Borno State Government Medium Term Expenditure Framework (MTEF)

ECONOMIC AND FISCAL UPDATE (EFU), FISCAL STRATEGY PAPER (FSP) AND BUDGET POLICY STATEMENT (BPS)

To Cover Period: 2025-2027

21st August 2024

Document Control	
Document Version Number:	V 2
Document Prepared By:	EFU-FSP-BSP Technical Budget Working Group (Ministry of Budget and Planning)
Document Approved By:	Borno State Executive Council
Date of Approval:	21/08/2024
Date of Publication:	30/09/2024
Distribution List:	Borno State House of Assembly; Core PFM Group (MB&P, MoF, FRB, BIR, etc); Network for Civil Society Organisation (NCSOs); and the General Public;

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List of Abbreviations

BCC	Budget Call Circular
BIR	Board of Internal Revenue
BOSG	Borno State Government
BPP	Bureau of Public Procurement
CBN	Central Bank of Nigeria
CRF	Consolidated Revenue Fund
DLR	Disbursement Linked Results (SFTAS program)
DMO	Debt Management Office
EFU	Economic and Fiscal Update
ExCo	Executive Council
FAAC	Federal Allocation Accounts Committee
FRB	Fiscal Responsibility Board
FRL	Fiscal Responsibility Law
FSP	Fiscal Strategy Paper GDP Gross Domestic Product
FY	Financial (Fiscal) Year
GDP	Gross Domestic Product
GFS	Government Financial Statistics
HE	His Excellency
HRM	Human Resource Management
IDP	Internally Displaced Persons
IGR	Internally Generated Revenue
IMF	International Monetary Fund
JTB	Joint Tax Board
MDA	Ministry, Department and Agencies
MB&P	Ministry of Budget & Planning
MoF	Ministry of Finance
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
NBS	National Bureau of Statistics
NNPC	Nigerian National Petroleum Company
NCS	Nigerian Customs Service
NCSO	Network of Civil Society Organisations
NGO	Non-Governmental Organisation
OAGS	Office of the Accountant General
OCDS	Open Contracting Data Standard
OPEC	Organisation of Petroleum Exporting Countries
PAYE	Pay as you earn

PFM	Public Financial Management
PITA	Personal Income Tax Act
PMS	Premium Petroleum Spirit
PPP	Public Private Partnership
RRR	Ministry of Reconstruction, Rehabilitation & Resettlement
SABER	State Action for Enabling Business Reforms
SFTAS	State Fiscal Transparency, Accountability and Sustainability Program
SHoA	State House of Assembly
STI	Strategic Transformation Initiatives
VAT	Value Added Tax
WEO	World Economic Outlook

Acknowledgement

The State Medium Term Expenditure Framework (MTEF) team is most grateful to God Almighty for his guidance and protection throughout the preparation and production of the State's Third MTEF 2025 – 2027.

I also wish to acknowledge the support received from His Excellency the Executive Governor of Borno State Professor Babagana Umara Zulum who personally encouraged the Ministry of Budget and Planning to produce the State's Third MTEF (2025 – 2027) which is to be presented by the SHoA. I most sincerely acknowledge the technical budget working group (TBWG) team in providing support to the State with the Economic and Fiscal Update, Fiscal Strategy Paper and Budget Policy Statement (EFU-FSP-BPS).

I feel honestly compelled to express my deep and sincere appreciation to the Honourable Commissioner of Budget and Planning, the Honourable Chairman House Committee on Finance and Appropriation, and the Permanent Secretary of Budget and Planning for their unrelenting efforts to see that funds are made available towards the successful production of this document.

Finally, my unreserved and sincere gratitude goes to the State Medium Term Expenditure Framework (MTEF) team for their commitments and dedication to see to the success of production of the State's Third MTEF (2025 – 2027) throughout the process of this reform, I am fortunate to also have dedicated members of staff who worked as a team to provide positive and creative views. Their observations, suggestions and encouragement lead by the able Senior Special Adviser on Budget and Planning, the Director of Planning and Director of Budget has greatly made this reform process as success which is in line with global best practices.

…….
Dr. Peter Solomon
Permanent Secretary
Ministry of Budget and Planning

Foreword

This is the third Borno State Government Medium-Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP). The Borno State MTEF/FSP 2025 – 2027 presents estimates and projections that will guide the annual budget planning and fiscal management over a three-year period (2025 – 2027).

The Borno State MTEF is a critical instrument for charting a clear and sustainable fiscal path for the state. This document outlines the government's strategic expenditure priorities over the medium term, aligning resources allocation with the overall development objectives as encapsulated in the Borno State 25-year Development Plan (BoSDP) and 10-year Strategic Transformation Initiatives (STI). The MTEF is anchored on Reconstruction and Rehabilitation; Human Capital Development; Economic Diversification; Security and Governance; and Fiscal Sustainability.

As a requirement of the provisions of the state fiscal responsibility law 2020, Borno state government prepares the MTEF/FSP to capture the policy thrust behind its revenue and expenditure estimates. The document highlights revenue projections, expenditure plans and fiscal targets over the medium term (Three years) based on a reliable and consistent fiscal outlook.

The MTEF was developed through a rigorous process of data analysis, stakeholder consultation among Ministries, Departments and Agencies, including general public, Network for Civil Society Organisation (CSOs) and scenario planning. Key macroeconomic assumptions, including GDP, inflation, and oil price, have carefully considered.

The Borno State MTEF represents a comprehensive and forward-looking framework for managing public resources efficiently and effectively by aligning expenditure priorities with state's development goals. This document provides a road map for achieving sustainable and inclusive growth.

……
Engr Dr Babagana Mallambe MUSTAPHA
Honourable Commissioner,
Ministry of Budget and Planning

1 Introduction and Background

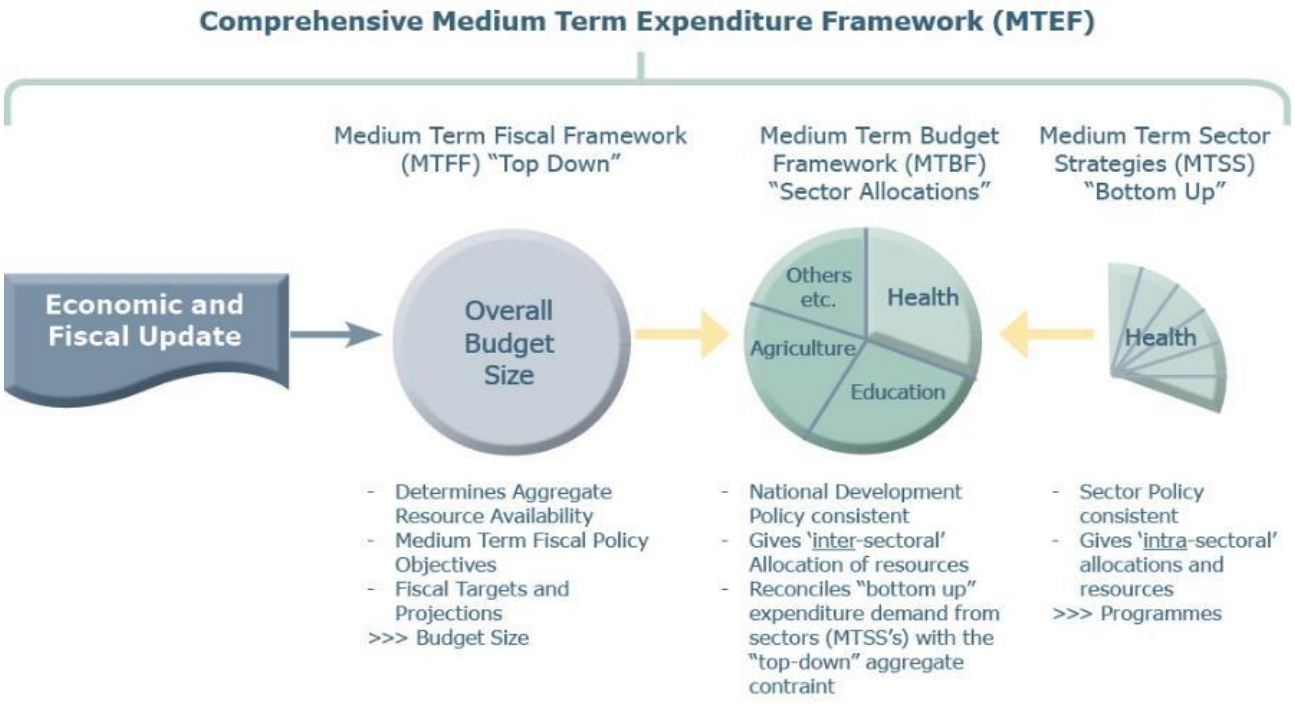
1.A Introduction

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 Borno 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. Borno State Government decided to adopt the preparation of the EFU-FSP-BPS for the third time in 2024 as part of the movement toward a comprehensive MTEF process. This is the third rolling iteration of the document and covers the period 2025 -2027.

1.A.1 Budget Process

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

Figure 1 MTEF Process



1.A.2 Summary of Document Content

7. In accordance with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) is the first step in the budget preparation cycle for Borno State Government (BOSG) for the period 2025-2027.

8. The purpose of this document is three-fold:

   i. To provide a backwards looking summary of key economic and fiscal trends that will affect the public expenditure in the future - Economic and Fiscal Update;

   ii. To set out medium term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTFF; and

   iii. Provide indicative sector envelopes for the period 2025-2027 which constitute the MTBF.

9. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis in order to inform the budget planning process. It is aimed primarily at budget policy makers and decision takers in the Borno 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 BOSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund the Government's growth and poverty reduction programme from a fiscally sustainable perspective.

1.A.3 Preparation and Audience

11. The purpose of this document is to provide an informed basis for the 2025-2027 budget preparation cycle for all of the key Stakeholders, specifically:

   - State House of Assembly (SHoA);
   - Executive Council (ExCo);
   - Ministry of Budget and Planning;
   - All Government Ministries, Departments and Agencies (MDA's);
   - Civil Society.

12. The document is prepared within in the first two quarters of the year prior to the annual budget preparation period. It is prepared by Borno State Government (EFU-FSP-BPS) Working Group using data collected from International, National and State organisations.

1.B Background

1.B.1 Legislative and Institutional arrangement for PFM

13. Legislative Framework for PFM in Borno State – The fundamental law governing public financial management in Nigeria and Borno State in particular is the 1999 Constitution as amended. Section 120 and 121 of the Constitution provides that all revenues accruing to Borno State Government shall be received into a Consolidated Revenue Fund (CRF) to be maintained by the Government and no revenue shall be paid into any other fund, except as authorized by the State House of Assembly (SHoA) for a specific purpose. The withdrawal of funds from the CRF shall be authorized by the SHoA through the annual budget or appropriation process. The Executive Governor of BORNO 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 in the approved Budget from the CRF.

14. Apart from the Nigerian Constitution, Borno State has a set of laws and regulations that regulate its budget preparation and implementation. The laws are:

    - Borno State Public Procurement Law 2019 (Amended 2020).
    - Borno State Fiscal Responsibility Law 2020.
    - Borno State Internal Revenue Law 2020.
    - Borno State Audit Law 2021-State.
    - Borno State Audit Law 2021-Local Government.
    - Borno State Debt Management Law 2021.
    - Among other laws.

15. Borno State Public Procurement Law 2019, Amended 2020. The Public Procurement Law was enacted based on the Federal Public Procurement Act 2007 to set the administrative arrangement, standards and procedures for procurement in Borno State all aimed at increasing transparency and accountability.

16. The Borno State Fiscal Responsibility Law (FRL), 2020. The FRL was enacted in 26th October, 2020 and is based on the Federal Fiscal Responsibility Act. The FRL provides the following: the creation of the implementation agency, medium term fiscal framework, how public expenditure may be carried out, borrowing process, transparency and accountability in governance and principles of sound financial management.

17. Occasionally treasury circulars issued by the office of Accountant-General of Borno State for additional rules and guidelines to support accounting, internal audit and stores procedures.

18. Furthermore, Borno State has over time embraced diverse change in improving its cash flow base with the International best practice in monitoring its cash inflows and outflows respectively. Government Financial Statistics (GFS) manual defines cash in this respect, cash on hand refers to notes, coins, and deposits held on demand by government institutional units with a bank or another financial institution. Cash equivalents are defined to be highly liquid investments that are readily convertible to cash on hand.

19. **Institutional Framework for PFM in Borno State** – The Constitution vests the executive powers of the State in the Governor. The Constitution provides that "the Governor shall cause to be prepared and laid before the House of Assembly at any time before the commencement

of each financial year, estimates of the revenues and expenditure of the State for the next following financial year" [1]. The Executive Governor of Borno 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.

20. Specifically, Borno State Executive Council (EXCO) formulates the policies of the State Government, considers and recommends the State's budget to the House of Assembly. On passage, the Governor signs the appropriation bill into law.

21. The State Ministry of Budget and Planning oversees the preparation of the budget, both capital and recurrent. It is also in charge of planning (long and medium-term), setting the broad agenda for development and statistics. The Ministry of Budget and Planning is the main organ of the EXCO for the formulation and execution of fiscal policy. The Ministry also coordinates and manages the State's fiscal policies and all revenue and expenditure profile of government.

22. The Ministry is also responsible for core treasury functions of revenue and expenditure management, accounting, and fund and cash management. One of the core Departments in the Ministry of Finance is the Debt Management Department. Debt Management Department manages Borno State public debt as well as liaising with the Debt Management Office at the Federal level. The Ministry of Finance has two important quasi-autonomous agencies, the Office of the Accountant General for the State (OAGS) and the Board of Internal Revenue (BIR).

23. Some functions of the OAGS include accounting for all receipts and payments of the State Government; supervise the accounts of the State Ministries, Extra-Ministerial Departments and Agencies (MDAs); collate and prepare Statutory Financial Statements of the State Government and any other Statements of accounts required by the Commissioner for Finance; maintain and operate the accounts of the Consolidated Revenue Fund, development fund and other public funds and provide cash backing for the operations of the State Government; maintain and operate the State Government's accounts; conduct routine and in-depth inspection of the books of accounts of State Ministries, Departments and Agencies to ensure compliance with rules, regulations, policy decisions and maintenance of account codes; and formulate and implement the accounting policy of the State Government.

24. The Board of Internal Revenue is responsible for generation of government revenue. The Board formulates and executes Joint Tax Board (JTB) policies on taxation, stamp duties and motor vehicle licensing.

25. Another important institutional framework in the circle of financial management in the State is the Bureau of Public Procurement. The Bureau plays a significant role in ensuring that all MDAs adhere to the best practices in procurement. Borno State is among the few States that have deployed the Open Contracting Data Standards (OCDS) e-procurement platform supported by the European Dynamics Ltd and the World Bank SFTAS/SABER programme.

26. The State Government allows line agencies some autonomy in expenditure control. Line ministries and agencies propose their budgets based on the guidelines issued by the EXCO through the Ministry of Budget and Planning. There are three main categories of expenditure namely: Personnel costs, Overhead costs and Capital expenditure. The payroll currently being automated is centralized under the Office of the Accountant General of the State (OAGS). MDAs receive regular monthly disbursements for general items of overhead costs. They also

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

receive, as the need arises, funds for other specific items of overhead expenditure. MDAs have the responsibility to execute their capital program, and capital funds are paid by the OAGS.

27. 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 Borno State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.

28. 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.

1.B.2 Overview of Budget Calendar

29. Indicative Budget Calendar for Borno State Government is presented in Table 1 below:

Table 1 Budget Calendar

Stage	Timeline	Responsibility
Budget Analysis/Press Brief	Jan – Feb 2024	MB&P (Hon. Comm. Budget)
Dissemination of Approved Budget	Jan – Feb 2024	MB&P
1ST Quarter Budget Performance Report	April, 2024	MB&P
Preparation of Citizen's Budget	April, 2024	MB&P
Preparation of Economic and Fiscal Update, Fiscal Strategy Paper & Budget Policy Statement (EFU-FSP-BPS)	May - June, 2024	Budget Working Group (BWG)
Review and Roll-over of MTSS	May - June, 2024	All MDA's
Submission of EFU-FSP-BPS to EXCO for approval	June – July, 2024	MB&P
2nd Quarter Budget Performance Report	July, 2024	MB&P
Submission of EFU-FSP-BPS to Borno State House of Assembly (SHoA)	July - August, 2024	HE
Issuance of Call Circular	July, 2024	MB&P
Pre – Budget Conference/Workshop	July - August, 2024	MB&P
Stakeholders Consultations (MDAs, CSOs & Other stakeholders) Town Hall Meeting	July – August, 2024	MB&P/HE
Collation of MDA Budget Proposals	August – September, 2024	MDAs
Bilateral Discussion and Defence	September, - October, 2024	MB&P/BWG
3rd Quarter Budget Performance Report	October, 2024	MB&P
Consolidation of MDAs Proposals	October - November, 2024	MB&P
EXCO Review & Approval of Draft Budget	November, 2024	EXCO
Presentation of Draft Budget to SHoA	November, 2024	HE
Budget Defence by MDAs before SHoA	November – December, 2024	BoSHoA
Debate and Approval by SHoA	December, 2024	BoSHoA
HE's Assent to the Appropriation Bill	December – January, 2024	HE
4th Quarter Budget Performance Report	January, 2025	MB&P
Budget Analysis/Press Brief	Jan – Feb 2025	MB&P (Hon. Comm. Budget)
Dissemination of Approved Budget	Jan – Feb 2025	MB&P

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Nigerian Economy[2]

30. 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.

31. 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.

32. **Real GDP** - Nigeria's Gross Domestic Products (GDP) growth remained weak and fragile as it reduced intensity to 2.29 percent in the first quarter of 2023, from 3.6 percent in the fourth quarter of 2022. This growth rate declined from 2.31 percent recorded in the first quarter of 2022, and 3.46 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.

