



EBONYI STATE GOVERNMENT

2024-2026

MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

Economic and Fiscal Update (EFU),

Fiscal Strategy Paper (FSP) and

Budget Policy Statement (BPS)

AUGUST 2023

Document Control	
Document Version Number:	Ebonyi State EFU-FSP-BPS 2024-2026
Document Prepared By:	Ebonyi State Government Ministry of Budget, Planning, Research and Monitoring
Document Approved By:	Executive Council
Date of Approval:	
Date of Publication:	
Distribution List:	All Stakeholders

Table of Contents

1	Introduction and Background	7
1.A	Introduction	7
1.A.1	Budget Process.....	7
1.A.2	Summary of Document Content	8
1.A.3	Preparation and Audience	8
1.B	Background	8
1.B.1	Legislative and Institutional arrangement for PFM	8
1.B.2	Overview of Budget Calendar	11
2	Economic and Fiscal Update	14
2.A	Economic Overview.....	14
2.A.1	Global Economy	14
2.A.2	Africa	17
2.A.3	Nigerian Economy ³	18
2.A.4	Ebonyi State Economy	23
2.B	Fiscal Update	25
2.B.1	Historic Trends	25
2.B.2	Debt Position.....	37
3	Fiscal Strategy Paper	38
3.A	Macroeconomic Framework	38
3.B	Fiscal Strategy and Assumptions	38
3.C	Indicative Three-Year Fiscal Framework.....	38
3.C.1	Assumptions.....	39
3.C.2	Fiscal Trends.....	40
3.D	Local Government Forecasts	43
3.E	Fiscal Risks	43
4	Budget Policy Statement.....	44
4.A	Budget Policy Thrust	44
4.B	Sector Allocations.....	44
4.C	Considerations for the Annual Budget Process.....	48
5	Summary of Key Points and Recommendations	49
Annex 1 – Capital Receipts		50

List of Figures

Figure 1: MTEF Process.....	7
Figure 2: Real GDP Growth and Inflation	19
Figure 3 NGN: USD Exchange Rate and Foreign Reserves.....	20
Figure 4 Crude Oil Price	20
Figure 5 Crude Oil Production	21
Figure 6 Distributed Mineral Revenues.....	21
Figure 7 CIT Revenues	22
Figure 8 NCS and VAT Revenues.....	23
Figure 9: Statutory Allocation.....	25
Figure 10: VAT	26
Figure 11: IGR	27
Figure 12: Other Federation Account Receipts	27
Figure 13: Grants	28
Figure 14: Other Capital Receipts.....	29
Figure 15: Loans/Financing.....	29
Figure 16: Personnel.....	30
Figure 17: Social Contributions and Social Benefits	31
Figure 18: Overheads.....	31
Figure 19: Public Debt Service.....	32
Figure 20: Capital Expenditure	32
Figure 21: Ebonyi State Macroeconomic Framework	38
Figure 22: Ebonyi State Revenue Trend	41
Figure 23: Ebonyi State Expenditure Trend.....	42

List of Tables

Table 1: Budget Calendar	11
Table 2: Real GDP Growth - Selected Economies	16
Table 3: Inflation (CPI) - Selected Economies	16
Table 4: Personnel Expenditure by Main Organisation – Budget Vs Actual.....	34
Table 5: Overhead Expenditure by Main Organisation – Budget Vs Actual.....	35
Table 6: Capital Expenditure by Main Organisation – Budget Vs Actual.....	36
Table 7: Debt Position as of 31st December 2022	37
Table 8: Ebonyi State Medium Term Fiscal Framework	39
Table 9: Local Government FAAC Estimates 2024.....	43
Table 10: Fiscal Risks.....	43
Table 11: Indicative Sector Expenditure Ceilings 2024-2026 – Personnel Expenditure (Salaries and Wages) 45	
Table 12: Indicative Sector Expenditure Ceilings 2024-2026 – Overhead Expenditure.....	46
Table 13: Indicative Sector Expenditure Ceilings 2024-2026 – Capital Expenditure.....	47

List of Abbreviations

OAG	Office of the Auditor General
BPS	Budget Policy Statement
BRICS	Brazil, Russia, India, China, And South Africa
CBN	Central Bank of Nigeria
CIT	Companies Income Tax
COVAX	Covid-19 Vaccines Global Access
COVID	Coronavirus Disease
CPI	Consumer Price Index
CRF	Consolidated Revenue Fund
DFID	UK - Department For International Development
DPR	Department of Petroleum Resources
ESBPP	Ebonyi State Bureau of Public Procurement
EBFRC	Ebonyi State Fiscal Responsibility Commission
EBIRS	Ebonyi State Internal Revenue Service
EBSDP	Ebonyi State Development Plan
EBSG	Ebonyi State Government
EFU	Economic and Fiscal Update
ESP	Economic Sustainability Programme
EU	European Union
EXCO	Executive Council
FAAC	Federal Accounts Allocation Committee
FADAMA	Fadama Development Project
FCT	Federal Capital Territory
FIRS	Federal Inland Revenue Service
FSP	Fiscal Strategy Paper
GDP,	Gross Domestic Product
GOE	Government-Owned Enterprises
ICT	Information and Communication Technology
IGR	Internally Generated Revenue
IMF,	International Monetary Fund
LGA	Local Government Area
LGC	Local Government Council
MBPD	Million Barrels Per Day
MDA	Ministries, Departments and Agencies
MDG	Millennium Development Goal
MINT	Mexico, Indonesia, Nigeria, And Turkey
MOFED	Ministry of Finance and Economic Development
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sector Strategies
NAFEX,	Nigerian Autonomous Foreign Exchange Rate
NGN	Nigerian Naira
NNPC	Nigeria National Petroleum Corporation.
OAGF	Office of the Accountant General of the Federation
OCDS	Open Contracting Data Standard

EBONYI STATE GOVERNMENT

OPEC	Organization of the Petroleum Exporting Countries
PAC	Public Account Committee
PAYE	Pay-As-You-Earn
PFM	Public Financial Management
PMS	Premium Motor Spirit
PPP	Public-Private Partnerships
SFTAS	States Fiscal Transparency, Accountability And Sustainability
SNDB	Subnational Doing Business
TETFUND	Tertiary Education Trust Fund
UBEC	Universal Basic Education
UK	United Kingdom
UNICEF	United Nations International Children's Emergency Fund
US	United States
USD	United States Dollar
VAT	Value Added Tax
WB	World Bank
WOE	World Economic Outlook

1 Introduction and Background

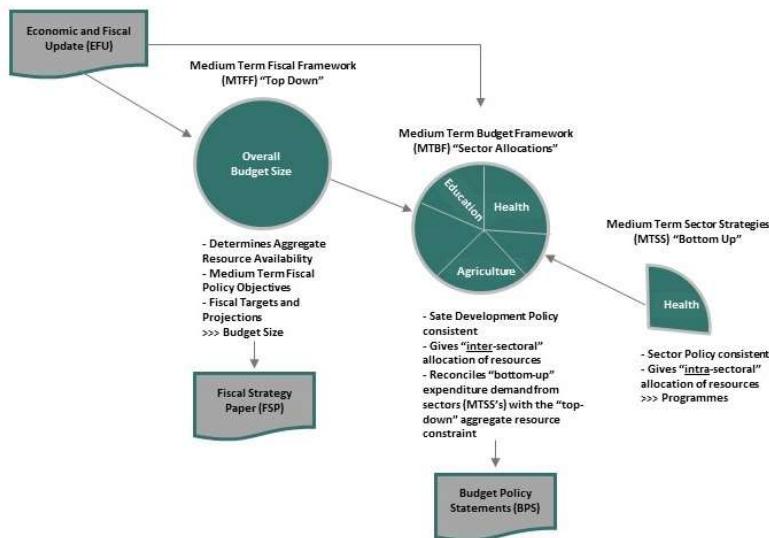
1.A Introduction

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 Ebonyi 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. Ebonyi State Government decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2021 for period 2022-2024 and then the 2023-2025 as part of the movement toward a comprehensive MTEF process. Sequel to the 2023-2025 MTEF, the State has gone ahead to develop for the period of 2024 -2026.

1.A.1 Budget Process

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

Figure 1: MTEF Process



1.A.2 Summary of Document Content

7. In accordance with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) is the first step in the budget preparation cycle for Ebonyi State Government (EBSG) for the period 2024-2026.
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 2024-2026 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 Ebonyi State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:
 - Overview of Global, National and State Economic Performance.
 - Overview of the Petroleum Sector.
 - Trends in budget performance over the last six years.
10. The FSP is a key element in the EBSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund the Government's growth and poverty reduction programme from a fiscally sustainable perspective.

1.A.3 Preparation and Audience

11. The purpose of this document is to provide an informed basis for the 2024-2026 budget preparation cycle for all the key Stakeholders, specifically:
 - State House of Assembly (SHoA).
 - Executive Council (EXCO);
 - Ministry of Budget, Planning, Research and Monitoring.
 - All Government Ministries, Departments and Agencies (MDA's).
 - Civil Society Organisations.
12. The document is prepared within in the first two quarters of the year prior to the annual budget preparation period. It is prepared by Ebonyi State Government (EFU-FSP-BPS) Working Group using data collected from International, National and State organisations.

1.B Background

1.B.1 Legislative and Institutional arrangement for PFM¹

13. **Legislative Framework for PFM in Ebonyi State** - The fundamental law governing public financial management in Nigeria and Ebonyi State is the 1999 Constitution as amended. Section 120 and 121 of the Constitution provides that all revenues accruing to Ebonyi State Government shall be received into a Consolidated Revenue Fund (CRF) to be maintained by the Government and revenue cannot be paid into any other fund, except as authorized by the State House of Assembly (SHoA) for a specific purpose.

¹Based on xx PEFA Assessment for Ebonyi State

The withdrawal of funds from the CRF shall be authorized by the SHoA through the annual budget or appropriation process. The Governor of Ebonyi State shall prepare and lay expenditure proposals for the coming financial year before the SHoA, and the SHoA shall approve the expenditure proposal by passing an Appropriation Law. The Appropriation Law shall authorize the executive arm of government to withdraw and spend the amounts specified from the CRF².

14. Apart from the Nigerian Constitution, Ebonyi State has a set of laws and regulations that regulate its budget preparation and implementation. The laws are:
- **The Ebonyi State Fiscal Responsibility Commission and Related Matters Law, No. 013 of 2020** with the object and purpose to establish the Ebonyi State Fiscal Responsibility Commission and Matters connected thereto, repealed the Ebonyi State Fiscal Responsibility Commission and Related Matters Law, No 003 of 2008. One of the major strengths of this law is the incorporation of citizens' engagement as one of the requirements in the budget process.
 - **The Ebonyi State Public Procurement and Related Matters Law, No. 016 of 2020** repealed the Ebonyi State Public Procurement and Related Matters Law, No 012 of 2009, Ebonyi State Public Procurement and Related Matters (Amendment) Law, No 008 of 2016, and Ebonyi State Public Procurement and Related Matters Law, No 009 of 2020. Some of the reforms introduced by the new law are e-procurement, establishment of a direct labor committee and Open Contracting Data Standard (OCDS).
 - **Ebonyi State Harmonization of Rates and Levies Collectible by Local Government Areas Law, No. 011 of 2020** was enacted to establish the Ebonyi State Local Government Areas Revenue Committees and the Joint Revenue Committee. The purpose of the Law, No. 011 of 2020 is to repeal and re-enact a law to harmonize Ebonyi State Rates and Levies collectable by Local Government Areas (LGAs) and provide for other matters connected thereto. The law repealed all revenue rates and levies contained in the byelaws of any LGA in Ebonyi State.
 - Ebonyi State Internal Revenue Service, for the Collectibles and Administration of Revenue Due to Ebonyi State and Local Government Councils Law No. 010 of 2020 repealed the Ebonyi State Collection and Administration Law 008 of 2015, Ebonyi State Revenue Matters Law No 11 (as amended) of 2018 and Ebonyi State Revenue Matters Law 006 (as amended) of 2019 and established the Ebonyi State Internal Revenue Service, for the collection and administration of revenue due to government of Ebonyi State and Local Government Councils (LGCs) in the State and other purposes connected thereto. The Law also established the consolidated revenue codes for the State.
 - **The Debt Management Office Law, No. 012 of 2020** repealed the Ebonyi State Management Office Law, No. 014 of 2019 and provide for the establishment of the Ebonyi State Debt Management Office and for other matters connected thereto. Whereas the law sets out to promote financial discipline in the management of debts, Section 19 of the law, which deals on the authority of the State House of Assembly to approve the terms and conditions for loans and guarantees of the government, diminishes the approval power of the State House of Assembly. The law says "the House of Assembly may by resolution approve..." The use of 'may' in place of 'shall' connotes non-obligatory responsibility and allows the executive the loophole to accumulate debts without the approval of the State House of Assembly.
 - **The Ebonyi State Government Cash Management Strategy** states inter alia that "the State Cash Management Strategy is generally conceived within the context of the State PFM reform as it affects general improvements in treasury management. The overall aim is to reposition the State Treasury to perform its functions more effectively and play a leading role in the execution of the budget to deliver government policies and programmes. This also includes

² Sections 120 and 121 of Constitution of Federal Republic of Nigeria 1999 as amended.

the desire to strengthen the existing Cash Management System to improve efficiency in the management of the financial resources of the State”.

- The State adopted the Federal Government **Financial Regulations** issued under Federal Finance (Control and Management) Act, 1958.
15. **Institutional Framework for PFM in Ebonyi 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 year³. The Governor of Ebonyi 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. **Ebonyi State Executive Council (EXCO)** formulates the policies of the State Government and considers and recommends the state budget to the House of Assembly. On passage, the Governor signs the appropriation bill into law.
 17. **Ministry of Finance and Economic Development (MOFED)** is charged with the responsibilities and functions of ‘overseeing the finances, development policies and objectives of the State government and drives the public financial management of the government. The Ministry of Finance and Economic Development supervises the Office of the Accountant General and Debt Management Office.
 18. **Ministry of Budget, Planning, Research and Monitoring (MBPR&M)** is saddled with the mandate to oversee State’s budget and the Economic planning. They also oversee and train the planners, researchers and Statisticians in the State.
 19. **The Office of the Accountant General** is responsible for the general supervision of the accounts of all MDAs in the State by keeping custody and maintaining records of public funds, preparation of the annual statutory financial statements of the State and all other financial reports, disbursement of funds from the consolidated revenue fund and other public funds in line with law, statutes and financial instructions, account and formulation of treasury circulars and enforcement of financial instructions. As the Chief Accounting Officer of the receipts and payment, the Accountant General of the State is the head of the government accounting services and treasury and provides adequate accounting and controls in the MDAs.
 20. **Ebonyi Debt Management Office** is responsible for issuing and managing the State government’s debt, loans and guarantees, issuing of guidelines for the smooth operation of any debt, bond, and/or debt conversion programme of the State Government, and collect, collate, maintain and disseminate reliable information, data and forecasts on all instruments, loans, taken or guaranteed by the Government or Local Government or any agency of the government. The Debt Management Office is established by the Ebonyi State Debt Management Office Law No.012 of 2020.
 21. **Ebonyi State Internal Revenue Service (ESBIRS)** is established by the Ebonyi State Internal Revenue Service Law No. 010 of 2020 and charged with the responsibility for the assessment, collection, control, administration, enforcement, accounting and reporting for all accruable revenue (tax and non-tax) due to the government of Ebonyi State from individuals and non-incorporated bodies (institutions and organizations) as approved by relevant Federal and State laws. The Governing Board for the Service, which is headed by the Executive Chairman ensures that the Service performs its functions as identified in the established law effectively and efficiently, as the policy-making body for EBIRS. The EBIRS is also a member of the Joint Tax Board and in that capacity, participates in the formulation and execution of policies on taxation, stamp duties and motor vehicle licensing.
 22. **Ebonyi State Local Government Revenue Committee and Joint State Revenue Committee** were established by the Ebonyi State Harmonisation of Rates and Levies Collectible by Local Governments

³ Section 121 (1) of Constitution of Federal Republic of Nigeria 1999 as amended

Councils Law No. 011 of 2020, with the responsibility to harmonize tax administration in the State, deal with revenue matters of common concern to the State and the Local Government Councils (LGC) and enlighten the members of the LGC on revenue matters.

23. **Ebonyi State Bureau of Public Procurement (ESBPP)** is established by the Ebonyi State Public Procurement and Related Matters Law No 016 of 2020 as the regulatory authority responsible for the monitoring and oversight of public procurement, harmonise the existing government policies and practices by regulating, setting standards, and developing the legal framework and professional capacity for public procurement in Ebonyi State. The Bureau is headed by the Executive Secretary, who is the Chief Executive and Accounting Officer of the Bureau and responsible for the day-to-day administration and execution of the policy of the Bureau as may be formulated and approved by the State Council of Public Procurement from time to time.
24. **Ebonyi State Fiscal Responsibility Commission (EBFRC)** has the responsibility to monitor and enforce the provisions of the Ebonyi State Fiscal Responsibility Commission Law No 013 of 2020, promote the economic objectives contained in section 16 of the 1999 Constitution (including the enforcement of remittance of revenue into the Consolidated Revenue Fund of Ebonyi State), enforce the submission of periodic returns on revenue performance with all the accompanying details and monitor the operation of any special account set-up for the purpose of the execution of the specific capital project, among other functions. The functions of the Commission are executed by the members of the Commission, headed by the Chairman, who is the Chief Executive Accounting Officer of the Commission.
25. **Office of the Auditor General – State** is an independent entity whose existence, powers and responsibilities are provided for under section 125 of the 1999 Constitution of the Federal Republic of Nigeria (amended). The Office of the Auditor General –State is responsible for the financial audit, special investigations and issuance of annual statutory and periodic audit reports on all MDAs, parastatals, revenue generating organs of the government, government offices, all persons and bodies established by law, the Office of the Auditor General of Local Governments, and all such offices to which government funds is disbursed by and on behalf of the State government. The OAG is also responsible for the recommendation of External Auditors and issuance of guidelines on the levels of fees paid as well as the certification of Pension and Gratuity for payment, among other things. The Office of the Auditor General submits their reports to the State House of Assembly (SHoA).
26. **Office of the Auditor General – Local Government** has the responsibility of carrying out on regular basis, the auditing of all the 13 Local Government Areas in Ebonyi State and notify the Public Account Committee (PAC) of the SHoA.

