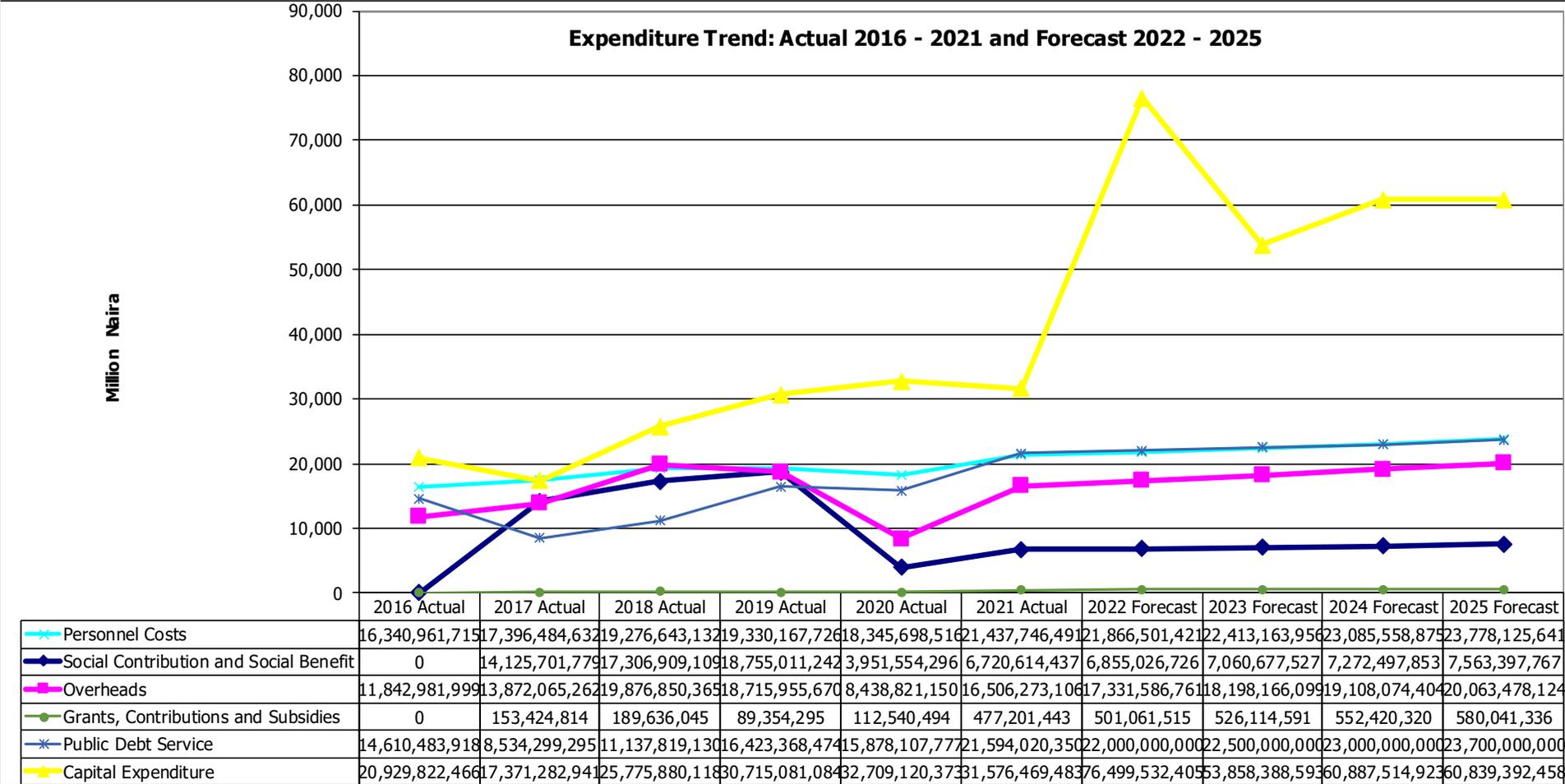


Figure 28: Gombe State Expenditure Trend



### 3.E Local Government Forecasts

152. Based on the Macroeconomic assumptions in section 3.A, the forecasting techniques noted in section 3.B and the vertical and horizontal sharing ratios, the Federation Account revenues have been forecasted for the 11 Local Governments (LGs) of Gombe State.