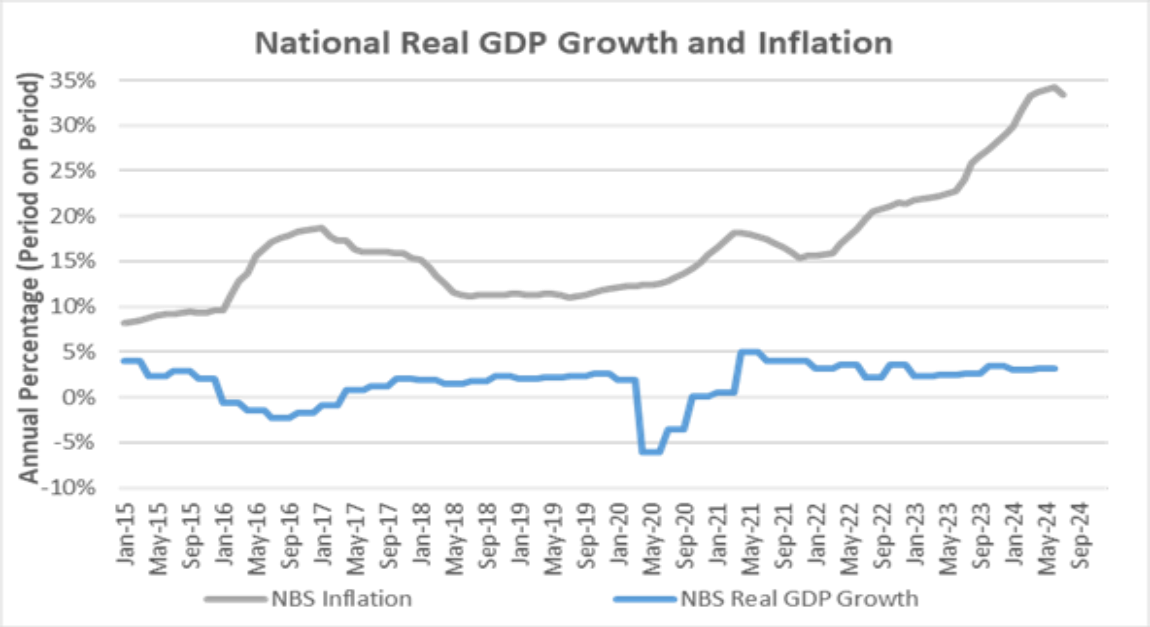
33. The performance of the GDP in the first quarter of 2023 was driven mainly by the services sector, which recorded a growth of 2.91 percent and contributed 57.29 percent to the aggregate GDP. The agriculture sector grew by -0.90 percent, lower than the growth of 3.16 percent recorded in the first quarter of 2023 and in second quarter of 2023 the agricultural sector grew by 1.50 percent, an improvement from 1.20 percent growth recorded in second quarter of 2023. Although the growth of the industry sector improved to 0.31 percent relative to 6.81 percent recorded in the first quarter of 2023 and in second quarter of 2023 the industry sector growth rate was -1.94 percent, showing a significant smaller contraction compared to -2.30. In summary the agricultural sector experienced a mix contraction and modest growth, the industry sector showed improvements from significant contractions but remained negative overall. The performance of this sectors was influenced by various economic challenges, including the effect of the Naira scarcity and other economic conditions during the year. (agriculture, and the industry sectors contributed less to the aggregate GDP in the quarter under review compared to the first quarter of 2023).

34. **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). Inflation has increased consecutively for the last 12 months From June 2023 to June 2024 Nigeria experienced a significant rise in inflation. The inflation rate increased

[2] Sources: IMF WEO, April 2022, NBS Reports, CBN Reports, NNPC Reports, OPEC Reports and US Energy Information Administration Reports.

from 22.79 percent in June 2023 to 34.19 percent in June 2024. The rise in inflation reflects ongoing economic challenges and the impact of policy changes, such as the removal of the fuel subsidy and the devaluation of the Naira has impacts (some positive, some negative).

Figure 2 Real GDP and Inflation

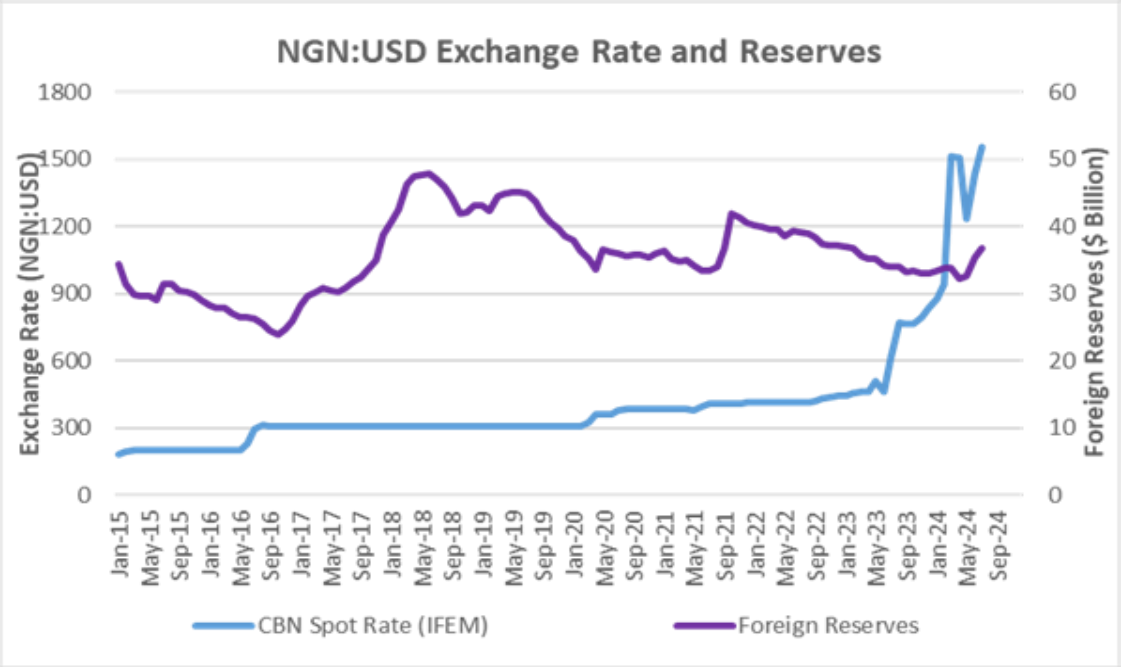


- Quarter 3 (Q3) 2021. According to the latest GDP reports issued by the National Bureau of Statistics (NBS) in late August, Real GDP growth for 2024 Quarter 2 was 3.19% - driven by higher crude oil production (oil sector growth was 10.15% year-on-year). Non-oil GDP grew by 2.80% year on year. The largest growing sector in 2024 Q2 was financial and insurance at 28.79%.
- The rate of inflation, as measured by the Consumer Price Index (CPI), more than doubled in the last 30 months, from a low of 15.4% in November 2021 to 34.19% in June 2024, before a marginal drop in July 2024, to 33.40%. Inflation has been partly fuelled by the spiralling money supply. Narrow Money (M1) has grown by 50.1% in the last 12 months, while Broad Money Supply (M3) rose by 56.1%. The devaluation of the Naira has also driven up the prices of imported goods, weighing a heavy cost on Premium Motor Spirit (PMS) prices.

35. **Foreign Exchange Rate** – the Naira devalued against the dollar from NGN460:1$ in May 2023 to N780 by July 2024 because of the implementation of a floating exchange rate. Foreign Reserves have been falling over the last 21 months, reaching $36 billion as at the end of June 2024.

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. 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.

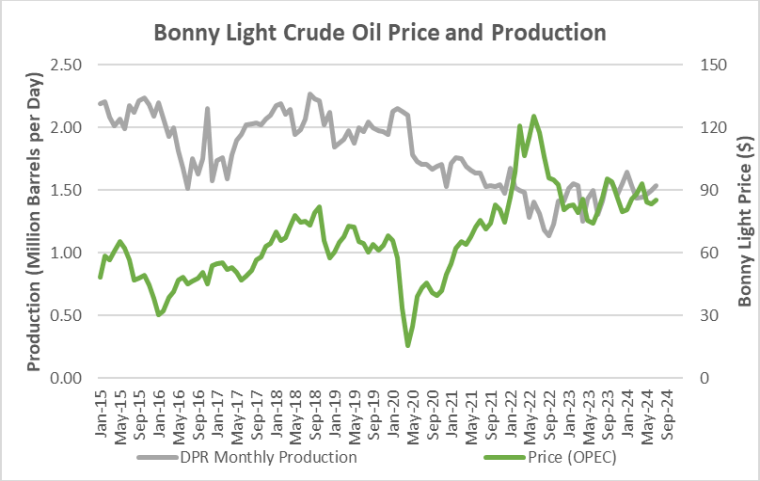
Figure 3 NGN: USD Exchange Rate and Foreign Reserves



- This was followed by a further circa 80% devaluation over the first three months of 2024, hitting 1,510 Naira to the USD by March. The following three months saw high levels of daily volatility – up to 10% swings (either appreciation or depreciation). The NGN: USD rate is currently settled in the range of 1,500-1,600. As noted above, the devaluation of the Naira has caused the price of imported goods to surge, although the implicit PMS subsidy has continued to provide some protection to motorists. Other implications of the Naira devaluation are the increase in the cost of servicing foreign debts and the increase in the Naira value of Crude Oil exports and other dollar-denominated non-oil revenues (albeit the implicit PMS subsidy is eroding this benefit).
- The country's foreign reserve has also experienced significant volatility in the last few years. After reaching a peak of US$41.8 billion in October 2021, it steadily declined to US$33.4 billion in May 2024. However, a slight recovery was seen in June and July, with reserves reaching US$36.8 billion by the end of July. There are industry concerns about the real value of the reserve given the substantial legacy liabilities and encumbrances recorded in the Central Bank's 2022 audited financial statement which may be impacting its ability to intervene in the foreign exchange market.

36. **Flat Crude Oil Price and Production –** after the brief spike in crude oil prices in mid-2022 as a result of the conflict in Ukraine (Bonny Light reached a high of $125.22 per barrel in June 2022), prices quickly fell back below the $100 mark by August 2022 as the global economy slowed and demand for crude oil followed suite. From 2023 onwards, the price of Bonny Light has been in the range of $75-$95 per barrel and has averaged $85.72 per barrel in the first seven months of 2024, with a low of $80.84 in January and a high of $93.17 in April.

Figure 4 Bonny Light Crude Oil Price



37. **Crude Oil Production** (including lease condensate) has averaged around 1.5 Million Barrels per day (MBPD) over the last 18 months, according to figures published by the Nigeria Upstream Petroleum Regulation Commission (NUPRC). This was after a brief drop to 1.2 MBPD in mid-2022, possibly as a result of the conflict in Ukraine and its impact on the global economy (and associated OPEC quota cuts). Around 200,000 barrels of Nigeria's production is in the form of lease condensate, which does not count towards its 1.58 MBPD OPEC (Organisation of Oil Exporting Countries) production quota.

38. **Strong Growth in Non-Mineral Revenues** – 2023 saw significant increases in gross revenues from Companies Income Tax (CIT) and VAT (Value Added Tax). CIT grew by 47.6% and VAT grew by 38.0% - both easily outstripping inflation (which averaged 24.5% for the year). Growth in Customs revenue was more modest at 13.0%. Growth in non-mineral revenues in 2024 is set to continue the trend based on half-year revenues. VAT is likely to grow by more than 70% in 2024 – again significantly outstripping inflation. Customs revenue will also increase significantly – as of June 2024, it was already close to 80% of the total for 2023. This suggests that the full-year growth for Customs revenue is likely to be more than 50% - again significantly outstripping inflation. It is slightly more difficult to assess the level of growth in CIT in 2024 until the July distribution is known. The above figures for 2023 and 2024 also do not include Non-Mineral Exchange Gain, which reached N223 billion in the first half of 2024, and totalled N740 billion in 2023

39. 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.

40. 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.

41. 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.2 Borno State Economy

42. Borno State is the only State in Nigeria that is bordered by three countries. These include Camerron, Niger and Tchad Republic. There exists a healthy trade relationship between the State and her international neighbours. Hundreds of thousands of tonners of grains, livestock and other consumables flow between Borno and her bordering trading partners which includes the bordering State of Yobe, Gombe and Adamawa. This trade boom before advent of insurgency. The scenario is further compounded by insurgency which resulted to destruction of lives, properties, agricultural activities and business places thus affecting the sources of livelihood of the people.

43. Inspite of its long history of existence, the spate of socio-economic development of the state is low compared to its counterparts across the country. The prevailing low level of development in Borno is party ascribed to lack of consistence and systematic planning past development efforts have been ad-hoc and discontinuous in nature, a situation that has made sustainable development elusive in the state.

44. The development of the state is under recovery by the gradual peace being recorded due to the improvement of security. In consideration of current situations, there is a high focus understanding the social development context as regard the parlous state of health, education, agriculture, environment, and peacebuilding as well as labour market and employment situations in the state.

45. Situation analysis of the prevailing state of human capital with respect to education, social orientation, youth and sport, gender, arts and culture informed the development context. Similarly, the existing situations within the health sector covering prevention and curatives care-including health promotion (infant mortality, malaria and other diseases, nutrition, vaccination, water, sanitation and hygiene (WASH), and health care infrastructure are considered fundamental.

2. A. 3 Overview of Borno State

46. Borno is one of the ancient kingdoms in Africa which started around 700 A.D by the nomadic Tebu – speaking Kanembu who were forced to move southwards around the fertile lands of the Lake Chad basin due to political and ecological pressures. The modern-day Borno State with a land mass of about 72,600 sq. KM and lying within latitude 100N to 130N and longitude 11.04°E and 14.04°E, was curved out of the defunct North – Eastern State in 1976 and further subdivided into Borno and Yobe States in 1991.

47. Located in the North-Eastern corner of Nigeria, the State occupies the greatest part of the Chad Basin and shares borders with the Republics of Niger to the North, Chad to the North-East and Cameroun to the East. Within the country, its neighbours are Adamawa to the South, Yobe to the West and Gombe to the Southwest.

48. The State has a reach cultural historical background and is moderately populated with a population of about 6.4 million. The State has 27 Local Government Areas and its capital city is Maiduguri. The major tribes of the State are Kanuri, Babur Bura, Shuwa, Marghi, Glavda, Fulani etcs which mainly inhabits the three senatorial zones of Borno North, Borno Central

and Borno South. The State has eight emirate councils headed by emirs. The Shehus of Borno, Dikwa and Bama resides in Maiduguri, Dikwa and Bama respectively. While the Emirs of Biu, Shani, Gwoza, Uba and Askira are all in the Southern part of the State.

49. The climate is broadly defined into two seasons - wet and dry seasons. The rainy season starts mainly in June and last up to September, with dry season predominantly from October to May. The State has two major vegetation zones viz; Sahel in the North with severe desert encroachment covering most of the Chad Basin areas and Sudan Savannah in the South, which consists of scrubby vegetation, interspersed with tall tree woodlands.

50. In terms of natural drainage, there are two seasonal rivers. River Hawul drains the Biu Plateau southwards into River Gongola which is a part of the river Benue system. The river Ngadda and some short course rivers drain the northern part of the plateau and flow northeast towards the Lake Chad while river Yadseram and its tributaries take their source on the Mandara Mountains and flow northeast towards the Lake Chad.

51. The State is endowed with abundant Agricultural and Solid Mineral Resources. The Agricultural Resources include Groundnuts, Rice, Wheat, Sesame Seeds, Gum Arabic, Sorghum, Maize, Cow Pea and production of Livestock, Fisheries among others, while Solid Minerals Resources include Feldspar, Limestone, Kaolin, Clay, Potash, Iron-Ore, Natural Salt, Quartz, Magnetite, Diatomite, Trona, Mica, Silica Sand, Gypsum, Granite Chips, Flutters Earth and Uranium. The State is also blessed with tourism potentials such as the Minwara Cultural Festivals, the Sallah Durbar Festival among others. In addition, the State is home to one the largest Cattle Markets in the West African Sub-Region

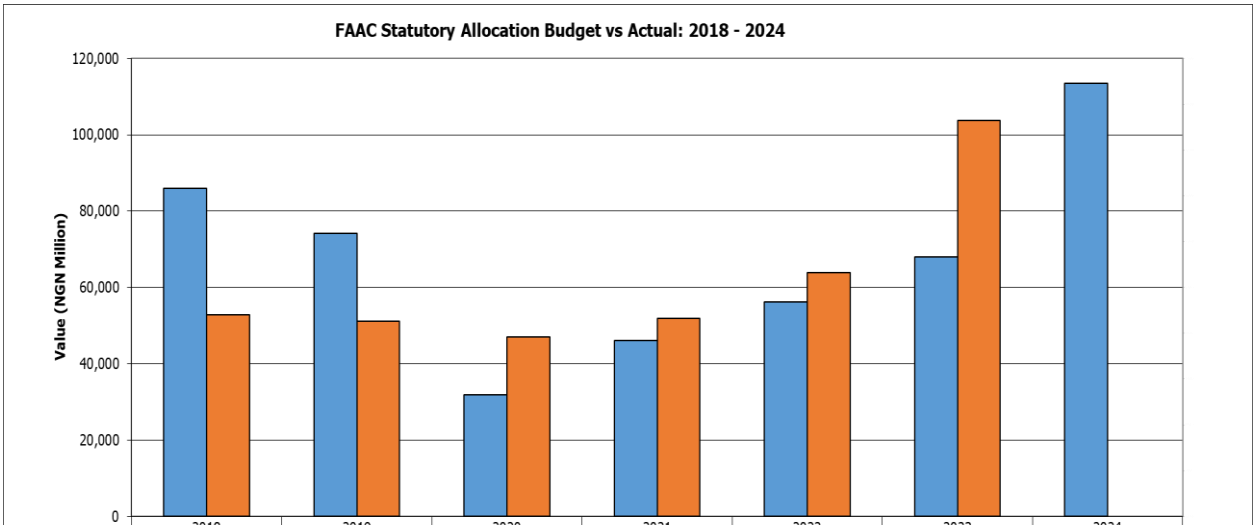
2.B Fiscal Update

2.B.1 Historic Trends

Revenue Side

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

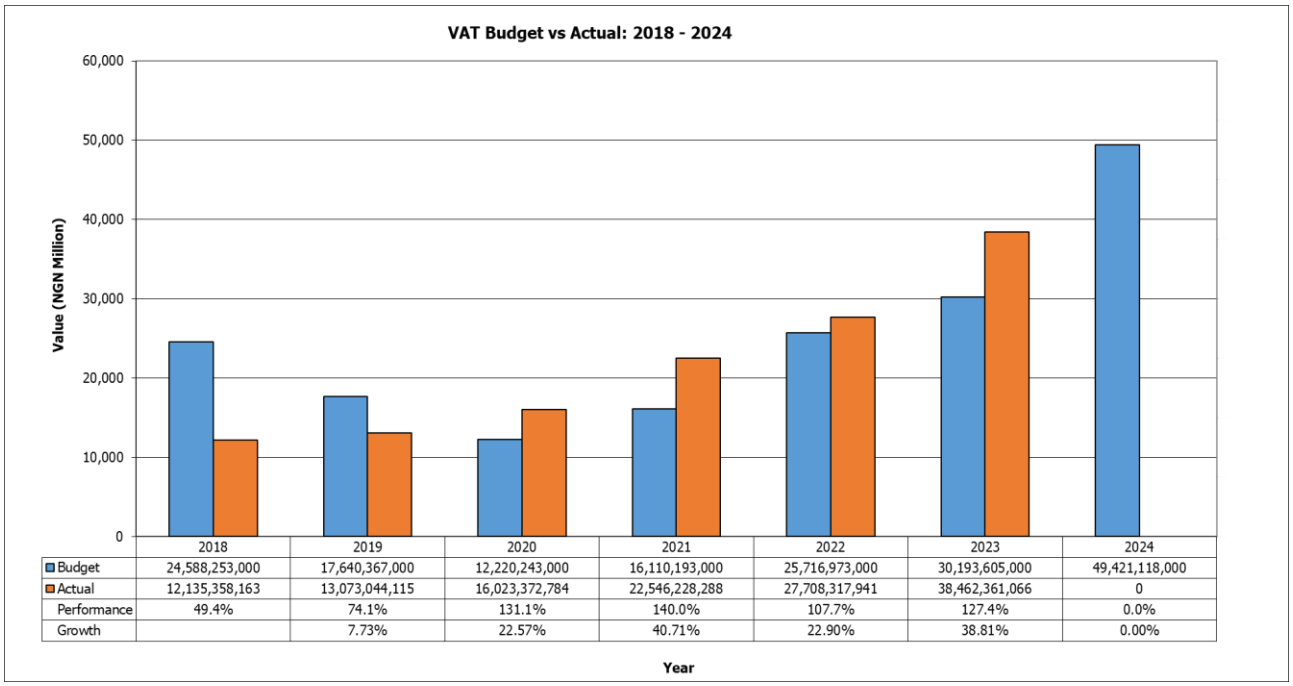
Figure 5 Statutory Allocation



	2018	2019	2020	2021	2022	2023	2024
Budget	86,000,000,000	74,118,751,000	31,855,720,000	46,154,385,000	56,215,985,000	67,981,950,000	113,459,490,000
Actual	52,830,015,263	51,159,031,404	47,021,818,011	51,869,534,426	63,858,210,247	103,734,512,201	0
Performance	61.4%	69.0%	147.6%	112.4%	113.6%	152.6%	0.0%
Growth		-3.16%	-8.09%	10.31%	23.11%	62.45%	0.00%