1.B.2 Overview of Budget Calendar

27. Indicative Budget Calendar for Ebonyi State Government is presented below:

Table 1: Budget Calendar

S/N	Strategic Indicator	Output	Key Output Activities	Timeline	Responsible Entity
1.0	Policy Review and Strategic Planning	Annual Sector Performance Reviews (SPRs).		February – April	MOBPRM/MDAs
1.1			Issue concept note for preceding year's Sector Performance Review by each sector and timetable for completion of process.	February	MOBPRM
1.2			Sector Performance Review	February – March	MDAs
1.3			Provide technical and quality assurance support to the sectors in preparing SPRs; review & consolidate	February – March	MOBPRM

S/N	Strategic Indicator	Output	Key Output Activities	Timeline	Responsible Entity
			SPRs within first half of the month.		
1.4			Conduct session on outcome of SPRs; identify key achievements and challenging / emerging issues, etc. that will inform MTEF/FSP, MTSS and budget.	April	MOBPRM/MDAs.
2.0	Development of the MTEF.	MTEF Developed		April – June	MOBPRM
2.1			Call for Information and Data on Macro-economic framework, Public debt, FSP, revenue and expenditure framework, and economic, social and development priorities.	April	MOBPRM
2.2			Call for Personnel Details from MDAs/ Submission of Personnel Details by MDAs.	April	MOBPRM/MDAs. (activity)
2.3			Preparation of draft MTEF.	May	MOBPRM in (consultation with other relevant agencies including DMD, Expenditure Control and Main Account
2.4			Hold Stakeholders Consultation on the draft MTEF.	May	MOBPRM
2.5			Presentation of Macro-Economic Framework setting out the macro-economic projections for the next three financial years, and revenue and expenditure framework (i.e. MTEF projections) to EXCO for consideration and approval.	June	MOBPRM
2.6			Presentation of MTEF to SHOA for Review and Approval.	June	MOBPRM
3.0	Preparation/Update of MTSS.	MTSS Developed/updated (at least for major Sectors)		April – June	MOBPRM
	Budget Preparation				
3.1			Call for Personnel Details from MDAs/Submission of Personnel Details by MDAs.	April	MOBPRM
3.2			Issue Budget Call Circulars to MDAs.	July 1 st	MOBPRM
3.3			Preparation and Submission of Budget Proposals by MDAs.	July to August	MDAs.
3.4			Bilateral budget discussions with MDAs.	August	Budget Committee.
3.5			Consolidation of Draft Budget	September	MOBPRM

S/N	Strategic Indicator	Output	Key Output Activities	Timeline	Responsible Entity
3.6			EXCO review and approval of consolidated draft Budget.	September	EXCO
3.7			Laying of EXCO approved Budget before the State Assembly.	Not later than last week of September	Governor.
3.8			Budget consideration by Committees of the SHOA and budget defence by MDAs.	October – December	State House of Assembly Representatives and MDAs.
3.9			Passage of the Appropriation Bill by the State Assembly and transmission of Bill to the Governor.	December	Joint Committee of the Whole State House of Assembly. Clerk to the House of Assembly.
3.10			Review of the Appropriation Bill by the Governor.	December	MOBPRM and EXCO
3.11			Governor assents to the Appropriation Bill (Approved Budget).	December	Governor
3.12			Public Presentation and Analysis of Approved Budget	December	Hon Commissioner, MOBPRM
4.0			Budget Execution and Control	Issuance of Expenditure Warrant Cash Management Plan	
4.1			Request for work plan from MDAs.	December	MOBPRM.
4.2			MDAs submit work plan to MOFED	December	MDAs.
4.3			Revenue Forecast.	December	MOBPRM/OAG
4.4			Preparation of Cash Forecast	December	OAG
4.5			Preparation of Disbursement Plan	December.	MOBPRM
4.6			Budgetary Releases and Implementation.	January – December.	MOBPRM/OAG/MDAs/BPP.
5.0	Budget Performance Review and Reporting	Performance Report			
5.1			Receive first, second and third quarter budget performance reports from MDAs.	April, July, and October.	PRS/MDAs.
5.2			Issue consolidated first, second and third quarter budget performance reports.	April, July, and October.	MOBPRM.
5.3			Receive budget performance report for fourth quarter of preceding year.	January.	MDAs.
5.4			Issue consolidated preceding year's budget performance report	Last week of January.	MOBPRM.
5.5			Results-Based Monitoring and Evaluation.	January – December.	MOBPRM/MDAs

Source: Ebonyi State Ministry of Finance and Economic Development

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Global Economy

27. The International Monetary Fund's (IMF's) July 2023 World Economic Outlook (WEO) Update⁴, provides that global growth is projected to fall from 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024 on an annual average basis. Compared with projections in the April 2023 WEO, growth has been upgraded by 0.2 percentage point for 2023, with no change for 2024. The forecast for 2023–24 remains well below the historical (2000–19) annual average of 3.8 percent. It is also below the historical average across broad income groups, in overall Gross Domestic Product (GDP) as well as per capita GDP terms.
28. Advanced economies continue to drive the decline in growth from 2022 to 2023, with weaker manufacturing, as well as unique factors, offsetting stronger services activity. In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions. On a year-over-year basis, global growth bottomed out in the fourth quarter of 2022. However, in some major economies, it is not expected to bottom out before the second half of 2023.
29. World trade growth is expected to decline from 5.2 percent in 2022 to 2.0 percent in 2023, before rising to 3.7 percent in 2024, well below the 2000–19 average of 4.9 percent. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of United States (US) dollar appreciation—which slows trade owing to the widespread invoicing of products in US dollars—and rising trade barriers.
30. These forecasts are based on a number of assumptions, including those regarding fuel and nonfuel commodity prices and interest rates. Oil prices rose by 39 percent in 2022 and are projected to fall by about 21 percent in 2023, reflecting the slowdown in global economic activity. Assumptions regarding global interest rates have been revised upward, reflecting actual and signalled policy tightening by major central banks since April 2023. The Federal Reserve and Bank of England are now expected to raise rates by more than assumed in the April 2023 WEO—to a peak of about 5.6 percent in the case of the Federal Reserve—before reducing them in 2024. The European Central Bank is assumed to raise its policy rate to a peak of 3½ percent in 2023 and to ease gradually in 2024. Moreover, with near-term inflation expectations falling, real interest rates are likely to stay up even after nominal rates start to fall.
31. For advanced economies, the growth slowdown projected for 2023 remains significant: from 2.7 percent in 2022 to 1.5 percent in 2023, with a 0.2 percentage point upward revision from the April 2023 WEO. About 93 percent of advanced economies are projected to have lower growth in 2023, and growth in 2024 among this group of economies is projected to remain at 1.4 percent.
32. For emerging market and developing economies, growth is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent 2024, with modest revisions of 0.1 percentage point for 2023 and –0.1 percentage point for 2024. However, this stable average masks divergences, with about 61 percent of the economies in this group growing faster in 2023.
33. In sub-Saharan Africa, growth is projected to decline to 3.5 percent in 2023 before picking up to 4.1 percent in 2024. Growth in Nigeria in 2023 and 2024 is projected to gradually decline, in line with April projections, reflecting security issues in the oil sector. In South Africa, growth is expected to decline to 0.3 percent in 2023, with the decline reflecting power shortages, although the forecast has been

⁴ [World Economic Outlook Update, July 2023: Near-Term Resilience, Persistent Challenges \(imf.org\)](https://www.imf.org/publications/wo/updates/2023/07)

revised upward by 0.2 percentage point since the April 2023 WEO, on account of resilience in services activity in the first quarter.

34. Global headline inflation is set to fall from an annual average of 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024, broadly as projected in April, but above pre-pandemic (2017–19) levels of about 3.5 percent. About three-quarters of the world's economies are expected to see lower annual average headline inflation in 2023. Monetary policy tightening is expected to gradually dampen inflation, but a central driver of the disinflation projected for 2023 is declining international commodity prices. Differences in the pace of disinflation across countries reflect such factors as different exposures to movements in commodity prices and currencies and different degrees of economic overheating. The forecast for 2023 is revised down by 0.2 percentage point, largely on account of subdued inflation in China. The forecast for 2024 has been revised upward by 0.3 percentage point, with the upgrade reflecting higher-than-expected core inflation.
35. Core inflation is generally declining more gradually. Globally, it is set to decline from an annual average of 6.5 percent in 2022 to 6.0 percent in 2023 and 4.7 percent in 2024. It is proving more persistent than projected, mainly for advanced economies, for which forecasts have been revised upward by 0.3 percentage point for 2023 and by 0.4 percentage point for 2024 compared with the April 2023 WEO. Global core inflation is revised down by 0.2 percentage point in 2023, reflecting lower-than-expected core inflation in China, and up by 0.4 percentage point in 2024. On an annual average basis, about half of economies are expected to see no decline in core inflation in 2023, although on a fourth quarter-over-fourth-quarter basis, about 88 percent of economies for which quarterly data are available are projected to see a decline. Overall, inflation is projected to remain above target in 2023 in 96 percent of economies with inflation targets and in 89 percent of those economies in 2024.
36. The balance of risks to global growth remains tilted downward, but adverse risks have receded since the publication of the April 2023 WEO. The resolution of US debt ceiling tensions has reduced the risk of disruptive rises in interest rates for sovereign debt, which would have increased pressure on countries already struggling with increased borrowing costs. The quick and strong action authorities took to contain banking sector turbulence in the United States and Switzerland succeeded in reducing the risk of an immediate and broader crisis.
37. More favourable outcomes for global growth than in the baseline forecast have become increasingly plausible. Core inflation could fall faster than expected—from greater-than-expected pass-through of lower energy prices and a compression of profit margins to absorb cost increases, among other possible causes—and declining job vacancies could play a strong role in easing labour markets, which would reduce the likelihood of unemployment having to rise to curb inflation. Developments along these lines would then reduce the need for monetary policy tightening and allow a softer landing.
38. Scope exists for more favourable surprises to domestic demand around the world, as in the first quarter of 2023. In numerous economies, consumers have not yet drained the stock of excess savings they accumulated during the pandemic; this could further sustain the recent strength in consumption. Stronger policy support in China than currently envisaged—particularly through means-tested transfers to households—could further sustain recovery and generate positive global spillovers. Such developments, however, would increase inflation pressure and necessitate a tighter monetary policy stance.
39. Despite the recent growth surprises, plausible risks continue to be skewed to the downside. Tight labour markets and pass-through from past exchange rate depreciation could push up inflation and risk de-anchoring longer-term inflation expectations in a number of economies. The institutional setup of wage setting in some countries could amplify inflation pressures on wages. Moreover, El Niño could bring more extreme temperature increases than expected, exacerbate drought conditions, and raise commodity prices. The war in Ukraine could intensify, further raising food, fuel, and fertilizer prices. The recent suspension of the Black Sea Grain Initiative is a concern in this regard. Such adverse supply shocks might affect countries asymmetrically, implying different dynamics for core inflation and inflation expectations, a divergence in policy responses, and further currency movements.

40. Financial markets have adjusted their expectations of monetary policy tightening upward since April but still expect less tightening than policymakers have signalled, raising the risk that unfavourable inflation data releases could—as in the first quarter of 2023—trigger a sudden rise in expectations regarding interest rates and falling asset prices. Such movements could further tighten financial conditions and put stress on banks and nonbank financial institutions whose balance sheets remain vulnerable to interest rate risk, especially those highly exposed to commercial real estate. Contagion effects are possible, and a flight to safety, with an attendant appreciation of reserve currencies, would trigger negative ripple effects for global trade and growth.
41. The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in Table 2 and Table 3 below.
42. Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

Table 2: Real GDP Growth - Selected Economies

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

Source: IMF's World Economic Outlook, April 2023

Table 3: Inflation (CPI) - Selected Economies

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

Source: IMF's World Economic Outlook, April 2023

2.A.2 Africa

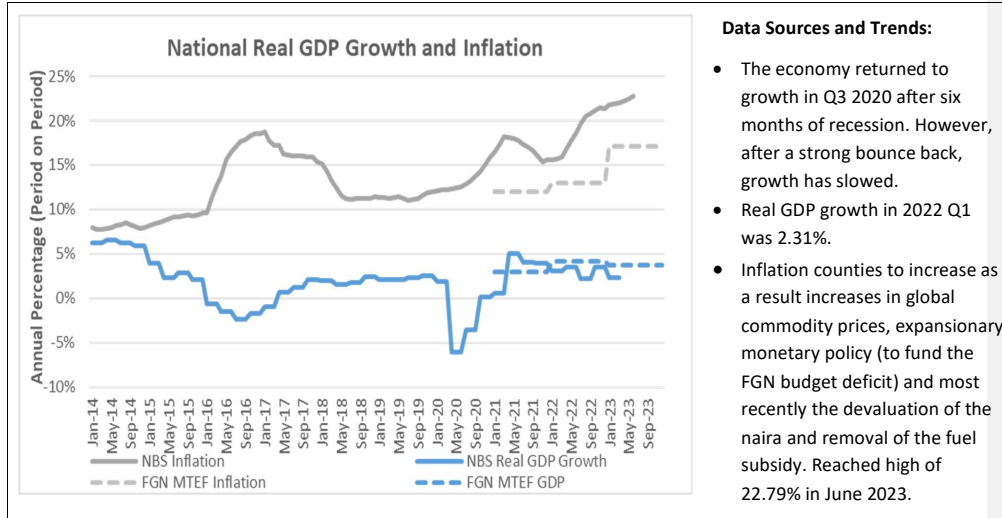
43. The African Economic Outlook, 2022⁵ provides that African economies remain resilient amidst multiple shocks with average growth projected to stabilize at 4.1 percent in 2023–24, higher than the estimated 3.8 percent in 2022. Africa's growth in real GDP was estimated at 3.8 percent in 2022, down from 4.8 percent in 2021 but above the global average of 3.4 percent. The growth slowdown was attributed mainly to the tightening global financial conditions, and supply chain disruptions exacerbated by Russia's invasion of Ukraine, subduing global growth. Growth was also impaired by the residual effects of the COVID-19 pandemic and the growing impact of climate change and extreme weather events. While the deceleration was broad-based, with 31 of the 54 African countries posting weaker growth rates in 2022 relative to 2021, the continent performed better than most world regions in 2022, with the continent's resilience projected to put five of the six pre-pandemic top performing economies—Benin, Côte d'Ivoire, Ethiopia, Rwanda, and Tanzania—back in the league of the world's 10 fastest-growing economies in 2023–24.
44. Growth is projected to rebound to 4 percent in 2023 and consolidate at 4.3 percent in 2024, underpinning Africa's continued resilience to shocks. The forecast for 2023 has been maintained as predicted in the January 2023 edition of Africa's Macroeconomic Performance and Outlook (MEO) published by the African Development Bank Group. However, due to expected slight improvements in medium-term global and regional economic conditions—mainly underpinned by China's re-opening and slower pace of interest rate adjustments—the forecast for 2024 has been revised up by 0.4 percentage points relative to the January 2023 MEO projection. Despite this, climate change, elevated global inflation, and persistent fragilities in supply chains will remain on the watchlist as potential factors for possible slowdowns of growth in the continent.
45. Growth in West Africa, despite macroeconomic challenges in some of the region's large economies, is projected to rise from an estimated 3.8 percent in 2022 to 3.9 percent in 2023 and 4.2 percent in 2024. This favourable outlook reflects higher growth in the region's small economies. Of the nine countries with projected growth rates of 5 percent or higher in 2023, eight are small economies, accounting for 15 percent of the region's GDP and 22 percent of the projected growth.
46. Growth in tourism-dependent economies is projected to decline from an estimated 8.4 percent in 2022 to 4.9 percent in 2023 and 4.4 percent in 2024, reflecting an abating base effect and growth slowdowns in important tourist source markets, especially Europe and North America.
47. Despite the decline, oil prices have remained above the five-year trend, boosting growth in oil-exporting countries since the recession at the peak of COVID-19. Growth in this group, estimated at 4.0 percent in 2022, is projected to strengthen to an average of 4.2 percent in 2023 and 2024. The oil output effect, notably in Libya and Nigeria, could also shore up economic growth as production improves following efforts to tackle insecurity.
48. Growth in other resource-intensive economies is, however, projected to decline from an estimated 3.0 percent in 2022 to 2.4 percent in 2023, with a recovery to 3.5 percent in 2024. The growth deceleration in 2023 is largely attributed to limited diversification and the lower prices of key commodities, notably minerals, amid weak global growth.
49. Non-resource-intensive economies, largely countries with more diversified economic structures, are likely to sustain their resilience. Average growth for the group is projected to accelerate to 5.0 percent in 2023 and 5.6 percent in 2024 from an estimated 4.4 percent in 2022. This group recovered the strongest from the effects of COVID-19. The projected higher growth underscores the importance of economic diversification to weather the effects of exogenous shocks.

