



GOMBE STATE GOVERNMENT

2025-2027

MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

Economic and Fiscal Update (EFU),

Fiscal Strategy Paper (FSP) and

Budget Policy Statement (BPS)

JUNE/JULY 2024

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List of Abbreviations

AfDB	African Development Bank
AGILE	Adolescent Girl Initiative for Learning and Empowerment
AI	Artificial Intelligence
Bn	Billion
BPS	Budget Policy Statement
BRINCS	Brazil, Russia, India, Nigeria, China, South Africa
CBN	Central Bank of Nigeria
CET	Common External Tariff
CIT	Company Income Tax
COVID-19	Coronal Virus
CRF	Consolidated Revenue Fund
DEVAGOM	Gombe State Development Plan
DMD	Debt Management Department
ECOWAS	Economic Community of West African States
EFU	Economic and Fiscal Update
ExCo	Executive Council
FAAC	Federal Allocation Accounts Committee
FRL	Fiscal Responsibility Law
FSP	Fiscal Strategy Paper
FPM	Fiscal Policy Measure
FY	Fiscal/Financial Year
GDP	Gross Domestic Product
GIRS	Gombe Internal Revenue Service
GSG	Gombe State Government
IDEAS	Innovation, Development and Effectiveness in the Acquisition of Skills
IGR	Internally Generated Revenue
IRS	Internal Revenue Service
IMF	International Monetary Fund
JTB	Joint Tax Board

MDAs	Ministries, Department sand Agencies
MoBEP	Ministry of Budget and Economic Planning
MINT	Malaysia, Indonesia, Nigeria, and Turkey
MoF	Ministry of Finance and Economic Development
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
N	Naira
NA 2050	Nigeria Agenda 2050
NBS	National Bureau of Statistics
NDP	National Development Plan
NNPCL	Nigerian National Petroleum Company Limited
OAG	Office of the Accountant General
OAGS	Office of the Accountant General for the State
OPEC+	Organization of the Petroleum Exporting Countries Plus
PFM	Public Financial Management
PforR	Programme for Result
PITA	Personal Income Tax Act
SABER	State Action on Business Enabling Reforms
SDGs	Sustainable Development Goals
SFTAS	States' Fiscal Transparency, Accountability and Sustainability
SHoA	State House of Assembly
SPM	Supplementary Protection Measures
S2S/State2State	State Accountability, Transparency and Effectiveness
US	United States
VAT	Value Added Tax
WEO	World Economic Outlook
WAEMU	West African Economic and Monetary Union

FOREWORD

Since the inception of the States' Fiscal Transparency, Accountability and Sustainability (SFTAS), Programme for Result (P for R) in 2018, sub-national governments in Nigeria have been encouraged to key into best practices aimed at providing good governance and people-oriented projects and programmes 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), towards ensuring effective utilization of the existing Fiscal Responsibility Law, 2018 (as amended)

The Medium Term Fiscal and Budget Framework which includes the Economic and Fiscal Update (EFU) provides economic and fiscal analyses which form the basis for budget planning processes. It is aimed primarily as an economic planning tool for policymakers 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 the annual budget process of Gombe State, and as such, they determine the resources available to fund government projects and programmes from a fiscally sustainable perspective.

Gombe State Government decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2018 as part of a comprehensive budget planning process. This is the 7th rolling iteration of the document and covers the period 2025 - 2027. 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 the Appropriation Committee of the Gombe State House of Assembly, the Honourable Commissioner of Finance, and the Honourable Commissioner of Budget and Economic Planning. I also wish to recognize the roles played by the members of the State's Technical Team for their valuable contributions resulting in the compilation of this document.

Finally, our special and profound thanks go to USAID State2State Activity and officials, particularly the PFM Specialist, for supporting the 2025-2027 EFU-FSP-BPS preparation workshop and the production of the final document.

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 PFM practice in Gombe State.

Jalo Ibrahim Ali, mni
Permanent Secretary, MoBEP
Gombe State.

1 Introduction and Background

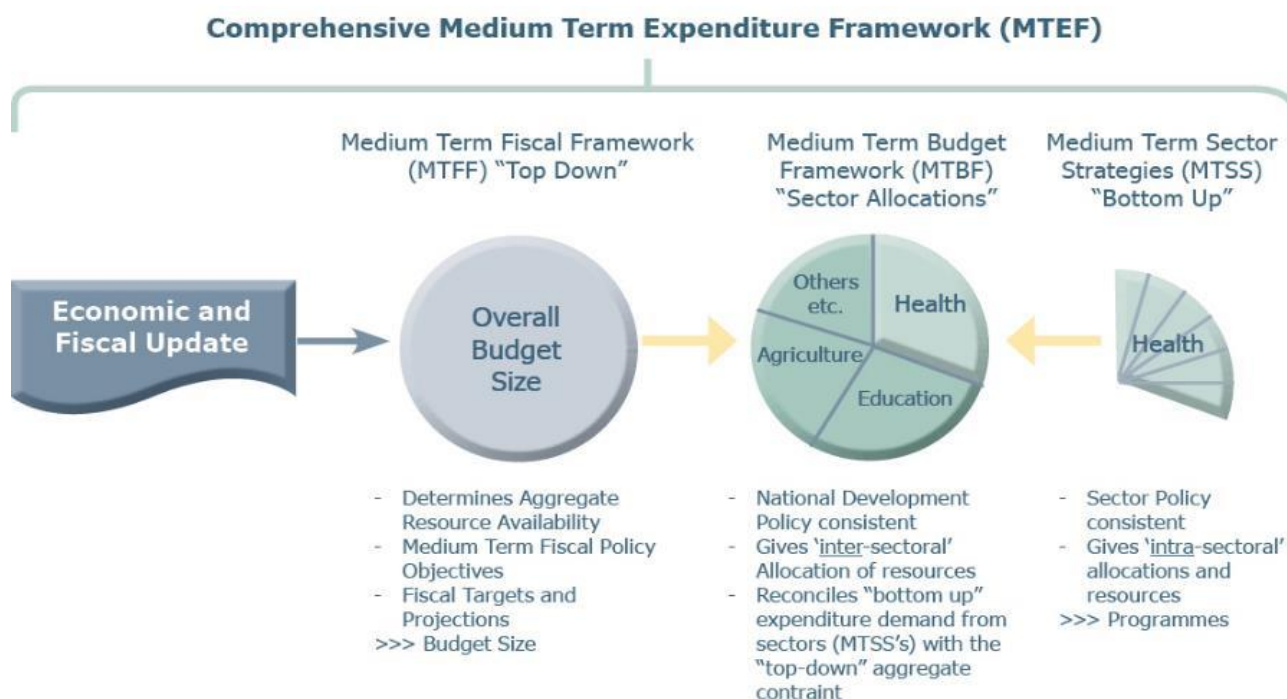
1.A Introduction

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 6th rolling iteration of the document and covers the period 2025 - 2027.

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); and
 - 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 2025 - 2027.
8. The purpose of this document is three-fold:
 - i. To provide a backwards looking summary of key economic and fiscal trends that will affect the public expenditure in the future - Economic and Fiscal Update;
 - ii. To set out medium term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTEF; and
 - iii. Provide indicative sector envelopes for the period 2025 - 2027 which constitute the MTBF.
9. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis 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; and
 - 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 2025 - 2027 budget preparation cycle for all of the key Stakeholders, specifically:
 - State House of Assembly (SHoA);
 - Executive Council (ExCo);
 - Ministry of Budget and Economic Planning (MoBEP);
 - Ministry of Finance and Economic Development;
 - All Government Ministries, Departments and Agencies (MDA's); and
 - Civil Society.
12. The document is prepared within 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. This law is currently being reviewed and proposed as Gombe State Finance (Control and Management) Bill, 2024.

- Gombe State Fiscal Responsibility (amendment) Law (FRL) 2018; 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. Section 15 of the Law also require the State government to prepare MTEF for the next three financial years before the end of the second quarter of each financial year.
 - Gombe State Public Service Rules: The public service rules contains fundamental ethical and professional standards that the State’s public service must strictly adhered to. It entrenched the principle of transparency, accountability, justice, equity, due process, and the rule of law in the conduct of governance affairs in the State (including PFM). The public service rules also guide the recruitment/appointment, promotion, allowances, emoluments and increment, discipline, and dismissal of staff of the State government and consequently guides the items in the personnel budget of the State.
 - Occasional treasury circulars and financial instructions 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”¹. 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).

¹ Section 121 (1) of Constitution of Federal Republic of Nigeria 1999 as amended

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 functions to provide cash backing for the operations of the State government; to maintain and operate the State government's accounts; to conduct routine and in-depth inspection of the books of accounts of State MDAs of government to ensure compliance with rules, regulations, policy decisions and maintenance of account codes; and to 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 Ministry of Budget and Economic Planning (MoBEP) supports the preparation of the budget (both capital and recurrent) in close collaboration with Ministry of Finance and Economic Development (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 MoBEP. 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.

1.C Overview of Budget Calendar

25. Indicative Budget Calendar for Gombe State Government, as presented below, is contained in the Budget Manual that guides the budget planning, preparation, and implementation processes:

Table 1: Budget Calendar

Stage	Month(s)	Duration	Responsibility
Preparation of MTEF/EFU-FSP-BPS/MTSS Documents	May/June	4 Weeks	Director Budget & Director Planning
Submission of MTEF/EFU-FSP-BPS/MTSS Documents to EXCO for Review and Approval	June	1 Week	Hon. Commissioner of Budget and Economic Planning
Transmission of MTEF/EFU-FSP-BPS/MTSS Documents to State House of Assembly for approval	June	1 Week	Executive Governor
Issuance of FY Budget call Circular	July	1 Week	Permanent Secretary, MoBEP
Preparation of Budget Proposals by MDAs	July to August	6 Weeks	Accounting Officers/Budget Officers in MDAs
Bilateral Budget Discussions with MDAs	September to October	4 Weeks	Permanent Secretary, MoBEP
Stakeholder Consultation (MDAs, CSO's, other stakeholders)	August to October	2 Days	MoF & MoBEP
Consolidation of Proposals	October	1 Week	MoBEP
Submission of Draft Budget to State Executive Council (EXCO)	October	1 Day	Hon. Commissioner of Budget and Economic Planning
EXCO Review and Approval of Draft Budget	October	1 Day	EXCO
Presentation of Proposed Budget to State House of Assembly	October	1 Day	Executive Governor
Budget Defence by MDAs before House of Assembly	November	4 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	MoF, MoBEP

2 Economic and Fiscal Update

2.A Economic Overview

Global Economy

26. The International Monetary Fund's (IMF's) July 2024 World Economic Outlook (WEO) reported a steady but slow improvement (growth of 3.2% projected in 2024 and 3.3% in 2025) in the performance of the global economy. The forecast indicated a slight acceleration (1.7% in 2024 to 1.8% in 2025) for advanced economies, to be offset by a modest slowdown (a decline from 4.3% in 2023 to 4.2% in both 2024 and 2025) in emerging markets and developing economies. The slow growth projection is attributed to both near-term factors, such as still-high borrowing costs, withdrawal of fiscal support by multilateral and donor organizations; and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine, weak growth in productivity, and the increasing geo-economic fragmentation globally.
27. Global inflation is forecasted to decline steadily from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, occasioned on advanced economies returning to their inflation targets sooner than the emerging market and developing economies. Generally, core inflation is expected to decline more gradually after 2025. However, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict of Gaza and Israel, could raise interest rate expectations and reduce asset prices, along with the persistent core inflation where labour markets are still tight. A divergence in disinflation speeds among major economies could also cause currency movements that put financial sectors under pressure.
28. The global unemployment rate is expected to vary across regions. The IMF projects that the unemployment rate in advanced economies will decline to 5.0% in 2024 while emerging markets and developing economies are expected to have an unemployment rate of around 6.3% in the same year. The degree of labour market flexibility, including cross-country labour and migration regulations, is expected to influence global employment levels in the coming years.
29. Amid the high government debt in many economies, a disruptive turn to tax hikes and spending cuts could weaken economic activity, erode confidence in the market, and sap support for necessary reform and spending to reduce risks from climate change. Geo-economic fragmentation could also intensify, with higher barriers to the flow of goods, capital, and people implying a supply-side slowdown. On the upside, looser fiscal policy than necessary could raise economic activity in the short term, although risking more costly policy adjustments later. Inflation could fall faster than expected amid further gains in labour force participation, allowing central banks to bring easing plans forward. Rapid growth in Artificial Intelligence (AI) and stronger structural reforms than anticipated could also spur productivity and growth.
30. Oil prices decreased in 2023 despite Middle East tensions. The weaker expectations about global oil demand growth contributed to this downward oil price pressure. On the supply side, the implementation of output curbs by OPEC+ was offset in excess by strong output

growth in Iran and non-OPEC countries, led by the United States, Brazil, and Guyana. The Red Sea tensions have also led to a 50% rise in global freight rates of oil product tankers. Among the main routes affected is the one from the Middle East to Europe, for which prices increased by 200% from mid-November 2023 to mid-March 2024. The higher costs and the implied rerouting have only had a minor impact on crude oil prices. The IMF projects that oil prices will slide by 2.5% year-over-year to an average of \$78.60 per barrel in 2024 and will continue to fall to \$67.50 in 2029.

31. Risks to the above price outlook are balanced. Upside price risks could arise from an escalation of the Middle East conflict and attacks on Russian oil infrastructure. Downside risks could arise from a slowdown in Chinese oil demand and strong non-OPEC supply growth, possibly coupled with a rise in OPEC+ oil supply to regain market share. The outlook for demand growth is therefore highly uncertain.
32. The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in tables 2 and 3 below. Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

Table 2: Real GDP Growth – Selected Countries

Table 2: Real GDP Growth - Selected Countries

Country	Actual						Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Mexico	2.2	-0.2	-8.2	4.8	3.9	3.2	2.4	1.4	2.1
Indonesia	5.2	5.0	-2.1	3.7	5.3	5.0	5.0	5.1	5.1
Türkiye	3.0	0.9	1.8	11.0	5.5	4.5	3.1	3.2	3.5
United States	2.9	2.3	-3.4	5.7	1.9	2.5	2.7	1.9	2.1
Germany	1.1	1.1	-4.6	2.8	1.8	-0.3	0.2	1.3	0.7
United Kingdom	1.7	1.7	-9.3	7.4	4.3	0.1	0.5	1.5	1.4
China	6.8	6.0	2.2	8.1	3.0	5.2	4.6	4.1	3.3
Ghana	6.2	6.5	0.4	4.2	3.1	2.3	2.8	4.4	5.0
South Africa	1.5	0.1	-6.4	4.9	1.9	0.6	0.9	1.2	1.4
Brazil	1.8	1.2	-3.9	4.6	3.0	2.9	2.2	2.1	2.0
Angola	-2.0	-0.7	-5.6	0.7	3.0	0.5	2.6	3.1	3.6
Nigeria	1.9	2.2	-1.8	3.6	3.3	2.9	3.3	3.0	3.3

Source: IMF's World Economic Outlook, July 2024

Table 3: Inflation (CPI) – Selected Countries

Table 3: Inflation (CPI) - Selected Countries

Country	Actual						Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Mexico	4.9	3.6	3.4	5.7	7.9	6.3	2.4	2.0	2.0
Indonesia	3.3	2.8	2.0	1.6	4.1	3.7	2.6	2.6	2.5
Türkiye	16.3	15.2	12.3	19.6	72.3	53.9	59.5	38.4	18.6
United States	2.4	1.8	1.3	4.7	8.0	4.1	2.9	2.0	2.1
Germany	1.9	1.4	0.4	3.2	8.7	6.0	2.4	2.0	2.0
United Kingdom	2.5	1.8	0.9	2.6	9.1	7.3	2.5	2.0	2.0

China	1.9	2.9	2.5	0.9	2.0	0.2	1.0	2.0	2.0
Ghana	9.8	7.1	9.9	10.0	31.9	37.5	22.3	11.5	8.0
South Africa	4.6	4.1	3.3	4.6	6.9	5.9	3.9	2.0	2.0
Brazil	3.7	3.7	3.2	8.3	9.3	4.6	4.1	3.0	3.0
Angola	19.6	17.1	22.3	25.8	21.4	13.6	22.0	12.8	7.4
Nigeria	12.1	11.4	13.2	17.0	18.8	24.7	26.3	23.0	14.0

Source: IMF's World Economic Outlook, July 2024

Africa Economy

33. The outlook for sub-Saharan Africa is gradually improving as reported in the IMF WEO, July 2024. Growth is estimated to rise from 3.4% in 2023 to 3.8% in 2024, with nearly two-thirds of countries anticipating higher growth. Economic recovery is expected to also continue beyond 2024, with growth projections reaching 4.0% in 2025.
34. Within the sub-regions, economic activity in the West African Economic and Monetary Union (WAEMU) is projected to increase by 5.9% in 2024 and 6.2% in 2025 due to the solid performances of Benin, Côte d'Ivoire, Niger, and Senegal. Growth in Nigeria is projected at 3.3% in 2024 and 3.6% in 2025–2026 as macroeconomic and fiscal reforms gradually start to yield results. A more stable macroeconomic environment will lead to sustained but still slow growth of the non-oil economy as the initial shocks of fiscal reforms begins to dissipate. The oil sector is expected to stabilize with a recovery in production and slightly lower prices.
35. Additionally, inflation has almost halved in the regions, public debt ratios have broadly stabilized, and several countries have issued Eurobonds in 2024. From the outlook, the funding squeeze persists as the region's governments continue to grapple with financing shortages, high borrowing costs, and impending debt repayments. Risks to this outlook remain tilted to the downside as the region continues to be more vulnerable to global external shocks, as well as the threat of rising political instability, and frequent climate events.
36. Three policy priorities can help African countries adapt to these challenges: first, improving public finances without undermining development; second, monetary policy focused on ensuring price stability; and third, implementing structural reforms to diversify funding sources and economies. Amid these challenges, sub-Saharan African countries will need additional support from the international community to develop a more inclusive, sustainable, and prosperous future as analysed by the IMF.
37. According to African Development Bank's African Economic Outlook, 2024 Growth in Central Africa is expected to moderate from 4.3% in 2023 to 4.1% in 2024 before improving to 4.7% in 2025. The forecast upgrade for 2024 of 0.5 percentage points over the January 2024 projections for the region is attributable to stronger-than-expected growth in Chad and the Democratic Republic of Congo (DRC). Growth in Chad is projected at 5.2% in 2024 and 5.3% in 2025, with an upward revision of 1.3 percentage points for 2024 since January 2024.

38. Many African currencies depreciated in 2022 and 2023, especially in commodity-exporting countries and globally integrated economies like Algeria, Kenya, Nigeria, and South Africa. Currency depreciation against the dollar was substantial due to monetary policy tightening in the United States, weak investment flows, and weak external demand, among other factors.
39. The fiscal positions of African countries were stretched by the COVID-19 policy responses and support for vulnerable populations against rising food and energy prices amid high debt and the impacts of climate change. These challenges, coupled with the residual effects of the Russian invasion of Ukraine and the various policies engendered by new administrations across many African countries, pushed price stability beyond most central banks' grasp and led to higher borrowing costs for sub-Saharan African countries, placing greater pressure on exchange rates. The Israel-Gaza war is gradually re-enforcing these challenges.
40. African Economic outlook is rigged with uncertainty due to the current soaring food and energy prices, tightening global financial conditions as inflationary pressures rise, and the associated increase in domestic debt service costs that continues to heighten the debt vulnerabilities of African countries. Climate change with its damaging impact on domestic food supply and the potential risk of policy reversal in countries that recently transitioned to a new government equally pose significant threats to this forecast.
41. Other downside factors to this forecast include the effect of the existing Russia–Ukraine conflict and related sanctions on Russia, the Israel-Gaza war, and other socio-political and security issues. Overall, external position is expected to marginally improve, but uncertainty remains with increased food and energy prices weighing on commodity importers.
42. Upside factors include enhancing resilience by boosting intra-Africa trade, especially in manufacturing products to cushion economies from volatile commodity prices, accelerating structural reforms to build tax administration capacity and investments in digitalization and e-governance to enhance transparency, reduce illicit financial flows, and scale up domestic resource mobilization, improving institutional governance and enacting policies that can leverage the private sector financing especially in climate-proof and pandemic-proof greenfield projects, and mobilizing Africa's resources for inclusive and sustainable development. Sustainable growth will also require taking decisive action to reduce structural budget deficits and the accumulation of public debt in countries facing a high risk of debt distress or already in debt distress.
43. The January 28, 2024, announcement of the Military Juntas in Niger, Mali, and Burkina Faso to leave the Economic Community of West African States (ECOWAS) after their suspension from the bloc and the claim that the bloc had failed to help them tackle the jihadist violence in their countries while declaring what they termed "inhumane sanctions" pose some threat to the region. While ECOWAS had called on all the three countries to return to civilian rule, the announcement is considered to have the potential to weaken the bloc as a platform for regional collaboration for development.