53. Figure 2 above shows the trend of Statutory Allocation based on the collection of both Oil and non-mineral revenues (companies' income tax, customs and excess) at the national level, which is then shared between the three tiers of government using sharing ratios. As indicated above, it can be seen that the higher actual statutory allocation received in 2023 using a growth of 62.45% over the period of six years. Looking at the figure above closely, the actual Statutory Allocation in 2018 was only 61.4% rising steadily to 69.0% as budgeted figures decline. The budgeted figure in 2020, 2021, 2022 and 2023 decline from ₦86.0bn to ₦56.22bn in 2022 rising to ₦67.98bn in 2023. During the same period percentage performance were 61.4%, 69.0% 147.6%, 112.4% ,113.6% and 152.6% respectively showing a marked improvement in both budgeted and actual figures. The rise in figures of FAAC performance in 2020, 2021, 2022 and 2023 is as a result global rise in crude oil prices. The implication on the 2025 – 2027 MTEF is lower expectations of FAAC revenues because of the percentage of loan deduction from FAAC.

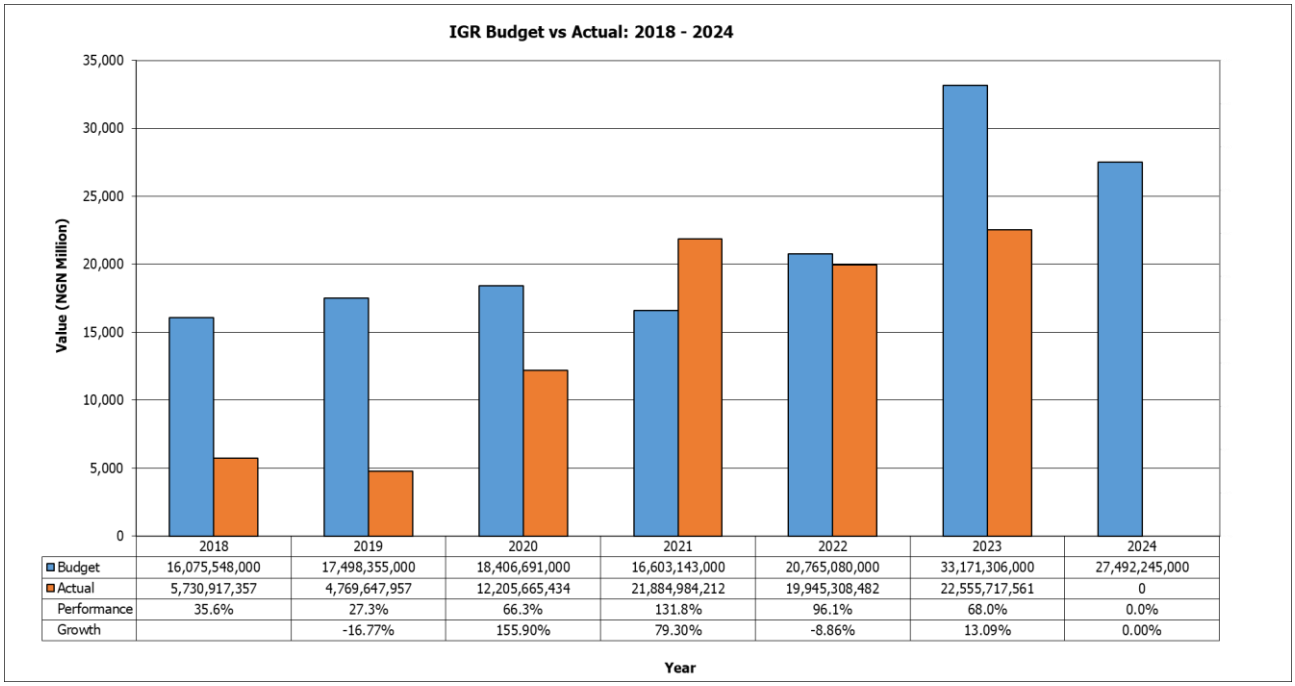
Figure 6 VAT



	2018	2019	2020	2021	2022	2023	2024
Budget	24,588,253,000	17,640,367,000	12,220,243,000	16,110,193,000	25,716,973,000	30,193,605,000	49,421,118,000
Actual	12,135,358,163	13,073,044,115	16,023,372,784	22,546,228,288	27,708,317,941	38,462,361,066	0
Performance	49.4%	74.1%	131.1%	140.0%	107.7%	127.4%	0.0%
Growth		7.73%	22.57%	40.71%	22.90%	38.81%	0.00%

54. Figure 3 above shows a trend of VAT received by Borno State between 2018 to 2023. It shows that actual figures rose from ₦24.6bn in 2018 to ₦17.64bn in 2019, going down to a low of ₦12.22bn in 2020 and there after rising to a high of ₦30.19bn in 2023. However, the actual in percentage terms rose from 49.4% point in 2018 to 127.4% in 2023. This could be as a result of increase in the VAT rate from 5% to 7.5%. The implication of rise in VAT allocation is that the 2025 – 2027 MTEF will have a higher expectation of VAT projections. However, if consumption pattern of Nigerians drops over time due to economic hardship, then VAT projections may not be realisable.

Figure 7 IGR

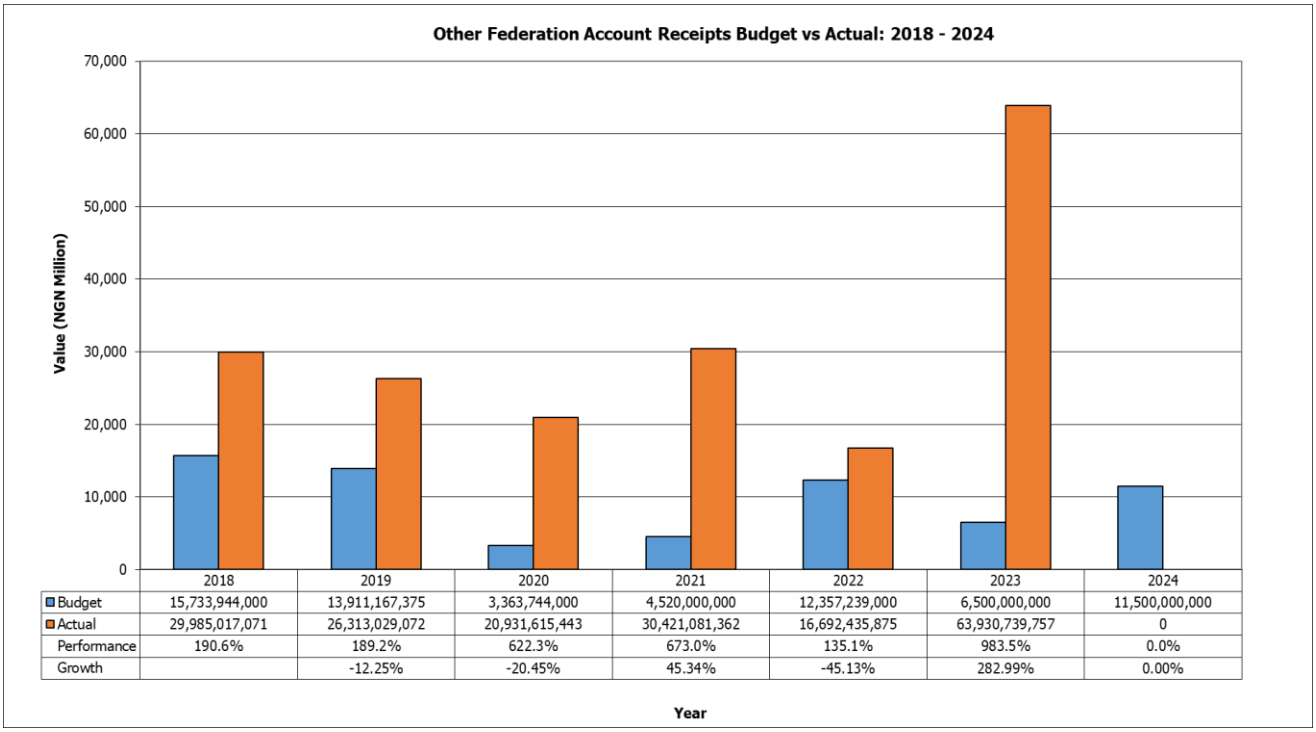


	2018	2019	2020	2021	2022	2023	2024
Budget	16,075,548,000	17,498,355,000	18,406,691,000	16,603,143,000	20,765,080,000	33,171,306,000	27,492,245,000
Actual	5,730,917,357	4,769,647,957	12,205,665,434	21,884,984,212	19,945,308,482	22,555,717,561	0
Performance	35.6%	27.3%	66.3%	131.8%	96.1%	68.0%	0.0%
Growth		-16.77%	155.90%	79.30%	-8.86%	13.09%	0.00%

55. Independent revenue sources of government are from taxes and non-tax revenues comprising Personal incomes, Licence, Fines, Fees, Sales, Ground Rent and Hire of Plants and Equipment.

56. The State IGR has shown a steady growth between 2018 to 2023 on an average performance of 35.6%. There was a drop in 2019 while in 2020 and 2021 shows a significant increase when compared to the Approved Budget figures and this is as a result of rigorous enlightenment and sensitisation campaign embarked upon by the state coupled with the payment of back duty of PAYE from IPPIS on Federal MDAs in the state and the automation of revenue collection. The IGR budgeted figures show growth from 2019 through to 2023 after an initial drop of a budgeted figure of 16.07 bn in 2018. As from 2019 it rose steadily to 2020 and thereafter falls in 2021 and picking up in 2022 and 2023 performance of 96.1% and 68.0% respectively. The slight drop in revenue in 2022 against 2021 performance might be due to the fact that most NGOs in the State have left and so their activities in the state are skeletal, thereby reducing PAYE remittance to the state.

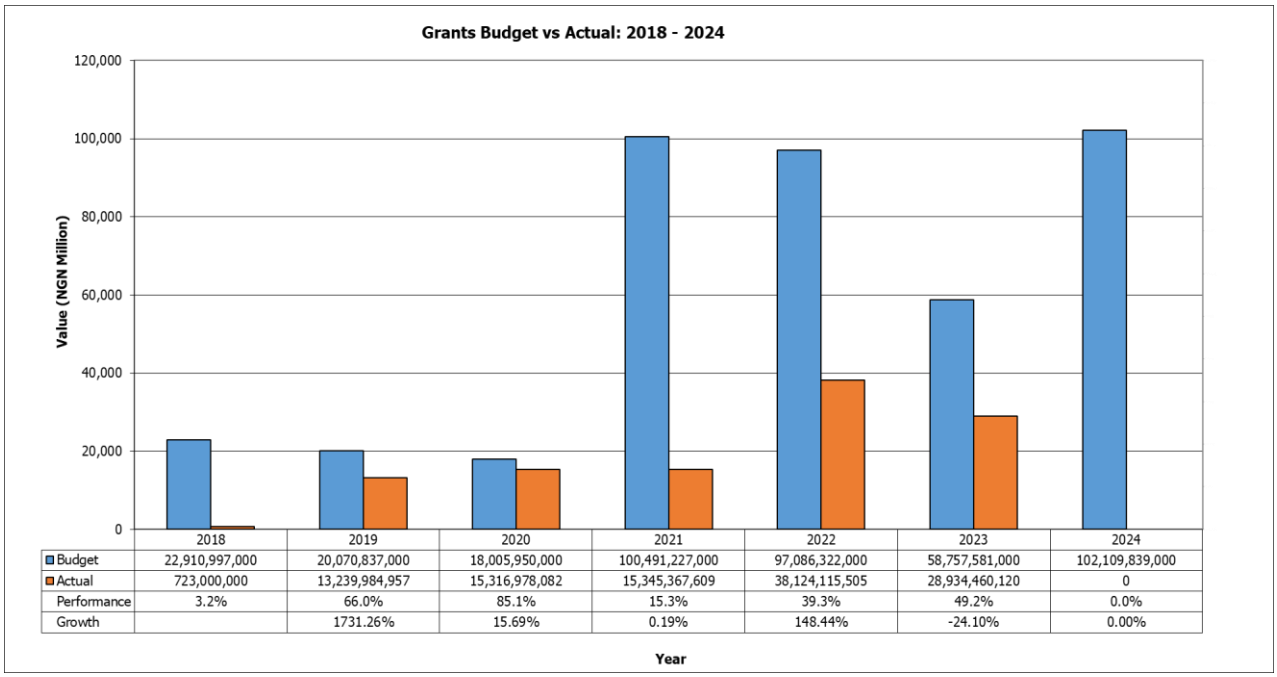
Figure 8 Other Federation Account



	2018	2019	2020	2021	2022	2023	2024
Budget	15,733,944,000	13,911,167,375	3,363,744,000	4,520,000,000	12,357,239,000	6,500,000,000	11,500,000,000
Actual	29,985,017,071	26,313,029,072	20,931,615,443	30,421,081,362	16,692,435,875	63,930,739,757	0
Performance	190.6%	189.2%	622.3%	673.0%	135.1%	983.5%	0.0%
Growth		-12.25%	-20.45%	45.34%	-45.13%	282.99%	0.00%

57. Other Federation Account Revenues derived from FAAC Special Allocation, includes excess crude, ecological fund, stabilisation fund, excess bank charges, exchange gain differential, solid minerals. It also includes loans such as salary bailout and Federal Budget Support Facilities, among other sources accruable to the state. The high figures of the actual in 2018 and 2019 is as a result of refund of Paris club over deductions made to the tune of ₦29.98bn and ₦26.31bn respectively. However, 2020, 2021,2022 and 2023 actuals are ₦20.93bn, ₦30.42bn, ₦16.69bn and ₦14.85bn respectively. While 190.6%, 189.2%, 622.3%, 673.0%, 135.1% and 228.6% were received in 2018, 2019, 2020, 2021, 2022 and 2023 respectively as a result of the over deductions made from Paris Club loans. However, apart from oil revenue, revenue from solid minerals for the period need to be on the increase as projected because the state underestimates the budgeted figure for over period of seven years. Therefore, looking at the implications the state has estimated on the 2025 – 2027 MTEF to be realistic.

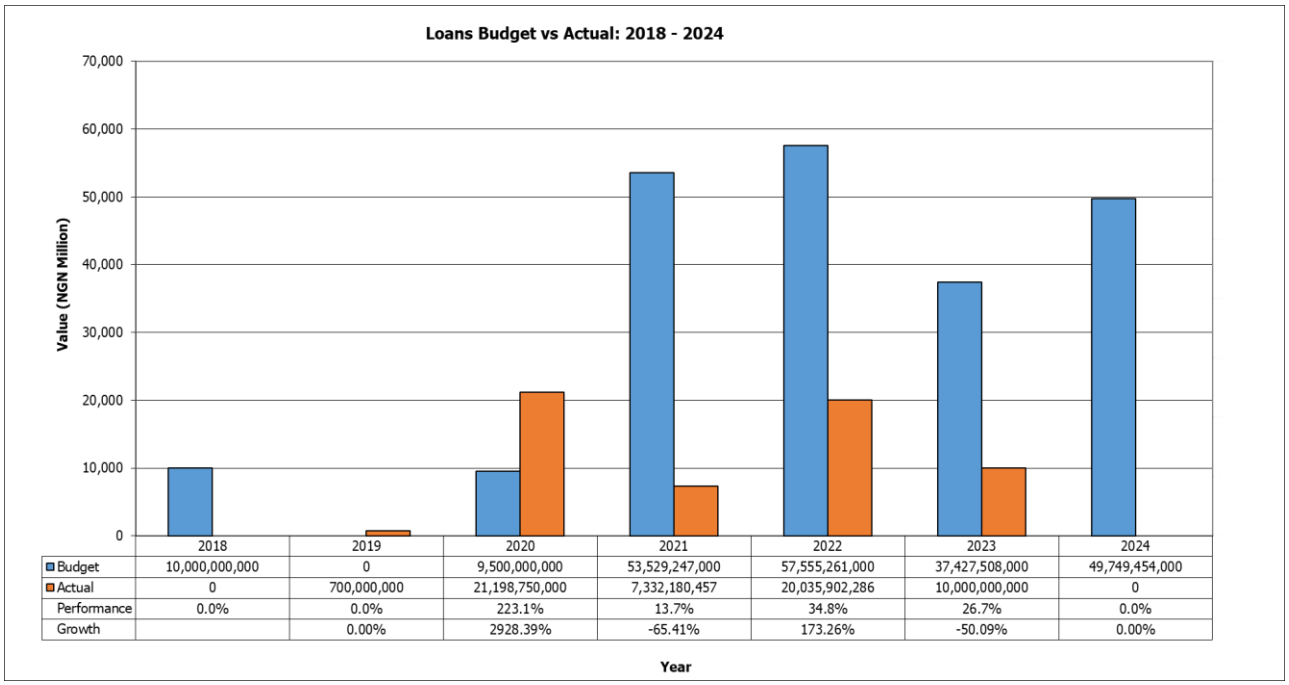
Figure 9 Grants Budget vs Actual



	2018	2019	2020	2021	2022	2023	2024
Budget	22,910,997,000	20,070,837,000	18,005,950,000	100,491,227,000	97,086,322,000	58,757,581,000	102,109,839,000
Actual	723,000,000	13,239,984,957	15,316,978,082	15,345,367,609	38,124,115,505	28,934,460,120	0
Performance	3.2%	66.0%	85.1%	15.3%	39.3%	49.2%	0.0%
Growth		1731.26%	15.69%	0.19%	148.44%	-24.10%	0.00%

58. In figure 6 above, the budgeted figures for grants in 2018 shows a performance of 3.2%. However, in 2019 and 2020 the performances were impressive as it shows 66.0% and 85.2% respectively. This means that budgeted figures were realistic. On other hand, in 2021, 2022 and 2023 the budgeted figures were too ambitious; thus, the State was unable to realize its expectations thus the percentage performances were 15.3%, 39.3% and 49.2% respectively. It is therefore, advisable to be more realistic in budgeting for grants especially when not sure it will be realised.