⁵ African Economic Outlook 2022 - Mobilizing Private Sector Financing for Climate and Green Growth in Africa(afdb.org)

2.A.3 Nigerian Economy³

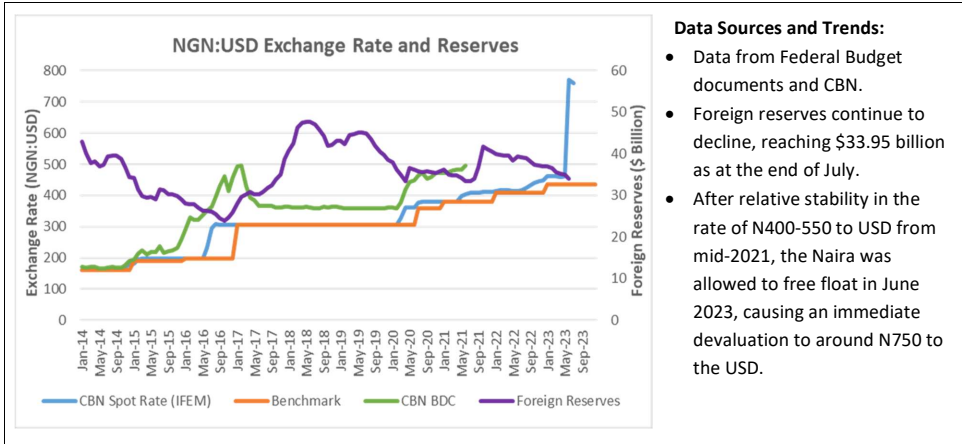
50. The challenging global economic context has put pressure on Nigeria's economy. However, domestic policies play the major role in determining Nigeria's economic performance and resilience to further external shocks. The previous mix of fiscal, monetary, and exchange rate policies, including the naira redesign program, did not deliver the desired improvements in growth, inflation, and economic resilience. The new government has recognized the need to chart a new course and has already made a start on critical reforms, such as the elimination of the petrol subsidy and foreign exchange (FX) harmonization.
51. With the petrol subsidy (PMS Under Recovery) removal, the government is projected to achieve fiscal savings of approximately N2 trillion in 2023, equivalent to 0.9 percent of GDP. These savings are expected to reach over N11 trillion by the end of 2025. However, the nature of the causal relationship between fuel price and key macroeconomic variables in Nigeria is such that if appropriate mitigation strategies are not well crafted, the removal of subsidy will likely have negative ripple effects on aggregate output and employment.
52. **Real GDP** - Nigeria's Gross Domestic Products (GDP) growth remained weak and fragile as it slowed to 2.31 percent in the first quarter of 2023, from 3.5 percent in the fourth quarter of 2022. This growth rate declined from 3.11 percent recorded in the first quarter of 2022, and 3.52 percent in the fourth quarter of 2022. The reduction in growth is attributed to the adverse effects of the cash crunch experienced during the quarter, as well as the elections.
53. The performance of the GDP in the first quarter of 2023 was driven mainly by the services sector, which recorded a growth of 4.35 percent and contributed 57.29 percent to the aggregate GDP. The agriculture sector grew by -0.90 percent, lower than the growth of 3.16 percent recorded in the first quarter of 2022. Although the growth of the industry sector improved to 0.31 percent relative to 6.81 percent recorded in the first quarter of 2022, agriculture, and the industry sectors contributed less to the aggregate GDP in the quarter under review compared to the first quarter of 2022.
54. **Inflation (CPI)** - Inflation has increased consecutively for the last 17 month, from 15.60 percent in January 2022 to 22.79 percent in June 2023. Dynamics in commodity prices, which are being exacerbated by the conflict in Ukraine, are causing inflations pressures globally. Also, the devaluation of the Naira has impacts (some positive, some negative) as does the removal of the Fuel Subsidy.
55. The national quarterly real GDP growth and year on year inflation rates from January 2014 and June 2023 are shown in Figure 2 below.

Figure 2: Real GDP Growth and Inflation



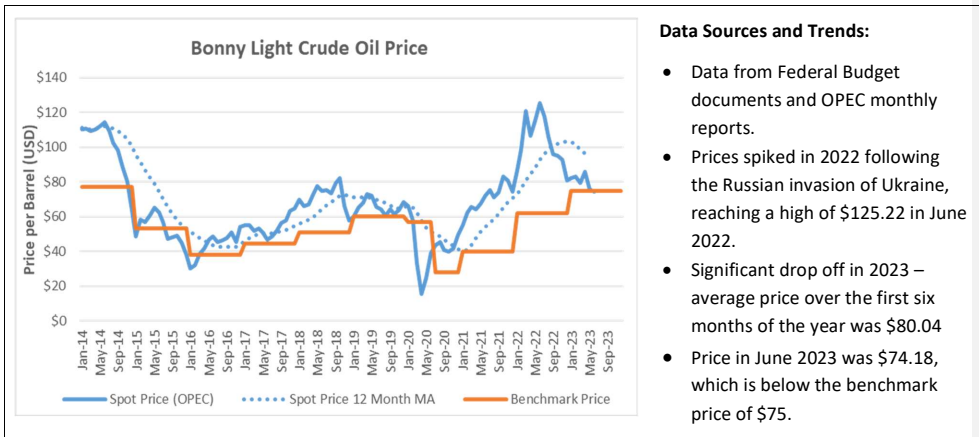
56. **Foreign Exchange Rate** – the Naira devalued against the dollar from NGN415:1\$ in May 2022 to N750 by July 2023 as a result of the implementation of a floating exchange rate. Foreign Reserves have been falling over the last 21 months, reaching \$33.95 billion as at the end of July 2023.
57. In 2022, arbitrage opportunities witnessed significant increase, weakening the convergence of foreign exchange windows. This is partly attributed to the ripples of economic downturn since the Russia–Ukraine conflict. Also, the fall in foreign reserve potentially condenses the policy options available to the Central bank of Nigeria (CBN) in controlling monetary aggregates.
58. **The NGN: USD exchange rate**, which is a key crude oil revenue parameter, for the period January 2014 to August 2023, along with the benchmarks assumed in the Federal Government budgets over the same period and foreign reserves, are shown in below.
59. The NGN: USD exchange rate (Import and Export Rate) is currently (1st August 2023) N 775.355. The end of the fixed exchange rate regime is likely to bring about more fluctuations in the rate. FGN adjusted 2023 budget was based on a rate of N750 to the USD.

Figure 3 NGN: USD Exchange Rate and Foreign Reserves



60. **Crude oil price:** Crude Oil (Bonny Light) Price (spot price and benchmark for the period of January 2014 to July 2023) are presented in Figure 4 below.

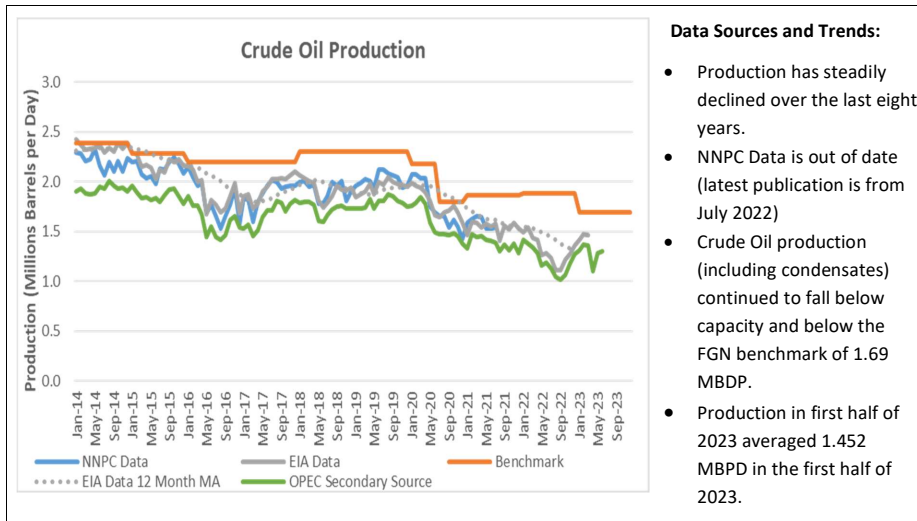
Figure 4 Crude Oil Price



61. In its July 2023 Short-Term Energy Outlook (STEO), the US Energy Information Administration (EIA) is forecasting an average price of \$83.51 per barrel for Brent Crude in 2024, which would imply a price of \$86.33 for Bonny Light.
62. In its April 2023 WEO, IMF is slightly more cautious, forecasting a basket price of \$73.13 in 2023 and \$68.90 in 2024 which translates to \$75.06 for 2023 and \$70.71 in 2024 for Bonny Light.
63. **Crude Oil production** continues to lag below the longer-term average of 2.0 Million Barrels per Day (MBPD). Production (including condensates) has averaged 1.45 MBPD over the first five months of 2023 according to figures published by the Nigerian Upstream Petroleum Regulatory Commission (NURPC). The FGN assumption is that production will average 1.72 MBDP in the second half of 2023 – this seems ambitious and might be considered a target rather than a balanced estimate (i.e. with equal potential for over or under-achievement).

64. Crude Oil Production (including condensates) for the period January 2014 to May 2023 along with the benchmark is presented in Figure 5 below.

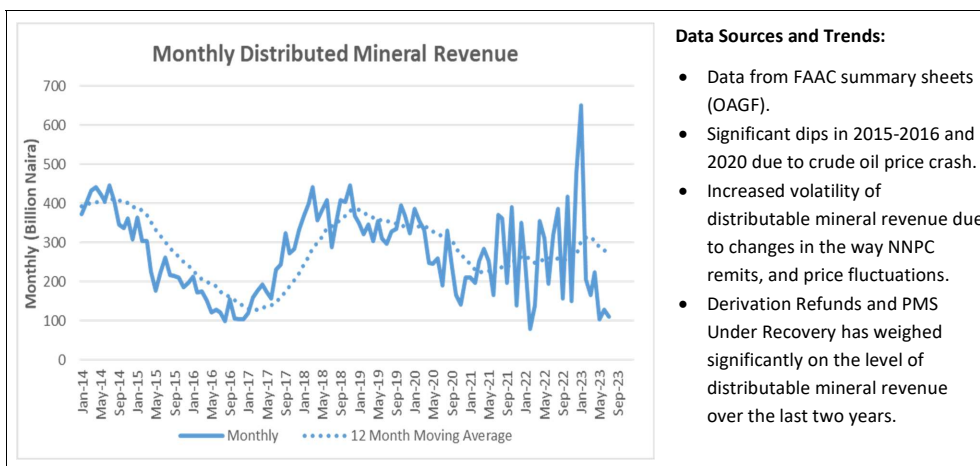
Figure 5 Crude Oil Production



65. The policy thrust of the Economic Sustainability Plan (ESP) and National Development Plan include deregulation of the price of refined petroleum products and the establishment of a sustainable framework for maintaining the national strategic stock; remittance of 100% of royalties and taxes paid to NNPC into the Federation Account as well as sustained periodic reconciliation with DPR and FIRS. The implementation of the Finance ACT 2021 and VAT reforms, development of business continuity plans for tax and custom administration and rationalization of ineffective tax incentives and exemptions as well as increased remittances and recovery of unremitted revenues from GOEs.

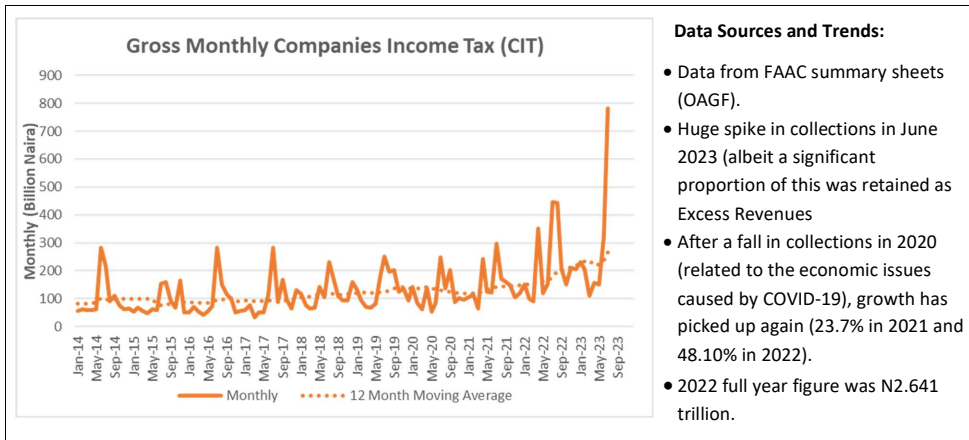
66. Monthly distributed Mineral Revenues (Statutory Allocation (SA) and Net Derivation (ND)) to the three tiers of government from January 2014 to May 2023 inclusive are shown in Figure 6 below.

Figure 6 Distributed Mineral Revenues



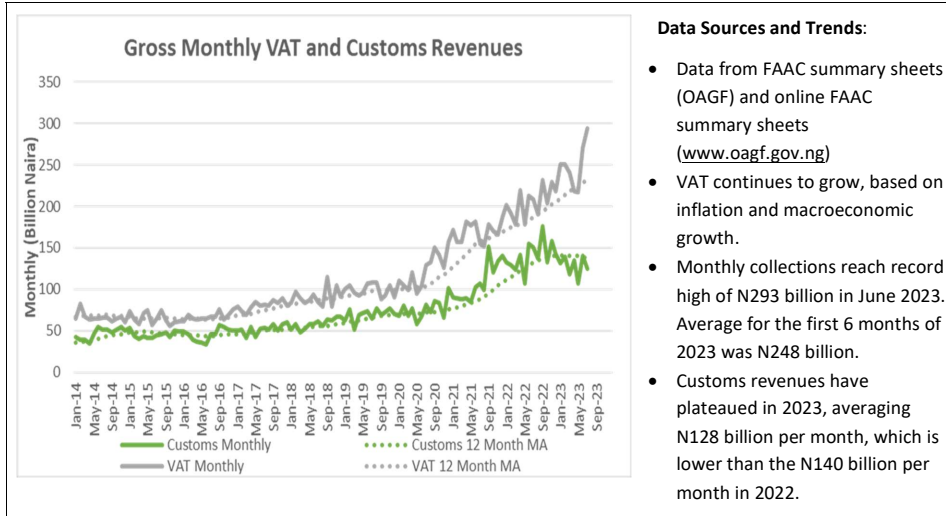
- 67. The impact of the Fuel Subsidy and derivation refunds mean the benefits of the crude oil price spike in 2022 (as a result of the conflict in the Ukraine) have not resulted in any marked increase in distributable mineral revenues. The change in status of NNPC, specifically the manner in which it remits to FAAC, has also brought about increased volatility in distributable mineral revenues. The removal of the subsidy, the devaluation of the Naira and eventual conclusion of the derivation refunds should bring about a significant nominal increase in distributable mineral revenues in 2024.
- 68. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2014 to May 2022 inclusive are shown in Figure 7 below. The graph also includes 12 month moving average.

Figure 7 CIT Revenues



- 69. The graph shows the annual spike in distributions (collections from the previous month) that is in line with the annual tax returns and payment cycle in FIRS. This generally happens in July because June collections, the month many companies file their return, are distributed in July. June 2023 collection were a record N781 billion, albeit a significant portion of this was deducted from FAAC as excess revenue. This record collection in June has helped the 12-month average more than double in the last two years.
- 70. Customs and Excise duties (NCS), which is distributed as part of Statutory Allocation, and Value Added Tax (VAT) which is distributed in its own right for the period January 2014 to May 2022 are shown in Figure 8 below.

Figure 8 NCS and VAT Revenues



71. VAT shows a clear upward trend since late-2015. This is to be expected as the general price level rose quite significantly over the same period, which should transfer straight into additional VAT (for VAT-able items). Given the increase in VAT from 5% to 7.5%, in the 2020 Finance Act, there have been significant upward trend in VAT over the last three-year months from August 2020. There is still a level of monthly volatility that makes it slightly difficult to forecast. However, with the economy returning to positive real growth and inflation staying slightly above 20% for some time, it is anticipated that VAT will continue to grow in nominal terms.
72. Exchange rate controls import policy and devaluing Naira may have affected some Customs receipts historically, and they have not experienced anywhere near the level of growth that has been observed in CIT and VAT over the last two years. However, there are still some short-term volatility and Federal Revenue reforms should increase collections in the medium term, but the timing of impact remains uncertain. The free float of the Naira may help increase imports and related duties going forward.