44. The effective implementation of the African Continental Free Trade Area (AfCFTA) agreement within 2025-2027 is a key ingredient to booster intra-regional trade that can improve the macroeconomic and fiscal environment of the region.

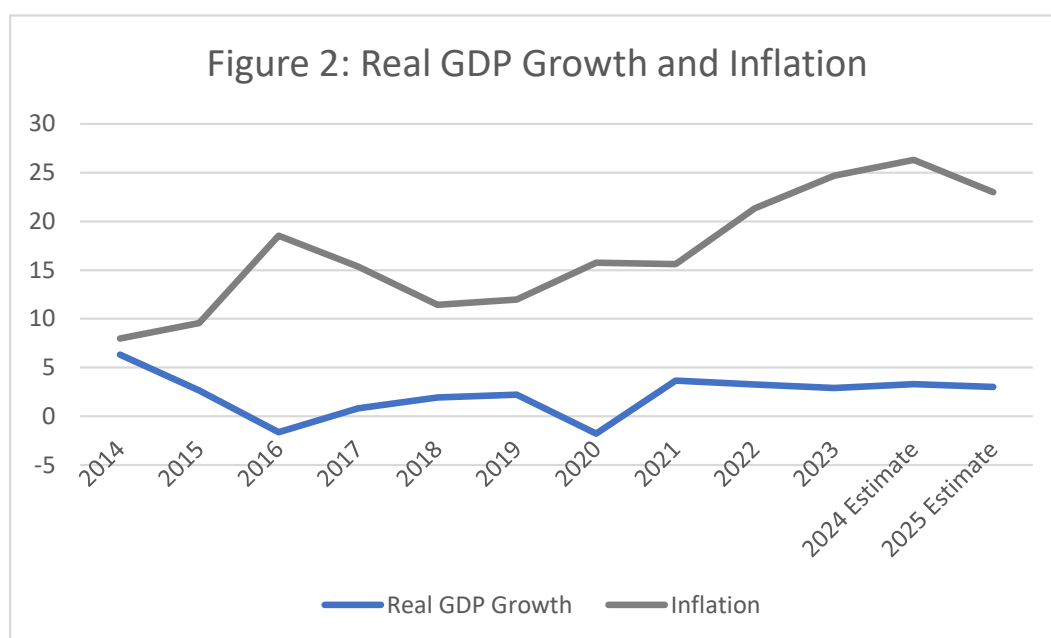
Nigerian Economy

45. 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 Russia–Ukraine conflict which 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 had implications on Nigeria. This resulted in distributional and financial shocks, arising particularly from Nigeria’s huge, though declining, and dependence on crude oil revenue. The ongoing Israel-Gaza war is also likely to have a similar effect on Nigeria.
46. The negative effect of the volatility in oil production has continued to expose the Nigerian economy to both domestic and external vulnerabilities. Shortages in oil production and exports even with an OPEC output quota of 1.5 million barrels per day (mbpd) further reinforced this vulnerability. It is noteworthy that Nigeria has struggled to meet its oil production targets due to operational challenges and insecurity amid growing crude oil theft and pipeline vandalism in the oil producing regions. The efforts to curb crude oil theft and boost oil production in Nigeria are expected to yield an average crude oil production of 1.75mbpd in the 2024 budget. This represents a notable improvement from the 1.30 mbpd recorded in 2023.
47. To accommodate the pressures on foreign reserves, Nigeria’s 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 changes and access restrictions. A single exchange rate policy was instituted in 2023 to put an end to the era of regulated and multiple exchange rates and to stimulate trade and foreign investment in the economy, but its effect is yet to be felt in 2024 as this policy has caused a significant depreciation of the Naira against the US Dollar.
48. Real GDP – Data from NBS revealed that 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. The data from the NBS also reveals that the real GDP growth year-on-year (YoY) from March 2011 to March 2024 shows an average real growth rate of 2.68%. 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.
49. Nigeria's economy advanced at a slower rate of 2.31% in the first quarter of 2023, compared to the 3.52% rise in the previous three-month period and below the market

- expectation of a 3% growth. However, the GDP grew by 3.46% (year-on-year) in real terms in the fourth quarter of 2023, lower than the 3.52% recorded in the fourth quarter of 2022 but higher than the 2.54% growth witnessed in the third quarter of 2023. Nigeria ended 2023 with a GDP growth of 2.9%, continuing the slower growth after the exit from recession in 2020; the country grew by 3.6% in 2021 and 3.3% in 2022 (according to data from NBS). Despite the deceleration in growth, the non-oil sector continued to be the main catalyst of the country's economic expansion, boosted by services.
50. Overall, the lower 2023 actual real GDP growth compared with previous two years was occasioned by the persistent fuel and foreign exchange shortages, with the naira depreciating by over 50% in 2023 and further dampening economic activities. According to the IMF forecast, it is expected that Nigeria's economy will expand by 3.3% in 2024 and 3.0% in 2025. The Federal 2024-2026 MTEF/FSP anticipated 3.75% growth in 2023, increasing to 3.76% in 2024 and to later increase to 4.22% in 2025. Stable oil prices coupled with reforms initiated by the 2021 Petroleum Industry Act (PIA), the 2022 Start-up Act, and the commissioning of the Dangote refinery in May 2023 were expected to boost the economy. However, the Dangote refinery could not commence operation within the year, and full implementation of the PIA has also been slow.
 51. Nevertheless, the projections for the nation's economy paint an optimistic trajectory with the Federal Government of Nigeria anticipating real GDP growth of 3.76% in 2024 against IMF's forecast of 3.3% and slightly surpassing the estimated 3.75% for 2023. This optimism is underpinned on the implementation of key government reforms set to shape the economic landscape. Foremost among the factors contributing to this positive outlook is the expectation of improved crude oil prices and production and a proactive policy environment. Possible risks to this projection include sustained rise in fiscal deficit and debt, elevated interest rates, high inflationary trend, foreign exchange liquidity pressures, poor non-oil revenues and slower sectoral development. In terms of sectors, the main drivers of GDP growth are the financial services, information and communication, and utilities sector. The Federal Government expects these sectors to continue to drive growth in the short term.
 52. Inflation (CPI) - Nigeria is expected to experience moderate inflationary pressure in 2024 according to the analysis of the Nigerian Economic Summit Group's Macroeconomic Outlook for 2024. The inflation rate is projected to average at 21.5% in 2024, from an average of 24.7% in 2023. The slowdown in inflationary pressure is expected to be driven by relative exchange rate stability and other heightened monetary measures by the Central Bank of Nigeria. In addition, food inflation will remain the fundamental driver of inflation due to increased cost of credit, insecurity, and internal displacement. The removal of fuel subsidies will continue to increase core inflation, primarily through high transport and energy costs. However, government efforts aimed at inflation reduction and price stability, strategic fiscal policy measures, and the Accelerated Stabilisation and Advancement Plan (ASAP) submitted to the Presidency by the Federal Ministry of Finance and Economic Development are expected to curb the trend of inflation in the short to mid-term and stabilize the economy for development to take place.

53. The IMF projects inflation to rise to 26.3% in 2024 and slow down to 23% in 2025 and 14% in 2026. As of July 2024, the headline inflation rate stood at 33.69%, rising from 29.9% in January 2024 to 31.7% in February and 33.2% in March 2024. This rise has resulted in frequent tightening of monetary policies with the Central Bank of Nigeria (CBN) increasing the interest rate from 18.75% in January 2024 to 22.75% in February, 24.75% in March, 26.25% in May, and 26.75% in July 2024 (the highest rate since 2009) to cushion continued rise in headline inflation driven largely by food prices because of supply shortages and the high cost of logistics and distribution. The high lending rate is also anticipated to foster an environment conducive to increase the inflow of investment that can increase productivity and reduce supply-based inflationary trends.
54. The national annual real GDP growth and year-on-year inflation rates from 2014 to 2023 and 2024-2025 estimate is shown in Figure 2 below.

Figure 2: Real GDP Growth and Inflation



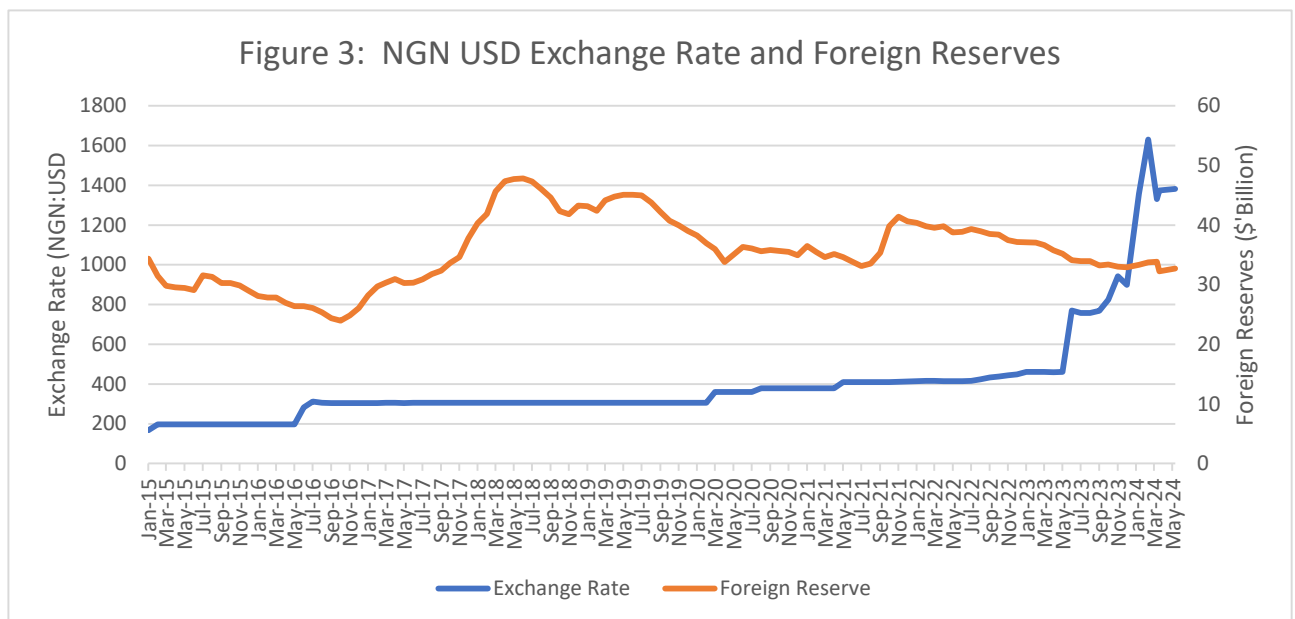
Data Source: WEO Database

55. While anticipating enhanced productivity and output in labour-intensive sectors such as Construction, Agriculture, Trade, and Manufacturing sectors, the acceleration of the unemployment rate is projected to slow down in 2024 and 2025. The rate is anticipated to remain around 5.0% in 2024 due to the anticipated improved performance in these job-intensive sectors. With a population growth rate estimated at 3.2%, this trajectory is set to bolster the overall impact of economic growth on the real per capita income of the country.
56. Foreign Exchange Rate – the exchange rate at the Importers and Exporters window depreciated by 5.7% in 2022, closing the year at N461.5/\$1 compared to N435/\$1 recorded in 2021. Similarly, the Naira has devalued against the dollar from N461/\$1 in January 2023 to N770.4/\$1 by the end of June 2023 and to N899.4/\$1 by the end of December 2023. This depreciation followed the abolition of foreign exchange rate segmentation by the Central Bank of Nigeria by collapsing all foreign exchange windows

into the investors & exporters (I&E) window on June 14, 2023. Consequent to the new exchange rate regime, the exchange rate continued to rise from N899.4/\$1 by the end of December 2023 to N1,356.9/\$1 in January 2024, rising to over N1600/\$1 in February 2024, N1482.5/\$1 as of May 31, 2024, and N1611.2/\$1 as of July 31, 2024.

57. Foreign reserves was on the decline since mid-2019 but. The reserve stood at \$37.1 billion on December 31, 2022, compared to \$40.52 billion as of the end of December 31, 2021. The reserve was decreasing marginally amidst a steady increase in global oil prices observed during the period. Nigeria commenced January 2023 with \$36.99 billion reserve, it fell to \$34.12bn as of the end of June 2023, and further down to \$32.91bn as of the end of December 2023 according to data from the Central Bank of Nigeria (CBN), the fall was largely due to the CBN’s effort to manage the depreciation of the Naira. Although the reserve rose marginally to \$33.83bn as of March 2024, the rise was not sustained as the reserve fell back to \$32.25bn in July 2024 before rising marginally to \$32.69bn in May 2024 also due to the CBN’s effort to manage the depreciation of the Naira and at \$36.80bn in July 2024. The falling foreign reserve potentially condenses the policy options available to the CBN in controlling monetary aggregates.
58. The NGN:USD exchange rate, which is a key crude oil revenue parameter, for the period January 2015 to July 2024, is shown in Figure 3 below.

Figure 3: NGN:USD Exchange Rate and Foreign Reserves

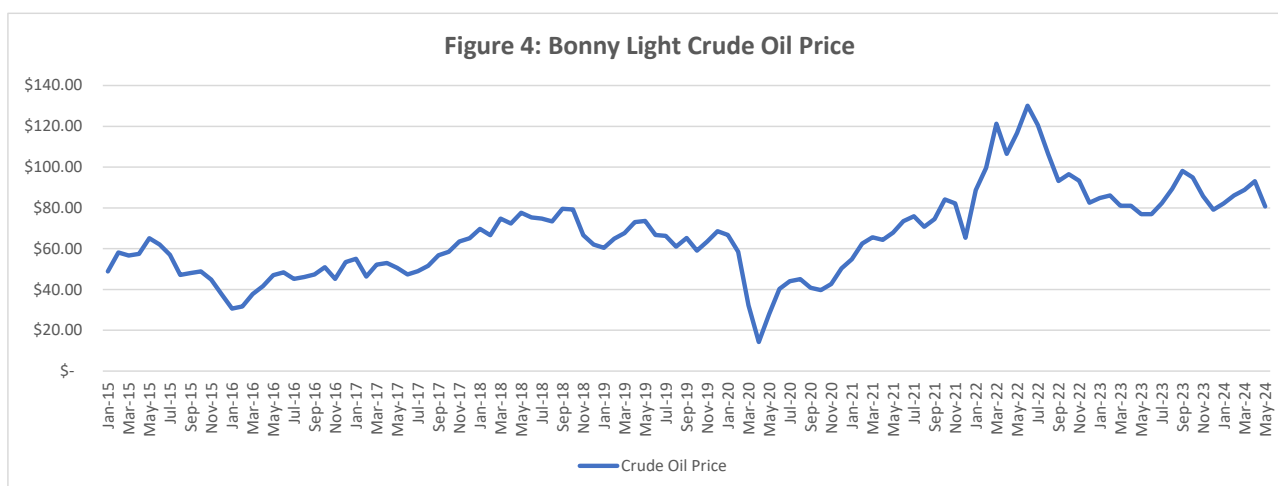


Data Source: CBN

59. Crude oil price trended upward in 2022 following the Ukraine-Russian conflict which began on February 24, 2022. Rising from \$99.64 in February 2022, oil price rose to \$130.1 in June 2022 and closed at \$82.5 in December 2022. This implies that crude oil price generally increased in the first half of 2022 but gradually decreased in the second half. The increase in the price of crude oil in 2022 was 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.

60. Oil price picked up at \$84.78 in January 2023 but declined to \$81.10 in March due to the rising crude supply availability and the building of unsold cargoes for July loading, specifically in the Atlantic Basin. The price however picked up in July 2023 at \$82.27, and rose to \$98.16 in September, before declining again to \$79.12 in December 2023 due to geopolitical turmoil and concerns/sentiments about the oil output levels of major producers around the world as non-OPEC+ supply strength coincided with slowing global oil demand growth.
61. The extension of OPEC+ output cuts through first quarter of 2024 propped up oil prices a little as prices picked up in January 2024 at \$82.18 and steadily increased to \$93.12 in July 2024. It is therefore important to always consider that the crude oil market is highly volatile, delicate, and unpredictable, reinforcing the rationale for a benchmark that is set significantly below the current/forecast price.
62. Crude Oil (Bonny Light) Price for the period of January 2015 to July 2024 from the data from CBN are presented in Figure 4 below.

Figure 4: Bonny Light Crude Oil Price

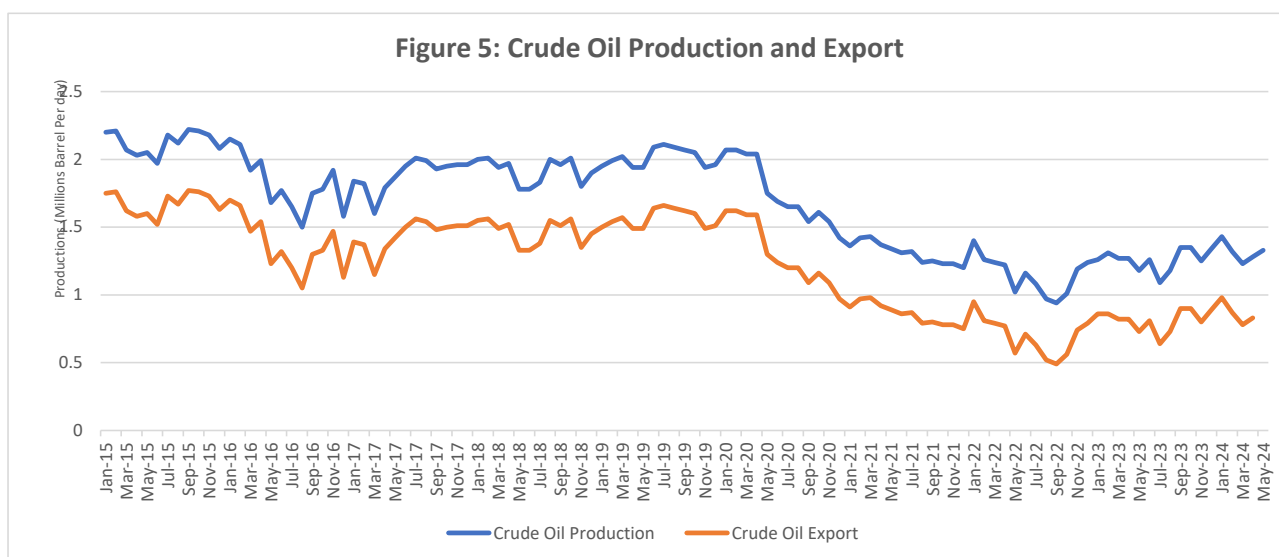


Data Source: CBN

63. The U.S. Energy Information Administration (EIA) is forecasting an average price of \$89 in 2024 and \$87 in 2025 for Brent Crude. The IMF forecast in its July 2024 WEO suggests a price of around \$78.60 in 2024 and will continue to fall to \$67.50 by 2029—lower than the EIA forecasts.
64. Crude Oil Production – The average crude oil production for Nigeria in the first quarter of 2024 rose by a meagre 1.03% to 1.327mbpd compared to an average of 1.313mbpd produced in the fourth quarter of 2023. However, this number fell to an average of 1.270mbpd in the second quarter of 2024, representing a 2.7% increase compared to the average production recorded in the second quarter of 2023. These daily productions are far below the OPEC quota of 1.5mbpd till December 2025. This lower production is attributable to the occurrence of oil theft and pipeline vandalism in the oil-producing

region of Nigeria. The consistent inability to meet OPEC’s output targets also led to the reduction of the oil production quota for Nigeria.