Figure 10 **Loans Budget vs Actual/Financing**



	2018	2019	2020	2021	2022	2023	2024
Budget	10,000,000,000	0	9,500,000,000	53,529,247,000	57,555,261,000	37,427,508,000	49,749,454,000
Actual	0	700,000,000	21,198,750,000	7,332,180,457	20,035,902,286	10,000,000,000	0
Performance	0.0%	0.0%	223.1%	13.7%	34.8%	26.7%	0.0%
Growth		0.00%	2928.39%	-65.41%	173.26%	-50.09%	0.00%

59. As regards loans, in **Figure 7** above, the budgeted figures were steady in 2018 while in 2019 having zero budget but an actual of ₦700m. Thereafter, budgeted figures rose to a high of ₦57.55bn and an actual of ₦20.04bn in 2022 while in 2023 both the budgeted and actual

figure dropping to ₦37.42bn, an actual of ₦10bn. However, performances are highly impressive in 2020 with 223,1%, 13.7% in 2021, followed by 34.8% in 2022 and in 2023 of 26.7%. The performance in was as a result the loans take to cushion the effect of COVID – 19 which resulted to lockdown that affected the economy negatively. The Loan facilities and other deficit financing recorded an appreciable performance in 2020 the loan taken surpass what was budgeted. However, in the subsequent years 2021, 2022 and 2023 the performances in terms of percentage are 13.7%, 34.8% and 26.7% respectively. However, this performance may not be reliable as a result none budgetary provisions in 2019.

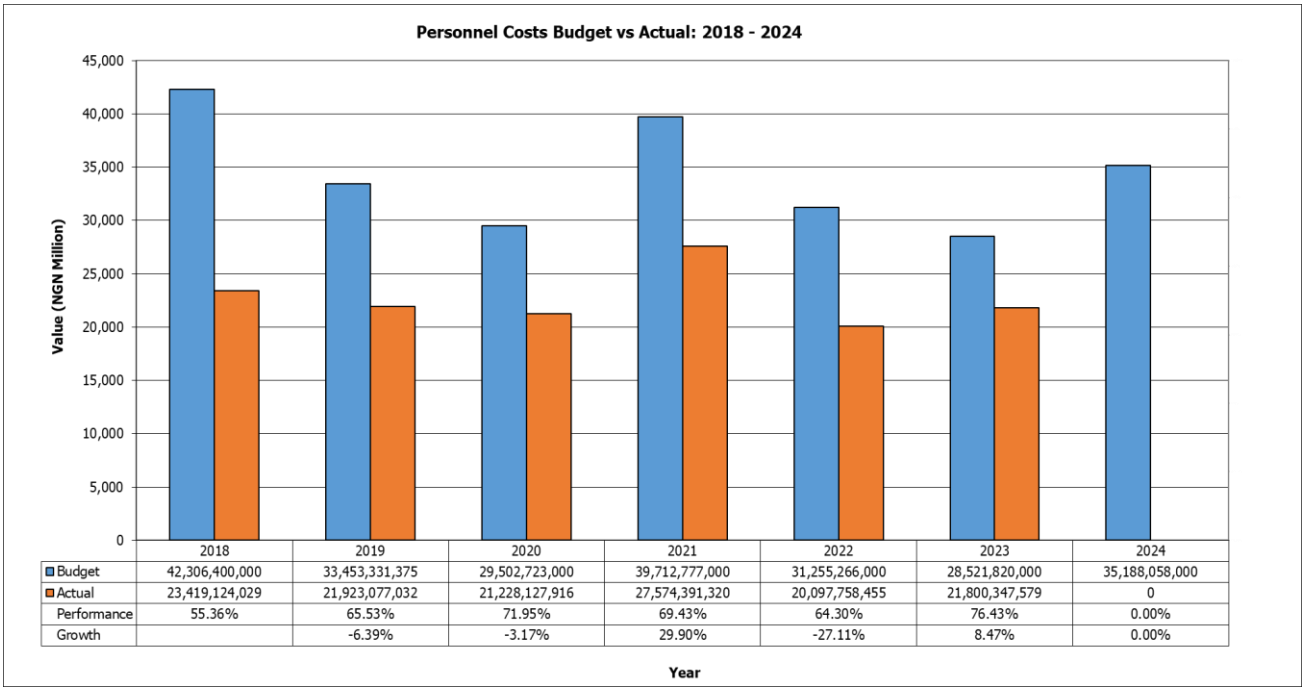
Other Capital Receipts

60. **Other capital receipts** over the years no budgeted and thus zero allocation.

Expenditure Side

61. On the expenditure side, the document looks at Personnel (Wages and Salaries), Social Contributions and Social Benefits, Overheads, Grants Contributions Subsidies and Transfers, Debt Service and Capital Expenditure – budget versus actual for the period 2018-2023 (six years) and 2024 budget. Sustaining and finding new sources of Internally Generated Revenue (IGR) can help greatly in making the projections a reality in the 2025 – 2027 MTEF.

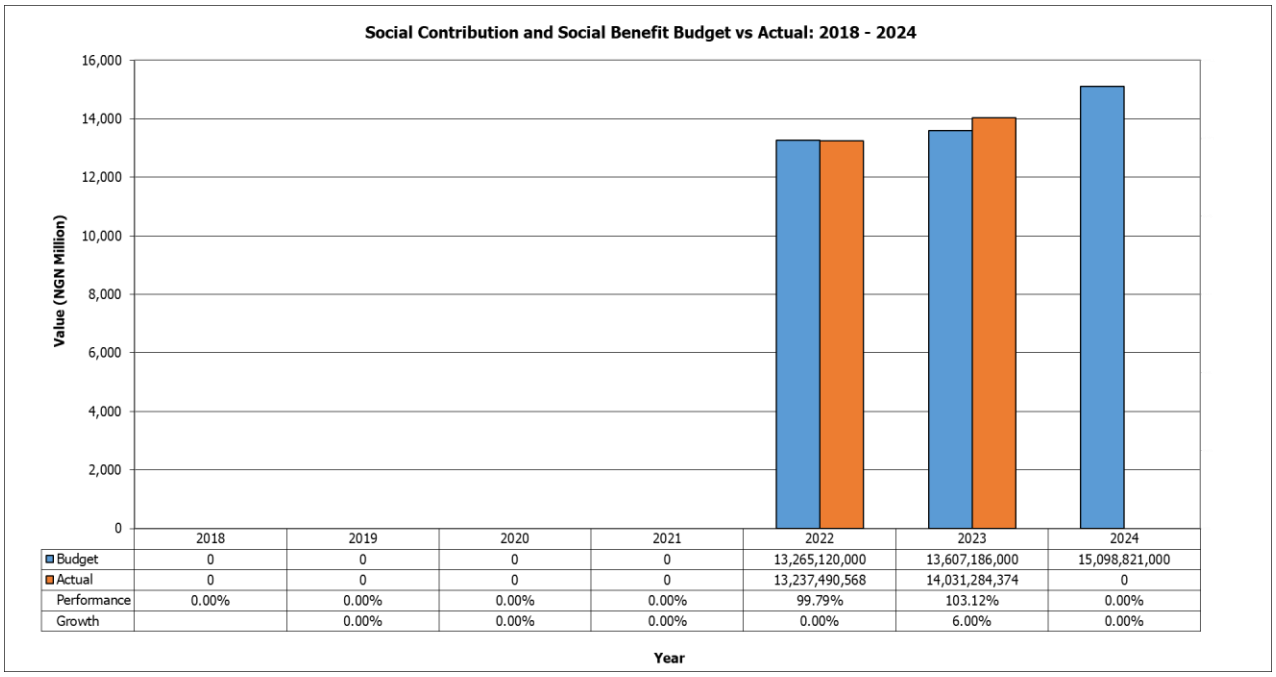
Figure 11 Personnel



	2018	2019	2020	2021	2022	2023	2024
Budget	42,306,400,000	33,453,331,375	29,502,723,000	39,712,777,000	31,255,266,000	28,521,820,000	35,188,058,000
Actual	23,419,124,029	21,923,077,032	21,228,127,916	27,574,391,320	20,097,758,455	21,800,347,579	0
Performance	55.36%	65.53%	71.95%	69.43%	64.30%	76.43%	0.00%
Growth		-6.39%	-3.17%	29.90%	-27.11%	8.47%	0.00%

62. Personnel cost is captured under economic class 21 and consist of personnel emolument, allowances and salaries of public office holders (sub-account classes 210101 and 210201). The budgeted figures for personnel cost as against the actual shows a fluctuating performance ranging from 55.36% in 2018 and rising to a high of 71.95% in 2020 and then falling to 64.30% in 2022 and rising to a high of 76.43% in 2023. The performance is fluctuating in nature likewise the budgeted figure. However, the high budgeted figure might be as a result of anticipated new minimum wage.

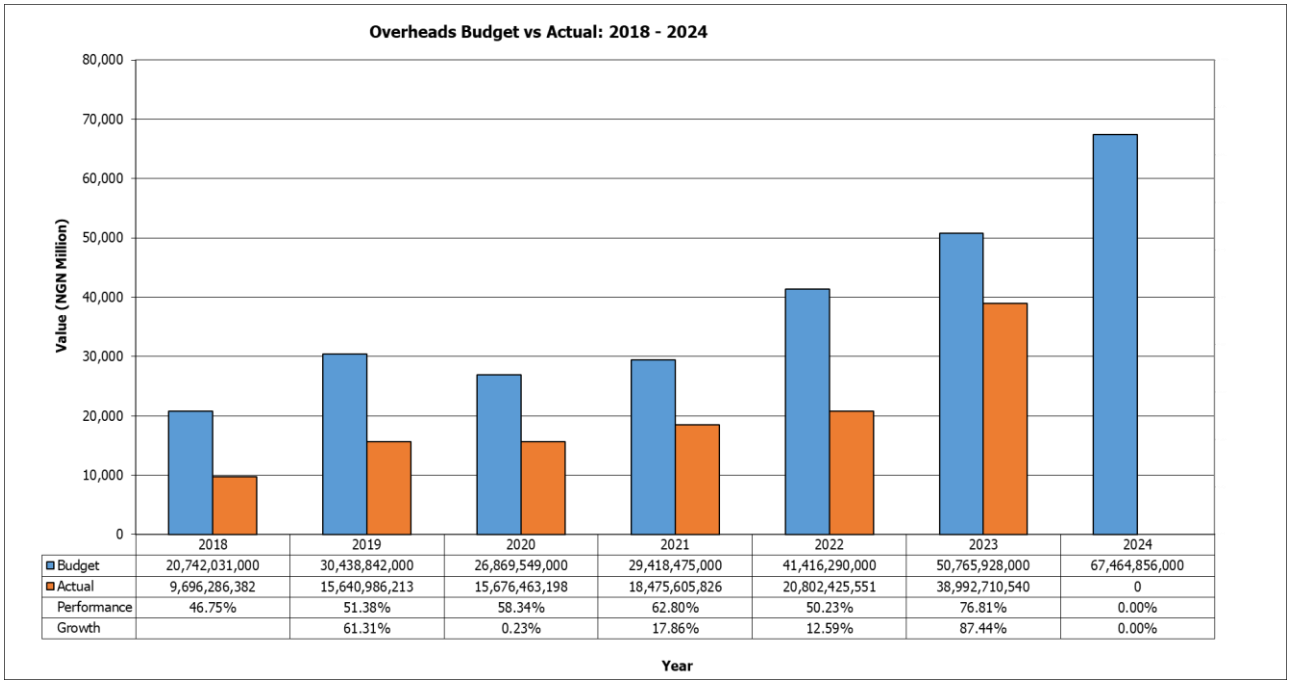
Figure 12: Social Contributions and Social Benefits



	2018	2019	2020	2021	2022	2023	2024
Budget	0	0	0	0	13,265,120,000	13,607,186,000	15,098,821,000
Actual	0	0	0	0	13,237,490,568	14,031,284,374	0
Performance	0.00%	0.00%	0.00%	0.00%	99.79%	103.12%	0.00%
Growth		0.00%	0.00%	0.00%	0.00%	6.00%	0.00%

63. Social contribution and social benefit are also captured under economic class 21 comprising pension and gratuities, death benefits, contributory healthcare funds etc (Sub Account classes 210202 and 210301). In 2018 through to 2021 no provisions were made in the approved budget, and no actual expenditure was recorded. In the FY 2022 and 2023 there are budgetary provisions and a 99.79% to over 103.12% performance was achieved as indicated in figure 9 above.

Figure 13 Overheads

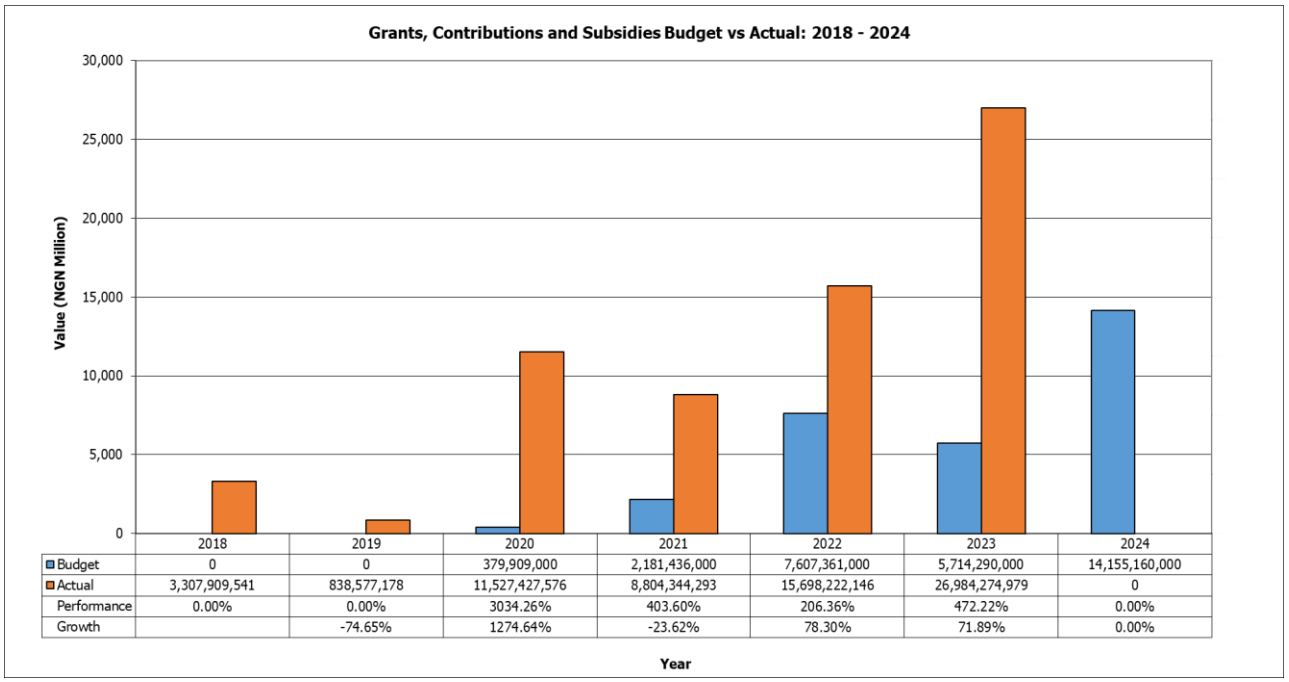


	2018	2019	2020	2021	2022	2023	2024
Budget	20,742,031,000	30,438,842,000	26,869,549,000	29,418,475,000	41,416,290,000	50,765,928,000	67,464,856,000
Actual	9,696,286,382	15,640,986,213	15,676,463,198	18,475,605,826	20,802,425,551	38,992,710,540	0
Performance	46.75%	51.38%	58.34%	62.80%	50.23%	76.81%	0.00%
Growth		61.31%	0.23%	17.86%	12.59%	87.44%	0.00%

64. Cost of governance and running cost (as provided under Account Class 2202) over the years has been on the rise as can be seen in budgetary provision and implementation in the above figure 10. Likewise, implementation has rose in naira terms from ₦20.80 in 2022 to ₦38.99 in 2023. New sources of IGR and expanding the existing ones has greatly helped to sustained the

annual rise in cost of running governance, otherwise the projections of 2025 – 2027 MTEF will not be achieved and thus a negative effect on governance.