2.A.4 Ebonyi State Economy

73. **Ebonyi State** shares boundaries with Benue to the North, Enugu to the Northwest, Abia to the Southeast and Cross River to the East and is primarily inhabited and populated by Igbo, with other minority groups from neighbouring states. Its capital and largest city is Abakaliki. It is one of the six states created in 1996 by the Abacha government. Ebonyi was created from parts of both Enugu State and Abia State. Ebonyi has three senatorial zones, the Abakaliki division makes up Ebonyi North and Ebonyi Central senatorial zones, while the Afikpo division makes up the Ebonyi South senatorial zone. Ebonyi has thirteen local government areas, 171 political wards and ten primary languages. The local governments are Abakaliki, Afikpo North, Afikpo South, Ebonyi, Ezza North, Ezza South, Ikwo, Ishielu, Ivo, Izzi, Ohaozara, Ohaukwu, and Onicha. The State, with a land area of about 5,935 sq. km, an estimated population of 4,339,136 based on the 2006 census growth rate and a poverty headcount rate of 82.30% ranks as the 3rd poorest State in Nigeria, according to the 2019 Poverty and Inequality in Nigeria report.
74. As one of the leading producers of rice and other agricultural products in Nigeria, Ebonyi State is primarily known as an agricultural region. Ebonyi is primarily an agricultural region. It is a leading producer of rice, yam, potatoes, maize, beans, and cassava in Nigeria. Rice and yams are predominantly cultivated in Edda, a region within the state. Ebonyi has several solid mineral resources, including lead,

crude oil, and natural gas, but few large-scale commercial mines. The state government has, however, given several incentives to investors in the agro-allied sector to encourage production. Ebonyi is called "the salt of the nation" for its huge salt deposit at the Okposi and Uburu Salt Lakes.

75. The State is also endowed with many yet to be developed natural and beautiful tourism destinations (including the Amanchor Cave, Golden Sand Beaches, Oferekpe Beach, MkpumaEkwa Oku Rocks, Okposi Salt Lake, Slave Market/Route, etc.) as well as several solid mineral resources, with limited/little large-scale commercial mining. Agriculture in the state is largely not mechanized, hence, not operating at its fullest capacity.
76. According to the World Bank 2018 Subnational Ease of Doing Business (WB SNDB) report, the Ebonyi State ranks poorly in comparison with other 35 states and Abuja FCT in its business enabling environment. The state ranked 32, 31, 24, and 36 on starting a business, dealing with construction permit, registering property and enforcing contracts respectively. The WB SNDB report is also supported by the Business Environment and Competitiveness Across Nigerian States report.

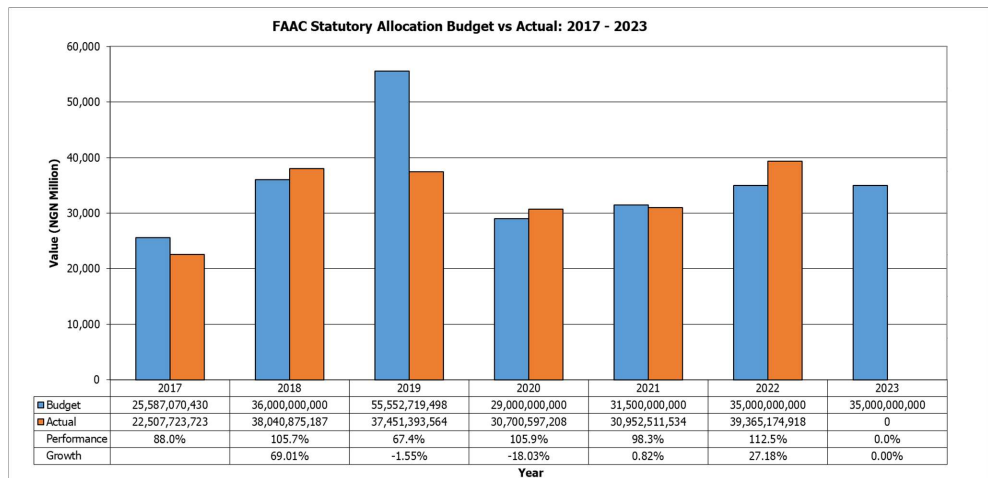
2.B Fiscal Update

2.B.1 Historic Trends

Revenue Side

77. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Other FAAC transfer, and Capital Receipts – budget versus actual for the period 2017-2022 (six year historic) and 2023 budget.

Figure 9: Statutory Allocation

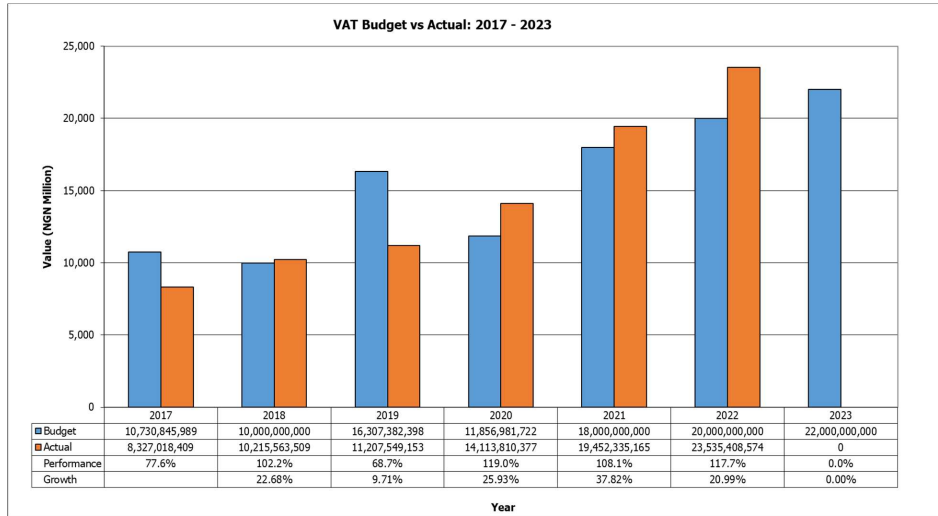


78. Statutory Allocation is a transfer from the Federation Allocation Accounts Committee (FAAC) and is based on the collection of minerals (largely Oil) and non-mineral revenues (companies’ income tax and custom and excise duties) at the national level, which is then shared between the three tiers of government using revenue allocation sharing ratios.

79. Actual receipts increased from 2017 to 2018 by 69.01% and declined in 2019 and 2020 respectively by -1.55% and -18.03%; then slightly increased in 2021 by 0.82% and sharply increased by 27.18% in 2022. The reason for the decline of the statutory allocation in 2020 was because of the impact of COVID-19 while the increase in 2022 was as a result on increase global oil price due to Russia – Ukraine war. It is expected that the removal of subsidy and liberalization of exchange rate in 2023 will increase the proportion of oil revenue accruing to FAAC.

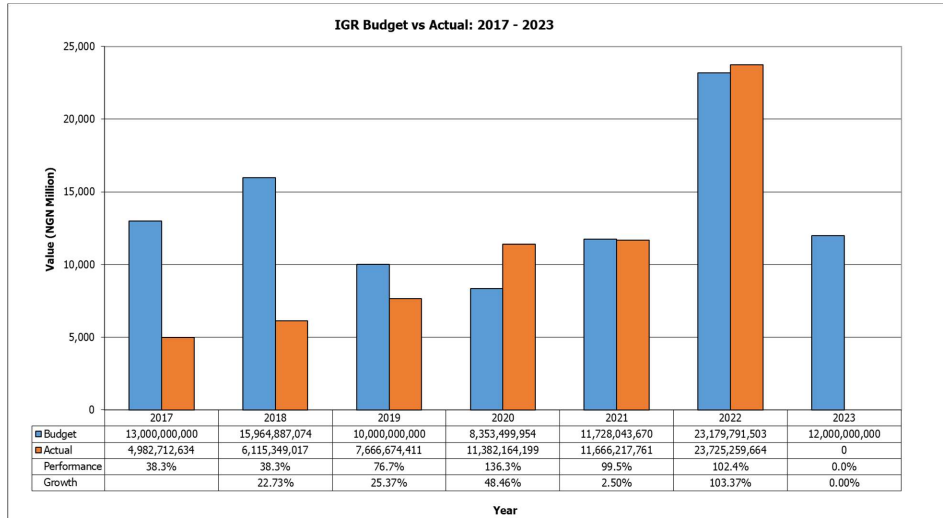
80. Statutory Allocation for 2024 is projected to increase because of the removal of subsidy and liberalization of exchange rate.

Figure 10: VAT



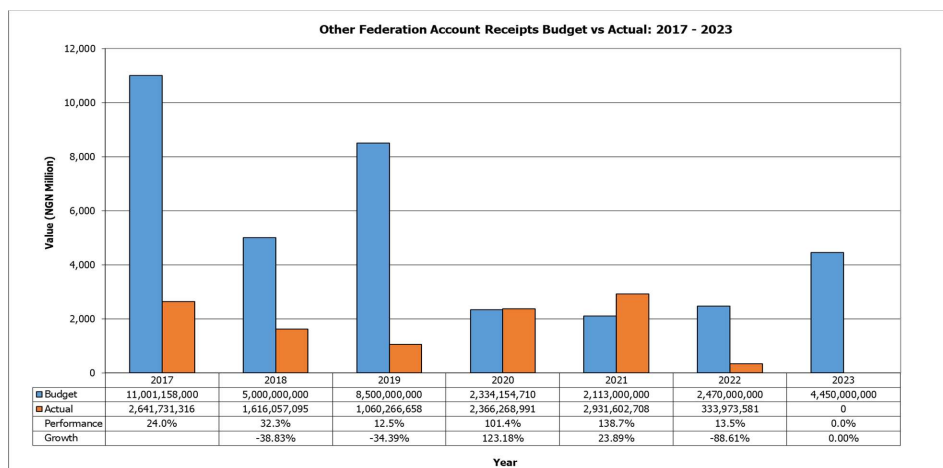
81. VAT is an ad valorem tax on most goods and services at a rate of 7.5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government monthly – partially based on set ratios, and partially based on the amount of VAT a particular state generated. States receive 50% of the total VAT collections nationally, from which Ebonyi gets a proportion of it based on their contribution.
82. There has been consistent increase in VAT receipts from year 2018 to 2022 by 22.68%, 9.71%, 25.93%, 37.82% and 20.99% respectively. This is as a result of high inflation, economic growth and the increase in the VAT rate from 5% to 7.5% in 2021.
83. Forecasts should take into consideration the possible implications of the oil prices, Russia - Ukraine crisis on economic activity in Nigeria – elasticity forecasting will enhance this.

Figure 11: IGR



- 84. Internally Generated Revenue also known as Independent Revenue (IR) is revenue collected within Ebonyi State related to income tax (PAYE represents the highest contributor to IGR), fines, levies, fees and other sources of revenue within the state.
- 85. Actual collections were lower than the budget in 2017, 2018, 2019 and 2021 but in 2020 and 2022, the actual collection was higher than the budget. However, IGR collection had a steady growth in 2018 to 2022, though, the growth in 2021 was minimal (i.e., 2.5%) and it is expected to increase in 2023, this is occasioned largely by the various reforms being carried out by the State government in the Internal Revenue Service and lately the increase in economic activity and the price level in the state.

Figure 12: Other Federation Account Receipts

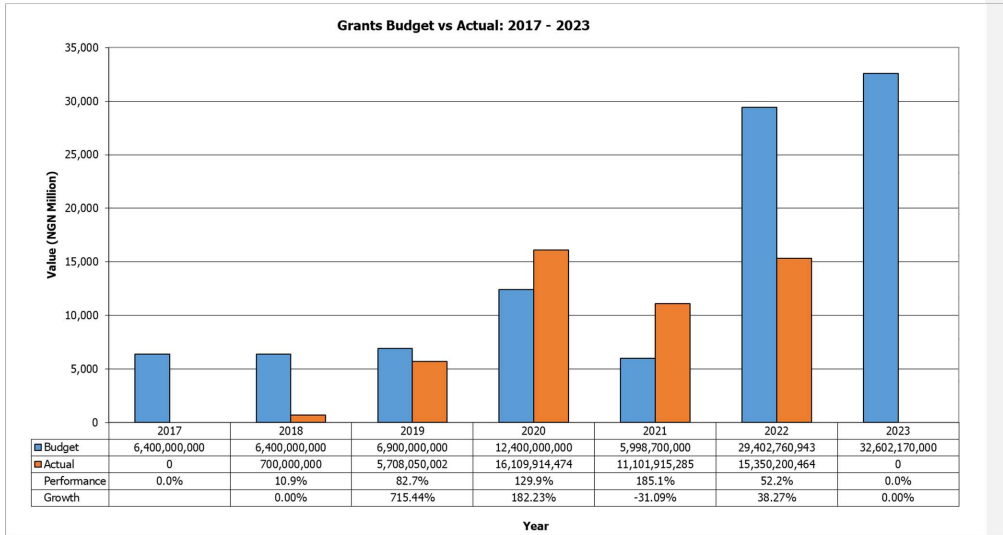


- 86. Other Federation Account Receipts are other receipts from Federation Accounts which include Exchange Gain, NNPC refund, Augmentation, etc. Receipts from this source have been unsteady since 2015. Previously, the State had not maintained separate report of other Federation Account receipts.

The items under this revenue class were most times added to Statutory Allocation report. However, two years ago the State budgets and reports started classifying this revenue class separately. We don't anticipate material increases in all but Exchange gain over the next 2 years. Exchange Gain will be a major revenue line item moving forward due to the policy change by CBN from a fixed rate to a floating rate in the open market.

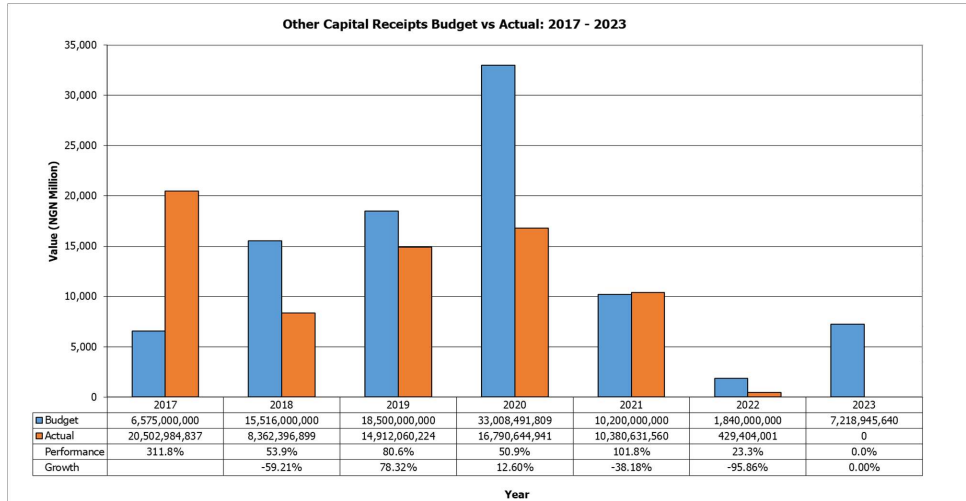
Commented [CR1]: Needs to be some discussion on the general over anticipating over the years

Figure 13: Grants



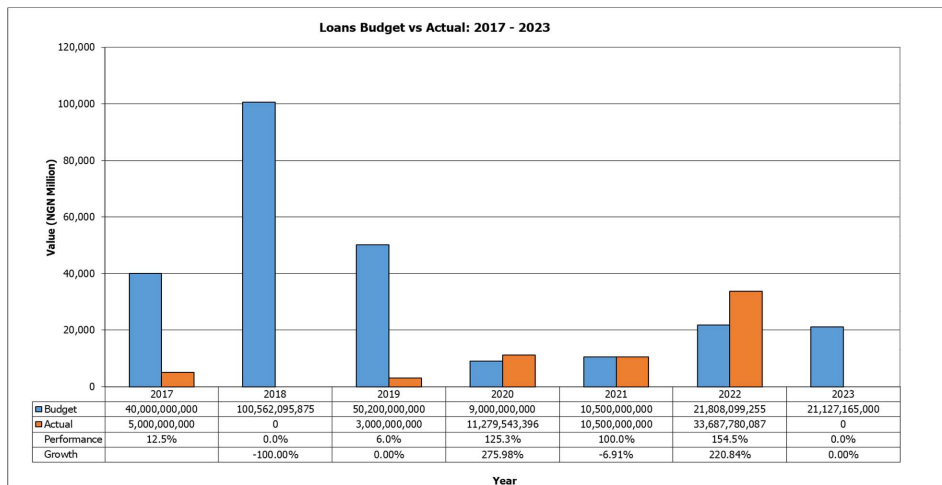
- 87. Grants are receipts from both internal and external sources such as Federal Government SDGs Conditional Grants Scheme, as well as grants from the international development partners (including United States Agency for International Development “USAID” and United Nations Children’s Fund “UNICEF”).
- 88. Actual receipts have been sporadic having nothing in the years 2017. In those years when there were receipts, some were far from the budget, due largely to the over-ambitiousness on the part of some MDAs intermediating between the State and the donor partners and inconsistency in the implementation of signed agreement. However, in 2020 and 2021 actual receipts were more than the budget.
- 89. Grant budget going forward should be consistent with signed agreements.

Figure 14: Other Capital Receipts



90. Other capital receipts here include refund on federal roads constructed by the State, budget support, Excess Paris Club deduction refund and refunds from withholding tax. Items under this revenue class had previously been added to other revenue classes. However, in recent years the State budgets and reports has been classifying this revenue class separately.
91. Other capital receipt had an incredible performance in 2017 of over 300% because of the infrastructural refund made to the state by the Federal Government, a drastic decline of 54% in 2018, 81% in 2019 and dropped to 51% in 2020 for the obvious reason of the COVID-19 pandemic. 101% in 2021 and 23% in 2022.