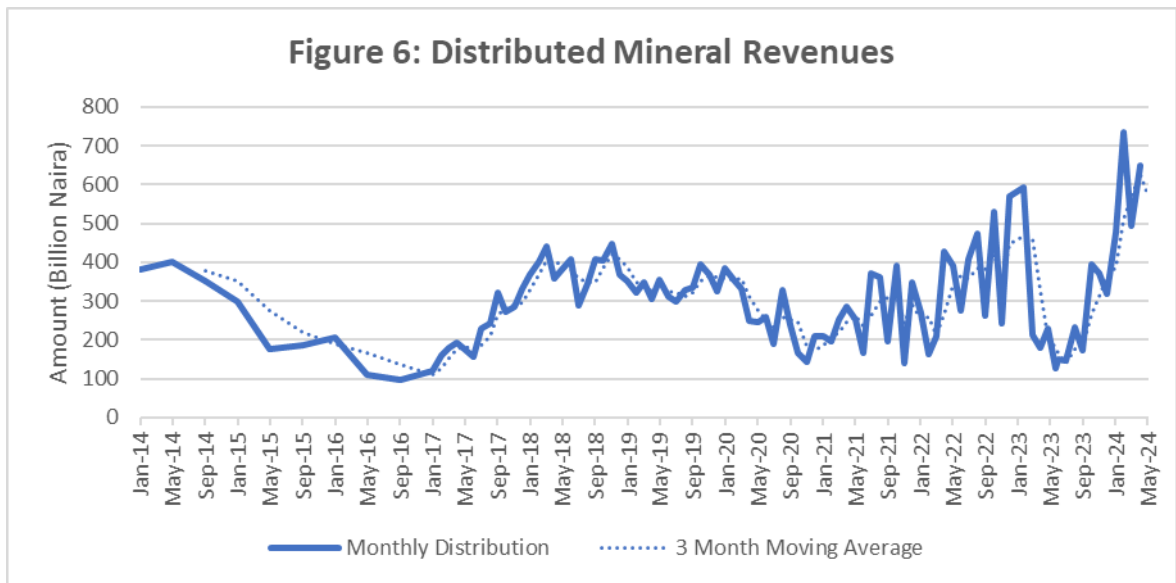
65. Several things are likely to impact crude oil production and price in the medium term, including the full implementation of the Petroleum Industry Act (PIA), exploration of new oil wells like that of the Kolmani oil site in Gombe State, and any significant boycott of Russian oil because of the ongoing conflict in Ukraine. The ability of the Federal Government to also effectively secure oil pipelines or eradicate oil theft can also increase Nigeria’s production output.
66. Crude Oil Production and Export (including condensates) for the period January 2015 to July 2024 from data from CBN is presented in Figure 5 below. Figure 5: Crude Oil Production and Export



Data Source: CBN

67. The effective implementation of the Finance Act (Effective Date Variation) Order, 2023 and Customs, Excise Tariff (Variation) Amendment Order, 2023, the development of business continuity plans for tax and custom administration, rationalization of ineffective tax incentives and exemptions, as well as increased remittances and recovery of unremitted revenues from Government Owned Enterprises (GOEs) are critical to growing Nigeria’s fiscal space. The proposed Accelerated Stabilisation and Advancement Plan (ASAP) by the Federal Ministry of Finance also contains strategies to urgently grow Nigeria’s fiscal space.
68. A total of N648.58 billion generated as mineral revenue in April 2023 was disbursed to the federal, State, and local governments as part of the statutory allocation for May 2023. This was higher than the previous month’s (March allocation distributed in April) of N494.784 billion. The highest mineral revenue earned as of May 2024 was in February 2024 where N736.47 billion was earned as mineral revenue.
69. 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.

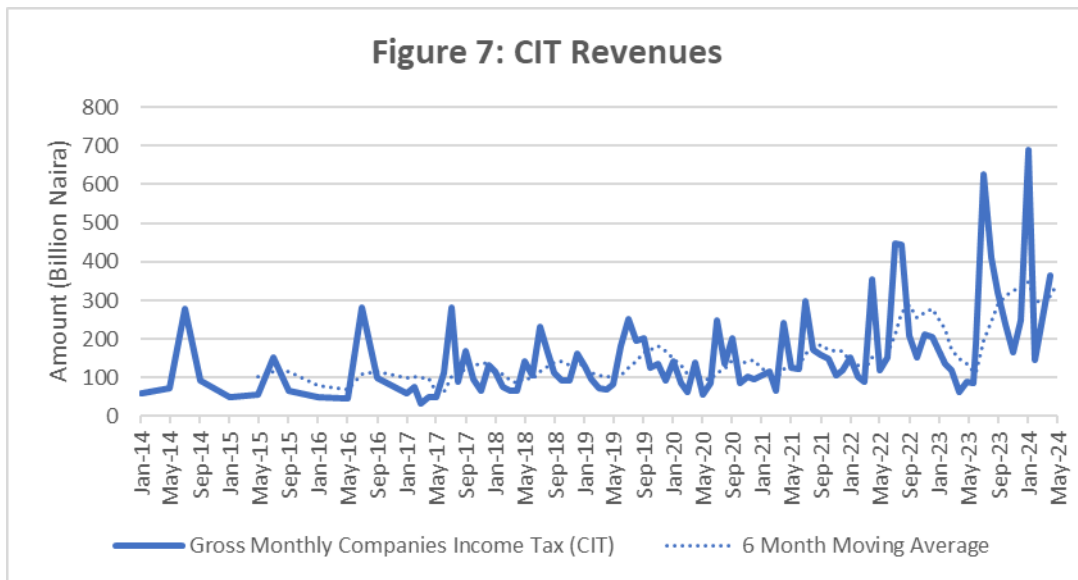
Figure 6: Distributed Mineral Revenue



Data Source: FAAC summary Sheets, OAGF/NBS

70. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2014 to May 2024 inclusive are shown in Figure 7 below. The graph also includes linear trend.

Figure 7: CIT Revenues



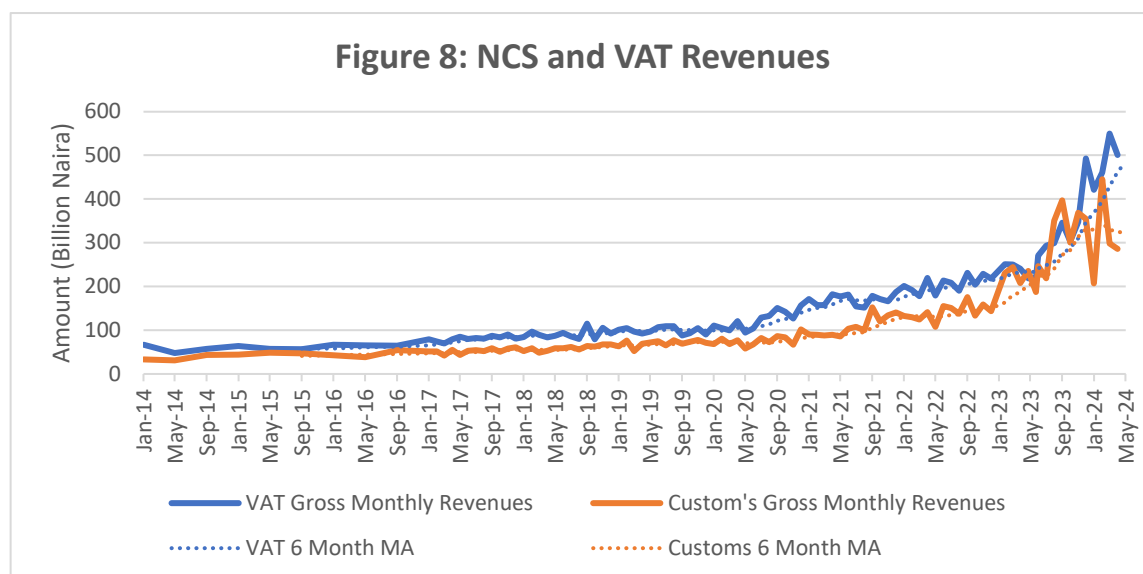
Data Source: FAAC Summary Sheet, OAGF/NBS

- 71. The graph (Figure 7) 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 July, the month many companies file their return.
- 72. Nigeria generated a sum of N2.69 trillion from Company Income Tax (CIT) in 2023, a little higher than the N2.64 trillion generated in 2022, an increase of 2% compared to

2022. The high CIT generated in 2023 started in 2022 where CIT witnessed over 30% growth compared to the volume generated in 2021. This sustained increase is something to cheer Nigeria as this shows growth of the non-oil sector. It is also a signal for policy makers towards planning for a sustainable increase in non-oil revenue.

73. Customs and Excise duties (NCS), which is distributed as part of Statutory Allocation, and Value Added Tax (VAT) and is distributed separately for the period January 2014 to May 2024 are shown in Figure 8 below.

Figure 8: NCS and VAT Revenue



Data Source: FAAC Summary Sheet, OAGF/NBS.

74. VAT showed a clear upward trend since late-2015, rising to N2.46 trillion in 2022 from N2 trillion in 2021. VAT collections further rose to N3.53 trillion in 2023 and currently at N1.93 trillion as of July 2024. 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). The increase in VAT rate from 5% to 7.5% in the 2020 Finance Act contributed to the significant spike in VAT from August 2020. There is still a level of monthly volatility that makes it slightly difficult to forecast VAT, however, with the economy maintaining positive real growth and inflation staying above 11% for a longer time, it is anticipated that VAT will continue to grow in nominal terms.
75. Exchange rate controls import policy, and the devaluation of the Naira may have affected some Customs receipts. However, there is still some short-term volatility and Federal Revenue reforms are expected to increase collections in the medium term, but the timing of impact remains uncertain as Custom and Excise Duty stood at N3.34 trillion as of the end of 2023 and at N1.24 trillion as of July 2024.
76. The Federal Government, in July 2023, adopted a new Fiscal Policy Measures (FPM 2023) which was amended on July 6, 2023. The amended FPM provides for Supplementary Protection Measures (SPM) for the implementation of the ECOWAS

Common External Tariff (CET) 2022 to 2026, increased excise duty rates on certain items such as tobacco and alcoholic beverages, and reduced import duty rates on some manufacturing items available to verifiable manufacturers. A new Fiscal Policy Measure 2024 is currently being considered by the Federal Government to address the implications of the implementation of the President Bola Ahmed Tinubu' inaugural address on a unified exchange rate regime and the removal of petroleum subsidy. These policies, and the expected reduction in the importation of petroleum products when Dangote Refinery commences full operation is expected to positively affect Nigeria's vulnerability to exchange rate volatility and food inflation that drives up the headline inflation of the country.

77. The policy thrust of the National Development Plan (NDP) 2021-2025, a medium-term plan for the implementation of the Nigeria Agenda (NA) 2050 (Nigeria's long-term development plan) includes a broad-based real GDP growth rate of about 5% on average during the plan period; an increased employment generation of about 21 million jobs; and an inclusive growth that will lift 35 million people out of poverty over the plan period (2021-2025). The implementation of this plan will affect the aggregate macro-fiscal performance of Nigeria and will set the stage for achieving the government's target of lifting 100 million Nigerians out of poverty in 10 years under the National Poverty Reduction and Growth Strategy.
78. In addition, the 16 amendments to the 1999 Constitution of the Federal Republic of Nigeria (as amended) which was approved in March 2023 gave powers to State governments to invest in railway and power infrastructure by moving railways and power from the exclusive list to the concurrent list is also expected to boost Nigeria's economic performance in the medium term, provided State governments maximise the opportunity.

Gombe State Economy

79. 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 embark on self-employment through trading and other vocational activities.
80. 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 rain forest in the southern part of the State. The ecological conditions of the State hold enormous prospects for abundant production of a variety of crops. It produces cash crops such as groundnut, cotton, cowpea, etc., as well as food crops like maize, guinea corn, millet, rice, etc., 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.

81. 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 bodies 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.
82. There are rich deposits of solid minerals in commercial quantities which spread across the State. These include clay, limestone, uranium, columbine, talc, silica sand, gypsum, halides, dolomite, coal, zircon, agates, granite, quartz, galena, amethyst, mica, bentonite, tourmaline, opal, topaz, iron ore, sand and kaolin; and most recently discovered oil and gas deposits at Kolmani, Akko LGA (Gongola Basin, Upper Benue Trough) which was commissioned in 2022 by the Federal Government, 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.
83. 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.
84. The size of the organised and formal private sector is small and highly concentrated in the few urban centres, particularly the State capital city, Gombe Town. The major activities undertaken by most enterprises in the formal private sector are services, finance, insurance, and general commerce.
85. Gombe State is also fast rising in optimising the potential in the Digital Economy with the launch of the Outsource to Nigeria Initiative (OTNI) in 2024 to tap into the global Business Process Outsourcing market currently valued at \$8.79tn. This, in addition to the Innovation, Development and Effectiveness in the Acquisition of Skills (IDEAS) project and the waiver on the right-of-way fee to attract more investors into the telecommunications sub-sector of the State.
86. 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 Muhammadu Buhari Industrial Park, Dadin-Kowa currently ongoing to expand industrial activities in the State.
87. Gombe State's population is currently estimated at 4,207,190 in 2024 and a real GDP growth of 2.98% according to the Gombe State Bureau of Statistics. The population is projected to be at 4,343,997 in 2025 and 4,485,253 in 2026. The State's economy is projected to be on a steady growth rate of 2.95% in 2025-2027.

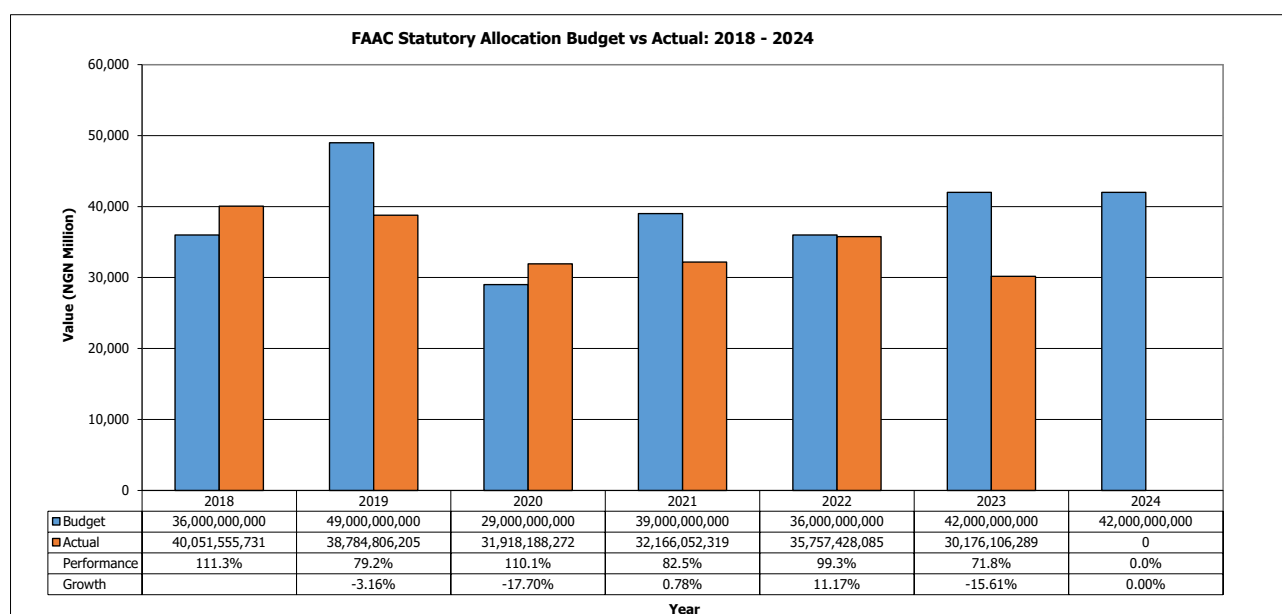
2.B Fiscal Update

2.B. 1 Historical Trends

Revenue Side

88. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2018-2023 (six year historic) and 2024 budget.

Figure 9: Statutory Allocation

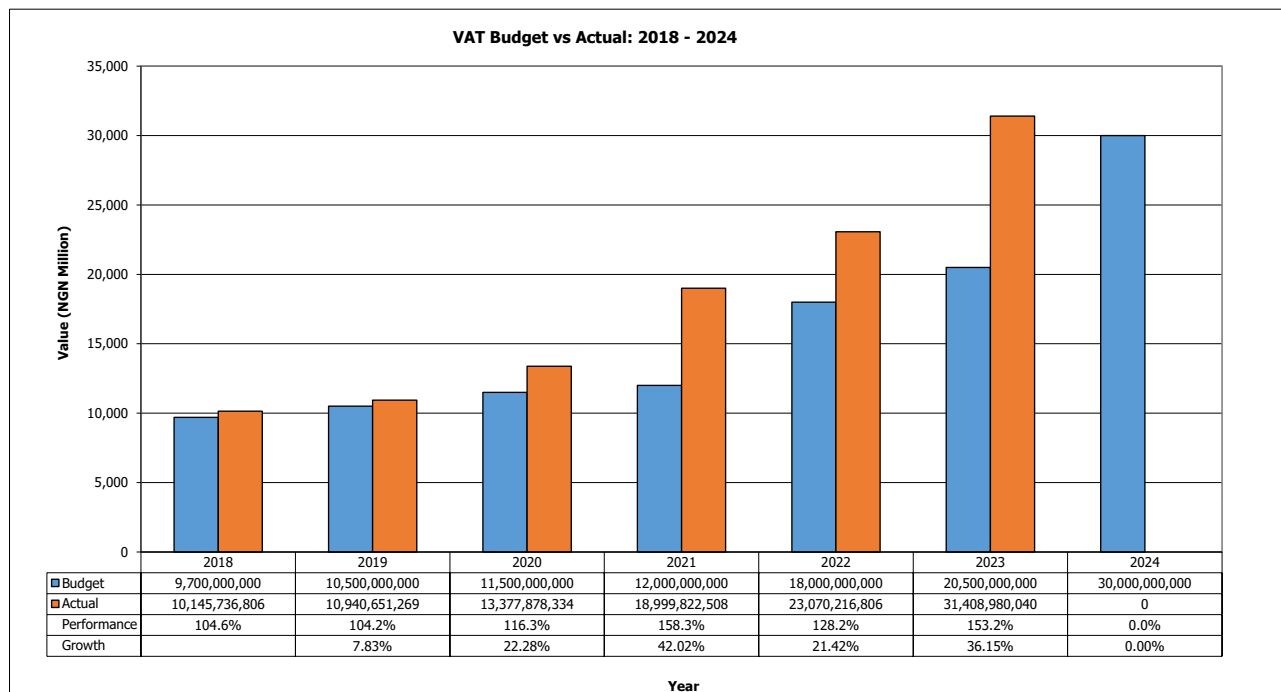


89. Statutory Allocation is a transfer from the Federation Account that is distributed to all three tiers of government based on a vertical (percentage to each of the three tiers) and a horizontal (e.g., Equity, land mass, population, etc.) sharing formula. The revenue that flows into the Federation Account as Statutory allocation comes from mineral and non-mineral sources (company income tax and custom and excise duties).