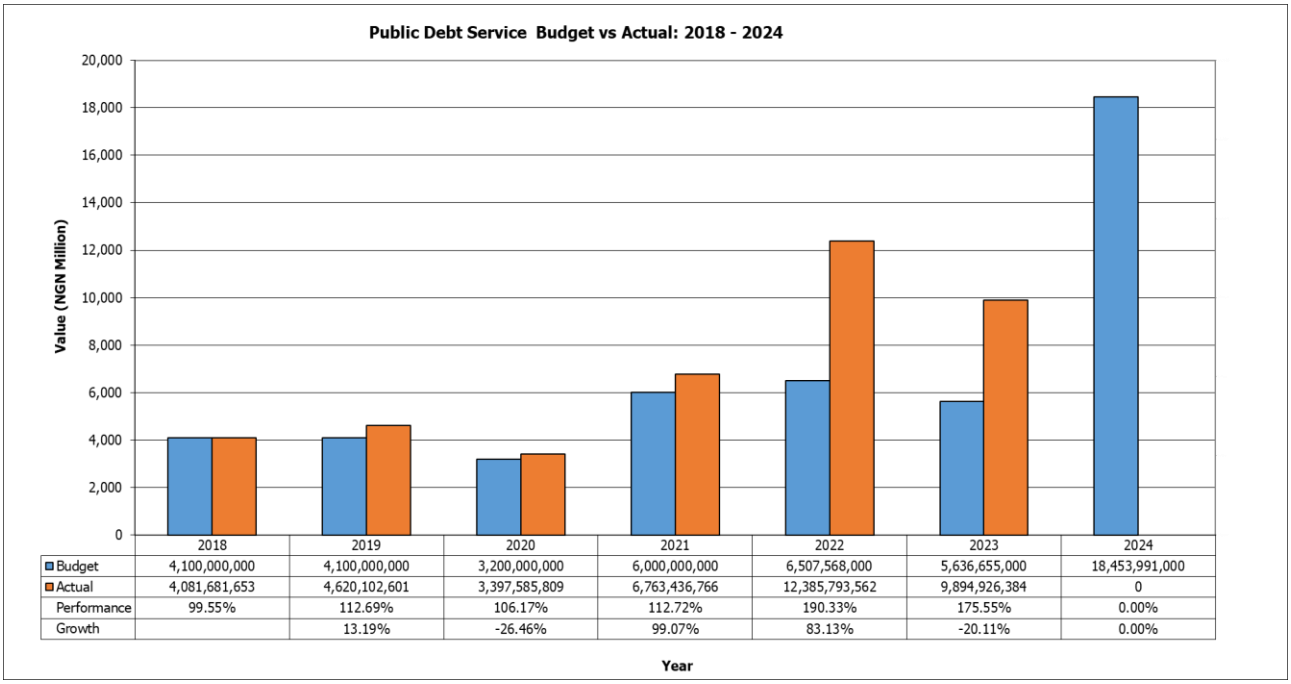
Figure 14 Grants, Contributions, Subsidies, Transfers



	2018	2019	2020	2021	2022	2023	2024
Budget	0	0	379,909,000	2,181,436,000	7,607,361,000	5,714,290,000	14,155,160,000
Actual	3,307,909,541	838,577,178	11,527,427,576	8,804,344,293	15,698,222,146	26,984,274,979	0
Performance	0.00%	0.00%	3034.26%	403.60%	206.36%	472.22%	0.00%
Growth		-74.65%	1274.64%	-23.62%	78.30%	71.89%	0.00%

65. Grants, Contributions and Subsidies is made up of subvention to boards, grants to communities and NGOs, subsidies on agricultural inputs etc. The figure above, shows releases were made in 2018 and 2019 with no budgetary provision. However, in 2020 a budgetary provision was made with a very high performance. Subsequently, provisions were made for 2021, 2022 and 2023 with a corresponding high performance which shows achievements of 403.6% in 2021, 206.36% in 2022 and 472.22% in 2023. The rise in revenue sources accruing to the State made it possible for the State to fulfil its obligations thus the good performance. In order to maintain positive effect on this sector especially on the 2025 – 2027 MTEF projections, the government need to seriously and continuously source new and additional revenue sources otherwise the 2025 – 2027 MTEF forecast will be non-realistic.

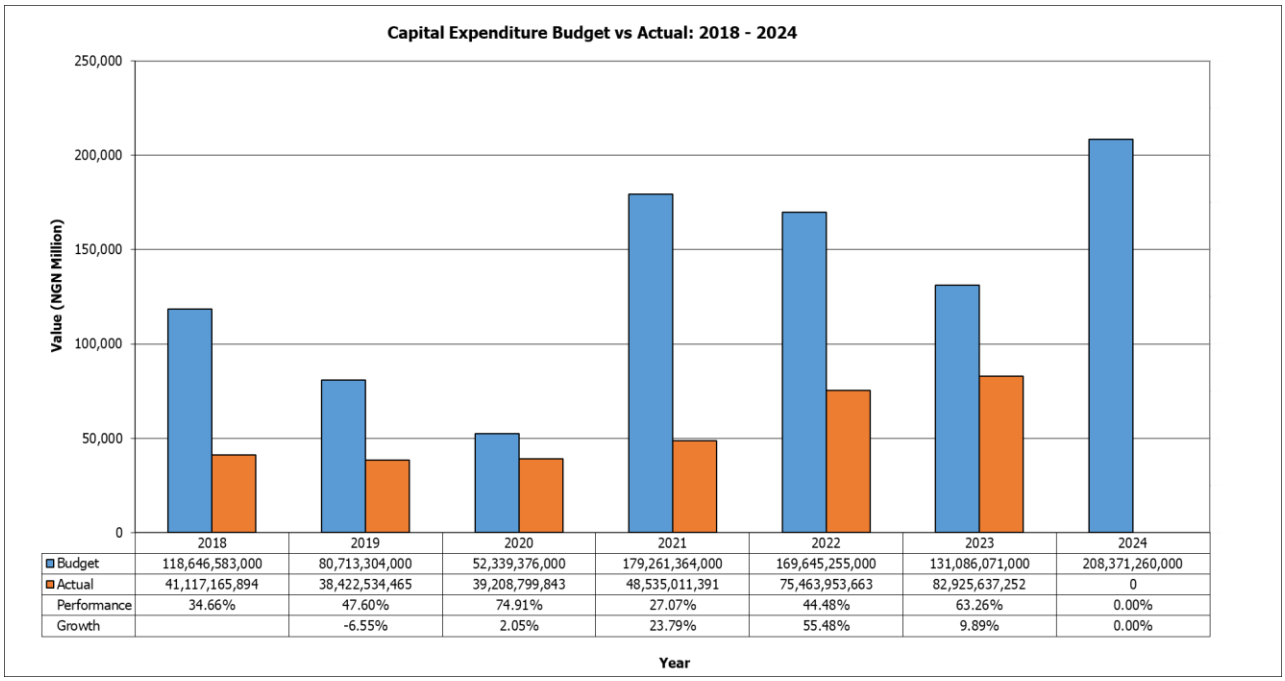
Figure 15 Public Debt Service



	2018	2019	2020	2021	2022	2023	2024
Budget	4,100,000,000	4,100,000,000	3,200,000,000	6,000,000,000	6,507,568,000	5,636,655,000	18,453,991,000
Actual	4,081,681,653	4,620,102,601	3,397,585,809	6,763,436,766	12,385,793,562	9,894,926,384	0
Performance	99.55%	112.69%	106.17%	112.72%	190.33%	175.55%	0.00%
Growth		13.19%	-26.46%	99.07%	83.13%	-20.11%	0.00%

66. Public debt service shows the trend of the state government's effort in servicing the loans received from various sources to finance some of its developmental projects and programmes and also financing the budget deficit. The figure 12 above shows that debt was serviced from 2018 to 2023. The data revealed that, 2018 have over 99.50% achievement and thereafter over 112.69%, 106.17%,112.72%, 190.33% and 175.55% performance for years 2019 through 2023. The steady rise in debt service shows a rise in debt profile of the State, thus it is expected that debt service will be maintained as projected in the 2025-2027 forecast otherwise, the State may soon exceed its debt threshold as can be seen in the case of domestic debt. The 2023 figure increased tremendously with the improved system of capturing reliable data with the use of Cabsol Accounting and Financial Management Software (AFMS). Further improvements in reporting of actuals are expected with the creation and appointment of a Director General of the Department of Debt Management. More accurate projections are expected in the years ahead.

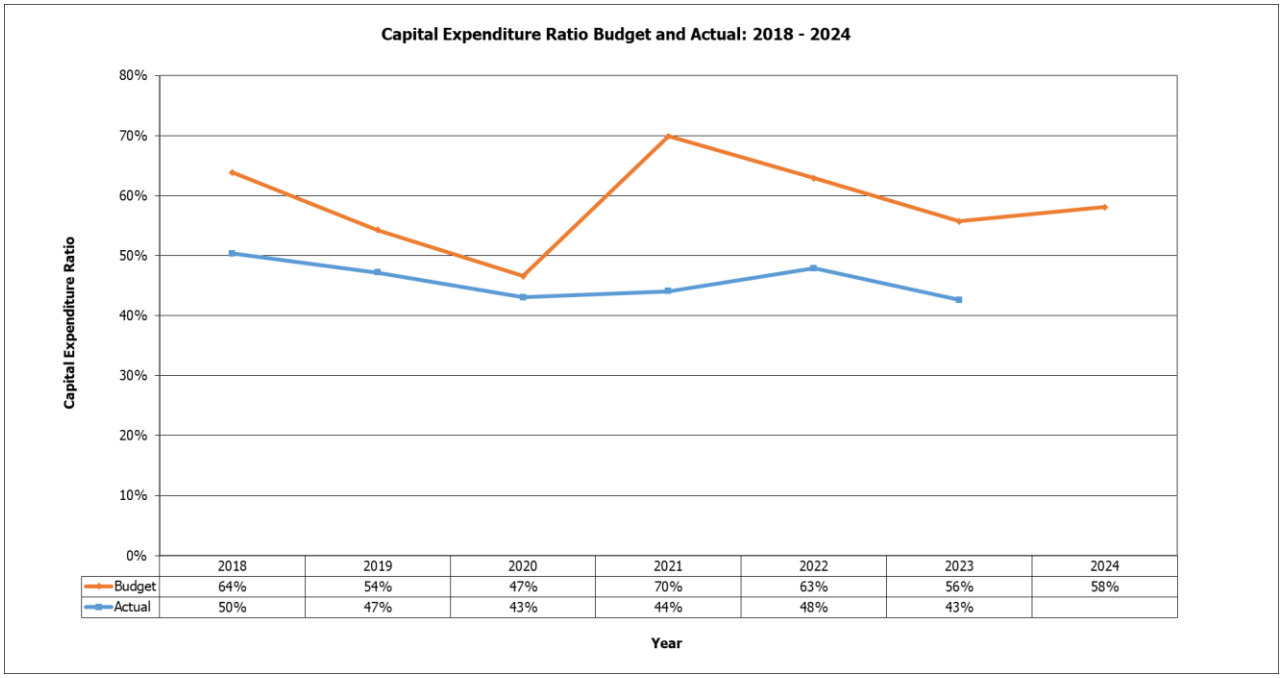
Figure 16 Capital Expenditure



	2018	2019	2020	2021	2022	2023	2024
Budget	118,646,583,000	80,713,304,000	52,339,376,000	179,261,364,000	169,645,255,000	131,086,071,000	208,371,260,000
Actual	41,117,165,894	38,422,534,465	39,208,799,843	48,535,011,391	75,463,953,663	82,925,637,252	0
Performance	34.66%	47.60%	74.91%	27.07%	44.48%	63.26%	0.00%
Growth		-6.55%	2.05%	23.79%	55.48%	9.89%	0.00%

67. **Figure** 13 above shows capital expenditures of various developmental projects and programmes in the State. The performances from 2018 and 2019 have been very poor with 34.66% and 47.60% achievement. However, in 2020 an appreciable achievement of 74.91% was recorded and thereafter fell to 27.07% in 2021, 44.48% in 2022 and rise to 63.26% in 2023. The low performance in 2023 was as a result of high budgeted figures that the state could not have resources to implement. But in terms of naira value the 2023 achievement is the highest. The implications on 2025 – 2027 MTEF is that there will be need to reduce budgetary capital provision to be able to improve performance.

Figure 17 Recurrent: Capital Expenditure Ratio



	2018	2019	2020	2021	2022	2023	2024
Budget	64%	54%	47%	70%	63%	56%	58%
Actual	50%	47%	43%	44%	48%	43%	

68. The capital expenditure ratios as seen in **Figure** 14 is fluctuating in nature steadily increasing from year 2018 to 2019 and then slops downward to 2020, rising up in 2021, 2022 and 2023.

The year recording the highest performance is 2018 with 50% performance while the lowest performance of 43% is recorded in 2020 and 2023. In terms of budgeted figures, it shows fluctuating percentages lowest at 47% in 2020 and highest of 70% in 2021. This implies that there is need to reduce budgetary provision and limited to completion of on-going projects and developmental projects that are achievable so as to improve budget performance as provided in the 2025 – 2027 MTEF.

By Main Organization

69. Table 2, Table 3 and Table 4 below show the expenditure trend according to main organization in terms of personnel, overhead and capital expenditure respectively.

Table 2 Sector Expenditure – Personnel – Budget Vs Actual

Personnel Expenditure by Sector											
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	185,000,000	932,716,342	253,986,000	171,109,664	263,285,000	155,731,036	247,958,000	818,682,552	218.71%	0.74%	2.29%
2	Secretary To The State Government (Ssg)	814,070,000	151,328,212	2,578,147,000	1,135,550,789	1,169,940,000	1,109,510,238	1,384,363,000	638,845,037	51.04%	4.61%	3.35%
3	Ministry Of Inter-Governmental Affairs And Special Duties	30,000,000	1,038,377	11,060,000	82,850,068	6,140,000	1,422,775	6,140,000	1,352,775	162.47%	0.04%	0.10%
4	Borno State House Assembly	698,000,000	74,094,688	642,000,000	79,878,287	682,980,000	64,959,749	351,265,000	74,139,127	12.34%	1.84%	0.32%
5	Ministry Of Home Affairs, Information And Culture	615,213,000	567,505,790	465,339,000	585,541,254	659,216,000	483,138,681	543,190,000	575,181,677	96.86%	1.77%	2.44%
6	Head Of Service	507,334,000	389,941,844	553,930,000	261,882,765	390,550,000	430,312,800	1,345,000,000	306,802,001	49.66%	2.17%	1.53%
7	Office Of The Auditor General	225,668,000	158,979,683	286,201,000	138,916,842	237,898,000	208,306,175	202,121,000	244,519,120	78.87%	0.74%	0.83%
8	Civil Service Commission	96,000,000	34,415,261	61,457,000	31,935,310	62,957,000	30,223,812	61,800,000	29,657,059	44.73%	0.22%	0.14%
9	Borno State Independent Electoral Commission	12,134,000	4,658,440	15,936,000	6,818,957	15,315,000	3,030,111	3,235,000	2,986,446	37.52%	0.04%	0.02%
10	Local Government Service Commission	91,406,000	91,379,523	46,859,000	0	145,307,000	101,118,217	55,057,000	39,316,429	68.46%	0.26%	0.26%
11	Ministry Of Agriculture And Natural Resources	1,185,502,000	1,058,260,488	954,914,000	972,258,430	827,900,000	844,605,200	952,995,000	790,491,806	93.48%	3.04%	4.04%
12	Ministry Of Animal And Fisheries Development	715,269,000	422,844,688	423,305,000	364,384,106	402,219,000	373,646,852	402,000,000	0	59.75%	1.51%	1.28%
13	Ministry Of Finance-Hqtrs	972,700,000	651,884,965	12,927,069,213	7,412,664,131	953,840,000	915,061,163	943,660,000	579,979,706	60.51%	12.25%	10.54%
14	Ministry Of Trade, Investment And Tourism	306,764,000	136,321,000	288,345,000	149,696,533	452,291,000	94,068,808	331,483,000	86,658,931	33.85%	1.07%	0.51%
15	Ministry Of Transport	163,993,000	0	264,758,000	113,535,366	154,880,000	28,027,166	281,500,000	119,174,437	30.14%	0.67%	0.29%
16	Ministry Of Works	652,719,000	469,088,288	592,717,000	433,368,224	565,254,000	344,948,833	430,197,000	402,300,903	73.62%	1.74%	1.82%
17	Ministry Of Housing And Energy	231,909,000	110,429,982	158,212,000	140,688,347	186,162,000	94,623,003	217,412,000	0	43.56%	0.62%	0.38%
20	Ministry Of Water Resources	689,000,000	497,111,795	507,482,000	593,109,799	566,949,000	479,918,594	538,251,000	408,749,810	85.98%	1.78%	2.18%
21	Ministry Of Reconstruction, Rehabilitation And Resettlemer	514,974,000	3,868,324	75,709,000	6,391,619	72,791,000	5,837,665	86,583,000	14,424,626	4.07%	0.58%	0.03%
22	Ministry Of Lands & Survey	292,895,000	196,639,125	215,000,000	172,204,185	279,278,000	146,696,085	222,000,000	0	51.09%	0.78%	0.57%
23	State Judicial Service Commission	1,062,200,000	934,902,898	962,200,000	1,519,235,744	1,175,193,000	895,242,977	1,169,986,000	22,136,496	77.16%	3.39%	3.72%
24	Ministry Of Justice	941,946,000	717,188,829	924,160,000	16,900,110	1,119,769,000	631,574,830	935,199,000	474,236,064	46.92%	3.04%	2.03%
25	Ministry Of Poverty Alleviation	115,000,000	99,414,903	105,000,000	97,579,496	90,000,000	159,124,779	0	0	114.88%	0.24%	0.39%
26	Ministry Of Women Affairs And Social Development	129,150,000	90,343,829	129,150,000	83,854,150	88,500,000	97,890,622	101,512,000	32,990,177	68.05%	0.35%	0.34%
27	Ministry Of Education	5,682,316,000	3,793,803,982	4,117,525,787	3,731,865,572	5,303,711,000	3,235,184,627	4,867,838,000	9,874,673,239	103.33%	15.48%	22.75%
28	Ministry Of Higher Education, Science Tech And Innovation	3,910,975,000	3,420,640,610	4,468,673,000	3,227,162,333	4,868,592,000	3,781,001,311	4,309,066,000	0	59.40%	13.61%	11.50%
29	Ministry Of Health	7,076,263,000	5,268,331,287	6,073,263,000	5,121,689,272	8,851,762,000	4,521,349,230	7,138,252,000	5,069,987,365	68.57%	22.59%	22.03%
30	Ministry Of Environment	1,151,800,000	681,651,726	1,152,983,000	595,799,985	1,008,120,000	599,623,352	733,204,000	993,809,893	70.95%	3.14%	3.17%
31	Ministry Of Youth Empow. And Sports	287,000,000	187,524,396	227,896,000	164,080,870	412,249,000	163,799,733	512,939,000	156,895,940	46.68%	1.12%	0.74%
32	Ministry For Local Government And Emirate Affairs	75,563,000	54,507,696	67,000,000	48,075,975	70,500,000	36,557,607	45,000,000	16,966,886	60.49%	0.20%	0.17%
33	Ministry Of Religious Affairs	69,960,000	27,310,945	162,500,000	115,363,134	171,718,000	61,222,424	102,614,000	25,389,079	45.24%	0.39%	0.25%
	Total	29,502,723,000	21,228,127,916	39,712,777,000	27,574,391,320	31,255,266,000	20,097,758,455	28,521,820,000	21,800,347,579	70.31%	100.00%	100.00%