Figure 15: Loans/Financing



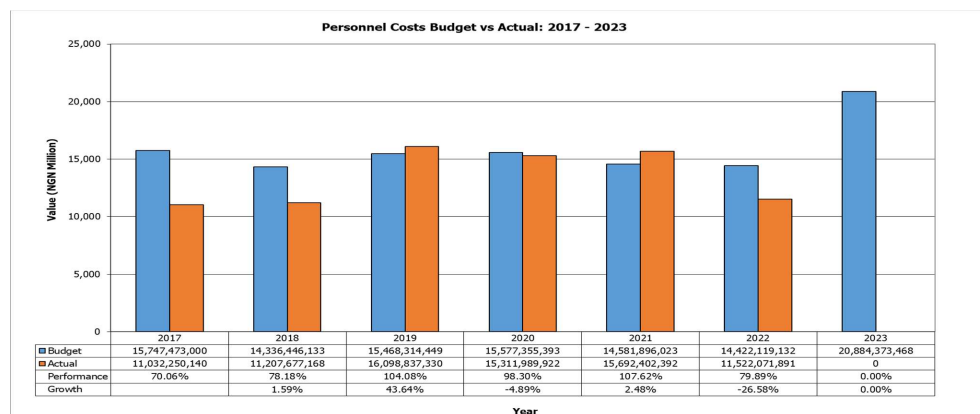
92. Besides some short-term borrowing from banking facilities, financing has come in the form of various World Bank programmes (FADAMA, Health and Education sector support).

93. There was no actual in 2018 because the State got revenues that were not budgeted for and had no reason to borrow, while in 2020 the pandemic gave reasons to borrow and that gave rise to the over 100% performance in the preceding years of 2021 and 2022.

Expenditure Side

94. On the expenditure side, the document looks at Personnel, Overheads, Social Contribution & Social Benefits, Public Debt Service and Capital Expenditure – budget versus actual for the period 2017-2022 (six years) and 2023 budget.

Figure 16: Personnel

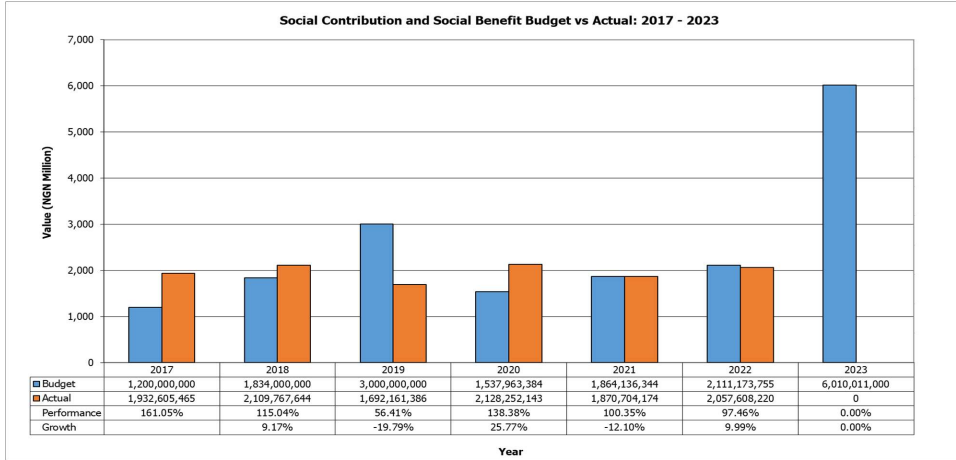


95. Personnel Cost comprised of salaries and allowances of civil servants, public servants in government agencies and parastatals, members of the State House of Assembly, Judicial Officers, Political Office holders, Permanent Secretaries, Accountant General, Auditor Generals of state, Auditor Generals of Local Government, and members of Statutory Commissions.

96. Over the period 2017-2022, the actual personnel expenditure as a percentage of the budget fluctuates between 70.06% and 107.62%. For years 2019 and 2021 the performance was 104.08%, and 107.62% respectively. While for 2017, 2018, 2020 and 2022 the performance was 70.06%, 78.18%, 98.30% and 74.66% respectively. The decline in 2022 was the result of the disengagement of a large number of Political Office Holders in the first half of 2022. The increase in the 2023 budget was the provision for employment of liaison officers in all 171 wards of the State.

Commented [CR2]: Why was there decline in actuals in 2022? And why the large increase in the 2023 budget?

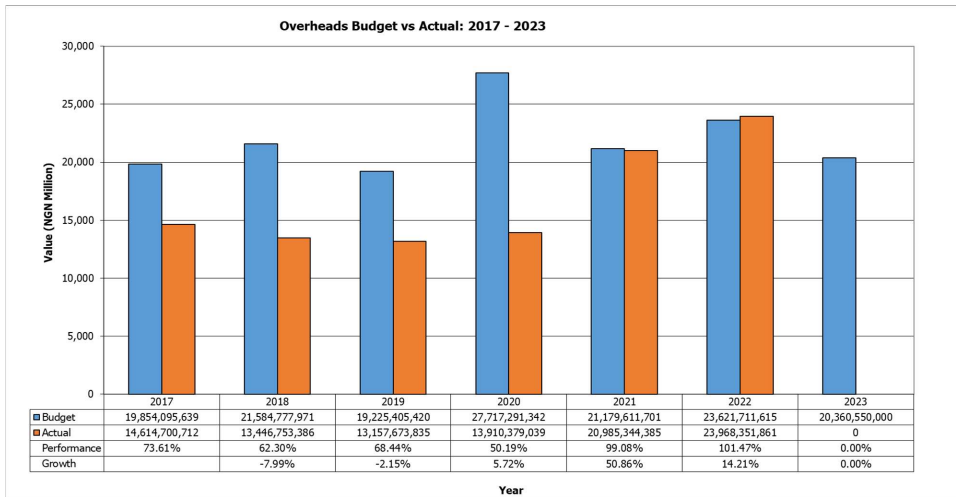
Figure 17: Social Contributions and Social Benefits



- 97. Social Contributions and Social Benefits comprised of the payment of Pension and Gratuity to retired civil servants, public servants in government agencies and parastatals, and Judicial Officers.
- 98. Budgeting and reporting on this expenditure class commenced in 2017 financial year. Performance over budget for 2017 was 161.05%, 115.04% in 2018, 56.41% in 2019, 138.38% in 2020, 100.35% in 2021 and 97.46% in 2022. In the 2023 Budget there is huge increase in Social Contributions and Social Benefits. This is as a result of the anticipated payment of Severance allowance to political Office holders due to the transition year. Also, it is anticipated that Pension Arrears and Gratuity would be paid since verification committee constituted by the State Government had completed their screening.

Commented [CR3]: Why such a big increase in the 2023 budget compared to the historical actuals?

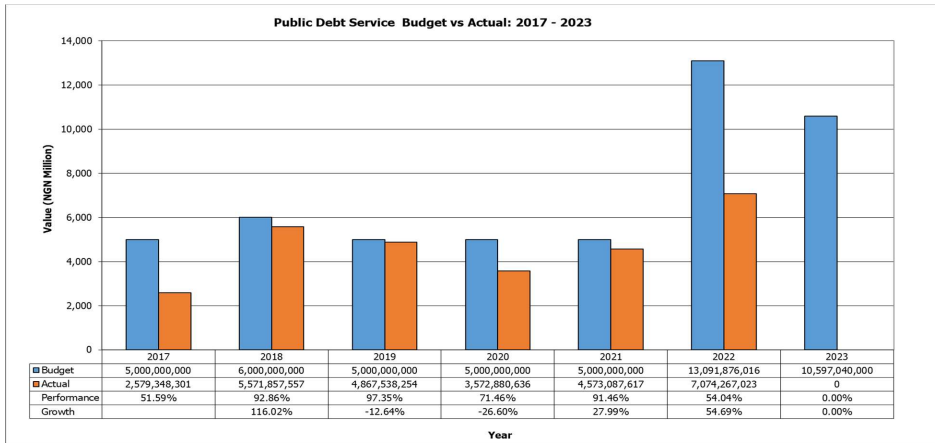
Figure 18: Overheads



- 99. Overheads comprise mainly of operational and maintenance costs for running day-to-day activities of the Government. Overhead allocations are transferred to MDAs monthly subject to warrants and availability of fund.

100. Performance of actual over budget has been varied; 73% in 2017, 62% in 2018, 68% in 2019, 50% in 2020, 99% in 2021 and 101% in 2022. The State had previously captured social contributions under overhead prior to the 2022 budget. The movement of this line item led to the sharp increase observed in 2022 actuals.

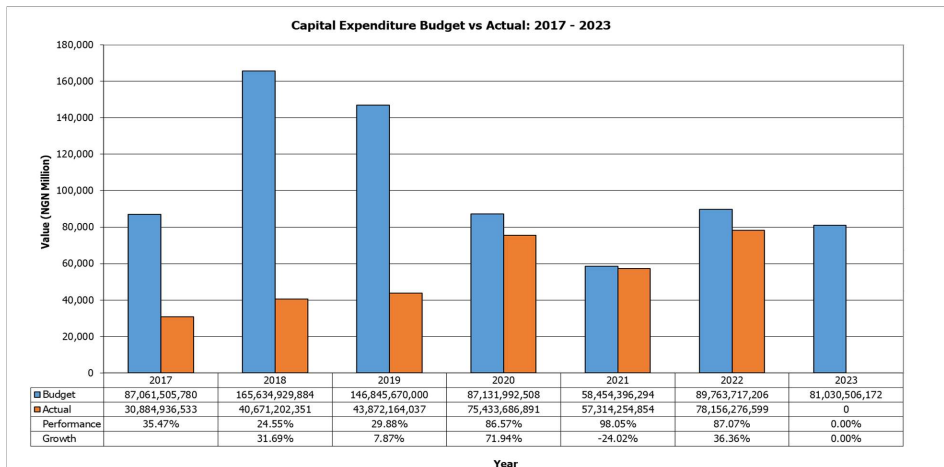
Figure 19: Public Debt Service



Commented [CR4]: Why the big increase in actuals in 2021? And why is 2023 budget lower than 2022 actuals?

101. Public Debt Charge includes payment for internal and external debt (principal and interest). Budgeting and reporting on this expenditure class commenced in 2018 financial year.
102. In 2017 Actual performance stood at 51%, in 2018 there was a sharp increase to 92% and then 97% in 2019. The performance dropped to 71% in 2020 and went up again to 91% in 2021. However, in 2022 there was a sharp drop to 54% because expected funds from the NG Cares Program and the Rural Access Agricultural Marketing Project (RAAMP), which are external loans, did not materialize. State is currently working towards institutionalising the process of reporting on public debt service as a separate expenditure class.

Figure 20: Capital Expenditure



Commented [CR5]: Ebonyi is one of very few States who Over Budgeted for Debt Service in 2022. Most under budgeted. This is peculiar. Please provide some explanation for what happened - where did the figure for the 2022 budget come from and why was it so wrong?

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

104. Capital Expenditure performance reduced from 35% in 2017 to 25% and 30% in 2018 and 2019 respectively. However, in 2020, 2021 and 2022, it increased by 87%, 98% and 87% respectively. Similarly, actual capital expenditure increased by 87% and 98% in 2020 and 2021 and it came to 87% in 2022.
105. Prudent forecasting of revenue, and hence the capital development fund, and tight control on recurrent expenditure, accounted for the impressive performance in 2020 – 2022. Maintaining the prudent forecasting method will help both increase the level of capital expenditure and improve performance against budget going forward. This is important as the state should look to avoid wasted effort in preparing detailed capital expenditure submissions if they cannot, ultimately, be resource-backed.

By Sector

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

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

Personnel Expenditure by Sector							
Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance
Governor's Office	705,170,746	1,544,361,104	608,638,463	1,105,768,118	608,638,463	524,594,039	194.23%
Office of Secretary the State Government	125,666,000	2,131,378,582	120,447,733	1,121,482,155	120,447,733	131,905,882	1049.76%
Ebonyi State House of Assembly	555,037,000	1,559,054,936	553,711,675	615,217,293	585,000,000	592,673,481	192.02%
Ministry of Information and State Orientation	229,892,266	231,986,548	225,283,157	222,853,520	225,283,157	227,823,309	99.30%
Office of the Head of Service	63,550,000	51,154,567	44,623,915	43,739,287	140,623,915	102,259,502	87.14%
Office of Auditor General	186,717,250	182,327,459	185,920,352	164,217,231	275,258,239	184,680,631	85.00%
Civil Service Commission	35,646,970	36,157,733	39,621,752	39,414,422	39,621,752	30,780,505	90.15%
Local Government Service Commission	78,458,573	28,303,865	28,561,016	29,611,045	28,561,016	32,761,134	52.35%
Ebonyi State Independent Electoral Commission	84,218,000	84,016,149	79,122,541	79,780,048	79,122,541	81,602,973	99.17%
Ministry of Internal Security & Border, Peace and Stability	17,200,000	23,083,019	22,852,761	23,345,194	22,852,761	15,593,722	89.39%
Ministry of Agriculture & Natural Resources	407,842,500	422,731,400	492,132,188	384,669,224	492,132,188	371,177,800	90.46%
Ministry of Rice Mill Development	0	0	7,753,368	0	7,753,368	0	0.00%
Ministry of Finance and Economic Development	1,255,409,700	822,756,098	2,594,700,473	1,405,417,573	802,406,748	268,083,117	56.33%
Ministry of Commerce, Industry & Business	125,187,000	46,117,663	53,822,240	52,818,596	44,655,624	59,318,141	71.99%
Ministry of Human Capital Dev. & Monitoring	20,660,000	23,377,862	19,715,752	19,697,419	19,715,752	18,944,525	81.65%
Ministry of Works and Transport	114,025,706	74,177,836	74,029,433	74,480,079	80,029,433	79,684,756	77.12%
Ministry of Culture and Tourism	78,300,000	73,180,816	66,341,707	66,408,160	66,341,707	66,697,816	98.57%
Fiscal Responsibility Commission	37,300,000	29,209,799	20,785,286	17,472,272	20,785,286	8,162,238	74.73%
Ministry of Water Resources	97,903,000	96,394,816	86,920,196	86,984,221	86,920,196	86,024,849	107.08%
Ministry of Lands and Survey	72,983,571	66,532,519	62,092,181	58,263,107	65,092,181	60,355,874	79.45%
Ministry of Power & Energy	82,100,000	88,421,069	81,028,416	80,481,588	81,028,416	80,861,826	88.19%
Ministry of Housing and Urban Development	38,922,000	40,060,133	38,025,015	39,050,535	38,025,015	37,765,672	104.74%
Ministry of Project Monitoring and Evaluation	13,575,000	14,868,686	12,018,511	12,486,294	12,018,511	12,561,927	52.84%
Ministry of Infrastructural Development and Management	29,220,000	29,520,015	20,840,781	17,521,068	11,914,816	15,215,648	118.61%
Ministry of Market Development & Management	0	0	9,663,530	0	9,663,530	11,938,126	61.77%
Ministry of Solid Mineral Development Commission	20,030,000	19,414,223	16,353,423	15,689,071	16,353,423	17,388,156	84.00%
Ministry of Trade & Investment	22,196,000	9,680,631	7,824,932	8,051,134	7,824,932	0	53.71%
The State Judiciary	619,962,000	617,745,035	613,198,921	609,924,193	639,000,000	622,761,065	97.70%
Ministry of Justice	73,996,623	68,120,658	67,757,021	54,525,632	67,757,021	65,651,215	87.20%
Ministry of Capital City and Urban Development	58,500,000	55,337,959	42,595,249	38,541,898	52,595,249	26,188,250	71.57%
Ministry of Youth Development and Sports	53,450,000	52,457,082	46,563,908	45,143,460	46,563,908	47,924,477	95.73%
Ministry of Women Affairs & Social Development	101,146,866	99,790,987	91,284,161	90,716,959	91,284,161	99,882,777	93.08%
Ministry of Education	8,883,132,923	6,400,948,706	7,121,960,015	7,667,168,497	8,524,126,042	6,529,929,838	83.37%
Ministry of Health	1,171,610,200	944,261,930	905,044,913	901,725,824	905,044,913	890,864,573	74.68%
Ministry of Environment, Grants and Donor Relations	78,315,500	93,628,192	84,533,615	83,163,587	71,549,713	82,854,193	102.16%
Ministry of Local Government, Chieftaincy and Traditional Affairs	40,030,000	38,279,255	36,127,423	36,161,218	36,127,423	37,159,854	98.09%
Total	15,577,355,393	16,098,837,330	14,581,896,023	15,311,989,922	14,422,119,133	11,522,071,891	98.30%