90. FAAC Statutory Allocations make up a significant portion of Gombe State Government’s recurrent revenues except for 2023 (49.7% in 2021, 41.3% in 2022, and 24% in 2023), consequently, realistic forecasting that would ensure strong performance is of great importance. This is depicted in Figure 9 above.

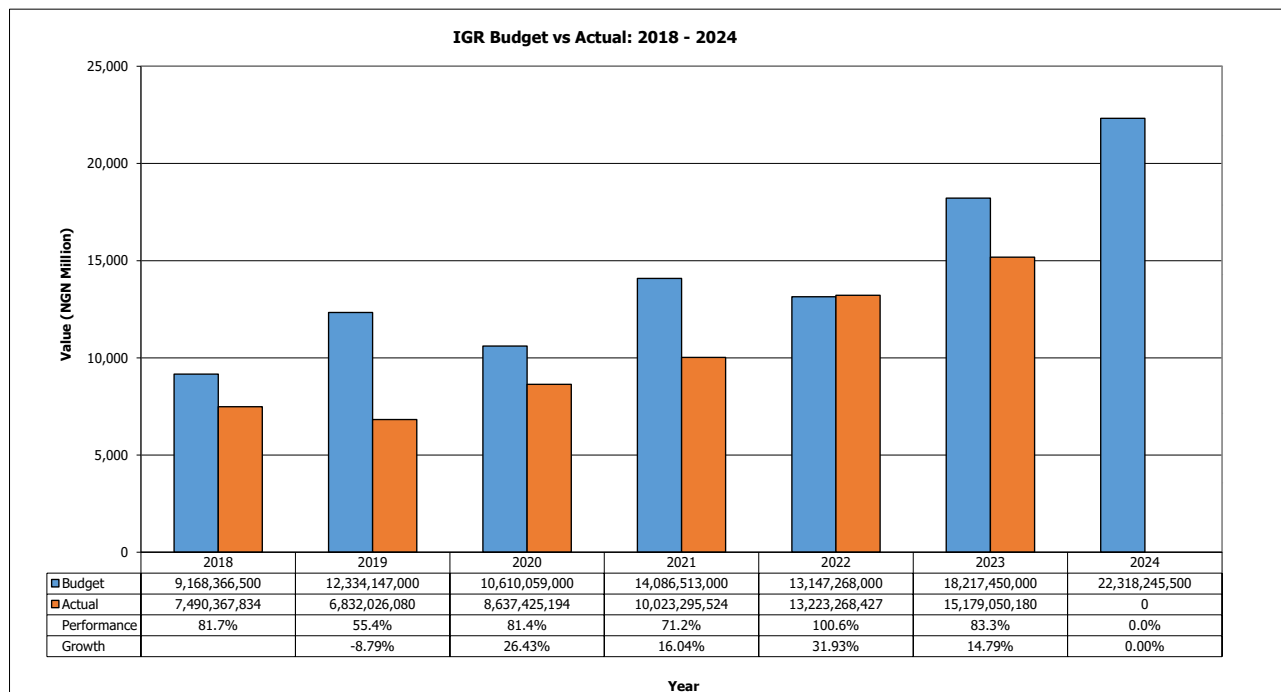
91. Actual performance has been relatively stable, over the period 2018-2022 and a bit lower in 2023 possibly due to the decline in oil revenue. In 2018, the performance of statutory allocation was 111.3%, it fell to 79.2% in 2019. The performance rose to 110.1% in 2020. Statutory Allocation actual performance was 82.5%, 99.3%, 71.8% in 2021, 2022 and 2023, respectively.

Figure 10: VAT

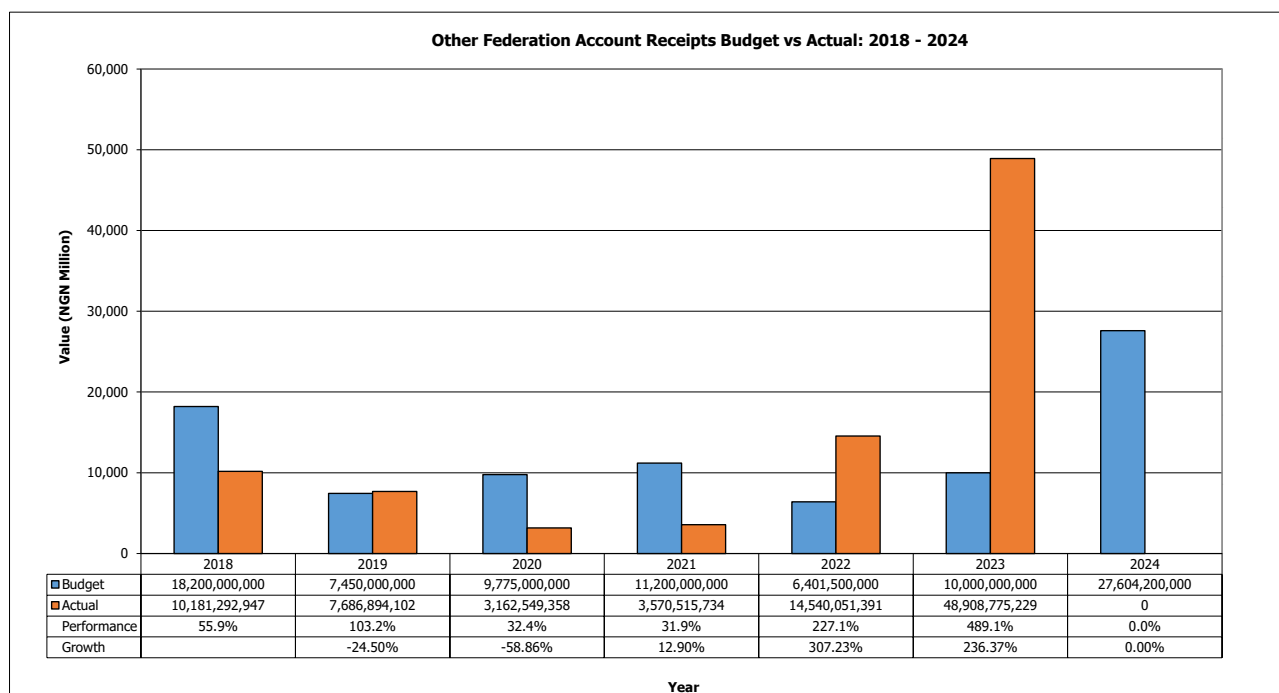


92. Value Added Tax (VAT) is an ad-valorem tax applied to sales of almost all goods and services within the Nigerian economy which is applied hitherto at a rate of 5%. VAT is collected by FIRS and distributed across the three tiers of government. The distribution to each state is based on a set of criteria slightly different from statutory allocation distribution. VAT has however, been increased to 7.5% from April, 2020.
93. The VAT receipt by Gombe State performance was 100.6% in 2018 and continued to impress by more than 100% each year (2019-2023) due to the implementation of the new VAT rate, as shown in Figure 10 above.
94. The VAT revenue forecasting over the period 2018-2020 have consistently been close to actual whereas the actual over the period 2021-2023 have exceeded the forecasts by over 28%. This will require a more critical look at the assumptions surrounding VAT forecasting to ensure that 2025-2027 forecasts consider all the factors that resulted in the spike in VAT earnings in 2021 - 2023.

Figure 11: IGR

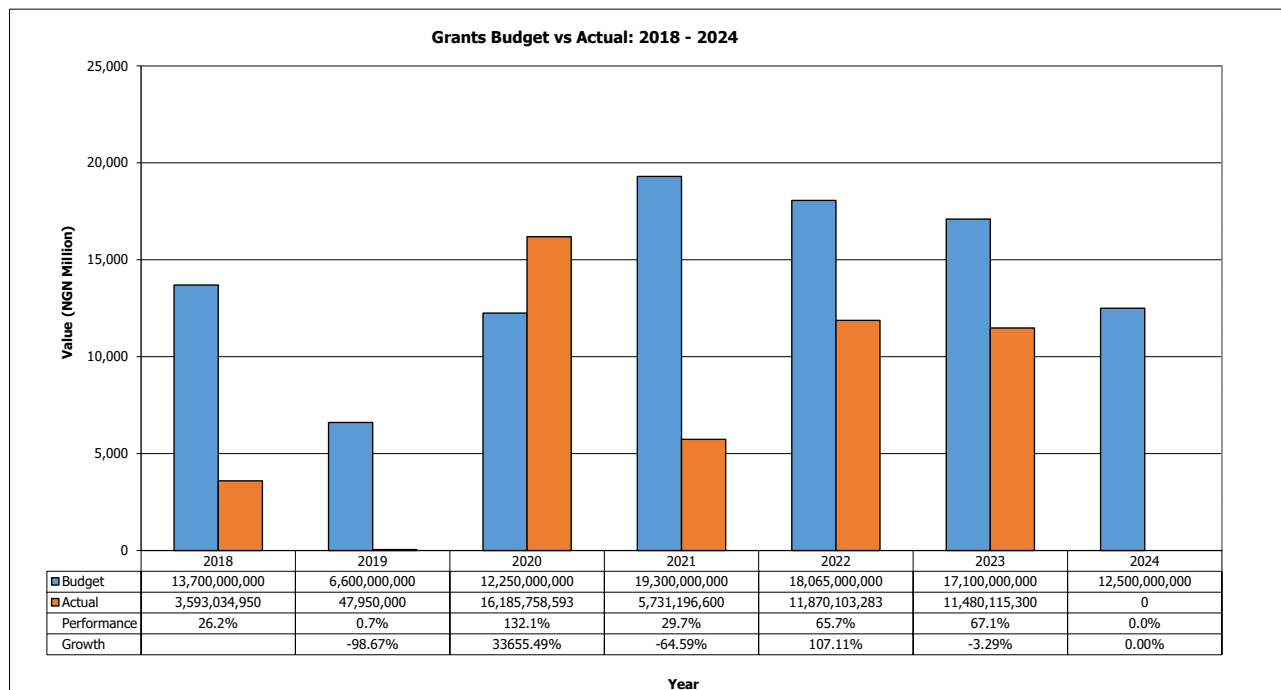


95. Internally Generated Revenue (IGR) is collected by Gombe State Internal Revenue Service (GIRS) and revenue collecting MDAs. The major sources of IGR are PAYE, land, and land Services, withholding tax, fines, fees, licenses, and other sources.
96. Over the last six years (2018 - 2023), actual IGR collection has been lower than the budgeted figure except for 2022. As depicted in Figure 11, IGR collection was 81.7% in 2018, while it was 55.4% in 2019 while rising to 81.4% in 2020 and fell to 71.2% in 2021, this necessitates the need for a more realistic forecast for the period of 2025-2027. On the other hand, IGR collection was 100.6% in 2022 primarily because of the collection of back duties and implementation of the State’s IGR Expansion Strategy (2023-2027). Performance stood at 83.3% in 2023 with the actual collections rising from N13.2 billion in 2022 to N15.2 billion in 2023. The sharp increase in collection because of the IGR Expansion Strategy presents an outlook of the IGR potentials that must captured in the 2025-2027 forecast, as the State intensifies the implementation of the IGR Expansion Strategy.

Figure 12: Other FAAC Receipts

97. 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.
98. As depicted in Figure 12, the actuals, over the period 2018 - 2023, have varied greatly in real terms, and against the budget, performing in 2018, 2020, and 2021. In 2018 actual receipts was 55.9%, in 2019, other FAAC receipts rose to 103.2% and declined again to 32.4% and 31.9% in 2020 and 2021 respectively which may be attributed to the COVID-19 induced disruption in the global value chain between 2020 and 2021. Actual receipts rose significantly to 227.1% in 2022 because of the gains from oil price increase occasioned by the Russian-Ukraine war against a conservative estimates in 2022 and 2023 arising from the poor performance observed in 2020 and 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.

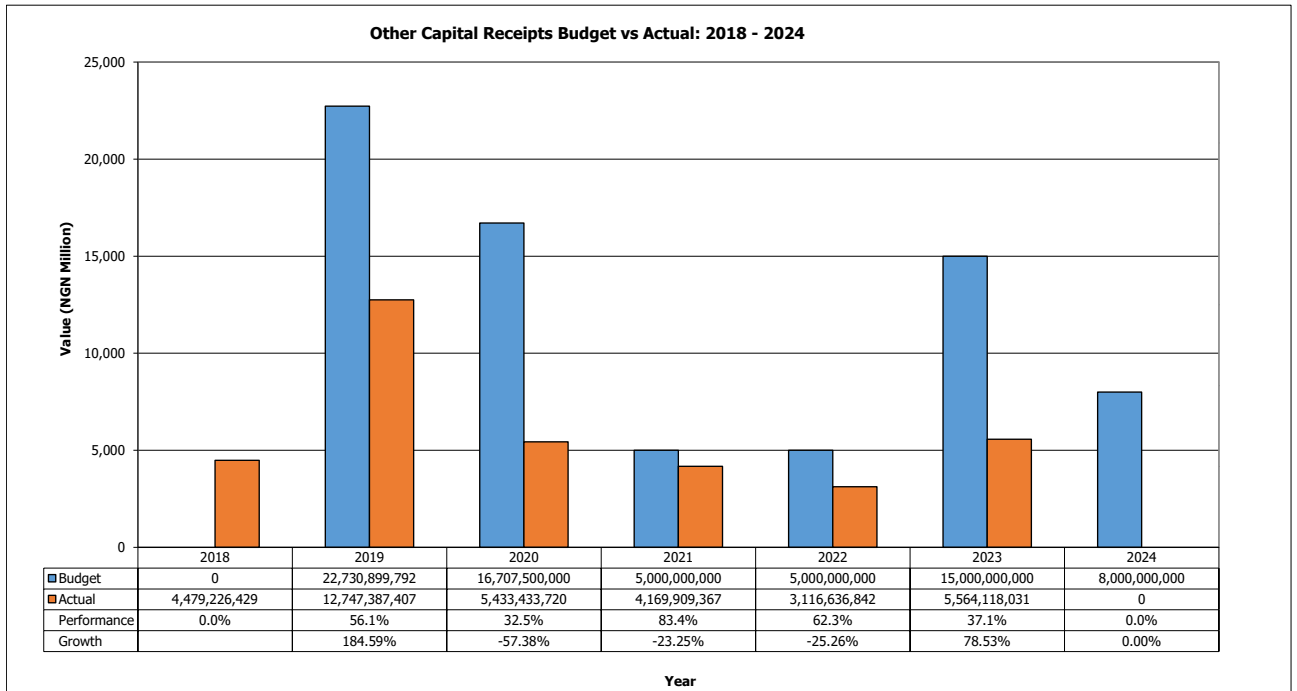
Figure 13: Grants



99. Grants are receipts from government and development partners such as the Federal Government Conditional Grant Scheme, the Federal Government Universal Basic Education Scheme, UNICEF, UNFPA, etc.

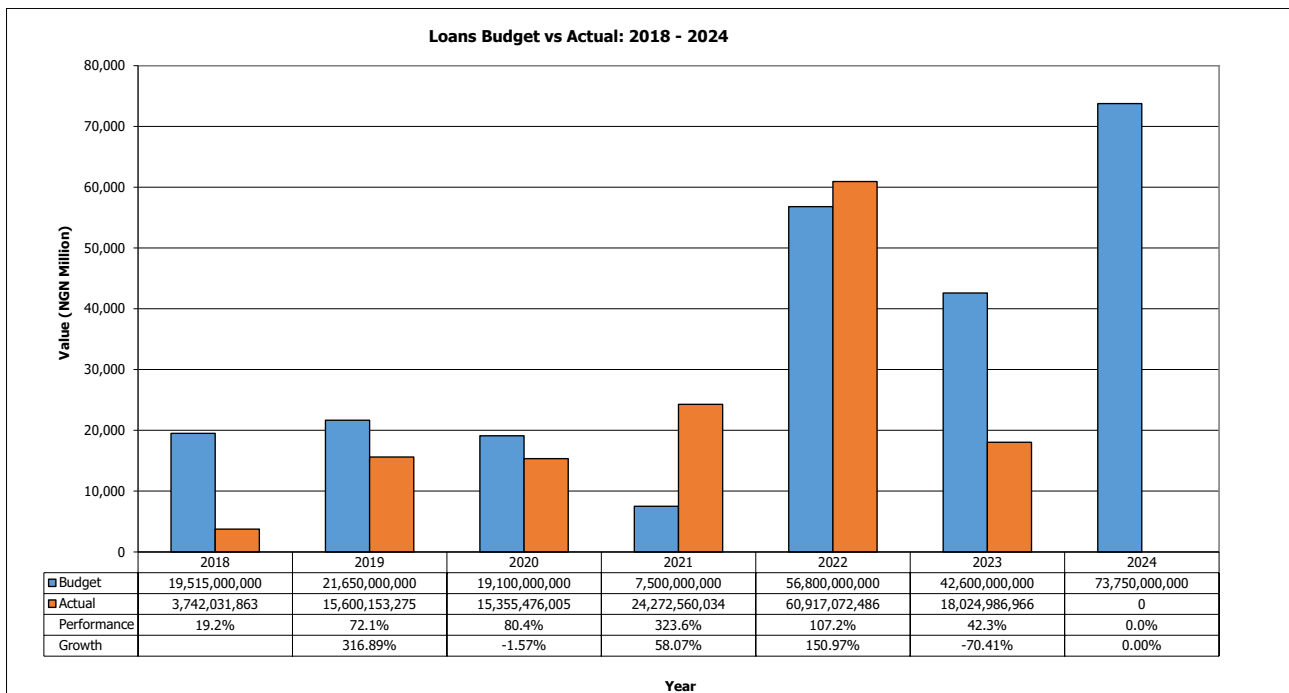
100. In Gombe State significant receipts on grants are shown in the budget over the period 2018 - 2023, but the accounts only showed impressive actuals in 2020 as depicted in Figure 13. In 2017 and 2018 huge amount of grants was budgeted but actual grants accruing to the State were very low. A performance of 26.2% in 2018 with a mere 0.7% in 2019. In 2020 actual grant receipts rose to 132.1% because of the COVID-19 pandemic. Grants fell to 29.7% in 2021, rose to 65.7% in 2022 and 67.1% in 2023. With the State’s 10-year development plan (DEVAGOM 2021-2030) currently under implementation and the enrolment of Gombe State on the Open Government Partnership (OGP) Agenda, donors are expected to key in with more grants in the coming years.

Figure 14: Other Capital Receipts



101. A significant amount of other capital receipts has been budgeted over the last six years as shown in Figure 14. In some instances, these receipts have not materialised as expected, in other instances, there are receipts without corresponding budget such as in 2018. Only 2021 and 2022 witnessed a non-impressive performance of over 60%, with 83.4% and 62.3% respectively, performance dropped to 37.1% in 2023. More realistic budgets are expected in this category to avoid underperformance.