Table 3 Sector Expenditure – Overhead – Budget Vs Actual

Overhead Expenditure by Sector												
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	6,403,800,000	6,916,383,680	7,836,150,000	10,729,538,823	17,169,642,000	11,512,055,184	15,602,758,000	13,531,094,993	90.80%	31.66%	45.44%
2	Secretary To The State Government (Ssg)	719,160,000	1,258,856,071	2,964,650,000	1,030,823,615	3,234,499,000	673,076,465	3,428,525,000	970,992,836	38.02%	6.97%	4.19%
3	Ministry Of Inter-Governmental Affairs And Special Duties	39,990,000	8,958,163	135,500,000	12,001,520	613,320,000	10,765,095	1,164,361,000	24,756,499	2.89%	1.32%	0.06%
4	Borno State House Assembly	3,233,061,000	2,266,585,193	2,012,000,000	1,215,364,846	2,383,720,000	608,172,980	5,130,858,000	5,305,341,374	73.63%	8.59%	10.00%
5	Ministry Of Home Affairs, Information And Culture	187,921,000	7,676,182	20,350,000	18,474,775	128,710,000	41,755,946	220,300,000	110,052,212	31.93%	0.38%	0.19%
6	Head Of Service	823,466,000	4,999,655	476,620,000	112,129,242	651,891,000	241,249,257	493,703,000	258,588,331	25.23%	1.65%	0.66%
7	Office Of The Auditor General	121,925,000	8,779,906	123,234,000	27,336,443	192,809,000	163,003,882	192,825,000	234,118,968	68.68%	0.42%	0.46%
8	Civil Service Commission	41,500,000	5,154,427	15,000,000	3,644,172	36,605,000	3,267,974	22,974,000	4,042,553	13.88%	0.08%	0.02%
9	Borno State Independent Electoral Commission	45,700,000	0	500,000,000	38,197,951	670,000,000	26,645,400	1,923,765,000	0	2.07%	2.11%	0.07%
10	Local Government Service Commission	40,085,000	26,140	364,900,000	1,768,501	210,225,000	282,949,813	307,143,000	290,671,545	62.39%	0.62%	0.61%
11	Ministry Of Agriculture And Natural Resources	59,752,000	17,534,351	35,500,000	15,731,493	877,678,000	15,021,757	197,779,000	59,516,972	9.21%	0.79%	0.11%
12	Ministry Of Animal And Fisheries Development	45,000,000	0	12,000,000	24,836,698	113,030,000	10,537,792	127,200,000	0	11.90%	0.20%	0.04%
13	Ministry Of Finance-Hqtrs	8,401,088,000	1,384,175,538	6,882,840,000	719,678,451	1,695,122,000	1,715,749,269	3,787,889,000	5,870,665,124	46.66%	13.99%	10.31%
14	Ministry Of Trade, Investment And Tourism	94,454,000	0	1,123,070,000	21,110,826	313,705,000	13,171,878	280,830,000	44,140,004	4.33%	1.22%	0.08%
15	Ministry Of Transport	303,800,000	19,147,819	83,000,000	144,282,141	236,086,000	54,772,069	444,300,000	860,419,030	101.07%	0.72%	1.15%
16	Ministry Of Works	263,077,000	0	361,000,000	15,009,416	146,790,000	14,003,632	200,100,000	225,730,913	26.24%	0.65%	0.27%
17	Ministry Of Housing And Energy	372,903,000	173,267,406	23,200,000	79,458,292	170,710,000	42,055,177	545,231,000	0	26.51%	0.75%	0.31%
18	State Bureau Of Statistics	0	0	31,500,000	0	100,100,000	0	27,412,000	0	0.00%	0.11%	0.00%
19	Fiscal Responsibility Board /Agency	200,000,000	0	50,000,000	0	9,100,000	0	1,100,000	0	0.00%	0.18%	0.00%
20	Ministry Of Water Resources	666,500,000	414,238,694	760,155,000	680,301,527	843,175,000	1,716,346,646	3,011,418,000	1,627,598,061	84.04%	3.56%	4.72%
21	Ministry Of Reconstruction, Rehabilitation And Resettlement	478,444,000	0	81,350,000	506,668,139	881,522,000	10,842,437	1,307,934,000	13,189,115	19.30%	1.85%	0.56%
22	Ministry Of Lands & Survey	42,105,000	5,317,297	72,340,000	13,115,285	98,890,000	11,000,497	28,396,000	0	12.18%	0.16%	0.03%
23	State Judicial Service Commission	609,687,000	28,230,216	295,000,000	0	1,063,390,000	193,895,016	450,270,000	326,175,866	22.67%	1.63%	0.58%
24	Ministry Of Justice	328,671,000	272,666,519	541,060,000	0	854,545,000	334,246,612	455,690,000	248,126,277	39.22%	1.47%	0.91%
25	Ministry Of Poverty Alleviation	11,700,000	9,660,000	12,000,000	16,996,672	14,060,000	83,140,952	0	0	290.78%	0.03%	0.12%
26	Ministry Of Women Affairs And Social Development	40,750,000	36,987,280	12,000,000	8,970,812	1,013,136,000	251,246,326	575,000,000	608,020,054	55.17%	1.11%	0.96%
27	Ministry Of Education	1,405,498,000	662,720,344	1,975,070,000	1,212,506,608	2,664,786,000	894,377,762	2,202,382,000	5,588,658,660	101.34%	5.56%	8.90%
28	Ministry Of Higher Education, Science Tech And Innovation	154,708,000	710,426,236	1,077,952,000	617,922,008	2,265,742,000	1,349,681,535	1,837,326,000	0	50.19%	3.59%	2.85%
29	Ministry Of Health	674,000,000	648,764,825	962,084,000	1,065,790,075	1,786,183,000	363,406,755	1,565,392,000	1,223,816,693	66.20%	3.36%	3.51%
30	Ministry Of Environment	71,537,000	83,771,900	156,200,000	11,384,633	170,050,000	11,690,665	470,943,000	241,138,791	40.06%	0.59%	0.37%
31	Ministry Of Youth Empow. And Sports	43,120,000	9,303,287	22,000,000	2,410,296	357,111,000	79,369,419	290,553,000	26,232,200	16.46%	0.48%	0.12%
32	Ministry For Local Government And Emirate Affairs	529,437,000	27,385,619	179,000,000	14,872,913	164,905,000	14,176,135	3,192,000,000	10,246,303	1.64%	2.74%	0.07%
33	Ministry Of Religious Affairs	416,710,000	695,446,450	221,750,000	115,279,656	285,053,000	60,751,224	1,279,571,000	989,252,314	84.46%	1.48%	1.98%
	Total	**26,869,549,000**	**15,676,463,198**	**29,418,475,000**	**18,475,605,826**	**41,416,290,000**	**20,802,425,551**	**50,765,928,000**	**38,992,710,540**	63.28%	**100.00%**	**100.00%**

Table 4 Sector Expenditure – Capital – Budget Vs Actual

Capital Expenditure by Sector											
No.	Sector	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	Performance	Average Budget	Average Actual
1	Governor's Office	1,569,000,000	51,880,639	2,369,000,000	981,799,845	2,231,575,000	559,583,103	1,082,389,000	961,735,504	35.23%	1.36%	1.04%
2	Secretary To The State Government (Ssg)	1,170,000,000	725,990,331	2,483,500,000	710,606,584	5,334,400,000	650,650,444	5,588,436,000	3,599,084,719	39.01%	2.74%	2.31%
3	Ministry Of Inter-Governmental Affairs And Special Duties	135,000,000	33,705,022	540,000,000	373,054,374	2,035,450,000	524,892,282	1,649,322,000	1,079,902,323	46.14%	0.82%	0.82%
4	Borno State House Assembly	152,000,000	0	429,100,000	0	1,275,100,000	0	693,750,000	0	0.00%	0.48%	0.00%
5	Ministry Of Home Affairs, Information And Culture	221,500,000	266,696,732	1,580,500,000	162,680,140	620,000,000	35,033,000	665,000,000	312,115,870	25.15%	0.58%	0.32%
6	Head Of Service	81,000,000	0	83,850,000	77	65,550,000	0	53,350,000	0	0.00%	0.05%	0.00%
7	Office Of The Auditor General	27,000,000	5,000,000	166,000,000	2,780,000	193,100,000	0	219,050,000	9,960,000	2.93%	0.11%	0.01%
8	Civil Service Commission	45,000,000	0	23,100,000	0	40,000,000	9,997,883	20,000,000	0	7.80%	0.02%	0.00%
9	Borno State Independent Electoral Commission	246,000,000	0	201,000,000	46,771,587	210,000,000	22,490,000	223,000,000	0	7.87%	0.17%	0.03%
10	Local Government Service Commission	29,000,000	0	57,700,000	0	111,341,000	9,135,329	414,906,000	12,409,399	3.51%	0.12%	0.01%
11	Ministry Of Agriculture And Natural Resources	4,889,000,000	2,798,374,207	7,557,939,000	2,974,730,368	8,717,628,000	2,297,095,060	6,623,020,000	534,837,418	30.97%	5.22%	3.50%
12	Ministry Of Animal And Fisheries Development	179,000,000	127,641,214	1,197,600,000	125,590,398	1,455,000,000	33,560,000	1,528,000,000	0	6.58%	0.82%	0.12%
13	Ministry Of Finance-Hqtrs	2,827,500,000	4,285,325,379	2,449,000,000	1,222,678,757	2,934,650,000	624,730,499	4,171,321,000	8,383,339,806	117.23%	2.33%	5.90%
14	Ministry Of Trade, Investment And Tourism	1,915,000,000	1,385,129,314	5,674,000,000	829,799,906	6,704,475,000	545,283,593	3,174,025,000	1,783,568,694	26.01%	3.28%	1.85%
15	Ministry Of Transport	536,000,000	136,050,350	1,838,500,000	2,110,581,777	3,525,653,000	2,395,233,502	2,519,855,000	1,753,663,419	75.96%	1.58%	2.60%
16	Ministry Of Works	4,381,500,000	2,632,680,167	18,604,000,000	11,529,012,106	22,267,500,000	12,831,441,673	24,531,812,000	18,400,789,928	65.05%	13.11%	18.44%
17	Ministry Of Housing And Energy	1,278,000,000	919,040,858	3,408,000,000	1,413,501,775	8,398,800,000	2,666,296,705	7,561,038,000	0	24.21%	3.88%	2.03%
18	State Bureau Of Statistics	0	0	43,500,000	0	161,800,000	0	14,000,000	0	0.00%	0.04%	0.00%
19	Fiscal Responsibility Board /Agency	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
20	Ministry Of Water Resources	2,145,000,000	1,266,801,887	13,248,294,000	896,439,462	9,246,880,000	4,165,587,931	6,765,800,000	1,367,712,668	24.51%	5.90%	3.13%
21	Ministry Of Reconstruction, Rehabilitation And Resettlemer	8,992,000,000	7,101,932,543	40,386,340,000	12,644,049,078	25,544,644,000	7,722,235,657	10,669,749,000	9,087,633,476	42.71%	16.08%	14.85%
22	Ministry Of Lands & Survey	585,000,000	1,012,856,266	988,500,000	1,056,106,499	2,797,950,000	1,631,859,497	2,660,125,000	0	52.63%	1.32%	1.50%
23	State Judicial Service Commission	119,050,000	0	125,500,000	0	586,000,000	0	56,957,000	0	0.00%	0.17%	0.00%
24	Ministry Of Justice	142,000,000	88,600,572	565,000,000	216,011,794	660,180,000	0	780,779,000	144,189,111	20.89%	0.40%	0.18%
25	Ministry Of Poverty Alleviation	806,000,000	844,401,368	2,400,000,000	1,746,098,895	4,143,000,000	3,693,658,938	300,000,000	0	82.16%	1.44%	2.55%
26	Ministry Of Women Affairs And Social Development	180,000,000	121,831,429	1,015,000,000	289,366,334	1,210,750,000	1,927,519,270	3,743,788,000	7,666,028,702	162.69%	1.16%	4.06%
27	Ministry Of Education	4,338,700,000	3,488,085,291	45,859,941,000	3,156,047,506	30,082,700,000	22,195,282,164	14,867,224,000	19,247,745,901	50.54%	17.87%	19.54%
28	Ministry Of Higher Education, Science Tech And Innovation	3,211,626,000	820,294,885	8,805,500,000	809,591,029	7,298,390,000	5,070,085,104	5,484,995,000	0	27.02%	4.66%	2.72%
29	Ministry Of Health	9,767,000,000	9,668,910,137	9,529,000,000	3,277,203,934	13,892,539,000	3,270,017,687	11,346,766,000	4,991,282,285	47.62%	8.37%	8.62%
30	Ministry Of Environment	836,000,000	180,554,212	2,859,000,000	637,609,375	2,828,810,000	300,658,418	3,071,270,000	40,000	11.66%	1.80%	0.45%
31	Ministry Of Youth Empow. And Sports	1,225,000,000	653,158,613	2,633,000,000	330,244,598	2,128,650,000	426,573,957	4,467,021,000	1,868,178,533	31.36%	1.96%	1.33%
32	Ministry For Local Government And Emirate Affairs	105,000,000	119,577,760	135,000,000	0	168,000,000	0	3,128,000,000	0	3.38%	0.66%	0.05%
33	Ministry Of Religious Affairs	205,500,000	474,280,667	2,005,000,000	992,655,194	2,774,740,000	1,855,051,969	3,011,323,000	1,720,156,371	63.05%	1.50%	2.05%
	Total	52,339,376,000	39,208,799,843	179,261,364,000	48,535,011,391	169,645,255,000	75,463,953,663	131,086,071,000	82,925,637,252	46.24%	100.00%	100.00%

2.B.2 Debt Position

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

Table 5 Debt Position as at 31st December 2023

Debt Sustainability Analysis			
A	**DSA RATIO SCENARIOS:**	**Sustainability Thresholds**	**As at 31st December 2023**
	Solvency Ratios	**Percentage**	**Percentage**
1	Total Domestic Debt/IGR	150%	437.90%
2	Total External Debt/Gross FAAC	150%	11.73%
3	Total Public Debt/Total Recurrent Revenue	150%	65.25%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	**Percentage**	**Percentage**
5	Domestic Debt Service/IGR	15%	57.98%
6	External Debt Service/Gross FAAC	10%	0.38%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	8.71%
8	Total Debt Service/Total Recurrent Revenue	25%	7.61%
B	**PUBLIC DEBT DATA AS AT 31st DECEMBER 2023**		**Naira**
1	Total Domestic Debt		98,771,221,990
2	Total External Debt		18,426,562,814
3	**Total Public Debt**		**117,197,784,804**
4	Total Domestic Debt Service 2023		13,077,545,204
5	Total External Debt Service in 2023		597,599,492
6	**Total Public Debt Service**		**13,675,144,696**
C	**STATE GDP FOR 2023**		
1	**State GDP**		0

71. Table 5 shows the state total debt portfolio is ₦117,197,784,804 comprising of ₦98,771,221,990 domestic debt and ₦18,426,562,814 as total external debt. However, going by the state's solvency ratio as indicated in table 5 above the domestic debt to IGR ratio of 437% is far above the threshold of 150% thus it not advisable for government to take more domestic loans. The table shows that the state can comfortably take foreign loan as it is about 11.73% which is far less than the threshold of 150%.

72. Total debt service in 2023 stands at ₦13,675,144,696.00 with ₦13,077,545,204.00 as domestic debt service and ₦597,599,492.00 as external debt service. The table above shows a domestic debt service to IGR of 15% which is just about 57.98% more than the threshold of 15% indicating that the state's ability to service its debt with IGR has exceeded the threshold. While the figures for external debt service to Gross FAAC and debt service deductions to Gross FAAC are favourable. These figures notwithstanding, it is advisable that the state should avoid loans, both domestic and foreign loans as both have exceeded the threshold of 15% and 150% respectively. This implies that the State might not be able secure loans as it exceeds it threshold of debts.

3 Fiscal Strategy Paper

3.A Macroeconomic Framework

73. The Macroeconomic framework is based on IMF's national real GDP growth and inflation forecasts from the June 2024 IMF World Economic Outlook document, and mineral benchmarks are based on a thorough analysis of the current outlook for crude oil prices, production and mineral ratio. The current NGN:USD exchange rate has been adopted throughout the period. This translates to the following figures which underpin the Borno State 2025-2027 MTEF.

Figure 18 Borno State Macroeconomic Framework

Macro-Economic Framework

Item	2025	2026	2027
National Inflation	15.75%	14.21%	10.04%
National Real GDP Growth	4.6%	4.4%	5.5%
Oil Production Benchmark (MBPD)	1.6500	1.7000	1.8000
Oil Price Benchmark	$75.0	$76.2	$75.3
NGN:USD Exchange Rate	1400	1400	1400
Other Assumptions			
Mineral Ratio	18%	20%	22%

3.B Fiscal Strategy and Assumptions

Policy Statement

74. The Borno State's policy direction focuses mainly on diversifying the revenue bases of the state, through intensifying efforts to improve the independent revenue base of the state so as to reduce the state's overdependence on FAAC Allocations, Donor Partner grants and assisted projects. Furthermore, efforts and strategies on control and enforcement of spending limits that will ensure sound budgeting system is being put in place. This will also include aggregate fiscal discipline, allocative efficiency and effective spending.

Objectives and Targets

75. The key targets from a fiscal perspective are:

- Ensure the completion of on-going projects.
- Continue to ensure reduction in non-essential overheads.
- Create efficiencies in personnel and overhead expenditure to allow greater resource for capital development;
- Grow IGR by a minimum of 25% every year from 2025 to 2027
- Achieve long term target of funding all recurrent expenditure with revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation);
- Grow the economy through targeted spending in areas of comparative advantage
- Diversify the internal revenue base and also reviewing revenue projections to reflect current realities.
- Ensure speedy executions of capital projects, most especially those considered critical by the government.

- Target sources of capital receipts and financing outside of loans (e.g., Aid and Grants, PPP, etc.)
- Use loans to finance only capital expenditure projects
- Give priority to the completion of ongoing capital projects before new projects are commenced.