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

Overhead Expenditure by Sector								
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance
1	Governor's Office	7,271,181,506	6,306,421,781	8,985,184,899	9,067,680,006	5,504,679,385	6,169,753,273	97.88%
2	Office of Secretary the State Government	8,151,160,800	789,974,786	3,361,563,392	4,519,212,555	5,699,576,981	9,200,289,438	71.08%
3	Ebonyi State House of Assembly	997,040,000	560,720,000	636,813,333	697,400,000	945,000,000	906,346,522	81.49%
4	Ministry of Information and State Orientat	143,091,380	127,227,982	407,166,300	415,135,025	407,166,300	811,143,568	125.81%
5	Office of the Head of Service	10,310,000	5,115,000	1,392,000	2,359,000	2,400,000	2,910,000	40.19%
6	Office of Auditor General	3,300,000	900,000	2,559,167	1,200,000	39,570,000	1,200,000	7.01%
7	Civil Service Commission	2,400,000	1,500,000	1,653,333	1,900,000	2,400,000	2,740,000	51.34%
8	Local Government Service Commission	820,000	100,000	0	0	0	1,100,000	10.06%
9	Ebonyi State Independent Electoral Commi	2,970,000	2,882,500	2,640,000	3,217,500	2,640,000	2,970,000	43.05%
10	Ministry of Internal Security & Border, Pe	728,620,000	1,888,916,371	1,647,729,872	3,465,356,839	2,000,000,000	2,484,242,095	162.54%
11	Ministry of Agriculture & Natural Resource	27,441,500	2,350,000	4,266,667	3,020,000	354,986,667	3,960,000	5.92%
12	Ministry of Rice Mill Development	0	1,074,125,000	1,933,333	1,850,000	2,400,000	0	2380.25%
13	Ministry of Finance and Economic Developm	7,312,919,485	984,197,724	4,945,028,767	1,647,269,806	5,251,382,589	2,377,632,050	41.24%
14	Ministry of Commerce, Industry & Business	3,193,600	1,455,000	3,066,667	2,950,000	167,905,000	5,226,500	0.80%
15	Ministry of Human Capital Dev. & Monitorin	152,180,000	4,800,000	10,122,667	8,332,000	10,122,667	11,122,000	13.75%
16	Ministry of Works and Transport	2,170,000	2,146,000	1,050,000	1,350,000	2,450,000	2,699,990	38.01%
17	Ministry of Culture and Tourism	7,655,000	2,452,550	1,566,667	2,350,000	2,500,000	2,735,000	30.56%
18	Fiscal Responsibility Commission	1,200,000	1,800,000	800,000	750,000	2,400,000	400,000	41.97%
19	Ministry of Water Resources	930,000	5,922,800	1,093,333	1,270,000	2,400,000	2,300,000	38.08%
20	Ministry of Lands and Survey	2,048,000	1,679,500	1,000,000	1,530,000	2,866,667	3,645,014	71.49%
21	Ministry of Power & Energy	800,000	2,087,400	1,533,333	16,350,000	2,400,000	2,728,000	645.92%
22	Ministry of Housing and Urban Development	202,249,000	2,700,000	666,667	1,500,000	2,400,000	2,000,000	3.93%
23	Ministry of Project Monitoring and Evaluati	5,419,500	1,905,000	2,200,000	2,250,000	2,400,000	3,000,000	38.80%
24	Ministry of Infrastructural Development ar	1,713,000	1,500,000	666,667	2,100,000	2,400,000	1,466,000	131.10%
25	Ministry of Market Development & Manage	0	900,000	0	1,082,000	0	3,293,000	0.00%
26	Ministry of Solid Mineral Development Com	2,400,000	11,665,000	2,328,533	3,446,400	2,328,533	3,430,000	136.77%
27	Ministry of Trade & Investment	4,996,000	50,000	666,667	1,750,000	2,866,667	15,308,791	113.38%
28	The State Judiciary	291,702,000	138,532,526	129,132,933	114,220,000	220,000,000	208,884,056	70.64%
29	Ministry of Justice	78,947,600	176,755,506	238,040,000	228,998,000	238,040,000	551,805,500	138.80%
30	Ministry of Capital City and Urban Developm	10,200,000	4,500,000	5,418,533	5,500,000	9,482,433	6,000,000	2.04%
31	Ministry of Youth Development and Sports	7,449,000	16,355,000	2,013,813	2,540,000	400,213,813	3,175,000	5.73%
32	Ministry of Women Affairs & Social Develop	18,340,960	2,910,000	2,820,000	3,465,000	2,820,000	3,649,000	19.59%
33	Ministry of Education	1,482,704,011	1,331,121,231	759,521,158	739,049,255	1,864,972,580	660,559,864	76.09%
34	Ministry of Health	782,408,200	453,610,383	16,148,000	16,211,000	463,641,333	479,049,101	76.45%
35	Ministry of Environment, Grants and Donor	3,606,300	1,100,000	1,200,000	1,750,000	2,400,000	29,188,100	180.26%
36	Ministry of Local Government, Chieftaincy I	3,724,500	0	625,000	1,000,000	2,500,000	2,400,000	36.20%
	Total	27,717,291,342	13,910,379,039	21,179,611,701	20,985,344,385	23,621,711,615	23,968,351,861	78.50%

Commented [CR6]: Please repaste this table having hidden the rows for Ministries 37-46 since they are blank

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

Capital Expenditure by Sector								
No.	Sector	2020 2020 Budget	2020 2020 Actual	2021 2021 Budget	2021 2021 Actual	2022 2022 Budget	2022 2022 Actual	Performance
1	Governor's Office	846,000,000	6,731,000	106,527,525	34,327,525	267,700,000	99,247,613	12.87%
2	Office of Secretary the State Government	2,408,995,300	4,571,284,972	1,177,399,810	1,012,343,210	1,272,552,000	4,274,834,247	129.23%
3	Ebonyi State House of Assembly	593,800,000	455,429,130	897,077,603	897,077,603	3,210,000,000	630,000,000	43.55%
4	Ministry of Information and State Orientation	130,600,000	3,419,813	8,462,000	8,462,000	44,580,000	0	3.02%
5	Office of the Head of Service	5,400,000	0	0	0	5,514,358	0	0.00%
6	Office of Auditor General	11,626,800	0	1,715,000	0	181,140,245	0	0.00%
7	Civil Service Commission	24,000,000	8,662,000	2,379,600	2,379,600	3,500,000	0	23.28%
8	Local Government Service Commission	31,000,000	0	0	0	14,800,000	0	0.00%
9	Ebonyi State Independent Electoral Commission	1,500,000	0	0	0	5,394,000	0	0.00%
10	Ministry of Internal Security & Border, Peace	542,000,000	39,251,700	663,669,685	590,669,685	1,376,000,000	309,660,963	38.15%
11	Ministry of Agriculture & Natural Resources	1,501,540,500	196,163,903	1,556,793,513	1,541,830,503	2,578,119,500	388,417,757	23.01%
12	Ministry of Rice Mill Development	21,000,000	0	0	0	3,910,000	0	0.00%
13	Ministry of Finance and Economic Development	2,176,300,000	590,424,028	5,019,236,902	4,980,244,173	3,121,972,024	6,102,284,644	90.74%
14	Ministry of Commerce, Industry & Business Development	5,601,200,000	8,159,590,118	0	0	1,337,570,000	85,000,000	74.58%
15	Ministry of Human Capital Dev. & Monitoring	3,576,600,000	12,729,000	127,105,000	127,105,000	3,582,845,620	23,036,250	2.28%
16	Ministry of Works and Transport	13,755,336,500	16,955,764,223	10,613,547,047	14,868,519,024	24,252,578,126	19,383,524,433	66.96%
17	Ministry of Culture and Tourism	366,200,000	124,905,520	32,003,669	27,503,669	111,108,646	4,350,000	23.81%
18	Fiscal Responsibility Commission	13,000,000	0	0	0	4,210,000	0	0.00%
19	Ministry of Water Resources	1,030,000,000	229,541,207	168,204,973	168,204,973	1,770,600,000	167,750,832	13.55%
20	Ministry of Lands and Survey	969,000,000	861,647,336	449,587,251	476,897,985	346,292,159	58,024,135	53.14%
21	Ministry of Power & Energy	4,047,000,000	3,113,562,259	1,608,415,554	1,585,132,957	2,080,000,000	2,871,388,152	74.91%
22	Ministry of Housing and Urban Development	2,631,150,675	2,798,279,679	1,982,692,235	1,873,715,615	1,230,119,873	1,614,956,836	88.93%
23	Ministry of Project Monitoring and Evaluation	102,000,000	2,184,956,111	11,580,040	11,580,040	116,384,492	58,613,528	162.24%
24	Ministry of Infrastructural Development and Concession	8,011,300,000	8,250,236,192	13,586,097,290	13,356,329,888	17,484,192,107	23,620,172,787	105.60%
25	Ministry of Market Development & Management	0	0	1,303,976,289	1,273,572,496	767,290,000	603,697,747	90.63%
26	Ministry of Solid Mineral Development Communities	331,000,000	7,346,500	3,569,000	3,569,000	553,000,000	5,000,000	3.21%
27	Ministry of Trade & Investment	40,915,850	0	0	0	542,000,000	634,264,746	105.20%
28	The State Judiciary	710,600,000	235,335,563	440,052,676	559,321,795	1,030,000,000	407,000,000	50.75%
29	Ministry of Justice	140,000,000	0	2,000,000	2,000,000	33,790,000	0	2.51%
30	Ministry of Capital City and Urban Development	239,700,000	0	18,325,000	18,325,000	15,000,000	0	15.85%
31	Ministry of Youth Development and Sports	304,100,000	77,570,665	389,172,225	268,707,490	1,506,220,000	2,064,973,535	68.82%
32	Ministry of Women Affairs & Social Development	141,000,000	0	5,417,500	5,417,500	97,289,842	0	6.62%
33	Ministry of Education	15,282,626,883	8,578,493,224	5,632,313,101	34,058,330	13,950,625,533	7,547,878,749	33.19%
34	Ministry of Health	20,756,500,000	17,549,100,599	12,211,604,563	13,196,092,330	6,258,000,000	4,456,074,326	78.89%
35	Ministry of Environment, Grants and Donors	727,000,000	423,262,151	435,471,244	390,867,464	598,877,683	2,746,125,317	107.97%
36	Ministry of Local Government, Chieftaincy Matters and Rural	62,000,000	0	0	0	10,541,000	0	0.00%
	Total	87,131,992,508	75,433,686,891	58,454,396,294	57,314,254,854	89,763,717,206	78,156,276,598	66.66%

Commented [CR7]: As above, please replace with having hidden the redundant rows

2.B.2 Debt Position

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

Table 7: Debt Position as of 31st December 2022

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2022
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	322.43%
2	Total External Debt/Gross FAAC	150%	41.55%
3	Total Public Debt/Total Recurrent Revenue	150%	118.18%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	26.05%
6	External Debt Service/Gross FAAC	10%	1.41%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	9.76%
8	Total Debt Service/Total Recurrent Revenue	25%	8.14%
B	PUBLIC DEBT DATA AS AT 31st DECEMBER 2022		Naira
1	Total Domestic Debt		76,496,806,096
2	Total External Debt		26,272,546,915
3	Total Public Debt		102,769,353,011
4	Total Domestic Debt Service 2022		6,180,808,765
5	Total External Debt Service in 2022		893,458,258
6	Total Public Debt Service		7,074,267,023
C	STATE GDP FOR 2022		
1	State GDP		0

108. By December 2022, the State's total public debt was N102,769,353,011 broken into N76,496,806,096 for domestic debt and N26,272,546,915 for external debt. We anticipate changes in the foreign debt stock due to the new CBN Policy of floating the Naira on the open market. This policy will certainly lead to an increase in our foreign debt stock in 2023.

109. The removal of fuel subsidy in addition to floating of the Nigerian Currency should lead to increase revenue for the Federation Account which should help cushion the effects increase of the foreign debt stock.

3 Fiscal Strategy Paper

3.A Macroeconomic Framework

110. The Macroeconomic framework is based on IMF national real GDP growth and inflation forecasts from the April 2023 World Economic Outlook document, and mineral benchmarks (oil price, production and NGN: USD exchange rate) based on the current mineral sector realities (providing some margin for error).

Figure 21: Ebonyi State Macroeconomic Framework

Item	2024	2025	2026
National Inflation	20.00%	15.50%	15.20%
National Real GDP Growth	3.00%	3.00%	3.00%
Oil Production Benchmark (MBPD)	1.6000	1.7000	1.8000
Oil Price Benchmark	\$65.00	\$65.00	\$65.00
NGN:USD Exchange Rate	750	750	750
Other Assumptions			
Mineral Ratio	25%	30%	35%

Commented [CR8]: Need to include the row for mineral ratio in this table - please repaste.

3.B Fiscal Strategy and Assumptions

Policy Statement

111. Ebonyi State’s mission is to mobilize the people of Ebonyi State to harness all its God-given resources, create and use wealth for the ends of individual happiness, collective fulfilment, and peaceful cohabitation in an environment of transparent and honest leadership. The State’s fiscal policy is envisaged to control and enforce compliance with established spending limits to achieve sound budgeting system, which include aggregate fiscal discipline, allocative efficiency, and effective spending.

Objectives and Targets

112. The key targets for Ebonyi State Government from a fiscal perspective are:
- Create efficiencies in personnel and overhead expenditure to allow greater resource for capital development.
 - Grow IGR by a minimum of 20% every year from 2024 to 2026
 - Loans will only be used for capital expenditure projects.
 - Long term target of funding all non-debt recurrent expenditure through IGR;
 - Target sources of capital receipts and financing outside of loans (e.g. Grants, PPP, etc.); and
 - Priority given to the completion of ongoing capital projects before new projects are commenced.

Commented [CR9]: 2024-2026?

3.C Indicative Three-Year Fiscal Framework

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

Table 8: Ebonyi State Medium Term Fiscal Framework

Commented [CR10]: Please hide the column for 2023. And ensure closing balance row is visible

Fiscal Framework			
Item	2024	2025	2026
Opening Balance	14,131,645,880	14,131,645,880	14,131,645,880
Recurrent Revenue			
Statutory Allocation	81,698,755,931	102,084,882,110	125,604,544,694
VAT	39,545,983,691	50,836,698,342	63,820,486,196
IGR	25,600,000,000	26,500,000,000	27,000,000,000
Excess Crude / Other Revenue	11,500,000,000	12,000,000,000	12,500,000,000
Total Recurrent Revenue	158,344,739,622	191,421,580,452	228,925,030,891
Recurrent Expenditure			
Personnel Costs	25,924,661,755	29,813,361,018	34,285,365,171
Social Contribution and Social Benefit	4,263,363,369	4,263,363,369	4,263,363,369
Overheads	35,952,527,792	43,143,033,350	47,457,336,686
Grants, Contributions and Subsidies	0	0	0
Public Debt Service	12,462,330,028	14,481,470,533	12,085,641,498
Total	78,602,882,943	91,701,228,271	98,091,706,723
Transfer to Capital Account	93,873,502,559	113,851,998,061	144,964,970,048
Capital Receipts			
Grants	5,374,320,000	5,374,320,000	5,374,320,000
Other Capital Receipts	0	0	0
Total	5,374,320,000	5,374,320,000	5,374,320,000
Reserves			
Contingency Reserve	5,346,767,951	6,372,150,016	7,534,756,980
Planning Reserve	8,249,048,751	8,857,100,414	10,440,573,313
Total Reserves	13,595,816,701	15,229,250,430	17,975,330,292
Capital Expenditure			
Discretionary Funds	110,523,145,858	116,997,067,631	135,363,959,755
Non-Discretionary Funds	100,277,685,858	108,622,747,631	126,989,639,755
Non-Discretionary Funds	10,245,460,000	8,374,320,000	8,374,320,000
Financing (Loans)	24,871,140,000	13,000,000,000	3,000,000,000
Total Revenue (Including Opening Balance)	202,721,845,502	223,927,546,332	251,430,996,771
Total Expenditure (including Contingency Reserve)	202,721,845,502	223,927,546,332	251,430,996,771
Ratios			
Growth in Recurrent Revenue	12.35%	20.89%	19.59%
Growth in Recurrent Expenditure	24.74%	16.66%	6.97%
Capital Expenditure Ratio	58.59%	56.20%	57.99%
Deficit (Financing) to Total Expenditure	12.27%	5.81%	1.19%
Deficit (Financing) to GDP Ratio	NA	NA	NA

3.C.1 Assumptions

114. **Opening Balance** – this is tentatively based on the previous years' figures. The state estimates N14.13 billion as opening balances in 2024, 2025 and 2026 respectively.
115. **Statutory Allocation** – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macro-economic framework real GDP growth and inflation forecasts from the July 2023 IMF, World Economic Outlook document. The State will continue to monitor the development at Federal level to ascertain the mineral assumptions that will be provided in the 2024-2026 Federal Fiscal Strategy Paper in order to update the statutory allocation forecast.
116. **VAT** – is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2024-2026 is in line with the current rate of collections (i.e. 7.5%). Any further revision of the rate would need to be reflected in these forecasts.

Internally Generated Revenue (IGR) – The IGR projections were set at own values of N25.6B, N26.5B and N27B for 2024, 2025 and 2026 respectively. These optimistic IGR projections are largely due to the current reforms being carried out by the Ebonyi State Board of Internal Revenue to close leakages in revenue collection in the State.

117. **Other Federation Account Distributions** – Other Federation Account Distributions – the estimation is based on the current receipt (i.e., from January to May 2023).
118. **Grants** – Over the forecast period, modest amounts have been projected for grants based on the level of grant received in the past. The estimated amount for 2024, 2025 and 2026 is N5.37 billion each year. Most of the expected grants are from UBEC, TETFUND and BHCPCF.
119. **Financing (Loans)** – All other internal and external loans are projections based on signed agreement.
120. A full schedule of anticipated capital receipts is included in Annex 1.
121. **Personnel** – It is anticipated that the present level of personnel cost will increase because of the proposed minimum wage increase, promotions, annual notch increments as well as the current administration’s planned massive recruitment exercise and palliatives to cushion the effect of the removal of subsidy. Therefore, Personnel costs is estimated to grow by 50% in 2024.
122. **Social Contribution and Social Benefits** – Pensions and Gratuity is estimated to grow annually by about 50% because of arrears of gratuity which the Government have promised to pay.
123. **Overheads** – Considering the inflationary impacts on operational expenditure exacerbated by the fuel subsidy removal and floating of the Naira, the overhead expenditure has been projected to increase by 25% in 2023 and 20% in 2024.
124. **Public Debt Service** – own value projected based on the projected principal and interest repayment for 2024, 2025 and 2026. The debt figures projected are based on the principal repayment and interest payment on already existing debt of the State as it is in the repayment schedule of the years concerned. From the projection made, debt service will increase from ₦12.5b in 2023 and ₦14.4 in 2024 and 2025 respectively, then drops to ₦12b by 2026.
125. **Capital Expenditure** – is based on the treasury opening balance, capital receipts and the transfer from the recurrent account less the treasury closing balance. The ratio of Capital expenditure from 2017 to 2022 has been in the range of 51% to 64%. However, over the forecasted period, the ratio is projected to increase by 58.6%, 56.2% and 58.0% for 2024, 2025, 2026 respectively. This reflects the projected increase in revenue, particular in the Statutory Allocation.