Figure 15: Loans/Financing

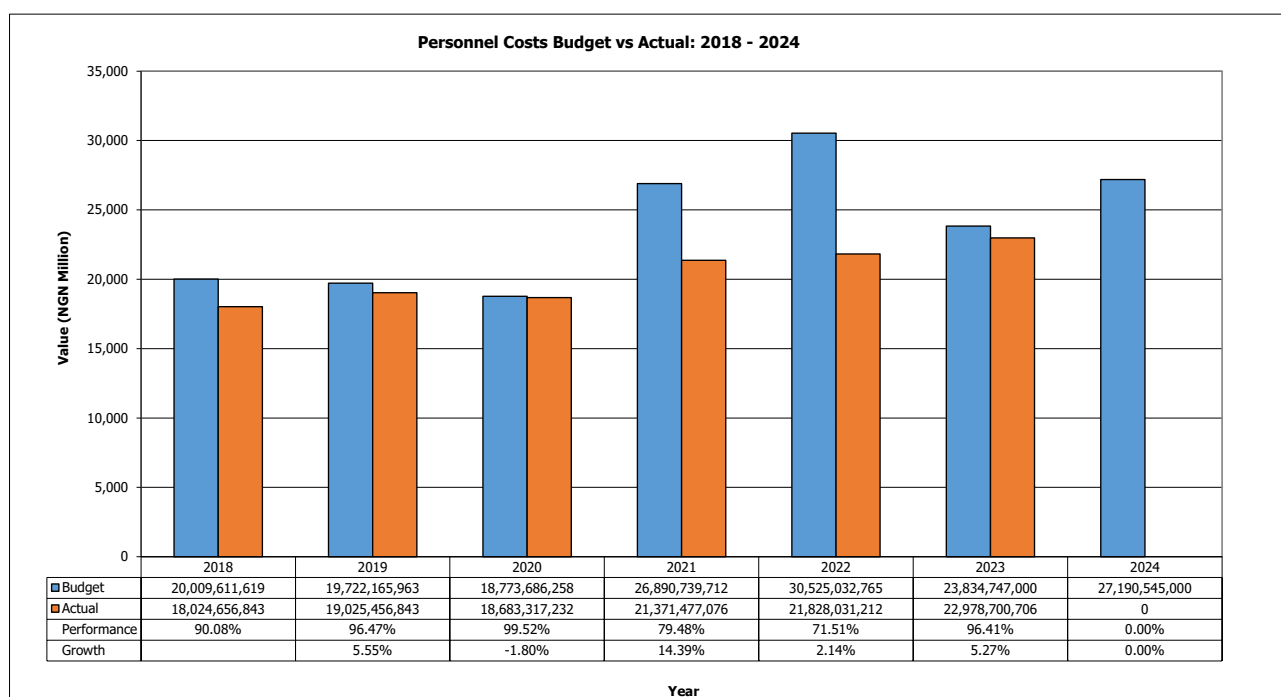


102. Loans include both Internal and External loans. Internal loans include development bond, short-term commercial loans, etc. External loans are receipts from World Bank, African Development, etc.
103. Gombe State loan budget for 2018 was N19.5 billion with 19.2% actual receipt. Over the years, Loans budgeted and actual have been fluctuating as shown in Figure 15.
104. However, from 2019, the chart indicates a progressive increase in actual loan performance. Loan budget and actuals for the fiscal year 2021 and 2022 were high due to the massive construction/infrastructure works embarked by the State government to establish an industrial hub for enhanced commercial activities which will create employment and boost economic activities that will positively influence IGR. Performance in 2023 stood at 42.3% because the State could not access some of the proceeds from bonds that were expected to materialise in 2023.

Expenditure Side

105. On the expenditure side, this document looks at Consolidated Revenue Fund (CRF) charges, Personnel, Overheads and Capital Expenditure – budget versus actual for the period 2017 -2022 (six years) and 2023 budget.

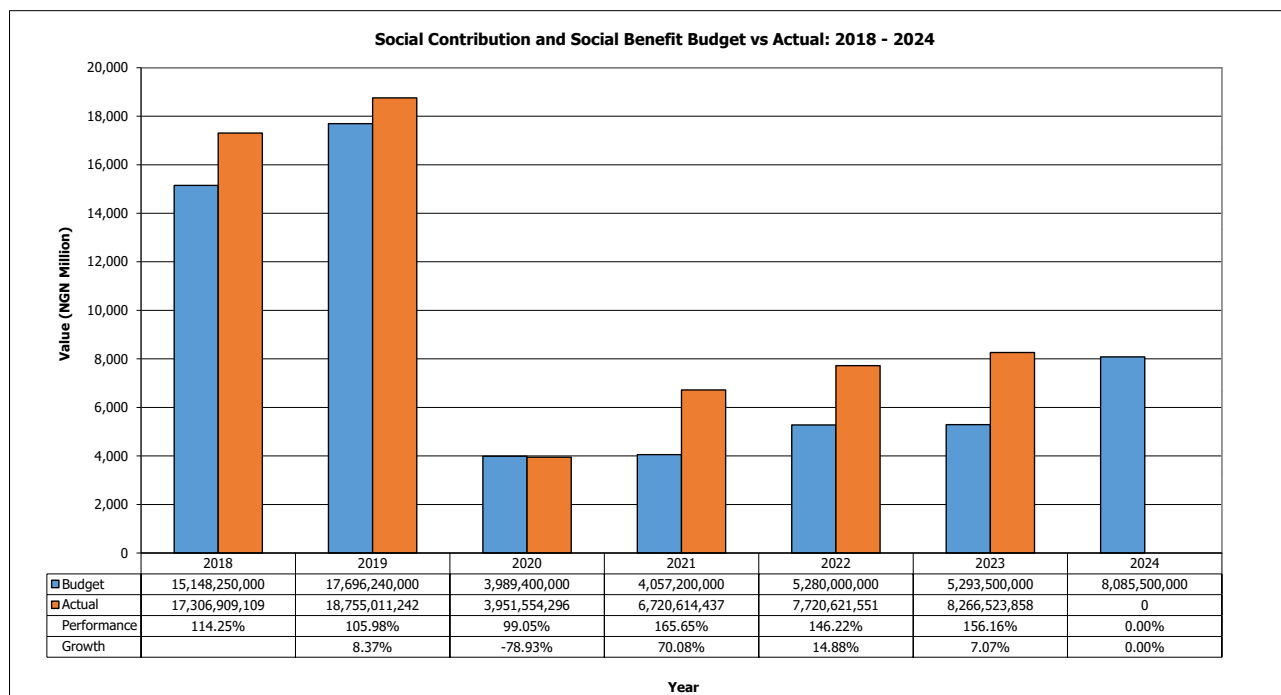
Figure 16: Personnel



106. Personnel Costs consist of salaries and allowances of civil servants, public servants in government agencies and parastatals, members of the State’s 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.
107. Over the period 2018 - 2023, the actual personnel expenditure as a percentage of the budget has been between 70.2% and 99.52% with some years recording variance of less

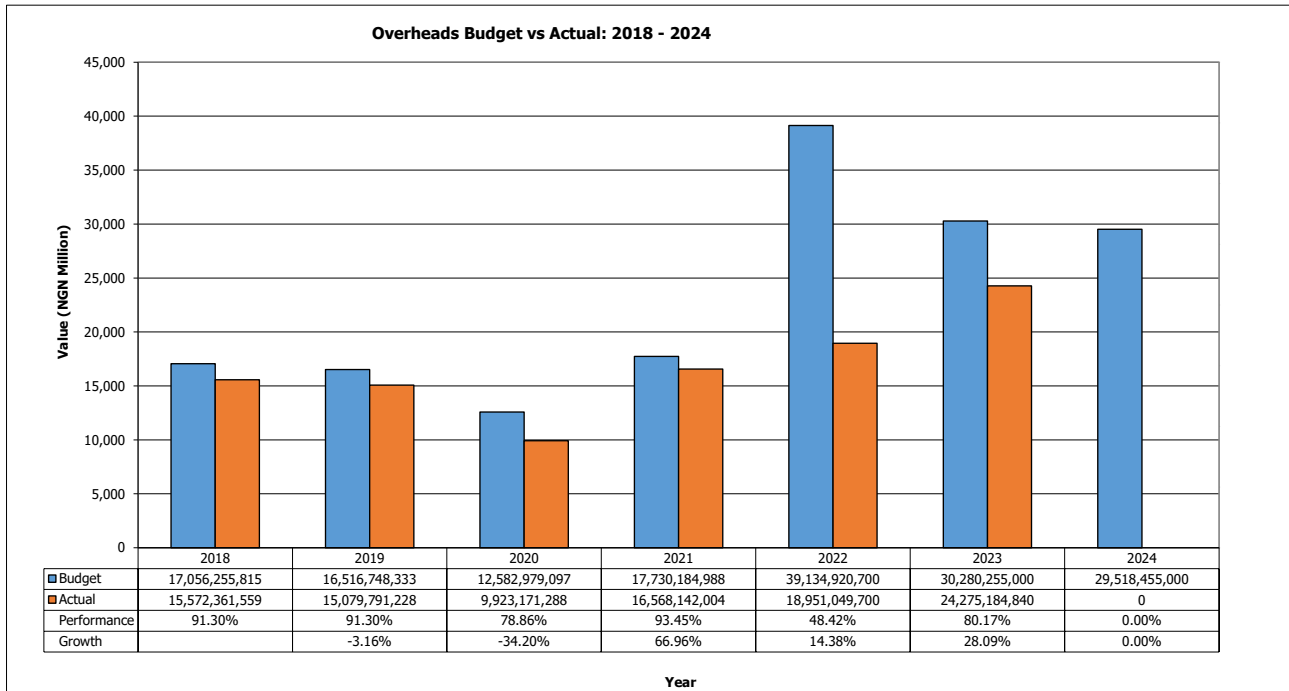
than 4% (i.e., 2019, 2020, and 2023). However, as shown in Figure 16, personnel expenditure performance decreased to 79.48% and 71.51% in 2021 and 2022. However, the actual personnel cost has been on a steady increase from 2020 to 2023 due to the various efforts of the government to periodically adjust workers' salaries in line with the inflationary trend and the recruitment of 1000 teachers in 2022.

Figure 17: Social Contributions and Social Benefits



108. Social Contributions and Social Benefits, depicted in Figure 17, include payment of Pension and Gratuity to retired civil servants, public servants in government agencies and parastatals, members of the State's House of Assembly, Judicial Officers, and other Political Office holders.
109. Over the period 2018 - 2020, the actual social contributions and social benefits expenditure has been impressive and consistently been within 15% deviation. However, as shown in Figure 17, performance rose to over 165.7% and 146.2% in 2021 and 2022 respectively increasing the deviation to over 45%. The forecast for 2025-2027 needs to reflect this trend for a more realistic estimate.

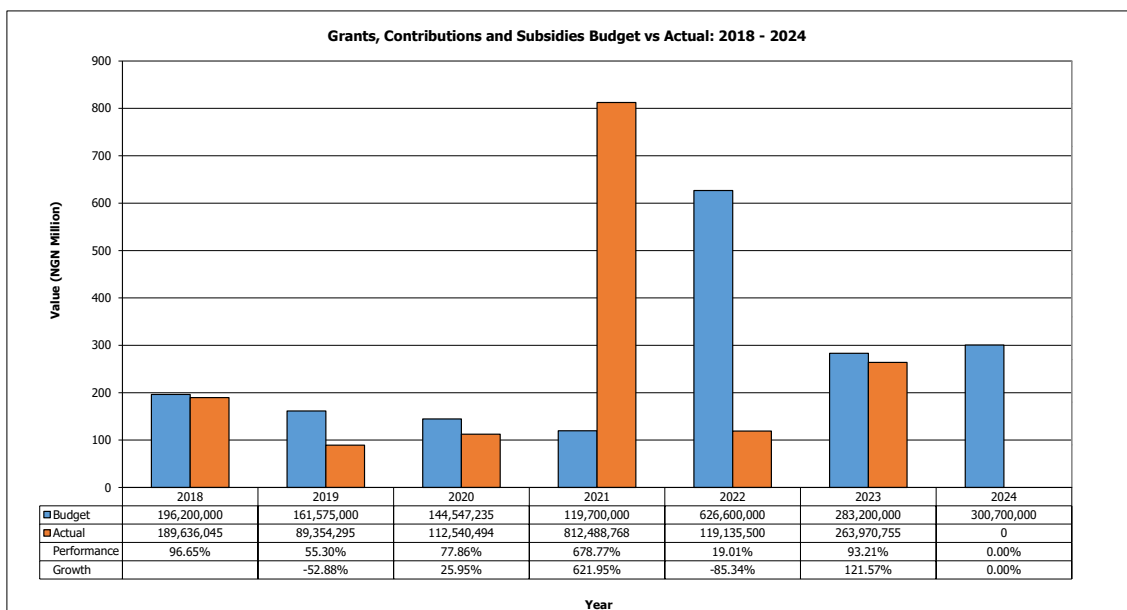
Figure 18: Overheads



110. Overhead expenditure comprises operational and maintenance costs for running day-to-day Government activities.

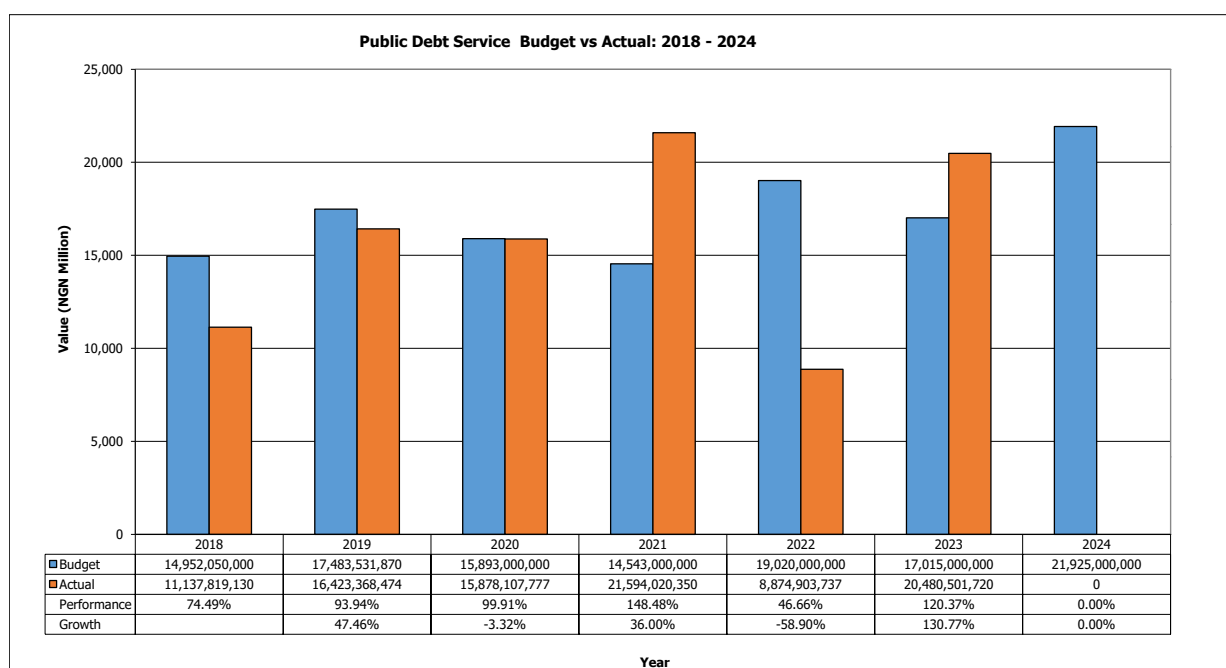
111. Overhead expenditure has been relatively volatile. Overhead declined in 2020 and rose again in 2021 and consistently increased till 2023. However, performance over budget was stable over the period as the actual performance was close to budget through the years except in 2020 which recorded merely 78.9%. Performance in 2022 was a mere 48.42% but it rose to 80.17% in 2023. The performance for 2022 was significantly low due to the bogus budget, signifying the importance of preparing a realistic overhead budget for subsequent years to avoid a reoccurrence.

Figure 19: Grants, Contributions, Subsidies, Transfers



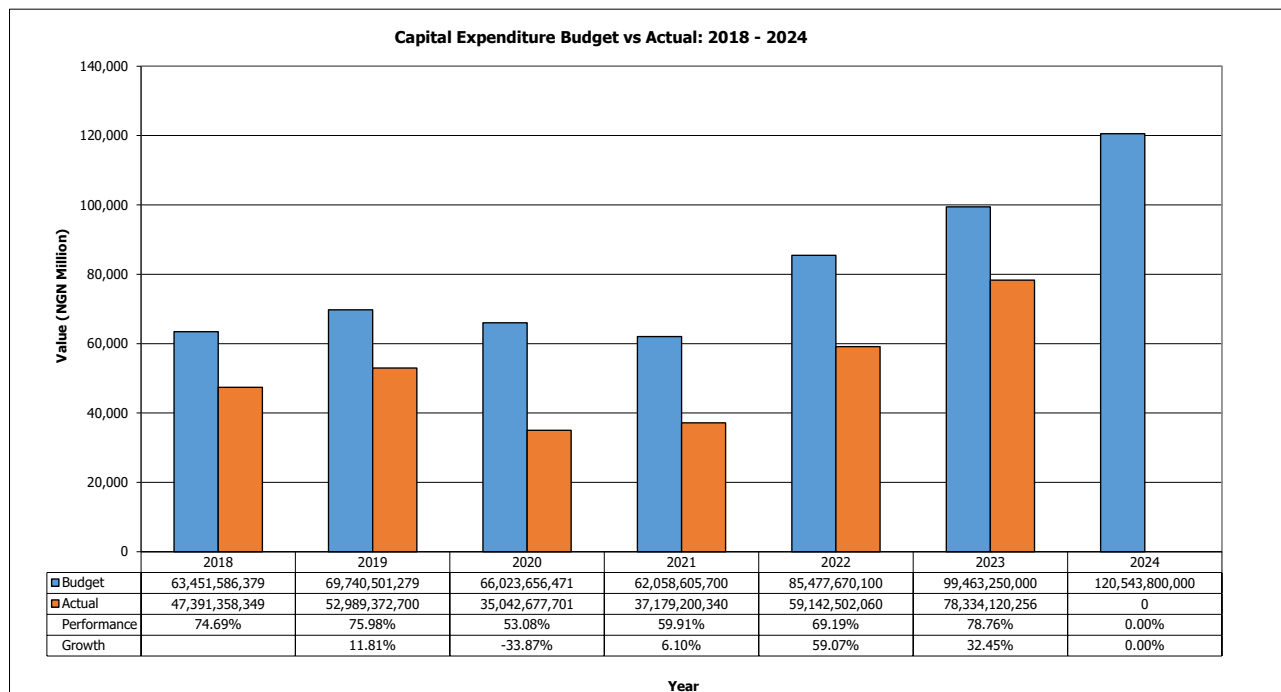
112. Grants, Contributions, Subsidies and Transfers in Gombe State are mainly monies transferred to parastatals, State-owned tertiary education and health institutions and agencies for their personnel and overhead costs.
113. As depicted in Figure 19, Actual performance over budget was 96.65% in 2018, fell to 55.3% in 2019 before rising to 77.86% in 2020, 678.77% in 2021, 19.01% in 2022, and 93.21% in 2023. This is indicative of renewed government commitment to fulfilling its obligations in supporting the local governments and other institutions in the State.