153. Forecasts for 2023 – 2025 for the 11 Local Governments in Gombe State are provided in table below.

**Table 6: Local Government FAAC and IGR Share Estimates 2023 – 2025**

<a href="#">Return to Main Menu</a> Password to Unprotect: PFM																		
Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2023					2024					2025				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer	Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer	Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
AKKO	0.186248%	0.139130%	10.047%	2,663,644,190	856,070,252	305,648,345	133,177,110	<b>3,958,539,897</b>	3,514,058,516	1,051,797,977	299,003,816	149,824,249	<b>5,014,684,557</b>	4,319,144,278	1,291,280,741	232,558,524	168,552,280	<b>6,011,535,822</b>
BALANGA	0.135259%	0.112274%	8.839%	1,934,424,965	690,825,515	221,971,760	117,172,881	<b>2,964,395,121</b>	2,552,023,482	848,772,489	217,146,287	131,819,491	<b>3,749,761,750</b>	3,136,702,924	1,042,028,595	168,891,557	148,296,928	<b>4,495,920,004</b>
BILLIRI	0.136135%	0.110044%	10.299%	1,946,956,226	677,103,914	223,409,700	136,518,189	<b>2,983,988,029</b>	2,568,555,565	831,913,648	218,552,967	153,582,963	<b>3,772,605,143</b>	3,157,022,577	1,021,331,183	169,985,641	172,780,833	<b>4,521,120,235</b>
DUKKU	0.148338%	0.111126%	8.056%	2,121,471,528	683,758,330	243,435,015	106,788,303	<b>3,155,453,175</b>	2,798,787,885	840,089,497	238,142,949	120,136,841	<b>3,997,157,172</b>	3,440,002,101	1,031,368,583	185,222,294	135,153,946	<b>4,791,746,924</b>
FUNAKAYE	0.144279%	0.117319%	9.497%	2,063,421,401	721,866,269	236,773,868	125,891,548	<b>3,147,953,085</b>	2,722,204,254	886,910,250	231,626,610	141,627,991	<b>3,982,369,105</b>	3,345,872,835	1,088,849,902	180,154,030	159,331,490	<b>4,774,208,257</b>
GOMBE	0.157101%	0.124159%	8.569%	2,246,803,791	763,951,560	257,816,665	113,590,432	<b>3,382,162,447</b>	2,964,134,634	938,617,716	252,211,955	127,789,235	<b>4,282,753,540</b>	3,643,230,494	1,152,330,587	196,164,854	143,762,890	<b>5,135,488,825</b>
KALTUNGO	0.123182%	0.098827%	9.649%	1,761,701,793	608,081,821	202,152,089	127,901,351	<b>2,699,837,055</b>	2,324,155,460	747,110,681	197,757,479	143,889,020	<b>3,412,912,640</b>	2,856,629,369	917,219,518	153,811,372	161,875,148	<b>4,089,535,406</b>
KWAMI	0.132135%	0.108577%	8.283%	1,889,749,681	668,075,747	216,845,352	109,803,126	<b>2,884,473,906</b>	2,493,084,844	820,821,325	212,131,323	123,528,517	<b>3,649,566,009</b>	3,064,261,193	1,007,713,260	164,991,029	138,969,582	<b>4,375,935,064</b>
NAFADA	0.120466%	0.096336%	8.438%	1,722,851,769	592,757,938	197,694,119	111,847,820	<b>2,625,151,646</b>	2,272,901,896	728,283,220	193,396,421	125,828,797	<b>3,320,410,335</b>	2,793,633,395	894,105,253	150,419,439	141,557,397	<b>3,979,715,483</b>
SHOMGOM	0.114246%	0.099194%	7.950%	1,633,906,801	610,343,479	187,487,845	105,380,376	<b>2,537,118,501</b>	2,155,559,713	749,889,433	183,412,023	118,552,923	<b>3,207,414,092</b>	2,649,407,618	920,630,961	142,653,795	133,372,039	<b>3,846,064,413</b>
YAMALTU/DEBA	0.155928%	0.121426%	10.374%	2,230,017,800	747,134,851	255,890,503	137,509,697	<b>3,370,552,850</b>	2,941,989,426	917,956,117	250,327,666	154,698,409	<b>4,264,971,617</b>	3,616,011,725	1,126,964,570	194,699,295	174,035,710	<b>5,111,711,301</b>
				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2%</b>	<b>1%</b>	<b>100%</b>	<b>22,214,949,944</b>	<b>7,619,969,676</b>	<b>2,549,125,261</b>	<b>1,325,580,833</b>	<b>33,709,625,714</b>	<b>29,307,455,675</b>	<b>9,362,162,353</b>	<b>2,493,709,495</b>	<b>1,491,278,437</b>	<b>42,654,605,959</b>	<b>36,021,918,511</b>	<b>11,493,823,152</b>	<b>1,939,551,829</b>	<b>1,677,688,242</b>	<b>51,132,981,734</b>