3.C.2 Fiscal Trends

126. Based on the above envelope, plus actual figures for 2024-2026 (using the same basis for forecasting), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below.

Commented [CR11]: This paragraph does not explain the 2024-2026 forecasts, which are very prudent. Is that because any MTRS activities will take time to return increases in revenue? Is there an MTRS? If is and if published, please provide a hyperlink to the document.

Commented [CE12R11]: I agree, kindly delete unnecessary words and adjust

Commented [CE13R11]:

Commented [CR14]: Needs updating based on current year

Commented [CE15]: Recast to reflect what is in B.2 Capital Receipt worksheet

Commented [CR16]: The two sentences contradict one another. There is significant increase overhead cost provisions. 25%, then 20, 20 and 10.

Figure 22: Ebonyi State Revenue Trend

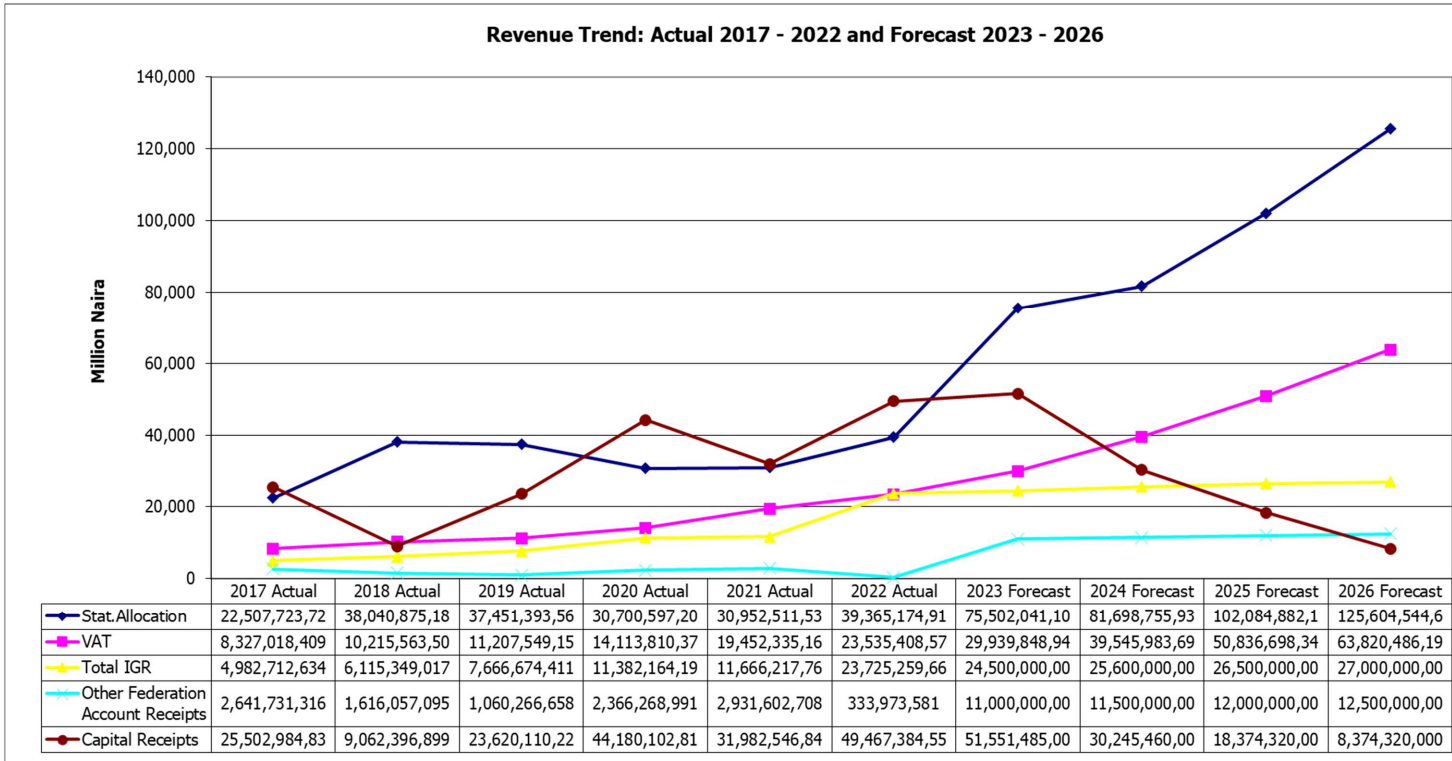
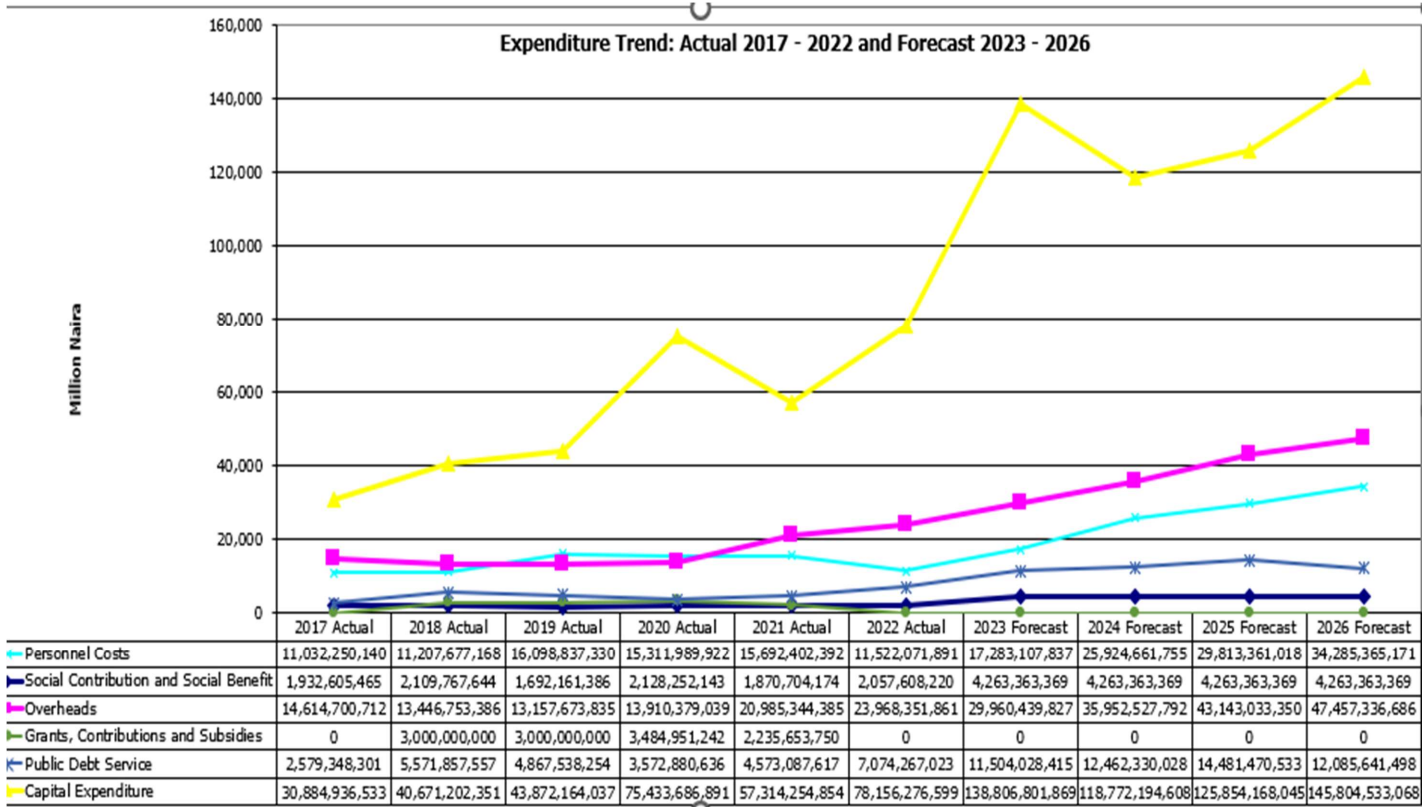


Figure 23: Ebonyi State Expenditure Trend



3.D Local Government Forecasts

Based on the Macroeconomic assumptions in section 3.A, the forecasting techniques noted in section 3.B and the vertical and horizontal sharing ratios from April 2023, the Federation Account revenues have been forecasted for the 13 Local Governments (LGs) of Ebonyi State. Forecasts for 2024 for the 13 Local Governments are provided in table 7 below.

Table 9: Local Government FAAC Estimates 2024

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2024			Total Transfer
				Statutory Allocation	VAT	Other Federation Account	
ABAKALIKI	0.1293%	0.1033%	7.567%	3,452,305,244	1,439,994,466	558,563,217	5,450,862,927
AFIKPO NORTH	0.1214%	0.1044%	7.371%	3,241,709,200	1,454,596,245	524,489,983	5,220,795,428
AFIKPO SOUTH	0.1225%	0.1045%	7.405%	3,269,615,821	1,455,973,377	529,005,114	5,254,594,312
EBONYI	0.1181%	0.0980%	7.042%	3,152,823,271	1,365,653,248	510,108,748	5,028,585,267
EZZA NORTH	0.1177%	0.1020%	7.175%	3,142,592,186	1,421,760,166	508,453,417	5,072,805,769
EZZA SOUTH	0.1223%	0.0993%	7.217%	3,266,385,101	1,384,676,187	528,482,402	5,179,543,690
IKWO	0.1430%	0.1168%	8.458%	3,816,522,158	1,627,837,035	617,491,427	6,061,850,620
ISHIELU	0.1266%	0.1032%	7.482%	3,380,573,645	1,437,978,058	546,957,455	5,365,509,158
IYO	0.1146%	0.0967%	6.891%	3,058,609,223	1,347,974,580	494,865,455	4,901,449,258
IZZI	0.1591%	0.1210%	9.089%	4,248,394,979	1,685,993,221	687,365,976	6,621,754,177
OHAOZARA	0.1235%	0.1027%	7.369%	3,295,841,386	1,430,742,889	533,248,260	5,259,832,535
OHAUKWU	0.1362%	0.1129%	8.117%	3,636,707,798	1,573,268,561	588,398,494	5,798,374,853
ONICHA	0.1492%	0.1216%	8.816%	3,983,097,396	1,694,226,139	644,442,347	6,321,765,882

3.E Fiscal Risks

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

Table 10: Fiscal Risks

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

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

4 Budget Policy Statement

4.A Budget Policy Thrust

129. The overall policy objectives are captured by the following points:

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

4.B Sector Allocations

130. The total forecast budget size for the 2024 fiscal year is **N202,721,845,502** of which the sum of **N78,602,882,943** will be for recurrent expenditure (i.e. Personnel, Social Contribution and Social Benefits, Overhead, and Public Debt Charge), **N110,523,145,858** will be for capital expenditure, which **N8,249,048,751** is for planning reserve that will be allocated to sectors at bilateral discussion stage to fund critical expenditure items not envisaged at the stage of issuing budget call circular and additional **N5,346,767,951** is for contingency reserve that will not form part of the current budget but be reserved for future budgets..

131. The capital expenditure component is in two parts, the discretionary capital expenditure of sum of **N100,277,685,858** that will be spent across all MDAs and non-discretionary capital expenditure of **N10,245,460,000** which is specifically earmarked for projects and programmes in Health, Education, Internal Security, and Agriculture. The non-discretionary amount is in the form of loans and grants.

132. Presented in the tables below are the indicative three-year (2024-2026) capital expenditure, personnel and overhead envelopes for sectors. The basis for the envelopes is as follows:

- Non-Discretionary capital expenditure is allocated automatically to the relevant sectors.
- Discretionary capital expenditure is allocated using the average trend from 2019-2023 budget, and 2019-2022 actuals.
- These are combined to give the total sector envelopes.
- Overhead expenditure is allocated using the average trend from 2019-2023 budget, and 2019-2022 actuals.

Commented [CE17]: Confirm the figures as they are not same with table above.

Table 11: Indicative Sector Expenditure Ceilings 2024-2026 – Personnel Expenditure (Salaries and Wages)

Personnel Expenditure by Sector							
No.	Sector	% 2024	2024 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation
1	Governor's Office	5.36%	1,388,892,068	5.36%	1,597,225,878	5.36%	1,836,809,760
2	Office of Secretary the State Government	5.45%	1,412,189,820	5.45%	1,624,018,293	5.45%	1,867,621,036
3	Ebonyi State House of Assembly	5.32%	1,378,396,782	5.32%	1,585,156,300	5.32%	1,822,929,745
4	Ministry of Information and State Orientation	1.43%	370,887,951	1.43%	426,521,144	1.43%	490,499,316
5	Office of the Head of Service	0.43%	111,009,223	0.43%	127,660,606	0.43%	146,809,697
6	Office of Auditor General	1.16%	299,838,410	1.16%	344,814,172	1.16%	396,536,297
7	Civil Service Commission	0.24%	61,395,830	0.24%	70,605,204	0.24%	81,195,985
8	Local Government Service Commission	0.24%	60,949,344	0.24%	70,091,746	0.24%	80,605,508
9	Ebonyi State Independent Electoral Commission	0.51%	131,762,171	0.51%	151,526,497	0.51%	174,255,472
10	Ministry of Internal Security & Border Protection	0.12%	31,618,989	0.12%	36,361,838	0.12%	41,816,113
11	Ministry of Agriculture & Natural Resources	2.44%	631,516,104	2.44%	726,243,519	2.44%	835,180,047
12	Ministry of Rice Mill Development	0.01%	2,807,151	0.01%	3,228,223	0.01%	3,712,457
13	Ministry of Finance and Economic Development	10.20%	2,643,773,233	10.20%	3,040,339,218	10.20%	3,496,390,101
14	Ministry of Commerce, Industry & Business	0.36%	94,398,536	0.36%	108,558,316	0.36%	124,842,063
15	Ministry of Human Capital Dev. & Monitoring	0.13%	33,328,701	0.13%	38,328,006	0.13%	44,077,207
16	Ministry of Works and Transport	0.53%	136,190,689	0.53%	156,619,292	0.53%	180,112,186
17	Ministry of Culture and Tourism	0.43%	110,764,422	0.43%	127,379,085	0.43%	146,485,948
18	Fiscal Responsibility Commission	0.18%	45,787,081	0.18%	52,655,143	0.18%	60,553,415
19	Ministry of Water Resources	0.53%	136,269,406	0.53%	156,709,817	0.53%	180,216,290
20	Ministry of Lands and Survey	0.41%	105,450,946	0.41%	121,268,588	0.41%	139,458,876
21	Ministry of Power & Energy	0.53%	136,203,326	0.53%	156,633,825	0.53%	180,128,899
22	Ministry of Housing and Urban Development	0.24%	62,135,184	0.24%	71,455,462	0.24%	82,173,781
23	Ministry of Project Monitoring and Evaluation	0.11%	27,559,833	0.11%	31,693,808	0.11%	36,447,879
24	Ministry of Infrastructural Development and Construction	0.10%	27,127,732	0.10%	31,196,892	0.10%	35,876,426
25	Ministry of Market Development & Management	0.05%	12,639,000	0.05%	14,534,851	0.05%	16,715,078
26	Ministry of Solid Mineral Development Commission	0.11%	29,688,725	0.11%	34,142,034	0.11%	39,263,339
27	Ministry of Trade & Investment	0.07%	18,917,794	0.07%	21,755,463	0.07%	25,018,783
28	The State Judiciary	3.79%	983,465,680	3.79%	1,130,985,532	3.79%	1,300,633,361
29	Ministry of Justice	0.42%	108,492,074	0.42%	124,765,886	0.42%	143,480,768
30	Ministry of Capital City and Urban Development	0.25%	65,755,406	0.25%	75,618,717	0.25%	86,961,525
31	Ministry of Youth Development and Sports	0.30%	76,838,051	0.30%	88,363,758	0.30%	101,618,322
32	Ministry of Women Affairs & Social Development	0.61%	158,548,347	0.61%	182,330,599	0.61%	209,680,189
33	Ministry of Education	20.00%	5,184,932,351	20.00%	5,962,672,204	20.00%	6,857,073,034
34	Ministry of Health	6.26%	1,624,175,076	6.26%	1,867,801,337	6.26%	2,147,971,538
35	Ministry of Environment, Grants and Donor Relations	0.48%	125,314,529	0.48%	144,111,708	0.48%	165,728,465
36	Ministry of Local Government, Chieftaincy and Traditional Affairs	0.23%	59,184,844	0.23%	68,062,570	0.23%	78,271,956
37	Ministry of Budget, Planning, Research and Statistics	0.20%	51,849,324	0.20%	59,626,722	0.20%	68,570,730
38	Ministry of Information Communication and Public Relations	0.10%	25,924,662	0.10%	29,813,361	0.10%	34,285,365
39	Ministry of Rural Development	0.10%	25,924,662	0.10%	29,813,361	0.10%	34,285,365
40	Ministry of Border Peace and Conflict Resolution	0.10%	25,924,662	0.10%	29,813,361	0.10%	34,285,365
41	Ministry of Inter-Party Affairs	0.10%	25,924,662	0.10%	29,813,361	0.10%	34,285,365
42	Ministry of Skill Development and Job Creation	0.10%	25,924,662	0.10%	29,813,361	0.10%	34,285,365
43	Ministry of Grant and Donor Relations	0.10%	25,924,662	0.10%	29,813,361	0.10%	34,285,365
44	Ministry of Tertiary Education	30.00%	7,777,398,526	30.00%	8,944,008,305	30.00%	10,285,609,551
45	Ministry of Special Duties	0.10%	25,924,662	0.10%	29,813,361	0.10%	34,285,365
46	Ministry of Aviation	0.10%	25,924,662	0.10%	29,813,361	0.10%	34,285,365
	Total	100.00%	25,924,661,755	100.00%	29,813,361,018	100.00%	34,285,365,171