Figure 20: Public Debt Service



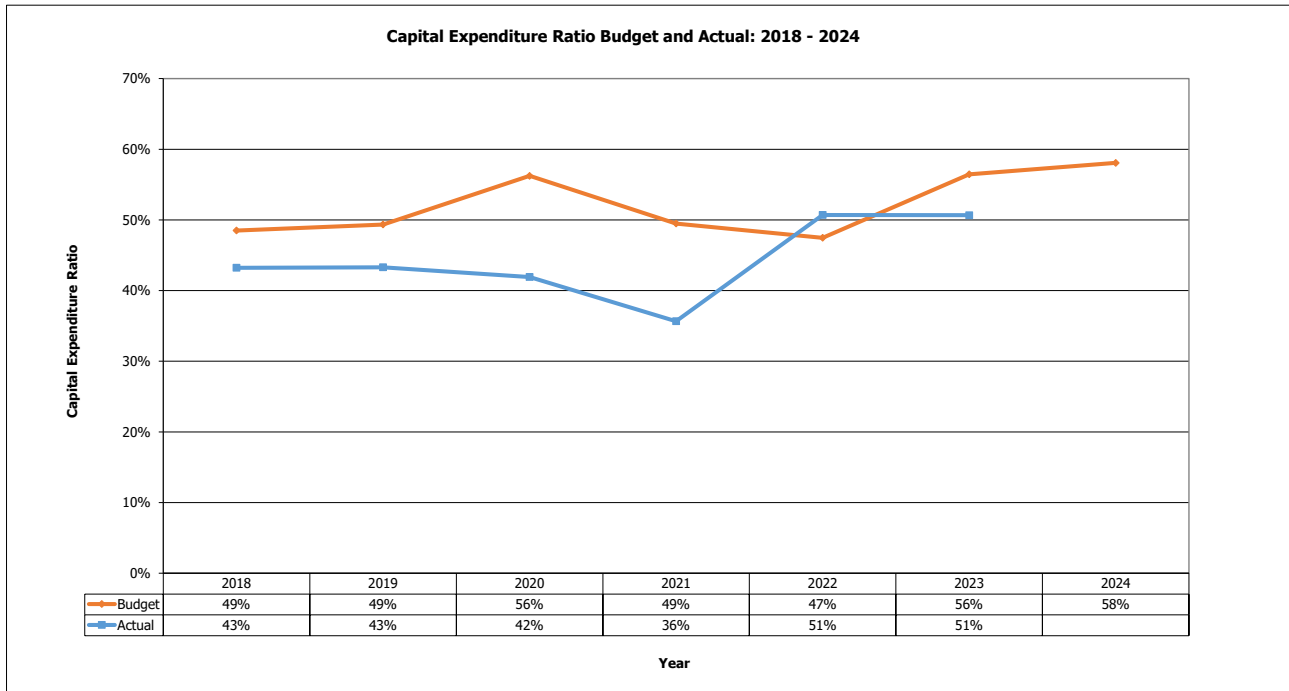
114. Public Debt Charge includes payment for internal and external debt (principal and interest).
115. As shown in Figure 20, the targets and performance in 2019 and 2020 indicated a good projection with variance of less than 5%. Debt service, however, increased in 2021 simply because of the resumption of debt repayments after the holiday enjoyed in 2020 due to COVID-19. The performance later fell in 2022 to 46.66% because the State completed the repayment for “Bond 2” which significantly reduced the amount spent in servicing debts. Performance rose to 120.37% in 2023 because of the additional local loans the State contracted and the increase in the receipts from FAAC that expanded the fiscal space for the State to service its debt liabilities.
116. 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 21: Capital Expenditure



- 117. Capital Expenditure includes the main investment and implementation of programmes and projects of government.
- 118. The capital expenditure budgets for the period (2018 – 2023) have been on the high with the actuals deviating significantly from the budget. Performance was slightly above 50.0% in 2020, 2021 and 2022 as depicted in Figure 21.
- 119. Over the period 2018-2023, the actual capital expenditure has consistently underperformed against the budget. Lack of fund releases affects capital spending and the delivery of capital projects. The government should exhibit more commitment and prioritize capital projects. Again, forecasting trends show the need for a more conservative capital expenditure budgeting. The State also need to reduce recurrent expenditure, particularly the cost of governance, to free up additional resources for capital undertakings.

Figure 22: Recurrent: Capital Expenditure Ratio



120. The budgeted Capital Expenditure ratio for the period 2018 – 2023 as depicted in Figure 22 has been between 42% and 51% with a drop in 2021 (36%). The drop in 2021 was largely due to the spill effect of the COVID-19 pandemic which affected the sources of capital receipts expected by the state.
121. A stronger revenue drive (particularly IGR), better reporting on loan and grant receipts and expenditures, and more efficiency in overhead expenditure can all contribute to a higher level of actual capital expenditure in future years.

By Sector

122. Analysis of both personnel, overhead & capital budget, and actual expenditure with performance indicators for all sectors from 2018 to 2023 are presented in Figures below.

Figure 25: Expenditure Allocation – Capital

Capital Expenditure by Sector		2020		2021		2022		2023		Performance
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	
1	Administrative Sector	7,529,702,006	1,013,281,983	4,524,170,700	52,930,750	4,838,270,100	1,286,013,127	6,135,000,000	3,178,279,980	24.02%
2	Governors Office	470,110,979	0	414,520,000	0	1,927,500,000	1,123,232,127	1,855,500,000	2,939,967,619	87.05%
3	Gombe State House of Assembly	866,711,615	1,194,000	685,000,000	36,072,000	881,000,000	409,000	1,567,000,000	0	0.94%
4	Ministry of Information, Culture and Ethical Orientation	821,255,966	2,150,000	641,000,000	0	405,000,000	0	839,000,000	0	0.08%
5	Ministry of Internal Security and Home Affairs	25,389,825	59,677,500	730,000,000	0	530,000,000	157,372,000	555,000,000	238,312,362	24.74%
6	Office of the Head of Civil Service	2,180,659,365	9,019,552	860,500,000	0	285,500,000	0	460,500,000	0	0.24%
7	Office of the Auditor General	658,265,810	0	573,150,700	0	479,270,100	0	0	0	0.00%
8	Civil Service Commission	237,010,475	0	12,000,000	0	19,000,000	0	19,000,000	0	0.00%
9	Gombe State Independent Electoral Commission	157,515,709	94,323,000	65,000,000	0	65,000,000	0	150,000,000	0	21.56%
10	Local Government Service Commission	156,194,143	4,096,381	22,500,000	0	22,000,000	0	22,000,000	0	1.84%
11	Office of the Secretary to the State Government	1,681,893,778	812,876,550	342,500,000	16,858,750	172,000,000	5,000,000	577,000,000	0	301.00%
12	Ministry of Special Duties	275,094,341	29,945,000	178,000,000	0	52,000,000	0	90,000,000	0	5.93%
13	Economic Sector	9,205,601,020	20,489,401,932	36,002,750,000	21,681,986,030	57,946,100,000	45,410,388,265	64,210,300,000	57,392,993,000	86.62%
14	Ministry of Agriculture, Animal Husbandry and Cooperative	1,897,873,188	1,583,631,250	2,457,000,000	196,946,916	2,723,000,000	3,143,728,775	3,060,000,000	2,867,161,477	76.86%
15	Ministry of Finance and Economic Development	1,416,359,609	722,350,970	2,986,500,000	2,372,061,596	3,522,000,000	4,945,880,500	5,500,000,000	5,548,835,099	101.22%
16	Ministry of Trade, Industry and Tourism	432,698,936	59,451,585	2,077,000,000	206,794,373	10,930,000,000	9,349,105,819	10,290,000,000	2,441,602,217	50.81%
17	Ministry of Science, Technology and Innovation	136,748,828	25,933,613	448,000,000	48,719,341	214,000,000	8,984,500	362,600,000	0	7.20%
18	Ministry of Energy and Mineral Resources	80,853,756	61,370,500	300,000,000	70,250,115	1,330,000,000	3,445,000,000	0	0	2.55%
19	Ministry of Works, Housing and Transport	1,399,896,508	12,305,403,647	16,945,500,000	15,434,553,526	26,886,000,000	11,783,031,795	26,091,000,000	34,603,296,606	103.93%
20	Ministry of Budget and Economic Planning	200,527,269	1,081,037,284	1,530,000,000	254,029,790	1,698,500,000	2,095,842,114	2,656,000,000	0	56.38%
21	Fiscal Responsibility Commission	15,000,000	10,650,000	15,500,000	11,325,500	15,500,000	0	50,000,000	0	22.89%
22	Ministry of Water, Environment and Forest Resources	1,961,555,831	4,402,963,503	8,118,250,000	4,961,476,857	10,809,600,000	13,602,334,781	11,194,100,000	10,007,591,855	102.78%
23	Ministry of Lands and Survey	230,224,299	893,022,682	2,019,000,000	886,115,623	2,378,500,000	90,511,661	2,015,000,000	1,924,505,746	57.12%
24	Ministry of Rural, Community Development and Cooperative	2,072,294,886	1,142,350,670	2,284,500,000	160,342,595	2,000,000,000	673,973,776	3,530,600,000	0	19.99%
25	0	0	0	0	0	0	0	0	0	0.00%
26	Law and Justice Sector	6,793,242,098	1,167,242,912	1,336,420,000	1,390,837,636	2,607,100,000	75,432,500	2,494,750,000	3,881,172,439	49.24%
27	Judicial Service Commission	5,402,023,503	93,337,485	918,500,000	110,040,105	1,093,500,000	0	1,408,500,000	0	2.31%
28	Ministry of Justice	1,391,218,595	1,073,905,427	417,920,000	1,280,797,531	1,513,600,000	75,432,500	1,086,250,000	3,881,172,439	143.15%
29	Social Sector	42,495,111,347	12,372,750,873	20,195,265,000	14,053,445,924	20,086,200,000	12,370,668,168	26,623,200,000	0	35.46%
30	Ministry of Youth and Sports Development	740,571,937	984,031,668	1,045,000,000	85,272,311	2,066,000,000	436,424,086	2,255,000,000	2,059,616,000	50.39%
31	Ministry of Women Affairs & Social Development	385,677,474	0	532,000,000	0	1,337,500,000	2,560,000	1,923,500,000	0	0.06%
32	Ministry of Education	11,186,976,370	4,154,473,911	6,400,765,000	4,350,679,635	2,778,200,000	6,106,684,579	5,939,700,000	5,811,642,764	77.64%
33	Ministry of Health	18,178,978,389	1,175,180,789	5,389,000,000	2,931,321,805	6,031,500,000	4,041,689,907	6,965,000,000	3,643,840,782	32.25%
34	Ministry for Local Government and Community Development	200,296,819	123,215,319	148,000,000	135,604,812	150,000,000	3,082,592	130,000,000	0	41.68%
35	Ministry of Higher Education	11,154,978,270	3,223,016,777	3,502,000,000	3,562,601,810	3,162,000,000	73,897,190	5,427,000,000	442,069,545	31.41%
Total		132,047,312,942	69,171,286,764	124,117,211,400	74,291,065,331	170,955,340,200	116,861,679,761	198,926,500,000	140,862,059,929	64.08%

125. For Capital Expenditure, overall performance has been poor as noted in paragraph 108 and depicted in Figure 25. The only sector that has received more than 50% of its budgetary allocations is the Economic sector. The Ministries of Works, Housing, and Transport, Water, Environment and Forest Resources, Finance and Economic Development, and Justice, had the highest performance over the period 2018-2023. The Ministries of Works, Housing and Transport, Water Resources, Education and Health had both the largest budgetary allocations and actual releases over the period.

Debt Position

126. A summary of the consolidated debt position for Gombe State Government is provided in Table 4 below.

Table 4: Debt Position as of 31st December 2023

Debt Sustainability Analysis		
A	DSA RATIO SCENARIOS:	Sustainability Thresholds
	Solvency Ratios	As at 31st December 2023
		Percentage
1	Total Domestic Debt/IGR	150%
2	Total External Debt/Gross FAAC	150%
3	Total Public Debt/Total Recurrent Revenue	150%
4	Total Public Debt/State GDP Ratio	25%
	Liquidity Ratios	Percentage
5	Domestic Debt Service/IGR	15%
6	External Debt Service/Gross FAAC	10%
8	Debt Service Deductions from FAAC/Gross FAAC	40%
8	Total Debt Service/Total Recurrent Revenue	25%
B PUBLIC DEBT DATA AS AT 31st DECEMBER 2023		
		Naira
1	Total Domestic Debt	106,493,284,646
2	Total External Debt	49,359,725,800
3	Total Public Debt	155,853,010,447
4	Total Domestic Debt Service 2023	37,034,728,754
5	Total External Debt Service in 2023	1,319,816,561
6	Total Public Debt Service	38,354,545,316
C STATE GDP FOR 2023		
1	State GDP	1,239,249,373,032

127. The domestic and foreign debt ratio (both liquidity and solvency) for the 2023 fiscal year did not exceed recommended sustainability thresholds except for the ratio of total domestic debt to IGR, Domestic Debt Service to IGR, and Total Debt Service to Total Recurrent Revenue ratios.
128. Based on the above ratios, future debt drawdown should be focused on foreign concessional rate debt rather than higher interest domestic debt.
129. To be on a sustainable debt level, the state's 2023 Debt Sustainability Analysis (DSA) recommends that the total debt stock of the State in 2024 - 2027 not exceed N205.9 billion in 2024, N218 billion in 2025, N226.7 billion in 2026, and N239.8 billion in 2027, and the Total Debt/Revenue ratio not to exceed 189.4% in 2024, 181.6% in 2025, 169.6% in 2026, and 168.1% in 2027.

3 Fiscal Strategy Paper

3.A Macroeconomic Framework

130. The Macroeconomic framework as shown in Figure 26 reflects the mineral sector benchmarks (price and NGN: USD exchange rate) adopted for 2025-2027. We have adopted an oil price of \$87 per barrel for 2025 and \$85 per barrel for 2026 – 2027. Real GDP growth and Inflation (CPI) are as per the IMF World Economic Outlook dated July 2024 while the exchange rate and inflation were projected from the performance of the variables using data from the CBN and NBS. Data supplied by the Gombe State Bureau of Statistics were used for the projections in State GDP growth and Inflation. The figures represent a prudent macroeconomic framework from which the Gombe State Medium Term Fiscal Framework are drawn.

Figure 26: Gombe State Macroeconomic Framework`

Macro-Economic Framework			
Item	2025	2026	2027
National Inflation	25.00%	23.00%	21.50%
National Real GDP Growth	3.10%	3.00%	3.00%
State Inflation	25.12%	25.00%	23.00%
State Real GDP Growth	2.95%	2.95%	2.95%
State GDP Actual			
Oil Production Benchmark (MBPD)	1.7000	1.8000	1.8000
Oil Price Benchmark	\$87.00	\$85.00	\$85.00
NGN:USD Exchange Rate	1300	1150	1000
Other Assumptions			
Mineral Ratio	25%	25%	25%

3.B Fiscal Strategy and Assumptions

Policy Statement

131. Gombe State policy statement is based on its fiscal responsibility law which advocates “sound public expenditure and financial management in the State”. Specifically, this will be achieved through:

- Aligning State government’s income and expenditure by keeping spending limits within the dictates of available resources and sustainable debt position;
- Boosting IGR in accordance with the IGR Expansion Strategy (2023-2027) of GIRS;
- 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 supports strategic prioritization and rational resource allocation 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.

132. This strategy is anchored on the PFM Reform programs of the State government.

Objectives and Targets

133. The key targets from the fiscal perspective are:

- To have higher proportion of capital expenditure compared to recurrent expenditure, with a capital-recurrent ratio of at least 55:45.
- Personnel expenditure is to be on a steady increase of 28% in 2025 and 5% in 2026 and 2027.
- To decrease overhead expenditure by 5% by 2026 in line with the State Government's plan to reduce the cost of governance.
- To ensure certain revenue-generating parastatals cover their overhead expenditure from the revenue they generate.

3.C Indicative Four-Year Fiscal Framework

134. The indicative four-year fiscal framework for the period 2025-2027 is presented in Table 5 below.

Table 5: Gombe State Medium Term Fiscal Framework

Macro-Economic Framework

Item	2024	2025	2026	2027
National Inflation	21.50%	25.00%	23.00%	21.50%
National Real GDP Growth	3.00%	3.10%	3.00%	3.00%
State Inflation	29.89%	25.12%	25.00%	23.00%
State Real GDP Growth	2.98%	2.95%	2.95%	2.95%
State GDP Actual				
Oil Production Benchmark (MBPD)	1.5000	1.7000	1.8000	1.8000
Oil Price Benchmark	\$70.00	\$87.00	\$85.00	\$85.00
NGN:USD Exchange Rate	750	1300	1150	1000
Other Assumptions				
Mineral Ratio	30%	25%	25%	25%

Fiscal Framework

Item	2024	2025	2026	2027
Opening Balance	40,027,890,933	25,108,445,500	25,000,000,000	25,000,000,000

Recurrent Revenue				
Statutory Allocation	41,944,787,742	44,880,922,884	46,227,350,571	47,614,171,088
Derivation				
VAT	30,026,984,919	36,032,381,902	39,635,620,093	41,617,401,097
IGR	22,318,245,500	27,897,806,875	29,292,697,219	30,757,332,080
Excess Crude / Other Revenue	8,104,536,406	20,000,000,000	20,000,000,000	20,000,000,000
Total Recurrent Revenue	102,394,554,567	128,811,111,661	135,155,667,882	139,988,904,265

Recurrent Expenditure				
Personnel Costs	28,220,142,337	36,121,782,192	37,927,871,301	39,824,264,866
Social Contribution and Social Benefit	8,514,519,574	8,727,382,563	8,945,567,127	9,213,934,141
Overheads	25,488,944,082	31,861,180,103	30,268,121,098	28,754,715,043
Grants, Contributions and Subsidies	277,169,292	332,603,151	349,233,309	366,694,974
Public Debt Service	21,094,916,771	21,411,340,523	21,839,567,334	22,494,754,354
Total	83,595,692,057	98,454,288,531	99,330,360,168	100,654,363,377

Transfer to Capital Account	58,826,753,443	55,465,268,630	60,825,307,714	64,334,540,887
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Capital Receipts

Grants	12,500,000,000	58,215,000,000	58,215,000,000	58,215,000,000
Other Capital Receipts	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Total	17,500,000,000	63,215,000,000	63,215,000,000	63,215,000,000

Reserves

Contingency Reserve	3,560,561,138	3,847,988,929	4,003,891,697	4,124,722,607
Planning Reserve	2,190,977,250	2,806,838,463	3,056,208,154	3,116,392,818
Total Reserves	5,751,538,388	6,654,827,392	7,060,099,851	7,241,115,424

Capital Expenditure	118,716,769,555	133,795,541,238	145,750,307,863	148,578,525,463
Discretionary Funds	99,266,769,555	117,690,541,238	128,645,307,863	131,473,525,463
Non-Discretionary Funds	19,450,000,000	16,105,000,000	17,105,000,000	17,105,000,000

Financing (Loans)	73,250,000,000	46,770,100,000	53,770,100,000	53,270,100,000
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Total Revenue (Including Opening Balance)	233,172,445,500	263,904,657,161	277,140,767,882	281,474,004,265
Total Expenditure (including Contingency Reserve)	208,064,000,000	238,904,657,161	252,140,767,882	256,474,004,265

Closing Balance	25,108,445,500	25,000,000,000	25,000,000,000	25,000,000,000
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Ratios				
Growth in Recurrent Revenue	-18.52%	25.80%	4.93%	3.58%
Growth in Recurrent Expenditure	50.57%	17.77%	0.89%	1.33%
Capital Expenditure Ratio	58.11%	57.18%	59.02%	59.15%
Deficit (Financing) to Total Expenditure	35.21%	19.58%	21.33%	20.77%

Assumptions

135. **Statutory Allocation** - The estimation for statutory allocation is based on budget performance for 2023 and 2024 (January – July) taking into consideration the national and global macro-economic projections, GDP growth and inflation rate provided in WEO July 2024 Report.