### 3.F Fiscal Risks

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

**Table 7: Fiscal Risks**

Risk	Likelihood	Impact	Reaction
Corona Virus (COVID-19)	High	The Pandemic is continuing to affect the world economy down with new waves.	Socioeconomic life of the world impacted negatively resulting in a devastating shock and price plunge in global stocks, oil, gas etc..
Risks to Statutory Allocation based on Oil Price or Production shock	Medium	There is higher likelihood that there will be shortfall in FAAC revenue. (Medium)	In the long term, Gombe State would have to be less dependent on Statutory Allocation to fund its expenditure. This would be achieved through higher IGR collections. In the short term, capital projects would be prioritized, and overhead expenditure should be further reduced.
Threat to security in Gombe and neighbouring States which could reduce economic activity by taxpayers.	Medium	Reduced IGR and increased overhead (Medium)	Collaborative strategic approach to stem the tides of civil crimes among communities in the State and neighbouring States.
Adverse climate change and bandit attacks might negatively affect farm output and other economic activities	High	Reduced IGR and increased overhead (Medium)	Increased investment to raise the level of climate resilience (other farming methods e.g. irrigation) adaptation and awareness, security measures need to be put in place.
None materialisation of Capital Receipts	Medium	Short-Fall in Capital Receipts (Low)	Loans that are at risk of not materialising must be ring fenced to specific activities and the risk should be spread reasonably across sectors to the extent possible, and on lower priority projects.

## 4 Budget Policy Statement

### 4.A Budget Policy Thrust

155. The current administration of Gombe State focuses on the following strategic areas:

- Internal Security and Order – The State will actively collaborate with security agencies and other stakeholders in order to combat the root of all insecurity and ensure safety and security of lives and livelihoods of all citizens across the State.
- Education - Policies and programmes aimed at eradicating illiteracy in Gombe State by giving priority to enhancing teaching standards by ensuring appropriate support from basic to tertiary levels of education for an improved and educated citizenry.
- Health care - Proactively implement strategies to achieve Universal Health Coverage in Gombe State using Primary Health Care as the corner stone by increasing access to efficient, qualitative and affordable healthcare services and ensure availability of essential drugs and vaccines throughout the state. Deliberate policies be made to addressing the continued scourge of COVID-19 even with decreasing positive cases so far learning from other countries resurging phenomena.
- Agriculture – Stimulate the economic development of the state and improve the living conditions of Gombe people by revamping the agriculture sector.
- Good Governance – Promote transparent, accountable and all-inclusive government in conformity with best practice.
- Infrastructural Development – Address the issues of uneven development by ensuring that investments in infrastructure are tailored to meet the needs of all citizens as this would go a long way in making Gombe State a suitable destination for investment, generate employment and promoting rural income growth.
- Women and Youths Empowerment – Raising the level of women and youth’s participation in socioeconomic activities including political participation through the provision of necessary skills and start up grants thereby boosting entrepreneurial development.

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

156. The total budget size for 2023 fiscal year as highlighted in Section 3.C above should not be more than **N125,602,558,368.00** of which the sum of **N70,697,047,961.00** will be for recurrent expenditure. Planning Reserve of **N3,136,924,167.00** is set aside while **N51,768,586,241.00** will be for capital expenditure.