Table 12: Indicative Sector Expenditure Ceilings 2024-2026 – Overhead Expenditure

Overhead Expenditure by Sector						
No.	Sector	% 2024	2024 Allocation	% 2025	2025 Allocation	2026 Allocation
1	Governor's Office	33.33%	11,983,981,693	33.33%	14,380,778,032	15,818,855,835
2	Office of Secretary the State Government	37.87%	13,615,222,275	37.53%	16,192,821,243	17,812,103,367
3	Ebonyi State House of Assembly	5.00%	1,797,626,390	5.00%	2,157,151,668	2,372,866,834
4	Ministry of Information and State Orientat	4.00%	1,438,101,112	4.00%	1,725,721,334	1,898,293,467
5	Office of the Head of Service	0.02%	6,798,305	0.02%	8,157,966	8,973,763
6	Office of Auditor General	0.19%	67,453,313	0.19%	80,943,976	89,038,374
7	Civil Service Commission	0.02%	8,475,809	0.02%	10,170,971	11,188,068
8	Local Government Service Commission	0.01%	4,237,905	0.01%	5,085,485	5,594,034
9	Ebonyi State Independent Electoral Comm	0.02%	6,533,436	0.02%	7,840,123	8,624,136
10	Ministry of Internal Security & Border, Pe	10.98%	3,947,587,552	10.98%	4,737,105,062	5,210,815,568
11	Ministry of Agriculture & Natural Resource	1.00%	359,525,278	1.00%	431,430,334	474,573,367
12	Ministry of Rice Mill Development	0.00%	0	0.00%	0	0
13	Ministry of Finance and Economic Developm	0.70%	251,667,695	0.70%	302,001,233	332,201,357
14	Ministry of Commerce, Industry & Business	0.60%	215,715,167	1.00%	431,430,334	474,573,367
15	Ministry of Human Capital Dev. & Monitorin	1.00%	359,525,278	1.00%	431,430,334	474,573,367
16	Ministry of Works and Transport	0.02%	7,550,031	0.02%	9,060,037	9,966,041
17	Ministry of Culture and Tourism	0.02%	7,550,031	0.02%	9,060,037	9,966,041
18	Fiscal Responsibility Commission	0.02%	7,550,031	0.02%	9,060,037	9,966,041
19	Ministry of Water Resources	0.02%	7,550,031	0.02%	9,060,037	9,966,041
20	Ministry of Lands and Survey	0.02%	7,550,031	0.02%	9,060,037	9,966,041
21	Ministry of Power & Energy	0.02%	7,550,031	0.02%	9,060,037	9,966,041
22	Ministry of Housing and Urban Developmen	0.02%	7,550,031	0.02%	9,060,037	9,966,041
23	Ministry of Project Monitoring and Evaluati	0.09%	30,559,649	0.02%	9,060,037	9,966,041
24	Ministry of Infrastructural Development ar	0.02%	7,550,031	0.02%	9,060,037	9,966,041
25	Ministry of Market Development & Manage	0.02%	7,550,031	0.02%	9,060,037	9,966,041
26	Ministry of Solid Mineral Development Com	0.02%	7,550,031	0.02%	9,060,037	9,966,041
27	Ministry of Trade & Investment	0.02%	7,550,031	0.02%	9,060,037	9,966,041
28	The State Judiciary	1.02%	366,715,783	1.02%	440,058,940	484,064,834
29	Ministry of Justice	1.20%	431,430,334	1.20%	517,716,400	569,488,040
30	Ministry of Capital City and Urban Develop	0.03%	11,477,658	0.03%	13,773,190	15,150,509
31	Ministry of Youth Development and Sports	0.03%	9,182,126	0.03%	11,018,552	12,120,407
32	Ministry of Women Affairs & Social Develo	0.02%	8,652,388	0.02%	10,382,866	11,421,153
33	Ministry of Education	1.30%	467,382,861	1.30%	560,859,434	616,945,377
34	Ministry of Health	0.47%	169,516,180	0.47%	203,419,417	223,761,358
35	Ministry of Environment, Grants and Donor	0.02%	7,063,174	0.02%	8,475,809	9,323,390
36	Ministry of Local Government, Chieftaincy I	0.02%	7,063,174	0.02%	8,475,809	9,323,390
37	Ministry of Budget, Planning, Research and	0.06%	21,571,517	0.06%	25,885,820	28,474,402
38	Ministry of Information Communication and	0.02%	7,063,174	0.02%	8,475,809	9,323,390
39	Ministry of Rural Development	0.02%	7,063,174	0.02%	8,475,809	9,323,390
40	Ministry of Border Peace and Conflict Reso	0.02%	7,063,174	0.02%	8,475,809	9,323,390
41	Ministry of Inter-Party Affairs	0.02%	7,063,174	0.02%	8,475,809	9,323,390
42	Ministry of Skill Development and Job Crea	0.02%	7,063,174	0.02%	8,475,809	9,323,390
43	Ministry of Grant and Donor	0.02%	7,063,174	0.02%	8,475,809	9,323,390
44	Ministry of Tertiary Education	0.61%	219,310,420	0.61%	263,172,503	289,489,754
45	Ministry of Special Duties	0.02%	7,046,695	0.02%	8,456,035	9,301,638
46	Ministry of Aviation	0.02%	7,063,174	0.02%	8,475,809	9,323,390
	Total	100.00%	35,952,527,792	100.00%	43,143,033,350	47,457,336,686

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

Capital Expenditure by Sector		Discretionary Funds					Non-Discretionary Funds			
No.	Sector	% 2024	2024 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation	2024 Allocation	2025 Allocation	2026 Allocation
1	Governor's Office	0.40%	401,110,743	2.00%	2,172,454,953	2.00%	2,539,792,795	0	0	0
2	Office of Secretary the State Government	5.00%	5,013,884,293	5.00%	5,431,137,382	5.00%	6,349,481,988	0	0	0
3	Ebonyi State House of Assembly	3.00%	3,008,330,576	3.50%	3,801,796,167	3.50%	4,444,637,391	0	0	0
4	Ministry of Information and State Orientation	0.26%	260,721,983	0.26%	282,419,144	0.26%	330,173,063	0	0	0
5	Office of the Head of Service	0.01%	12,033,322	0.01%	13,034,730	0.01%	15,238,757	0	0	0
6	Office of Auditor General	0.14%	144,456,882	0.14%	156,478,516	0.14%	182,937,283	0	0	0
7	Civil Service Commission	0.01%	14,126,405	0.01%	15,301,998	0.01%	17,889,395	0	0	0
8	Local Government Service Commission	0.01%	6,187,650	0.01%	6,702,584	0.01%	7,835,915	0	0	0
9	Ebonyi State Independent Electoral Commission	0.01%	14,540,978	0.01%	15,751,071	0.01%	18,414,401	0	0	0
10	Ministry of Internal Security & Border, Peace	1.50%	1,504,165,288	1.50%	1,629,341,214	1.50%	1,904,844,596	541,320,000	541,320,000	541,320,000
11	Ministry of Agriculture & Natural Resources	4.25%	4,257,103,351	4.25%	4,611,377,486	4.25%	5,391,109,860	3,000,000,000	3,000,000,000	3,000,000,000
12	Ministry of Rice Mill Development	0.00%	0	0.00%	0	0.00%	0	0	0	0
13	Ministry of Finance and Economic Development	3.00%	3,008,330,576	6.39%	6,941,813,739	6.39%	8,115,596,826	0	0	0
14	Ministry of Commerce, Industry & Business Development	0.50%	501,388,429	0.14%	147,456,838	0.14%	172,390,141	0	0	0
15	Ministry of Human Capital Dev. & Monitoring	2.75%	2,758,454,468	2.75%	2,988,011,749	2.75%	3,493,251,127	0	0	0
16	Ministry of Works and Transport	9.05%	9,075,130,570	9.05%	9,830,358,661	9.05%	11,492,562,398	0	0	0
17	Ministry of Culture and Tourism	0.06%	59,401,442	0.06%	64,344,802	0.06%	75,224,789	0	0	0
18	Fiscal Responsibility Commission	0.01%	5,135,750	0.01%	5,563,144	0.01%	6,503,810	0	0	0
19	Ministry of Water Resources	2.00%	2,005,553,717	1.54%	1,675,645,889	1.54%	1,958,978,873	0	0	0
20	Ministry of Lands and Survey	0.90%	905,871,992	0.90%	981,258,233	0.90%	1,147,178,028	0	0	0
21	Ministry of Power & Energy	3.09%	3,093,825,110	3.09%	3,351,291,778	3.09%	3,917,957,747	0	0	0
22	Ministry of Housing and Urban Development	17.00%	17,047,206,596	15.00%	16,293,412,145	15.00%	19,048,445,963	0	0	0
23	Ministry of Project Monitoring and Evaluation	0.08%	82,914,513	0.08%	89,814,620	0.08%	105,001,268	0	0	0
24	Ministry of Infrastructural Development and Concession	7.00%	7,019,438,010	7.00%	7,603,592,334	7.00%	8,889,274,783	0	0	0
25	Ministry of Market Development & Management	0.25%	247,506,009	0.25%	268,103,342	0.25%	313,436,620	0	0	0
26	Ministry of Solid Mineral Development Communities	0.06%	56,155,504	0.06%	60,828,739	0.06%	71,114,198	0	0	0
27	Ministry of Trade & Investment	0.13%	127,156,212	0.13%	137,738,092	0.13%	161,028,063	0	0	0
28	The State Judiciary	1.89%	1,893,420,967	1.89%	2,050,990,568	1.89%	2,397,790,141	0	0	0
29	Ministry of Justice	0.06%	56,155,504	0.06%	60,828,739	0.06%	71,114,198	0	0	0
30	Ministry of Capital City and Urban Development	0.06%	56,155,504	0.06%	60,828,739	0.06%	71,114,198	0	0	0
31	Ministry of Youth Development and Sports	5.20%	5,213,714,075	5.20%	5,647,596,904	5.20%	6,602,542,395	0	0	0
32	Ministry of Women Affairs & Social Development	0.80%	802,221,487	0.06%	65,015,060	0.06%	76,008,380	0	0	0
33	Ministry of Education	8.00%	8,022,214,869	14.00%	15,207,184,668	14.00%	17,778,549,566	2,710,000,000	2,710,000,000	2,710,000,000
34	Ministry of Health	12.00%	12,033,322,303	12.00%	13,034,729,716	12.00%	15,238,756,771	2,471,140,000	600,000,000	600,000,000
35	Ministry of Environment, Grants and Donors	0.40%	405,909,854	0.40%	439,689,481	0.40%	514,036,056	0	0	0
36	Ministry of Local Government, Chieftaincy Matters and Rural Development	0.06%	56,155,504	0.06%	60,828,739	0.06%	71,114,198	0	0	0
37	Ministry of Budget, Planning, Research and Monitoring	0.60%	601,666,115	0.06%	60,828,739	0.06%	71,114,198	0	0	0
38	Ministry of Information Communication and Technology	0.01%	12,033,322	0.01%	13,034,730	0.01%	15,238,757	0	0	0
39	Ministry of Rural Development	0.01%	12,033,322	0.01%	13,034,730	0.01%	15,238,757	0	0	0
40	Ministry of Border Peace and Conflict Resolution	0.01%	12,033,322	0.01%	13,034,730	0.01%	15,238,757	0	0	0
41	Ministry of Inter-Party Affairs	0.01%	12,033,322	0.01%	13,034,730	0.01%	15,238,757	0	0	0
42	Ministry of Skill Development and Job Creation	0.01%	12,033,322	0.01%	13,034,730	0.01%	15,238,757	0	0	0
43	Ministry of Grant and Donor	0.01%	12,033,322	0.01%	13,034,730	0.01%	15,238,757	0	0	0
44	Ministry of Tertiary Education	7.39%	7,410,520,985	0.01%	13,034,730	0.01%	15,238,757	1,523,000,000	1,523,000,000	1,523,000,000
45	Ministry of Special Duties	0.01%	12,033,322	0.01%	13,034,730	0.01%	15,238,757	0	0	0
46	Ministry of Aviation	3.00%	3,008,330,576	3.00%	3,258,682,429	3.00%	3,809,689,193	0	0	0
	Total	100.00%	100,277,685,858	100.00%	108,622,747,631	100.00%	126,989,639,755	10,245,460,000	8,374,320,000	8,374,320,000

4.C Considerations for the Annual Budget Process

133. This 2024 - 2026 MTBF Document will be used to inform the Y2024 Budget Call Circular and in turn, formulate the Annual Budget.
134. The Budget Call Circular (BCC) shall include the following instructions to MDA's for the annual budget submissions among others:
 - a) As stipulated in the existing budgetary guidelines, all MDAs must make adequate provision for all on-going projects, emphasis will be placed towards completion of such projects.
 - b) Budget submissions for capital projects must include full life-time capital investment requirements (costs) and sources of funding (particularly if grants and/or loans are being used to fund partially / fully the project).
 - c) Adequate budgetary provisions must reflect the priorities of the State Government and should be consistent with the Ministerial mandates of respective MDAs.
 - d) All supervising Ministries should endorse budget proposals of all Parastatals and Tertiary Institutions under their supervision, to avoid duplications and ensure that these proposals are consistent with the policy thrust of the State Government.

5 Summary of Key Points and Recommendations

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

- a. Ebonyi State should sustain the current Budget reform programme particularly as it relates to the preparation of a realistic budget, explore preparation of Medium-Term Sector Strategy for key sector to ensure policy-plan-budget linkages, early submission budget proposals by MDAs to ensure early presentation of Executive budget to State House of Assembly.
- b. Based on the macroeconomic and other assumptions the indicative budget size of **₦202,721,845,502.00** for 2024 Fiscal Year is considered realistic and should therefore be maintained throughout the budget stages with little or no change especially if nothing material occurs to affect the underlying assumptions
- c. Finalize the already developed IGR improvement strategy and continue to strengthen IGR generating entities to grow IGR to be commensurate to the level of economic activity in the state.
- d. With a relatively small Capital Development Fund, priority must be given to completing ongoing projects.
- e. The efficiency of recurrent expenditure should be improved to create space to accommodate more spending for capital expenditure. In addition, more sources of funding capital projects should be explored.
- f. The State needs to expand their local revenue base of the state over the medium and long-term period to improve the State's fiscal sustainability.
- g. The planning reserve should be specifically dedicated to take care of any shortfall arising from the introduction of any critical project or programme of government.

Annex 1 – Capital Receipts

Table 14 Estimates for Capital Receipts 2024-2026

ITEM	2024	2025	2026
Internal Grants			
FGN Tefund grants to Ebonyi State University for infrastructure and medical equipment at Uburu College of Medicine	1,223,000,000.00	1,223,000,000.00	1,223,000,000.00
FGN Tefund grants to College of Education Ikwo	300,000,000.00	300,000,000.00	300,000,000.00
Grants from UBEC Intervention on Education	1,500,000,000.00	1,500,000,000.00	1,500,000,000.00
BESDA Grants from UBEC on Education for Ebonyi UBEB "School Again" project	1,210,000,000.00	1,210,000,000.00	1,210,000,000.00
Expected Receipt for Primary Health Care	200,000,000.00	200,000,000.00	200,000,000.00
Federal Government Intervention Fund			
Receipt from Local Govt Contribution to Neighbourhood watch	541,320,000.00	541,320,000.00	541,320,000.00
Concessioning of Ebonyi State International Airport			
Basic Health Care Provision Fund to Ebonyi State Health Insurance Agency	400,000,000.00	400,000,000.00	400,000,000.00
Sub-Total Internal Grant	5,374,320,000.00	5,374,320,000.00	5,374,320,000.00
External Grants			
	0	0	0
Grant Balancing Item / Blue Sky			
Total Grants	5,374,320,000.00	5,374,320,000.00	5,374,320,000.00
Internal Loans			
Nigeria Covi-19 Preparedness and Response Project (Co Prep)	1,000,000,000.00	0	0
Internal Loans	5,000,000,000.00	0	0
Total	6,000,000,000.00	-	-
External Loans			
World Bank Impact Programme	871,140,000.00	-	-
SABER	10,000,000,000.00	10,000,000,000.00	
NG Cares Program	5,000,000,000.00	-	-
RAAMP	3,000,000,000.00	3,000,000,000.00	3,000,000,000.00
Total	18,871,140,000.00	13,000,000,000.00	3,000,000,000.00
Loan Balancing Item / Blue Sky			
Total Loans	24,871,140,000.00	13,000,000,000.00	3,000,000,000.00