136. **VAT** - This is based on budget performance for 2023 and 2024 (January – July) as well as the forecast for 2024 after examining the expected change in GDP and inflation rate. The estimates for 2025-2027 are in line with the current rate of collections which is 7.5% as revised by the National Assembly in 2022.
137. **Internally Generated Revenue (IGR)** - IGR estimation is based on revenue performance in 2023, 2024 budget and the performance so far (January – July). Consequently, an IGR growth rate of 25% was estimated for 2025, 2026 and 2026. These growth rates are based on the increasing economic activity of the State and reform of revenue administration which significantly increased total collections in 2022 and 2023. However, actual collections are largely from traditional sources such as PAYE, fees, etc. It is believed that collections will improve due to the ongoing effort to establish a robust taxpayer database by GIRS and integration of ICT in IGR processes, perfection of the TSA, technical support from development partners towards improving IGR processes, as well as all other efforts focused on blocking leakages and dealing with the phenomena of tax avoidance/evasion and incomplete remittances. Also, GIRS has identified additional revenue items (not collected hitherto but permitted by the Revenue Law) to boost inflows, therefore, IGR is expected to grow annually in 2024 up to 2027.
138. **Other FAAC transfer** - the estimation is based on the current receipt (i.e., from January to July 2024).
139. **Grants** - Internal grants are largely TETFund, UBEC grant, NLTP grants and other grants like the infrastructure funds that commenced monthly disbursement in August 2023 after the removal of fuel subsidy. External grants are from multiple sources for the Health, Education, Water and Social Development sectors. It is important that the relevant institutions in Gombe State Government put in place the requirements to draw down the grants particularly UBEC funds and TETFund.
140. **Financing (Net Loans)** – Gombe State will continue to make use of short to medium-term commercial bank facilities, National Housing Loan Facility, the FGN Bridging Finance and the new World Bank-funded SABER programme performance-for-result lending. Gombe State will, however, prioritize external loans in 2025-2027 by continuing to draw down existing World Bank and AfDB facilities before optimising the domestic loan sources.
141. **Personnel Costs** – Budget performance for 2023 and January – July 2024 year was used to estimate the personnel cost for 2025-2027 and considering the ongoing recruitment plans of the State which will increase personnel emoluments in 2025. The plan for minimum wage increases to cushion the removal of fuel subsidy and the rising inflation rate was also considered in the projected personnel cost in 2025.
142. **Social Contribution and Social Benefits** – Budget performance for 2023 and January – July 2024 was used taking into consideration the decline in 2020 and the trend in annual growth rate between 2021 and 2023 as well as the performance in January - July 2024.
143. **Overhead Costs** – Actual overhead costs decreased by 3% and 34% in 2019 and 2020 due to a decline in revenue but rose in 2021 and 2022. Actual overhead cost also rose significantly in 2023 due to the significant increase in inflation and exchange rate in 2023. Performance for January – July 2024 was also used to estimate the overhead cost for

2025-2027. An increment was estimated for 2025 considering the inflation rate but it is expected to reduce in 2025 and 2026 after which the plan of the Federal Government to curtail national inflation is expected to have materialized and the plan of the State Government to reduce the cost of governance executed.

144. **Public Debt Service** – The debt management performance for 2023 and the expected debt repayment for 2024 was used to forecast public debt service for 2025 - 2027.
145. **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

146. Based on the above envelope, plus actual figures for 2018 - 2023 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to 2025-2027 forecast can be seen for revenue and then expenditure in the line graphs depicted in Figures 27 and 28 below.

Figure 27: Gombe State Revenue Trend

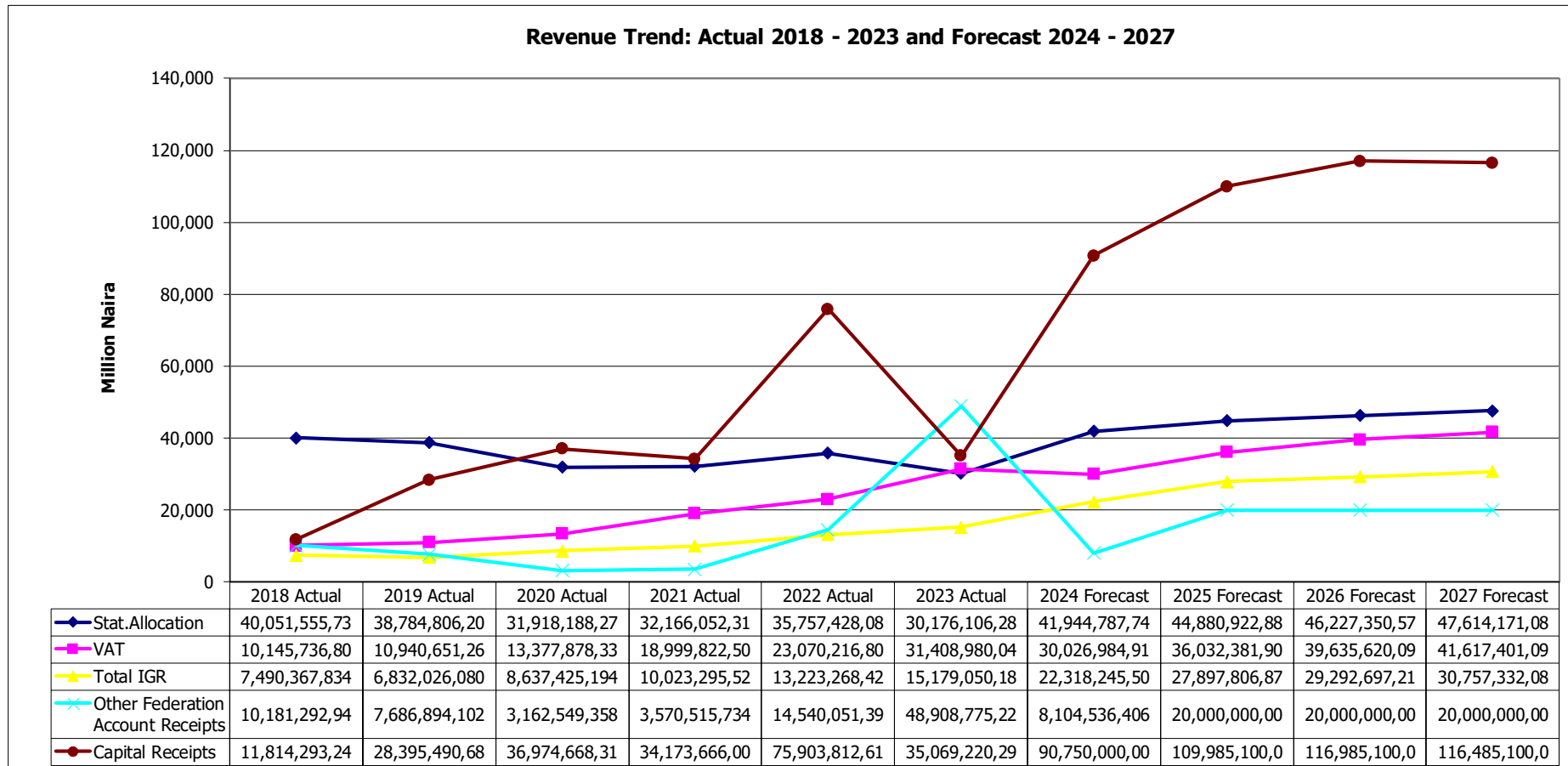
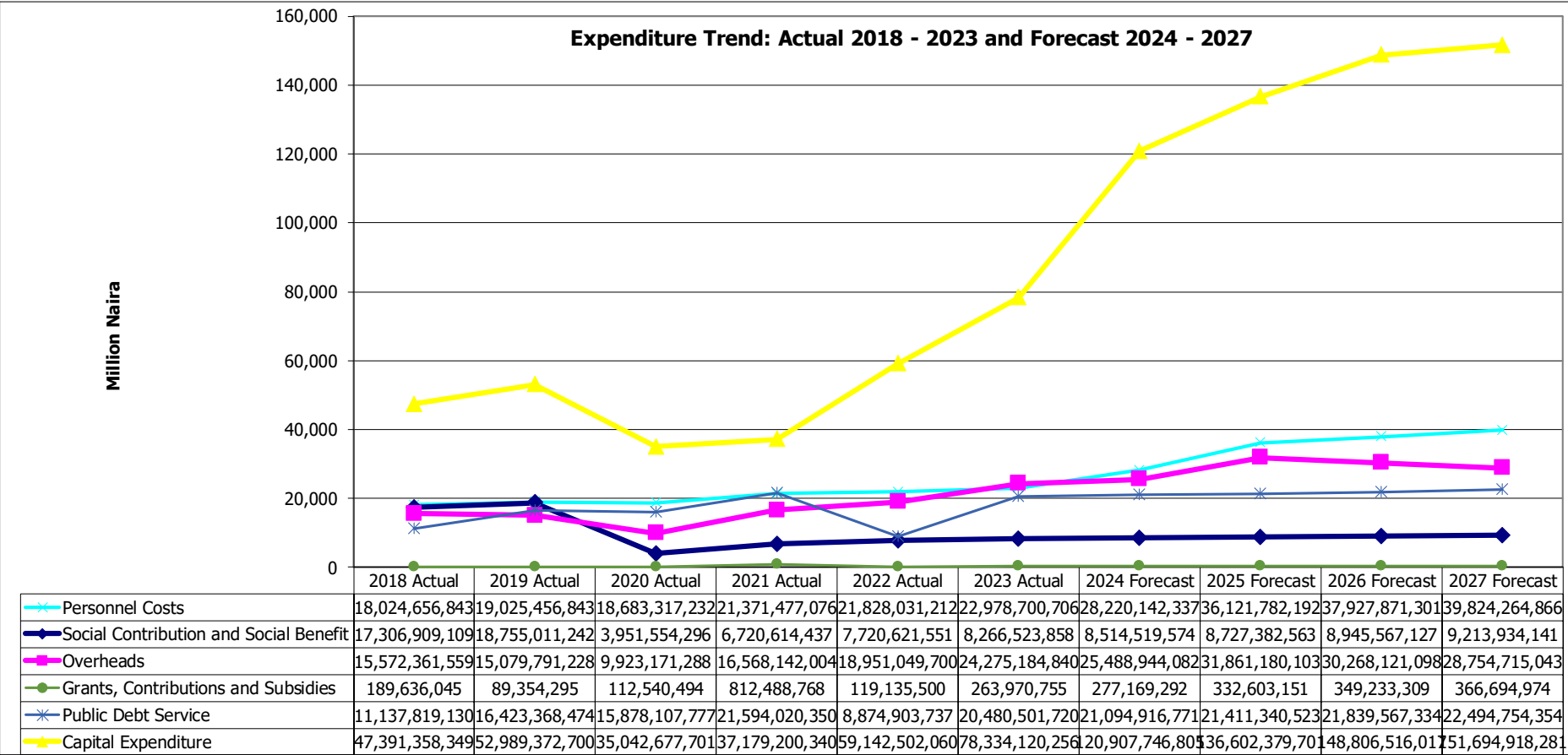


Figure 28: Gombe State Expenditure Trend



3.E Local Government Forecasts

147. 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.

148. Forecasts for 2025 and 2026 for the 11 Local Governments in Gombe State are provided in Table 6 below.

Table 6: Local Government FAAC and IGR Share Estimates 2025 – 2026

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2025					2026				
				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	0.203260%	0.143076%	10.047%	3,434,866,184	2,353,228,067	1,759,376,500	280,280,855	7,827,751,606	3,537,912,170	2,588,550,874	1,759,376,500	294,294,898	8,180,134,441
BALANGA	0.147614%	0.115745%	8.839%	2,494,511,438	1,903,705,327	1,277,716,385	246,598,799	5,922,531,948	2,569,346,781	2,094,075,860	1,277,716,385	258,928,739	6,200,067,764
BILLIRI	0.148571%	0.113476%	10.299%	2,510,670,956	1,866,377,698	1,285,993,469	287,312,398	5,950,354,521	2,585,991,084	2,053,015,468	1,285,993,469	301,678,018	6,226,678,039
DUKKU	0.161888%	0.114576%	8.056%	2,735,714,792	1,884,480,144	1,401,263,414	224,743,703	6,246,202,053	2,817,786,236	2,072,928,158	1,401,263,414	235,980,888	6,527,958,696
FUNAKAYE	0.157458%	0.120879%	9.497%	2,660,857,040	1,988,146,895	1,362,920,444	264,947,863	6,276,872,242	2,740,682,751	2,186,961,585	1,362,920,444	278,195,256	6,568,760,036
GOMBE	0.171452%	0.127840%	8.569%	2,897,335,310	2,102,633,418	1,484,047,233	239,059,274	6,723,075,235	2,984,255,369	2,312,896,759	1,484,047,233	251,012,238	7,032,211,600
KALTUNGO	0.134434%	0.102606%	9.649%	2,271,778,618	1,678,613,911	1,163,630,167	269,177,639	5,383,200,335	2,339,931,976	1,846,475,302	1,163,630,167	282,636,521	5,632,673,967
KWAMI	0.144205%	0.111983%	8.283%	2,436,901,033	1,841,818,102	1,248,207,697	231,088,617	5,758,015,449	2,510,008,064	2,025,999,913	1,248,207,697	242,643,048	6,026,858,721
NAFADA	0.131469%	0.099525%	8.438%	2,221,680,097	1,636,927,658	1,137,969,150	235,391,822	5,231,968,727	2,288,330,500	1,800,620,424	1,137,969,150	247,161,413	5,474,081,487
SHOMGOM	0.124682%	0.102434%	7.950%	2,106,982,321	1,684,766,400	1,079,219,679	221,780,620	5,092,749,020	2,170,191,791	1,853,243,040	1,079,219,679	232,869,651	5,335,524,160
YAMALTU/DEBA	0.170171%	0.125059%	10.374%	2,875,689,163	2,056,886,163	1,472,959,837	289,399,097	6,694,934,261	2,961,959,838	2,262,574,779	1,472,959,837	303,869,052	7,001,363,507

3.F Fiscal Risks

149. The analysis and forecasting basis as laid out above implies some fiscal risks, including but not limited to the risks outlined in Table 7 below.

Table 7: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Exchange rate volatility	High	High: Triggers uncertainty in budget implementation because of the inflationary dynamics that surrounds exchange rate volatility.	Effective prioritisation and timely releases in budget execution. Continue domestic revenue mobilisation drive to expand the government's fiscal space.
Domestic oil production shocks	High	Medium: Meeting daily production targets sustainably has been challenging due to oil bunkering and insecurity in the oil producing region.	Reduce dependence on statutory allocation by increasing domestic revenue generation efforts through effective implementation of the IGR Expansion Strategy (2023-2027).

Debt sustainability	High	High: Significantly high domestic debt stock and deviation from the domestic debt to IGR ratio. This can bring negative impact on fiscal sustainability of the State.	Prioritize external loans over internal loans and gear up IGR.
Crisis in the global arena (Russian/Ukraine War, Israel/Gaza war, etc.)	Medium	High: Uncertain movement in oil price which will impact on statutory allocation. Also triggering rising prices of essential commodities.	In the long term, Gombe State would have to be less dependent on Statutory Allocation to fund its expenditure. This would be achieved through diversification of revenue sources and financing options (PPP frameworks, collaborative financing, etc). In the short term, capital projects would be prioritized, and overhead expenditure should be further reduced.
Threat to security in North-Eastern States	Medium	Medium: Security threats within the region can reduce economic activity by taxpayers. This could lead to reduced IGR and increased overhead cost.	Collaborative and strategic approach to stem the tides of insecurity among communities in the State and neighbouring States to be deployed.
Adverse climate change and farmer/herder conflict.	High	Medium: Can affect farm output negatively and other economic activities. Reduced IGR and increased unemployment/poverty.	Increase investment to raise the level of climate resilience (other farming methods e.g., irrigation) adaptation and awareness, invest in grazing infrastructures, and security measures to be put in place.
Non-materialisation of Capital Receipts	Medium	High: Short-Fall in Capital Receipts affects capital expenditure.	Loans that are at the 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

150. 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 to combat the root causes of all insecurity and ensure the safety and security of lives and livelihoods of all citizens across the State.
- 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 will go a long way in making Gombe State a suitable destination for investment, generate employment and promoting rural income growth. To this end, ongoing infrastructural projects and exceptional (viable) new ones with huge economic potentials will be prioritized. The State will consolidate existing achievements by investing in the development of critical infrastructure such as roads, bridges, water supply, and electricity, improve rural and urban transportation networks, and invest in climate-friendly and sustainable projects. Urban renewal and redevelopment, especially in the State capital and the local government headquarters will be pursued vigorously to ensure decent living and attract investment in hospitality and tourism.
- Education and Human Capital Development- Policies and programmes aimed at eradicating illiteracy in Gombe State and increase academic success rates will be given priority by enhancing teaching standards and ensuring appropriate support from basic to tertiary levels of education for an informed and educated citizenry. These include upgrades of school infrastructure, provision of instructional materials and improving the capacity of teachers and administrators. The State is committed to expanding access to education, particularly for out-of-school children, girl-child and other marginalized groups, through various initiatives like the Adolescent Girl Initiative for Learning and Empowerment (AGILE), enhancing vocational and technical education to align with the needs of the rapidly evolving job market, particularly the agriculture, energy and oil and gas sectors which are fast taking shape in Gombe State, especially with the discovery of oil and gas at Kolmani.
- Health care and social welfare - 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 will be made to ensure the resilience of health system post COVID-19 and to ensure adequate capacity to respond to pandemics and other public health concerns. The State will leverage Go-Health and Gombe State Primary Healthcare Development Agency (GSPHCDA) to strengthen healthcare systems and infrastructure to ensure accessible and quality

healthcare services for all and improve the capacity of healthcare professionals by investing in training and capacity building, as well as partner with FG and other relevant stakeholders to implement social welfare programs that support vulnerable groups and alleviate poverty. The establishment of Gombe State Drug Management Agency will also be leveraged to ensure quality drugs and other medical consumables are available in adequate quantities across the health facilities of the State, both primary and secondary.

- Economic Empowerment and Job Creation: promoting ease of doing business to foster conducive business environment, attract investments, and stimulate economic growth. This, including training and upskilling of youths, investing in ICT skills and innovation, and harnessing agri-business potentials to enhance food security and create employment opportunities. The State will leverage the Innovation, Development and Effectiveness in the Acquisition of Skills (IDEAS) Project to radically boost the skills of participants to ensure their readiness and competitiveness to participate in the global economic chain.
- Good Governance and Accountability – Promote transparent, accountable, and inclusion in governance processes and activities in conformity with best practices. The State will sustain the principles of people-driven, needs-based, and participatory governance by improving open government policies in line with the principle of Open Government Partnership (OGP). The efficient use of public resources through plugging leakages and reducing wastages will foster a culture of meritocracy and inclusivity in governance, thus improving the efficiency of the system.
- 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)

151. The total budget size for 2025 fiscal year as highlighted in Section 3.C above should not be more than **N238,904,657,161** out of which the sum of **N98,454,288,531** will be for recurrent expenditure. Planning reserve is set at **N2,806,838,463** (2% of Capital Expenditure Budget) and a Contingency Reserve of **N3,847,988,929**; 2.5% of Recurrent Revenue (including opening balance); while planned capital expenditure is estimated at **N133,795,541,238**.
152. The components of capital expenditure are - discretionary capital expenditure in the sum of **N117,690,541,238** that will be spent across all MDAs and non-discretionary capital expenditure of **N16,105,000,000** which is earmarked for projects and programmes in Health, Education, Water, Sanitation and Agricultural sectors. The non-discretionary amount is in the form of loans and grants.

153. Presented in Tables 8-10 below are the indicative three-year (2025-2027) envelopes for sectors/main organisations. 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 (the 2018-2024 budget and 2018- June 2024 actuals).
- Overhead cost is allocated based on the current pay structure of the government and the MDAs identified to benefit from the planned recruitments in the State.
- Overhead cost is allocated based on the average trend from (2018-2024 budget and 2018- June 2024 actuals).
- These are combined to give the total sector envelopes.