157. The capital expenditure component of **N51,768,586,241.00** is in two parts -the discretionary capital expenditure of sum of **N N21,018,586,241.00** that will be spent across

all MDAs and non-discretionary capital expenditure of **N30,750,000,000.00** which is specifically earmarked for projects and programmes in Health, Education, Infrastructure, Water, Sanitation and Agricultural sectors. The non-discretionary amount is in the form of loans and grants.

158. Presented in the table below are the indicative three-year (2023-2025) envelopes for sectors. 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 (2016-2022 budget and 2016-2021 actuals).
- These are combined to give the total sector envelopes.

Table 8: Indicative Sector Personnel Expenditure Ceilings 2023 - 2025

Personnel Expenditure by Sector						
Sector	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
<b>Administrative Sector</b>	13.85%	3,094,879,422	13.85%	3,187,725,805	13.85%	3,283,357,579
<b>Governors Office</b>	8.82%	1,971,009,852	8.82%	2,030,140,147	8.82%	2,091,044,352
<b>Gombe State House of Assembly</b>	1.05%	234,630,610	1.05%	241,669,529	1.05%	248,919,614
<b>Ministry of Information and Culture</b>	0.50%	110,796,975	0.50%	114,120,884	0.50%	117,544,511
<b>Ministry of Internal Security and Ethical Or</b>	0.01%	3,220,736	0.01%	3,317,358	0.01%	3,416,879
<b>Office of the Head of Civil Service</b>	1.51%	336,796,745	1.51%	346,900,647	1.51%	357,307,667
<b>Office of the Auditor General</b>	0.40%	90,165,965	0.40%	92,870,944	0.40%	95,657,073
<b>Civil Service Commission</b>	0.12%	26,900,465	0.12%	27,707,479	0.12%	28,538,703
<b>Gombe State Independent Electoral Commi</b>	0.16%	36,013,683	0.16%	37,094,094	0.16%	38,206,917
<b>Local Government Service Commission</b>	0.10%	23,277,137	0.10%	23,975,451	0.10%	24,694,714
<b>Office of the Secretary to the State Gover</b>	1.00%	222,979,232	1.00%	229,668,609	1.00%	236,558,667
<b>Ministry of Special Duties</b>	0.17%	39,088,022	0.17%	40,260,663	0.17%	41,468,483
<b>Economic Sector</b>	4.73%	1,056,313,450	4.73%	1,088,002,854	4.73%	1,120,642,940
<b>Ministry of Agriculture and Animal Husband</b>	1.56%	347,857,777	1.56%	358,293,510	1.56%	369,042,315