3.C Indicative Three-Year Fiscal Framework

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

Table 6 2025-2027 State Medium Term Fiscal Framework

Fiscal Framework

Item	**2025**	**2026**	**2027**
Opening Balance	5,000,000,000	4,000,000,000	3,000,000,000
Recurrent Revenue			
Statutory Allocation	93,900,000,000	90,928,319,000	90,021,151,000
VAT	87,360,000,000	86,615,067,000	85,376,574,000
IGR	30,091,742,000	33,100,917,000	36,411,008,000
Excess Crude / Other Revenue	130,444,193,000	140,444,193,000	150,444,193,000
Total Recurrent Revenue	**341,795,935,000**	**351,088,496,000**	**362,252,926,000**
Recurrent Expenditure			
Personnel Costs	67,265,524,000	77,265,524,000	77,265,524,000
Social Contribution and Social Benefit	20,688,373,000	22,757,210,000	25,032,931,000
Overheads	81,095,972,000	91,095,972,000	100,095,972,000
Grants, Contributions and Subsidies	14,179,920,000	15,597,912,000	17,157,703,000
Public Debt Service	20,290,735,000	22,319,809,000	24,551,790,000
Total	**203,520,524,000**	**229,036,427,000**	**244,103,920,000**
Transfer to Capital Account	**143,275,411,000**	**126,052,069,000**	**121,149,006,000**
Capital Receipts			
Grants	138,329,965,000	165,170,628,000	177,979,109,000
Other Capital Receipts	0	0	0
Total	**138,329,965,000**	**165,170,628,000**	**177,979,109,000**
Capital Expenditure	**373,506,517,000**	**386,787,322,000**	**408,972,574,000**
Discretional Funds	328,060,254,000	331,600,600,000	366,857,371,000
Non-Discretional Funds	45,446,263,000	55,186,722,000	42,115,203,000
Financing (Loans)	91,901,141,000	95,564,625,000	109,844,459,000
Total Revenue (Including Opening Balance)	**577,027,041,000**	**615,823,749,000**	**653,076,494,000**
Total Expenditure (including Contingency Reserve)	**577,027,041,000**	**615,823,749,000**	**653,076,494,000**
Ratios			
Growth in Recurrent Revenue	69.31%	2.72%	3.18%
Growth in Recurrent Expenditure	35.35%	12.54%	6.58%
Capital Expenditure Ratio	64.73%	62.81%	62.62%
Deficit (Financing) to Total Expenditure	15.93%	15.52%	16.82%
Deficit (Financing) to GDP Ratio	NA	NA	NA

77. A schedule of capital receipts is presented in Annex 1.

3.C.1 Assumptions

78. **Opening Balance -** The state is anticipating an open balance of ₦5 billion for the FY 2025. This is due mainly to the expected annual increase in Statutory Allocations FAAC.

79. **Statutory Allocation –** This is estimated using the elasticity forecasting which projected ₦93,900,000,000 government's share of FAAC in 2025, ₦90,928,319,000, 2026 and ₦90,021,151,000 in 2027. This assumption is however, based on expected rise in crude oil, subsidy removal, prices and production rate and stable inflationary rate predicted within this period.

80. **VAT –** Government share of VAT is also estimated using the elasticity forecasting which is projected to be ₦87,360,000,000 in 2025, ₦86,615,067,000 in 2026 and ₦85,376,574,000 in 2027. This sustained rise in VAT is based on the assumption that the increased VAT rate from 5% to 7.5% and the expanded area of coverage including areas such as banks and mobile phone transactions.

81. **Other Federation Account –** – Excess Crude and other FAAC Revenues expected is earmarked at ₦130,444,193,000 in 2025, ₦140,444,193,000 in 2026 and ₦150,444,193,000 in 2027 respectively. This takes cares of the fluctuations in crude oil price and productions which at times rises and falls.

82. **Internally Generated Revenue (IGR) –** The state government anticipate an widening its revenue base, blocking the identified leakages and exploring new avenues of revenue sources and improvement in tax collection. The most critical of all is to sustain the enforcement of payment of ground rent by property owners and improving on IGR up to 25% annual growth. The sum of ₦30,091,742,000 is projected for 2025, rising steadily to ₦33,100,917,000 for 2026 and ₦36,411,008,000 in 2027, based on 10% growth per year.

83. **Grants –** The state government anticipate grants from International Donors and other local donors. The sum of ₦138,329,965,000 is projected for 2025, raising to ₦ 165,170,628,000 for 2026 and to ₦ 177,979,109,000 for 2027. The raise in grants may be connected to the fact that the major sources of government grants which are the INGOs and NGOs would continue to support the state due to the return of peace in most parts of the state.

84. **Miscellaneous Capital Receipts –** There is no provision of other capital receipts in the table above thus the zero value.

85. **Financing –** The sum of ₦91 billion loans for 2025. The major source of financing is commercial bank loan.

86. **Personnel –** Sum of ₦67.265 billion earmarked as personnel cost in 2025 based on 35% growth in consideration of new minimum wage, ₦77.265 billion in 2026 and ₦77.265 billion in 2027, followed by 10% in 2026 and 10% in 2027.

87. **Social Contribution and Social Benefits –**₦20,688,373,000 was earmarked against 2025, ₦22,757,210,000 against 2026 and ₦25,032,931,000 for 2027 based on 10% growth per annum in 2025-2027.

88. **Overheads –** The other recurrent services steadily increase year-on-year with ₦81.095 billion in 2025, ₦91.095 billion and ₦100.095 billion in 2026 and 2027 respectively using own value forecasting method (10% per annum).

89. **Grants, Contributions, Subsidies and Transfers -** sum of ₦14.179 billion was projected for 2025, ₦15.579 billion and ₦17.175 billion in 2026 and 2027 respectively based on 10% growth per annum.

90. **Public Debt Service -** Sum of ₦20 billion, ₦22 billion and ₦24 billion was earmarked to service the debts in 2025, 2026 and 2027 respectively. The proposed debt service is based on the expected amount of domestic/foreign interest and domestic/foreign principal due for repayment on debts owed.

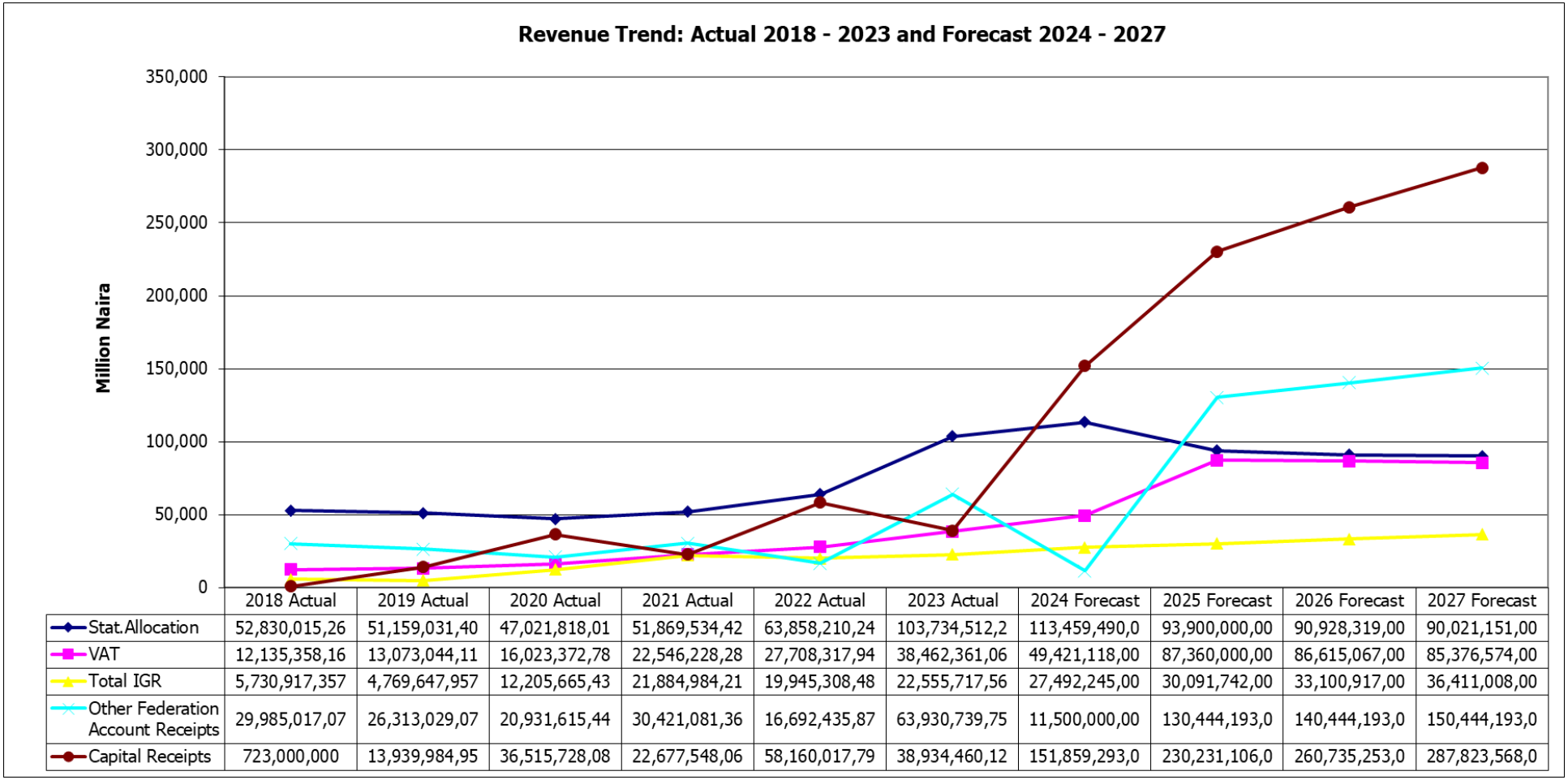
91. **Contingency and Planning Reserves –** Planning reserve of ₦23.115 billion, ₦23.115 and ₦23.115 billion was set aside for planning purposes in the next 3 years 2025 – 2027. This will be allocated when a surplus occurs as it might result from getting over 100% from projections such as the Statutory Allocation, VAT or excess crude oil account. This is expected to cover the unforeseen that might occur.

92. **Capital Expenditure –** The sum of ₦208bn in 2024, ₦373.506bn in 2025, ₦386.787bn and ₦408.972bn in 2026 and 2027 respectively.

3.C.2 Fiscal Trends

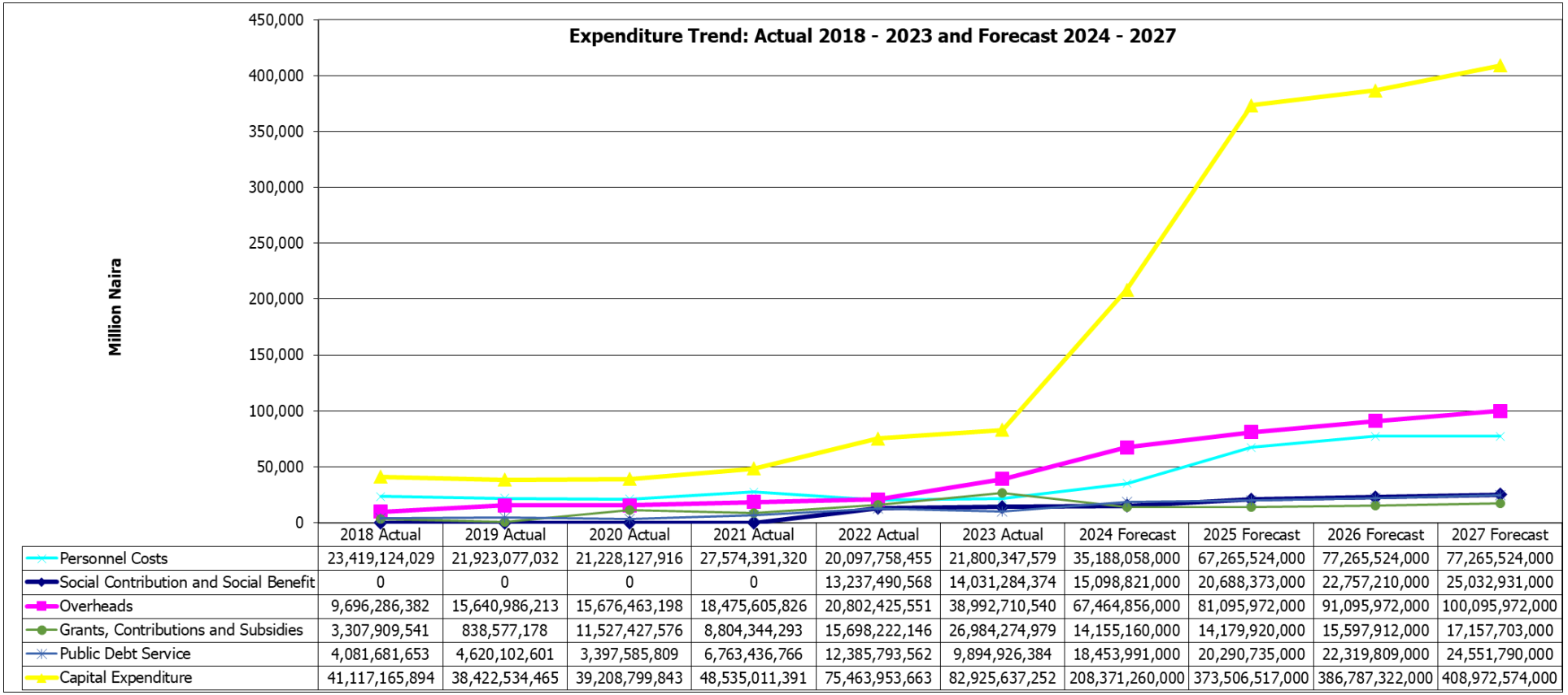
93. Based on the above envelope, plus actual figures for 2025-2027 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below.

Figure 19 Borno State Revenue Trend



	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Stat.Allocation	52,830,015,26	51,159,031,40	47,021,818,01	51,869,534,42	63,858,210,24	103,734,512,2	113,459,490,0	93,900,000,00	90,928,319,00	90,021,151,00
VAT	12,135,358,16	13,073,044,11	16,023,372,78	22,546,228,28	27,708,317,94	38,462,361,06	49,421,118,00	87,360,000,00	86,615,067,00	85,376,574,00
Total IGR	5,730,917,357	4,769,647,957	12,205,665,43	21,884,984,21	19,945,308,48	22,555,717,56	27,492,245,00	30,091,742,00	33,100,917,00	36,411,008,00
Other Federation Account Receipts	29,985,017,07	26,313,029,07	20,931,615,44	30,421,081,36	16,692,435,87	63,930,739,75	11,500,000,00	130,444,193,0	140,444,193,0	150,444,193,0
Capital Receipts	723,000,000	13,939,984,95	36,515,728,08	22,677,548,06	58,160,017,79	38,934,460,12	151,859,293,0	230,231,106,0	260,735,253,0	287,823,568,0

Figure 20 Borno State Expenditure Trend



	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Personnel Costs	23,419,124,029	21,923,077,032	21,228,127,916	27,574,391,320	20,097,758,455	21,800,347,579	35,188,058,000	67,265,524,000	77,265,524,000	77,265,524,000
Social Contribution and Social Benefit	0	0	0	0	13,237,490,568	14,031,284,374	15,098,821,000	20,688,373,000	22,757,210,000	25,032,931,000
Overheads	9,696,286,382	15,640,986,213	15,676,463,198	18,475,605,826	20,802,425,551	38,992,710,540	67,464,856,000	81,095,972,000	91,095,972,000	100,095,972,000
Grants, Contributions and Subsidies	3,307,909,541	838,577,178	11,527,427,576	8,804,344,293	15,698,222,146	26,984,274,979	14,155,160,000	14,179,920,000	15,597,912,000	17,157,703,000
Public Debt Service	4,081,681,653	4,620,102,601	3,397,585,809	6,763,436,766	12,385,793,562	9,894,926,384	18,453,991,000	20,290,735,000	22,319,809,000	24,551,790,000
Capital Expenditure	41,117,165,894	38,422,534,465	39,208,799,843	48,535,011,391	75,463,953,663	82,925,637,252	208,371,260,000	373,506,517,000	386,787,322,000	408,972,574,000

94. Figure 16 show the revenue trend and forecast for 2024 – 2027. As indicated, sum of ₦52.830 billion was received in 2018 as Statutory Allocation, ₦51.159 billion, ₦47.021 billion, ₦51.869 billion, ₦63.858 billion and ₦103.738 billion was also received in 2019, 2020, 2021, 2022 and 2023. It is further expected that the sum of ₦113.459 billion will be receive in 2024, ₦93.900 billion, ₦90.928 billion and ₦90.021 billion in 2025, 2026, and 2027 respectively.

95. Figure 17 the State expenditure trend within the 6-year period 2018 to 2023 actuals and projections for 2025 to 2027 in terms of personnel, social contribution and social benefits, overheads, grants, contribution and subsidies, public dept service and capital expenditure.

3.D Fiscal Risks

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

Table 7 Fiscal Risks

Risk	Likelihood	Impact	Reaction
Uncertainty and instabilities in Crude Oil Price and Production Volatility could impact highly FAAC Revenues	High	High	Increase IGR generation effort to reduce reliance on federal transfers. Seeking alternative means to diversify the revenue sources etc
Insecurity situation in the state and country at large, activities of the insurgents, arm bandits, kidnappers and boko haram	Medium	Moderate	Prioritisation of projects in the capital budget such as those that will help generate revenue for the state.
Over reliance on FAAC allocation and low IGR base is a major risk for the State	High	High	Increase the internal revenue base by blocking all the identified leakages. All revenues to be paid directly to banks (STA)
The activities of insurgents, bandits and kidnappers may likely increase	Moderate	Moderate	Increase sensitization and awareness campaign on the citizens' to be low abiding and reorientation of cultural values
Rise in prices of agricultural commodities particularly wheat as a direct result of Russia and Ukraine war where the two account for up to 30 percent of global wheat exports	High	High	Immediate support to farmers to produce more of wheat in the state during the dry season farming.

Risk	Likelihood	Impact	Reaction
The forecasted stable foreign exchange rate of the Naira against the Dollar. The exchange rate in reality is very volatile and at times unpredictable. As seen in the current price of refined petroleum products and the harmonization of the dollar official and black-market rate (Parallel Market)	High	High	Less dependent on imported items and looking inward for supplies of available substitute materials

97. It should be noted however that no budget is without risk. They should be close monitoring of the implementation of the 2024 budget, as the insecurity situation in the Sate might impact on the fiscal and economic outlook of the state.