Table 8: Indicative Sector Personnel Expenditure Ceilings 2025 – 2027

Personnel Expenditure by Sector						
No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	2027 Allocation
1	Administrative Sector	30.43%	10,991,858,321	30.43%	11,541,451,237	12,118,523,799
2	Governors Office	20.40%	7,368,843,567	20.40%	7,737,285,745	8,124,150,033
3	Gombe State House of Assembly	2.40%	866,922,773	2.40%	910,268,911	955,782,357
4	Ministry of Information, Culture and Ethical Orientation	1.00%	361,217,822	1.00%	379,278,713	398,242,649
5	Ministry of Internal Security and Home Affairs	0.07%	25,285,248	0.07%	26,549,510	27,876,985
6	Office of the Head of Civil Service	3.20%	1,155,897,030	3.20%	1,213,691,882	1,274,376,476
7	Office of the Auditor General	0.80%	288,974,258	0.80%	303,422,970	318,594,119
8	Civil Service Commission	0.23%	83,080,099	0.23%	87,234,104	91,595,809
9	Gombe State Independent Electoral Commission	0.17%	61,407,030	0.17%	64,477,381	67,701,250
10	Local Government Service Commission	0.26%	93,916,634	0.26%	98,612,465	103,543,089
11	Office of the Secretary to the State Government	1.85%	668,252,971	1.85%	701,665,619	736,748,900
12	Ministry of Special Duties	0.05%	18,060,891	0.05%	18,963,936	19,912,132
13	Economic Sector	10.17%	3,671,779,160	10.17%	3,855,368,118	4,048,136,524
14	Ministry of Agriculture, Animal Husbandry and Cooperatives	2.35%	848,861,882	2.35%	891,304,976	935,870,224
15	Ministry of Finance and Economic Development	1.66%	599,621,584	1.66%	629,602,664	661,082,797
16	Ministry of Trade, Industry and Tourism	0.63%	227,567,228	0.63%	238,945,589	250,892,869
17	Ministry of Science, Technology and Innovation	0.20%	72,243,564	0.20%	75,855,743	79,648,530
18	Ministry of Energy and Mineral Resources	0.10%	36,121,782	0.10%	37,927,871	39,824,265
19	Ministry of Works, Housing and Transport	1.48%	534,602,376	1.48%	561,332,495	589,399,120
20	Ministry of Budget and Economic Planning	0.35%	126,426,238	0.35%	132,747,550	139,384,927
21	Fiscal Responsibility Commission	0.05%	16,254,802	0.05%	17,067,542	17,920,919
22	Ministry of Water, Environment and Forest Resources	2.80%	1,011,409,901	2.80%	1,061,980,396	1,115,079,416
23	Ministry of Lands and Survey	0.55%	198,669,802	0.55%	208,603,292	219,033,457
24	Ministry of Rural, Community Development and Cooperatives	0.00%	0	0.00%	0	0
25	0		0		0	0
26	Law and Justice Sector	7.90%	2,853,620,793	7.90%	2,996,301,833	3,146,116,924
27	Judicial Service Commission	6.40%	2,311,794,060	6.40%	2,427,383,763	2,548,752,951
28	Ministry of Justice	1.50%	541,826,733	1.50%	568,918,070	597,363,973
29	Social Sector	51.50%	18,602,717,829	51.50%	19,532,853,720	20,509,496,406
30	Ministry of Youth and Sports Development	1.05%	379,278,713	1.05%	398,242,649	418,154,781
31	Ministry of Women Affairs & Social Development	0.58%	209,506,337	0.58%	219,981,654	230,980,736
32	Ministry of Education	13.17%	4,757,238,715	13.17%	4,995,100,650	5,244,855,683
33	Ministry of Health	23.60%	8,524,740,597	23.60%	8,950,977,627	9,398,526,508
34	Ministry for Local Government and Community Development	0.60%	216,730,693	0.60%	227,567,228	238,945,589
35	Ministry of Higher Education	12.50%	4,515,222,774	12.50%	4,740,983,913	4,978,033,108
	Total	100.00%	36,121,782,192	100.00%	37,927,871,301	39,824,264,866

Table 9: Indicative Sector Overhead Expenditure Ceilings 2025 – 2027

Overhead Expenditure by Sector							
No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Administrative Sector	55.93%	17,819,958,032	55.93%	16,928,960,130	55.93%	16,082,512,123
2	Governors Office	25.50%	8,124,600,926	25.50%	7,718,370,880	25.50%	7,332,452,336
3	Gombe State House of Assembly	12.50%	3,982,647,513	12.50%	3,783,515,137	12.50%	3,594,339,380
4	Ministry of Information, Culture and Ethical	0.70%	223,028,261	0.70%	211,876,848	0.70%	201,283,005
5	Ministry of Internal Security and Home Affairs	0.30%	95,583,540	0.30%	90,804,363	0.30%	86,264,145
6	Office of the Head of Civil Service	0.75%	238,958,851	0.75%	227,010,908	0.75%	215,660,363
7	Office of the Auditor General	1.30%	414,195,341	1.30%	393,485,574	1.30%	373,811,296
8	Civil Service Commission	0.10%	31,861,180	0.10%	30,268,121	0.10%	28,754,715
9	Gombe State Independent Electoral Commission	0.30%	95,583,540	0.30%	90,804,363	0.30%	86,264,145
10	Local Government Service Commission	0.13%	41,419,534	0.13%	39,348,557	0.13%	37,381,130
11	Office of the Secretary to the State Government	14.30%	4,556,148,755	14.30%	4,328,341,317	14.30%	4,111,924,251
12	Ministry of Special Duties	0.05%	15,930,590	0.05%	15,134,061	0.05%	14,377,358
13	Economic Sector	22.11%	7,044,506,921	22.11%	6,692,281,575	22.11%	6,357,667,496
14	Ministry of Agriculture, Animal Husbandry and Fisheries	0.70%	223,028,261	0.70%	211,876,848	0.70%	201,283,005
15	Ministry of Finance and Economic Development	16.70%	5,320,817,077	16.70%	5,054,776,223	16.70%	4,802,037,412
16	Ministry of Trade, Industry and Tourism	0.45%	143,375,310	0.45%	136,206,545	0.45%	129,396,218
17	Ministry of Science, Technology and Innovation	0.28%	89,211,304	0.28%	84,750,739	0.28%	80,513,202
18	Ministry of Energy and Mineral Resources	0.28%	89,211,304	0.28%	84,750,739	0.28%	80,513,202
19	Ministry of Works, Housing and Transport	0.70%	223,028,261	0.70%	211,876,848	0.70%	201,283,005
20	Ministry of Budget and Economic Planning	1.00%	318,611,801	1.00%	302,681,211	1.00%	287,547,150
21	Fiscal Responsibility Commission	0.10%	31,861,180	0.10%	30,268,121	0.10%	28,754,715
22	Ministry of Water, Environment and Forest	1.80%	573,501,242	1.80%	544,826,180	1.80%	517,584,871
23	Ministry of Lands and Survey	0.10%	31,861,180	0.10%	30,268,121	0.10%	28,754,715
24	Ministry of Rural, Community Development	0.00%	0	0.00%	0	0.00%	0
25	0		0		0		0
26	Law and Justice Sector	3.55%	1,131,071,894	3.55%	1,074,518,299	3.55%	1,020,792,384
27	Judicial Service Commission	1.85%	589,431,832	1.85%	559,960,240	1.85%	531,962,228
28	Ministry of Justice	1.70%	541,640,062	1.70%	514,558,059	1.70%	488,830,156
29	Social Sector	18.41%	5,866,246,181	18.41%	5,572,933,872	18.41%	5,294,287,178
30	Ministry of Youth and Sports Development	1.02%	324,984,037	1.02%	308,734,835	1.02%	293,298,093
31	Ministry of Women Affairs & Social Development	0.32%	100,531,605	0.32%	95,505,025	0.32%	90,729,774
32	Ministry of Education	6.90%	2,198,421,427	6.90%	2,088,500,356	6.90%	1,984,075,338
33	Ministry of Health	5.00%	1,593,059,005	5.00%	1,513,406,055	5.00%	1,437,735,752
34	Ministry for Local Government and Communities	0.18%	56,191,101	0.18%	53,381,546	0.18%	50,712,469
35	Ministry of Higher Education	5.00%	1,593,059,005	5.00%	1,513,406,055	5.00%	1,437,735,752
	Total	100.00%	31,861,180,103	100.00%	30,268,121,098	100.00%	28,754,715,043

Table 10: Indicative Sector Capital Expenditure Ceilings 2025 – 2027

Capital Expenditure by Sector		Discretionary Funds					Non-Discretionary Funds					Total Capital Envelope				
No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation	2025 Allocation	2026 Allocation	2027 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Administrative Sector	3.71%	4,371,051,220	3.71%	4,777,913,535	3.71%	4,882,954,126	5,000,000	5,000,000	5,000,000	3.3%	4,376,051,220	3.3%	4,782,913,535	3.3%	4,887,954,126
2	Governors Office	1.10%	1,294,595,954	1.10%	1,415,098,386	1.10%	1,446,208,780	0	0	0	1.0%	1,294,595,954	1.0%	1,415,098,386	1.0%	1,446,208,780
3	Gombe State House of Assembly	0.70%	823,833,789	0.70%	900,517,155	0.70%	920,314,678	0	0	0	0.6%	823,833,789	0.6%	900,517,155	0.6%	920,314,678
4	Ministry of Information, Culture and Ethical Orientation	0.50%	588,452,706	0.50%	643,226,539	0.50%	657,367,627	0	0	0	0.4%	588,452,706	0.4%	643,226,539	0.4%	657,367,627
5	Ministry of Internal Security and Home Affairs	0.50%	588,452,706	0.50%	643,226,539	0.50%	657,367,627	0	0	0	0.4%	588,452,706	0.4%	643,226,539	0.4%	657,367,627
6	Office of the Head of Civil Service	0.15%	176,535,812	0.15%	192,967,962	0.15%	197,210,288	0	0	0	0.1%	176,535,812	0.1%	192,967,962	0.1%	197,210,288
7	Office of the Auditor General	0.02%	23,538,108	0.02%	25,729,062	0.02%	26,294,705	0	0	0	0.0%	23,538,108	0.0%	25,729,062	0.0%	26,294,705
8	Civil Service Commission	0.10%	118,662,148	0.10%	129,707,353	0.10%	132,558,920	0	0	0	0.1%	118,662,148	0.1%	129,707,353	0.1%	132,558,920
9	Gombe State Independent Electoral Commission	0.05%	58,845,271	0.05%	64,322,654	0.05%	65,736,763	0	0	0	0.0%	58,845,271	0.0%	64,322,654	0.0%	65,736,763
10	Local Government Service Commission	0.07%	86,143,912	0.07%	94,162,283	0.07%	96,232,405	0	0	0	0.1%	86,143,912	0.1%	94,162,283	0.1%	96,232,405
11	Office of the Secretary to the State Government	0.50%	588,452,706	0.50%	643,226,539	0.50%	657,367,627	5,000,000	5,000,000	5,000,000	0.4%	593,452,706	0.4%	648,226,539	0.4%	662,367,627
12	Ministry of Special Duties	0.02%	23,538,108	0.02%	25,729,062	0.02%	26,294,705	0	0	0	0.0%	23,538,108	0.0%	25,729,062	0.0%	26,294,705
13	Economic Sector	72.90%	85,794,791,089	72.90%	93,780,665,774	72.90%	95,842,397,632	9,550,000,000	10,550,000,000	10,550,000,000	71.2%	95,344,791,089	71.5%	104,330,665,774	71.5%	106,392,397,632
14	Ministry of Agriculture, Animal Husbandry and Cooperative	5.30%	6,237,598,686	5.30%	6,818,201,317	5.30%	6,968,096,850	2,000,000,000	2,000,000,000	2,000,000,000	6.2%	8,237,598,686	6.0%	8,818,201,317	6.0%	8,968,096,850
15	Ministry of Finance and Economic Development	4.00%	4,707,621,650	4.00%	5,145,812,315	4.00%	5,258,941,019	0	0	0	3.5%	4,707,621,650	3.5%	5,145,812,315	3.5%	5,258,941,019
16	Ministry of Trade, Industry and Tourism	3.00%	3,530,716,237	3.00%	3,859,359,236	3.00%	3,944,205,764	0	0	0	2.6%	3,530,716,237	2.6%	3,859,359,236	2.7%	3,944,205,764
17	Ministry of Science, Technology and Innovation	0.15%	176,535,812	0.15%	192,967,962	0.15%	197,210,288	0	0	0	0.1%	176,535,812	0.1%	192,967,962	0.1%	197,210,288
18	Ministry of Energy and Mineral Resources	0.35%	411,916,894	0.35%	450,258,578	0.35%	460,157,339	0	0	0	0.3%	411,916,894	0.3%	450,258,578	0.3%	460,157,339
19	Ministry of Works, Housing and Transport	43.50%	51,195,385,439	43.50%	55,960,708,920	43.50%	57,190,983,576	2,000,000,000	2,000,000,000	2,000,000,000	39.7%	53,195,385,439	39.7%	57,960,708,920	39.8%	59,190,983,576
20	Ministry of Budget and Economic Planning	1.97%	2,315,160,692	1.97%	2,530,658,427	1.97%	2,586,293,979	4,050,000,000	5,050,000,000	5,050,000,000	4.8%	6,365,160,692	5.2%	7,580,658,427	5.1%	7,636,293,979
21	Fiscal Responsibility Commission	0.01%	14,711,318	0.01%	16,080,663	0.01%	16,434,191	0	0	0	0.0%	14,711,318	0.0%	16,080,663	0.0%	16,434,191
22	Ministry of Water, Environment and Forest Resources	13.00%	15,299,770,361	13.00%	16,723,890,022	13.00%	17,091,558,310	0	0	0	11.4%	15,299,770,361	11.5%	16,723,890,022	11.5%	17,091,558,310
23	Ministry of Lands and Survey	1.62%	1,905,374,001	1.62%	2,082,728,335	1.62%	2,128,516,316	0	0	0	1.4%	1,905,374,001	1.4%	2,082,728,335	1.4%	2,128,516,316
24	Ministry of Rural, Community Development and Cooperative	0.00%	0	0.00%	0	0.00%	0	1,500,000,000	1,500,000,000	1,500,000,000	1.1%	1,500,000,000	1.0%	1,500,000,000	1.0%	1,500,000,000
25	0		0		0		0	0	0	0	0.0%	0	0.0%	0	0.0%	0
26	Law and Justice Sector	2.10%	2,471,501,366	2.10%	2,701,551,465	2.10%	2,760,944,035	0	0	0	1.8%	2,471,501,366	1.9%	2,701,551,465	1.9%	2,760,944,035
27	Judicial Service Commission	1.00%	1,176,905,412	1.00%	1,286,453,079	1.00%	1,314,735,255	0	0	0	0.9%	1,176,905,412	0.9%	1,286,453,079	0.9%	1,314,735,255
28	Ministry of Justice	1.10%	1,294,595,954	1.10%	1,415,098,386	1.10%	1,446,208,780	0	0	0	1.0%	1,294,595,954	1.0%	1,415,098,386	1.0%	1,446,208,780
29	Social Sector	21.40%	25,182,036,754	21.40%	27,526,008,775	21.40%	28,131,157,488	6,550,000,000	6,550,000,000	6,550,000,000	23.7%	31,732,036,754	23.4%	34,076,008,775	23.3%	34,681,157,488
30	Ministry of Youth and Sports Development	1.68%	1,974,575,490	1.68%	2,158,371,175	1.68%	2,205,822,135	0	0	0	1.5%	1,974,575,490	1.5%	2,158,371,175	1.5%	2,205,822,135
31	Ministry of Women Affairs & Social Development	1.02%	1,196,118,387	1.02%	1,307,454,419	1.02%	1,336,198,301	200,000,000	200,000,000	200,000,000	1.0%	1,396,118,387	1.0%	1,507,454,419	1.0%	1,536,198,301
32	Ministry of Education	7.50%	8,826,790,593	7.50%	9,648,398,090	7.50%	9,860,514,410	2,000,000,000	2,000,000,000	2,000,000,000	8.1%	10,826,790,593	8.0%	11,648,398,090	8.0%	11,860,514,410
33	Ministry of Health	6.00%	7,061,432,474	6.00%	7,718,718,472	6.00%	7,888,411,528	3,350,000,000	3,350,000,000	3,350,000,000	7.8%	10,411,432,474	7.6%	11,068,718,472	7.6%	11,238,411,528
34	Ministry for Local Government and Community Development	0.20%	238,592,748	0.20%	260,801,227	0.20%	266,534,841	0	0	0	0.2%	238,592,748	0.2%	260,801,227	0.2%	266,534,841
35	Ministry of Higher Education	5.00%	5,884,527,062	5.00%	6,432,265,393	5.00%	6,573,676,273	1,000,000,000	1,000,000,000	1,000,000,000	5.1%	6,884,527,062	5.1%	7,432,265,393	5.1%	7,573,676,273
	Total	100%	117,690,541,238	100%	128,645,307,863	100%	131,473,525,463	16,105,000,000	17,105,000,000	17,105,000,000	100.00%	133,924,380,430	100.00%	145,891,139,550	100.00%	148,722,453,280

4.C Considerations for the Annual Budget Process

154. The budget call circular should include the following instructions to MDAs for the annual budget submissions:

- Only projects that are consistent with the prioritized MTSS of the sectors/MDAs and within the allocations as provided above should be in the MDAs' capital budget proposal.
- Budget submissions for capital projects must include full lifetime capital investment requirements (costs) and sources of funding (particularly if grants and/or loans are being used to fund the project, partially or fully) and the locations of the projects.
- It is expected that projects that have direct impact on the lives of citizens and can generate employment are initiated. Hence, all new capital projects/programmes must be accompanied by a cost-benefit analysis as well as the risks and opportunities associated with such projects/programmes.
- 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.
- Increases in personnel cost due to new recruitment or promotion must be accompanied by the clearance from the Establishment and Service Matters, Office of the Head of Civil Service.
- All MDAs are to scale down overhead costs. Proposals for overhead costs (other charges) must be accompanied with the actual expenditure profile for January – August of the current financial year.

5 Summary of Key Points and Recommendations

155. We summarised below a list of the key points and recommendations arising in this document:

1. This document should be used as a tool to promote budget realism and fiscal discipline towards engendering growth and sustainability in the economy.
2. Gombe State Sectors and MDAs should expedite action to produce 2025-2027 MTSS drawn from the State's 10-year development plan (DEVAGOM 2021-2030).
3. Sector envelopes should be issued to all Sectors/MDAs, through the Budget Call Circular, as scheduled in the Budget Calendar to form the basis for the 2025 annual budget preparation.
4. A more in-depth review of the current debt portfolio (particularly domestic debt) should be undertaken, and an appropriate debt management strategy developed.
5. The State government should invest in training and resourcing the State Bureau of Statistics (SBS) to enhance the agency's capacity to generate/estimate State-level macroeconomic statistics for more informed macro-fiscal planning.
6. Aggressive Internally Generated Revenue should be pursued through the implementation of the State's IGR Expansion Strategy (2023-2027). The staff of GIRS need to be trained on best IGR mobilisation and administration practices to drive the anticipated increase in IGR.
7. The government should intensify efforts towards promoting climate-smart agricultural practices to reduce rural unemployment and achieve high-level and sustainable food security.
8. Budget discipline and monitoring should be improved to achieve higher Budget performance. Feedback from CSOs should be encouraged to optimise citizen-led budget monitoring.
9. The Government needs to continue efforts to correct the decline in education success rate and strengthen the human capital development in the State.
10. The State government should upscale public involvement and massive participation of non-government stakeholders in the budget process through the Community Charter of Demand (CCD) process, Budget Town Hall/Community meetings, business breakfast meetings, etc., thereby creating a platform for His Excellency, the Governor, to have one-on-one or group interaction with individual and corporate citizens and residents of Gombe State, to know their peculiar challenges and to fashion out strategies to solve the identified challenges.