<b>Ministry of Finance and Economic Develop</b>	0.93%	206,932,282	0.93%	213,140,250	0.93%	219,534,457
<b>Ministry of Commerce, Industry and Touris</b>	0.28%	62,401,758	0.28%	64,273,811	0.28%	66,202,025
<b>Ministry of Science, Technology and Innova</b>	0.08%	18,782,746	0.08%	19,346,229	0.08%	19,926,615
<b>Ministry of Energy and Mineral Resources</b>	0.05%	11,678,828	0.05%	12,029,192	0.05%	12,390,068
<b>Ministry of Works and Transport</b>	0.33%	74,607,615	0.33%	76,845,844	0.33%	79,151,219
<b>Budget, Planning and Development Partner</b>	0.13%	28,495,095	0.13%	29,349,948	0.13%	30,230,446
<b>Fiscal Responsibility Commission</b>	0.01%	1,811,664	0.01%	1,866,014	0.01%	1,921,994
<b>Ministry of Water Resources</b>	0.78%	174,670,024	0.78%	179,910,124	0.78%	185,307,428
<b>Ministry of Housing and Urban Developeme</b>	0.39%	87,116,880	0.39%	89,730,387	0.39%	92,422,298
<b>Ministry of Lands and Survey</b>	0.08%	18,513,742	0.08%	19,069,154	0.08%	19,641,228
<b>Ministry of Rural, Community Development</b>	0.10%	23,445,041	0.10%	24,148,392	0.10%	24,872,844
<b>Law and Justice Sector</b>	3.80%	849,176,299	3.80%	874,651,588	3.80%	900,891,136
<b>Judicial Service Commission</b>	2.97%	663,032,404	2.97%	682,923,376	2.97%	703,411,077
<b>Ministry of Justice</b>	0.83%	186,143,895	0.83%	191,728,212	0.83%	197,480,058
<b>Social Sector</b>	27.62%	6,171,570,470	27.62%	6,356,717,584	27.62%	6,547,419,111
<b>Ministry of Youth Development</b>	0.69%	155,052,814	0.69%	159,704,398	0.69%	164,495,530
<b>Ministry of Women Affairs &amp; Social Develop</b>	0.24%	53,343,438	0.24%	54,943,741	0.24%	56,592,054
<b>Ministry of Education</b>	7.38%	1,649,931,762	7.38%	1,699,429,715	7.38%	1,750,412,606
<b>Ministry of Health</b>	11.66%	2,606,069,433	11.66%	2,684,251,515	11.66%	2,764,779,061
<b>Ministry of Environment</b>	0.61%	136,387,186	0.61%	140,478,801	0.61%	144,693,165
<b>Ministry for Local Government and Chieftar</b>	0.12%	27,875,835	0.12%	28,712,110	0.12%	29,573,474
<b>Ministry of Higher Education</b>	6.91%	1,542,910,002	6.91%	1,589,197,302	6.91%	1,636,873,221
<b>Total</b>	<b>100.00%</b>	<b>22,343,879,283</b>	<b>100.00%</b>	<b>23,014,195,661</b>	<b>100.00%</b>	<b>23,704,621,531</b>

Table 9: Indicative Sector Overhead Expenditure Ceilings 2023 - 2025

Head Expenditure by Sector						
Sector	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
<b>Administrative Sector</b>	11.13%	2,033,501,011	11.13%	2,135,176,062	11.13%	2,241,934,865
<b>Governors Office</b>	3.48%	635,802,817	3.48%	667,592,958	3.48%	700,972,606
<b>Gombe State House of Assembly</b>	2.28%	416,694,537	2.28%	437,529,264	2.28%	459,405,727
<b>Ministry of Information and Culture</b>	0.00%	34,003	0.00%	35,703	0.00%	37,488
<b>Ministry of Internal Security and Ethical Or</b>	0.11%	20,653,860	0.11%	21,686,553	0.11%	22,770,880
<b>Office of the Head of Civil Service</b>	0.14%	25,414,749	0.14%	26,685,487	0.14%	28,019,761
<b>Office of the Auditor General</b>	0.50%	91,208,378	0.50%	95,768,797	0.50%	100,557,237
<b>Civil Service Commission</b>	0.05%	8,868,324	0.05%	9,311,740	0.05%	9,777,327
<b>Gombe State Independent Electoral Commi</b>	0.03%	5,787,748	0.03%	6,077,136	0.03%	6,380,992
<b>Local Government Service Commision</b>	0.05%	8,494,921	0.05%	8,919,667	0.05%	9,365,650
<b>Office of the Secretary to the State Gover</b>	4.42%	807,822,630	4.42%	848,213,762	4.42%	890,624,450
<b>Ministry of Special Duties</b>	0.07%	12,719,044	0.07%	13,354,996	0.07%	14,022,746
<b>Economic Sector</b>	30.80%	5,625,662,140	30.80%	5,906,945,247	30.80%	6,202,292,510
<b>Ministry of Agriculture and Animal Husband</b>	1.49%	272,473,419	1.49%	286,097,090	1.49%	300,401,944
<b>Ministry of Finance and Economic Develop</b>	27.97%	5,108,387,974	27.97%	5,363,807,372	27.97%	5,631,997,741
<b>Ministry of Commerce, Industry and Touris</b>	0.15%	27,445,129	0.15%	28,817,385	0.15%	30,258,255
<b>Ministry of Science, Technology and Innova</b>	0.06%	11,330,451	0.06%	11,896,973	0.06%	12,491,822
<b>Ministry of Energy and Mineral Resources</b>	0.10%	19,066,896	0.10%	20,020,241	0.10%	21,021,253
<b>Ministry of Works and Transport</b>	0.06%	11,085,405	0.06%	11,639,675	0.06%	12,221,659
<b>Budget, Planning and Development Partner</b>	0.31%	55,952,123	0.31%	58,749,729	0.31%	61,687,215
<b>Fiscal Responsibility Commission</b>	0.09%	16,709,789	0.09%	17,545,279	0.09%	18,422,543
<b>Ministry of Water Resources</b>	0.18%	33,221,208	0.18%	34,882,269	0.18%	36,626,382
<b>Ministry of Housing and Urban Developeme</b>	0.11%	19,265,267	0.11%	20,228,530	0.11%	21,239,957
<b>Ministry of Lands and Survey</b>	0.22%	41,004,329	0.22%	43,054,546	0.22%	45,207,273
<b>Ministry of Rural, Community Development</b>	0.05%	9,720,150	0.05%	10,206,157	0.05%	10,716,465
<b>Law and Justice Sector</b>	0.78%	143,153,419	0.78%	150,311,090	0.78%	157,826,644
<b>Judicial Service Commisson</b>	0.43%	78,939,752	0.43%	82,886,740	0.43%	87,031,077
<b>Ministry of Justice</b>	0.35%	64,213,667	0.35%	67,424,350	0.35%	70,795,568
<b>Social Sector</b>	7.29%	1,330,871,709	7.29%	1,397,415,295	7.29%	1,467,286,060
<b>Ministry of Youth Development</b>	0.51%	93,572,487	0.51%	98,251,111	0.51%	103,163,666
<b>Ministry of Women Affairs &amp; Social Develop</b>	0.12%	22,310,836	0.12%	23,426,378	0.12%	24,597,697
<b>Ministry of Education</b>	2.76%	503,884,164	2.76%	529,078,373	2.76%	555,532,291
<b>Ministry of Health</b>	2.39%	436,244,524	2.39%	458,056,750	2.39%	480,959,588
<b>Ministry of Environment</b>	0.17%	30,432,354	0.17%	31,953,971	0.17%	33,551,670
<b>Ministry for Local Government and Chieftar</b>	0.05%	8,401,570	0.05%	8,821,649	0.05%	9,262,731
<b>Ministry of Higher Education</b>	1.29%	236,025,774	1.29%	247,827,063	1.29%	260,218,416
<b>Total</b>	<b>100.00%</b>	<b>18,266,376,559</b>	<b>100.00%</b>	<b>19,179,695,387</b>	<b>100.00%</b>	<b>20,138,680,157</b>

Table 10: Indicative Sector Capital Expenditure Ceilings 2023 - 2025

Capital Expenditure by Sector		Total Capital Envelope					
No.	Sector	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
1	Administrative Sector	1.1%	594,854,757	1.6%	901,961,920	2.0%	1,364,887,718
1	Governors Office	0.5%	236,981,921	0.7%	359,329,175	0.8%	543,752,420
1	Gombe State House of Assembly	0.2%	108,317,029	0.3%	164,238,134	0.4%	248,532,235
1	Ministry of Information and Culture	0.1%	49,793,867	0.1%	75,501,072	0.2%	114,251,481
1	Ministry of Internal Security and Ethical Orientation	0.1%	65,162,344	0.2%	98,803,872	0.2%	149,514,284
1	Office of the Head of Civil Service	0.1%	35,101,602	0.1%	53,223,595	0.1%	80,540,242
1	Office of the Auditor General	0.1%	58,925,214	0.2%	89,346,682	0.2%	135,203,256
1	Civil Service Commission	0.0%	2,336,009	0.0%	3,542,026	0.0%	5,359,946
1	Gombe State Independent Electoral Commission	0.0%	7,991,608	0.0%	12,117,456	0.0%	18,336,657
1	Local Government Service Commission	0.0%	2,704,852	0.0%	4,101,293	0.0%	6,206,253
1	Office of the Secretary to the State Government	0.0%	21,147,025	0.1%	32,064,653	0.1%	48,521,617
1	Ministry of Special Duties	0.0%	6,393,287	0.0%	9,693,965	0.0%	14,669,326
1	Economic Sector	13.8%	7,124,346,620	19.7%	10,802,450,991	23.5%	16,346,735,208
1	Ministry of Agriculture and Animal Husbandry	0.6%	334,786,911	0.9%	507,628,193	1.1%	768,164,898
1	Ministry of Finance and Economic Development	0.8%	433,022,219	1.2%	656,579,690	1.4%	993,564,733
1	Ministry of Commerce, Industry and Tourism	2.6%	1,343,819,663	3.7%	2,037,596,824	4.4%	3,083,379,482
1	Ministry of Science, Technology and Innovation	0.1%	26,310,833	0.1%	39,894,393	0.1%	60,369,919
1	Ministry of Energy and Mineral Resources	0.3%	163,520,599	0.5%	247,941,791	0.5%	375,196,222
1	Ministry of Works and Transport	15.3%	7,944,448,539	11.3%	6,206,450,143	10.2%	7,108,760,372
1	Budget, Planning and Development Partners Coordination C	0.4%	208,826,871	0.6%	316,638,445	0.7%	479,150,965
1	Fiscal Responsibility Commission	0.0%	1,905,691	0.0%	2,889,547	0.0%	4,372,588
1	Ministry of Water Resources	14.6%	7,568,251,742	8.8%	4,814,879,004	7.7%	5,362,745,200
1	Ministry of Housing and Urban Development	1.7%	861,126,525	2.4%	1,305,702,485	2.8%	1,975,845,370
1	Ministry of Lands and Survey	0.6%	292,431,388	0.8%	443,405,677	1.0%	670,980,613
1	Ministry of Rural, Community Development and Cooperative	0.5%	245,895,638	0.7%	372,844,799	0.8%	564,204,846
1	Law and Justice Sector	0.6%	320,537,259	0.9%	486,021,837	1.1%	735,469,227
1	Judicial Service Commission	0.3%	134,443,440	0.4%	203,852,894	0.4%	308,478,999
1	Ministry of Justice	0.4%	186,093,819	0.5%	282,168,944	0.6%	426,990,227
1	Social Sector	4.8%	2,469,554,484	6.8%	3,744,517,597	8.2%	5,666,365,687
1	Ministry of Youth Development	0.6%	304,010,194	0.8%	435,148,677	0.9%	632,823,606
1	Ministry of Women Affairs & Social Development	0.3%	164,442,708	0.5%	249,339,959	0.5%	377,311,991
1	Ministry of Education	4.1%	2,141,573,631	4.6%	2,517,918,710	3.7%	2,583,736,951
1	Ministry of Health	22.9%	11,841,559,771	19.2%	10,524,406,701	15.8%	10,951,500,764
1	Ministry of Environment	5.9%	3,060,765,003	4.8%	2,650,272,563	4.0%	2,786,669,151
1	Ministry for Local Government and Chieftancy Affairs	0.0%	18,442,173	0.1%	27,963,360	0.1%	42,315,363
1	Ministry of Higher Education	6.5%	3,388,761,004	7.5%	4,089,467,627	6.3%	4,392,007,861
	<b>Total</b>	<b>100.00%</b>	<b>51,768,586,241</b>	<b>100.00%</b>	<b>54,769,904,691</b>	<b>100.00%</b>	<b>69,426,915,679</b>

## 4.C Considerations for the Annual Budget Process

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

- Only projects that are consistent with the prioritized strategies of the current administration as provided above should be in the MDAs capital budget proposal.
- 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).
- It is expected that projects that have direct impact on the lives of citizens and can generate employment are initiated.
- Programs/Projects aimed at cushioning the impact of inflation and rising cost of living especially on the weak and vulnerable population are to be prioritized.

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

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

1. Gombe State should expedite action to finalise the production of its Medium Term Sector Strategy drawn from the new 10-year development plan.
2. Sector envelopes should be issued as soon as possible. This should form the basis for the 2023 annual budget preparation.
3. A more in-depth review of current debt portfolio (particularly domestic debt) should be undertaken and a longer-term debt strategy be developed.