98. Budget Policy Statement

3.E Budget Policy Thrust

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

- Government's policy thrust and direction in 2025 is to complete returning and resettlement of all IDPs to their ancestral homes, complete all ongoing projects, lift the embargo on promotions and fill all existing vacancies in the State Civil Service through promotional examinations.
- To reduce over-dependence on Federal transfers through improved independent revenue generation achievable via a technological-driven and independent Board of Internal Revenue;
- To ensure quality human-capital development initiative through continuous improvement in access to - and quality of - public services, which 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;
- To pursue 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.
- To broaden governance reforms particularly in the area of policy and strategy; public expenditure and financial management; and public service management. As part of this process, Government intends to produce/revise the Borno State Development Plan (BSDP) and Medium-Term Sector Strategy for the key sectors.

3.F Sector (Main Organization) Allocations (3 Year)

100. The total forecast budget size for the 2025 fiscal year as explained in Section 3.C above is N577,027,041,000 of which the sum of N203,520,524,000 will be for recurrent expenditure (i.e. Personnel, Overhead, Social Contributions, Social Benefits, Grants & Contributions Public Debt Charge, Transfer to Internal Revenue Services and Transfer to Local Governments), N373,506,517,000 will be for capital expenditure, N 143,275,411,000 as transfer to Capital and N23,115,203,000 will be for contingency 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. The capital component of the budget is derived from discretionary and non-discretionary funds. Discretionary fund of N328,060,254,000 will be distributed to all MDAs while non-discretionary capital fund of N45,446,263,000 is specifically earmarked for special projects. The non-discretionary fund is in the form of loans and grants.

101. The tables below present indicative three envelopes for Personnel, Overhead and Capital Expenditures in Main organizations. This is in a bid to accelerate the development activities in the state through attracting foreign and domestic investors into the state, improvement in the general wellbeing of the society and increase job creation which will have a positive impact on poverty reduction and the state economy. The personnel cost will in no small measure help increase the wellbeing of the workers while the capital expenditures will help create jobs and establish a sound economic base for the state that will attract investors thus uplifting the living standards of the citizens.

102. Ceilings for each Main Organisation for 2025-2027 is shown in table 12 below indicating that in terms of personnel cost health sector took has percentage of 27.23% in the year 2025 and education sector with 30.75% respectively. However, the percentage of 30.75% making the education sector to have the highest figure in percentage terms. The indicative personnel (salaries and allowances), overhead (Account Class 2202 only) and capital allocation (envelope) to the sectors for 2025-2027 are based on the combined proportion of budget and actual expenditure of 2018 – 2023 as shown in Table 8, Table 9 and Table 10.

103. Table below.

Table 8 Indicative Sector Expenditure Ceilings 2025-2027 – Personnel (Salaries and Allowances)

Personnel Expenditure by Sector									
No.	Sector	2024 Budget	2024 Budget %	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Governor's Office	273,575,000	0.78%	1.27%	853,249,104	1.04%	806,702,119	1.04%	806,702,119
2	Secretary To The State Government (Ssg)	2,049,387,000	5.82%	4.59%	3,089,841,824	4.07%	3,144,100,270	4.07%	3,144,100,270
3	Ministry Of Inter-Governmental Affairs And Special Duties	10,174,000	0.03%	0.06%	37,178,537	0.07%	52,223,521	0.07%	52,223,521
4	Borno State House Assembly	720,365,000	2.05%	1.40%	944,163,959	1.39%	1,070,813,821	1.39%	1,070,813,821
5	Ministry Of Home Affairs, Information And Culture	739,295,000	2.10%	2.10%	1,414,574,745	1.95%	1,506,888,798	1.95%	1,506,888,798
6	Head Of Service	1,047,683,000	2.98%	2.23%	1,497,089,454	2.58%	1,994,315,175	2.58%	1,994,315,175
7	Office Of The Auditor General	193,192,000	0.55%	0.70%	474,145,544	0.73%	561,726,761	0.73%	561,726,761
8	Civil Service Commission	52,740,000	0.15%	0.17%	113,866,460	0.21%	165,063,124	0.21%	165,063,124
9	Borno State Independent Electoral Commission	18,235,000	0.05%	0.04%	24,047,593	0.04%	32,678,594	0.04%	32,678,594
10	Local Government Service Commission	120,617,000	0.34%	0.29%	193,024,717	0.25%	196,562,897	0.25%	196,562,897
11	Ministry Of Agriculture And Natural Resources	1,078,077,000	3.06%	3.38%	2,274,730,309	3.71%	2,864,662,161	3.71%	2,864,662,161
12	Ministry Of Animal And Fisheries Development	0	0.00%	0.93%	624,678,289	1.73%	1,340,267,865	1.73%	1,340,267,865
13	Ministry Of Finance-Hqtrs	719,867,000	2.05%	8.28%	5,567,822,482	8.60%	6,644,240,416	8.60%	6,644,240,416
14	Ministry Of Trade, Investment And Tourism	321,763,000	0.91%	0.83%	560,091,427	0.98%	760,001,729	0.98%	760,001,729
15	Ministry Of Transport	435,964,000	1.24%	0.73%	492,631,850	0.66%	506,194,346	0.66%	506,194,346
16	Ministry Of Works	583,323,000	1.66%	1.74%	1,169,029,802	1.71%	1,319,536,344	1.71%	1,319,536,344
17	Ministry Of Housing And Energy	0	0.00%	0.33%	223,431,941	0.67%	518,483,008	0.67%	518,483,008
20	Ministry Of Water Resources	389,800,000	1.11%	1.69%	1,137,661,009	2.00%	1,547,380,232	2.00%	1,547,380,232
21	Ministry Of Reconstruction, Rehabilitation And Resettlemer	32,623,000	0.09%	0.24%	158,709,643	0.28%	216,343,332	0.28%	216,343,332
22	Ministry Of Lands & Survey	0	0.00%	0.45%	302,862,204	0.80%	621,430,946	0.80%	621,430,946
23	State Judicial Service Commission	1,167,901,000	3.32%	3.47%	2,337,182,274	3.99%	3,084,525,607	3.99%	3,084,525,607
24	Ministry Of Justice	205,814,000	0.58%	1.88%	1,267,552,825	2.80%	2,163,542,093	2.80%	2,163,542,093
25	Ministry Of Poverty Alleviation	0	0.00%	0.21%	141,920,241	0.29%	220,517,401	0.29%	220,517,401
26	Ministry Of Women Affairs And Social Development	106,588,000	0.30%	0.33%	221,262,364	0.37%	287,496,750	0.37%	287,496,750
27	Ministry Of Education	10,173,123,000	28.91%	22.38%	15,055,047,958	16.46%	12,718,571,623	16.46%	12,718,571,623
28	Ministry Of Higher Education, Science Tech And Innovation	0	0.00%	8.37%	5,629,933,350	14.47%	11,182,662,538	14.47%	11,182,662,538
29	Ministry Of Health	13,048,811,000	37.08%	27.23%	18,319,354,252	23.57%	18,210,693,360	23.57%	18,210,693,360
30	Ministry Of Environment	927,830,000	2.64%	2.98%	2,004,222,091	2.88%	2,221,527,314	2.88%	2,221,527,314
31	Ministry Of Youth Empow. And Sports	644,844,000	1.83%	1.23%	827,411,689	1.17%	902,503,773	1.17%	902,503,773
32	Ministry For Local Government And Emirate Affairs	47,250,000	0.13%	0.17%	113,555,977	0.20%	150,823,875	0.20%	150,823,875
33	Ministry Of Religious Affairs	75,000,000	0.21%	0.29%	192,563,014	0.33%	253,044,208	0.33%	253,044,208
	Total	**35,188,058,000**	**100.00%**	**100.00%**	**67,265,524,000**	**100.00%**	**77,265,524,000**	**100.00%**	**77,265,524,000**

Table 9 Indicative Sector Expenditure Ceilings 2025-2027 – Overhead (Account Class 2202)

Overhead Expenditure by Sector									
No.	Sector	2024 Budget	2024 Budget %	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Governor's Office	14,164,165,000	20.99%	32.70%	26,518,058,633	35.50%	32,341,216,277	35.50%	35,536,428,317
2	Secretary To The State Government (Ssg)	6,000,096,000	8.89%	6.68%	5,419,863,899	7.22%	6,572,890,149	7.22%	7,222,271,346
3	Ministry Of Inter-Governmental Affairs And Special Duties	2,388,017,000	3.54%	1.64%	1,328,702,465	1.04%	947,853,154	1.04%	1,041,498,111
4	Borno State House Assembly	5,489,330,000	8.14%	8.91%	7,226,040,511	8.90%	8,110,162,925	8.90%	8,911,421,913
5	Ministry Of Home Affairs, Information And Culture	5,452,390,000	8.08%	2.88%	2,337,346,982	0.28%	258,968,555	0.28%	284,553,847
6	Head Of Service	434,650,000	0.64%	0.98%	796,965,308	1.36%	1,241,344,920	1.36%	1,363,985,955
7	Office Of The Auditor General	360,754,000	0.53%	0.47%	384,054,877	0.36%	329,221,427	0.36%	361,747,485
8	Civil Service Commission	17,873,000	0.03%	0.04%	32,931,089	0.06%	54,822,260	0.06%	60,238,529
9	Borno State Independent Electoral Commission	1,165,080,000	1.73%	1.30%	1,057,087,675	1.62%	1,473,020,678	1.62%	1,618,550,561
10	Local Government Service Commission	391,858,000	0.58%	0.60%	490,511,443	0.54%	489,958,802	0.54%	538,365,215
11	Ministry Of Agriculture And Natural Resources	117,271,000	0.17%	0.36%	291,158,793	0.42%	383,096,698	0.42%	420,945,465
12	Ministry Of Animal And Fisheries Development	0	0.00%	0.08%	64,295,207	0.15%	138,384,622	0.15%	152,056,595
13	Ministry Of Finance-Hqtrs	6,490,853,000	9.62%	11.31%	9,170,048,866	13.11%	11,940,106,934	13.11%	13,119,752,533
14	Ministry Of Trade, Investment And Tourism	202,774,000	0.30%	0.53%	433,734,788	0.62%	566,977,692	0.62%	622,993,332
15	Ministry Of Transport	2,490,517,100	3.69%	1.85%	1,502,567,483	0.62%	564,905,432	0.62%	620,716,340
16	Ministry Of Works	652,997,000	0.97%	0.63%	511,727,558	0.69%	630,582,039	0.69%	692,881,593
17	Ministry Of Housing And Energy	0	0.00%	0.35%	287,289,016	0.66%	603,763,286	0.66%	663,413,230
18	State Bureau Of Statistics	0	0.00%	0.04%	28,951,330	0.05%	47,580,789	0.05%	52,281,624
19	Fiscal Responsibility Board /Agency	500,000	0.00%	0.06%	47,574,979	0.07%	62,055,349	0.07%	68,186,225
20	Ministry Of Water Resources	2,287,277,000	3.39%	3.89%	3,155,141,085	4.06%	3,696,495,257	4.06%	4,061,697,545
21	Ministry Of Reconstruction, Rehabilitation And Resettlement	170,359,000	0.25%	0.89%	721,517,473	1.73%	1,571,673,922	1.73%	1,726,950,439
22	Ministry Of Lands & Survey	0	0.00%	0.06%	52,480,941	0.09%	86,224,566	0.09%	94,743,286
23	State Judicial Service Commission	1,181,465,000	1.75%	1.32%	1,071,467,024	1.23%	1,121,757,127	1.23%	1,232,583,258
24	Ministry Of Justice	504,276,000	0.75%	1.04%	844,986,803	1.34%	1,220,763,882	1.34%	1,341,371,574
25	Ministry Of Poverty Alleviation	0	0.00%	0.05%	38,467,693	0.07%	63,556,623	0.07%	69,835,821
26	Ministry Of Women Affairs And Social Development	561,441,000	0.83%	0.97%	784,181,524	0.81%	735,460,115	0.81%	808,121,298
27	Ministry Of Education	3,677,018,000	5.45%	6.63%	5,379,956,072	5.40%	4,923,520,270	5.40%	5,409,948,829
28	Ministry Of Higher Education, Science Tech And Innovation	0	0.00%	2.15%	1,742,041,999	3.54%	3,226,398,393	3.54%	3,545,156,565
29	Ministry Of Health	2,127,303,000	3.15%	3.34%	2,710,517,142	3.32%	3,025,044,416	3.32%	3,323,909,439
30	Ministry Of Environment	477,165,000	0.71%	0.55%	449,489,529	0.49%	445,123,339	0.49%	489,100,147
31	Ministry Of Youth Empow. And Sports	702,428,000	1.04%	0.55%	444,983,096	0.35%	322,388,316	0.35%	354,239,283
32	Ministry For Local Government And Emirate Affairs	7,207,536,900	10.68%	4.50%	3,647,297,985	2.65%	2,414,878,983	2.65%	2,653,461,550
33	Ministry Of Religious Affairs	1,473,010,000	2.18%	1.88%	1,526,723,971	1.63%	1,485,774,802	1.63%	1,632,564,753
	Total	**67,464,856,000**	**100.00%**	**99.26%**	**81,095,972,000**	**100.00%**	**91,095,972,000**	**100.00%**	**100,095,972,000**

Table 10 Indicative Sector Expenditure Ceilings 2025-2027 – Capital

Capital Expenditure by Sector		Non-Discretionary Funds			Total Capital Envelope					
No.	Sector	2025 Allocation	2026 Allocation	2027 Allocation	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Governor's Office	0	0	0	1.4%	5,138,503,612	0.9%	3,366,802,713	0.9%	3,724,771,282
2	Secretary To The State Government (Ssg)	0	0	0	2.8%	10,535,216,415	2.6%	10,162,239,274	2.7%	11,242,719,053
3	Ministry Of Inter-Governmental Affairs And Special Duties	0	0	0	0.7%	2,656,026,788	0.7%	2,879,028,759	0.8%	3,185,135,738
4	Borno State House Assembly	0	0	0	0.4%	1,516,480,024	0.6%	2,132,309,598	0.6%	2,359,023,154
5	Ministry Of Home Affairs, Information And Culture	0	0	0	0.8%	2,806,513,003	0.4%	1,739,355,621	0.5%	1,924,289,130
6	Head Of Service	0	0	0	0.0%	113,392,991	0.0%	104,706,147	0.0%	115,838,819
7	Office Of The Auditor General	0	0	0	0.1%	258,972,308	0.1%	289,216,296	0.1%	319,966,641
8	Civil Service Commission	0	0	0	0.0%	39,179,692	0.0%	67,345,742	0.0%	74,506,143
9	Borno State Independent Electoral Commission	0	0	0	0.1%	490,691,242	0.1%	491,140,868	0.1%	543,360,439
10	Local Government Service Commission	4,000,000,000	3,000,000,000	1,000,000,000	1.1%	4,227,719,360	0.9%	3,406,702,989	0.4%	1,449,944,871
11	Ministry Of Agriculture And Natural Resources	5,000,000,000	6,000,000,000	7,000,000,000	5.6%	20,992,394,399	5.7%	21,925,594,514	6.0%	24,618,851,519
12	Ministry Of Animal And Fisheries Development	0	0	0	0.3%	1,022,980,744	0.6%	2,402,938,276	0.7%	2,658,425,885
13	Ministry Of Finance-Hqtrs	25,500,000,000	15,000,000,000	15,000,000,000	10.2%	38,198,881,603	6.7%	25,810,004,035	6.6%	26,959,356,107
14	Ministry Of Trade, Investment And Tourism	0	0	0	2.0%	7,336,808,782	2.1%	8,247,604,827	2.2%	9,124,514,925
15	Ministry Of Transport	0	0	0	1.9%	7,046,584,527	1.9%	7,409,311,625	2.0%	8,197,091,874
16	Ministry Of Works	0	0	0	15.5%	57,704,037,783	14.2%	54,899,511,280	14.9%	60,736,592,085
17	Ministry Of Housing And Energy	0	0	0	1.7%	6,462,046,632	3.5%	13,641,700,603	3.7%	15,092,127,153
18	State Bureau Of Statistics	0	0	0	0.0%	45,049,333	0.0%	58,888,911	0.0%	65,150,156
19	Fiscal Responsibility Board /Agency	0	0	0	0.0%	0	0.0%	0	0.0%	0
20	Ministry Of Water Resources	0	0	0	3.6%	13,569,882,779	4.3%	16,526,117,569	4.5%	18,283,223,988
21	Ministry Of Reconstruction, Rehabilitation And Resettlemer	0	0	0	12.6%	46,958,784,509	11.6%	44,743,604,483	12.1%	49,500,878,797
22	Ministry Of Lands & Survey	0	0	0	0.8%	3,088,669,862	1.6%	6,248,445,893	1.7%	6,912,799,413
23	State Judicial Service Commission	0	0	0	0.1%	212,361,579	0.1%	318,835,383	0.1%	352,734,918
24	Ministry Of Justice	0	0	0	0.3%	1,053,809,270	0.3%	1,326,652,582	0.4%	1,467,706,266
25	Ministry Of Poverty Alleviation	0	0	0	1.2%	4,363,241,618	2.1%	8,147,567,058	2.2%	9,013,840,841
26	Ministry Of Women Affairs And Social Development	0	0	0	2.1%	7,922,493,529	1.4%	5,226,842,042	1.4%	5,782,575,575
27	Ministry Of Education	0	0	0	14.7%	54,825,821,093	13.1%	50,728,116,611	13.7%	56,121,682,215
28	Ministry Of Higher Education, Science Tech And Innovation	500,000,000	400,000,000	200,000,000	2.3%	8,571,300,895	3.7%	14,427,026,308	3.8%	15,718,421,843
29	Ministry Of Health	9,846,263,000	30,236,722,000	18,715,203,000	12.8%	47,596,175,933	15.0%	58,034,654,034	12.1%	49,468,694,596
30	Ministry Of Environment	0	0	0	1.2%	4,587,303,856	1.4%	5,506,349,485	1.5%	6,091,801,088
31	Ministry Of Youth Empow. And Sports	0	0	0	1.5%	5,648,004,001	1.6%	6,287,310,532	1.7%	6,955,796,258
32	Ministry For Local Government And Emirate Affairs	0	0	0	0.4%	1,474,945,962	0.8%	3,018,151,067	0.8%	3,339,049,947
33	Ministry Of Religious Affairs	600,000,000	550,000,000	200,000,000	1.7%	6,216,392,964	1.9%	7,213,246,876	1.9%	7,571,703,281
	Total	**45,446,263,000**	**55,186,722,000**	**42,115,203,000**	**100.00%**	**372,680,667,088**	**100.00%**	**386,787,322,000**	**100.00%**	**408,972,574,000**

Capital Expenditure by Sector		Discretionary Funds					
No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Governor's Office	1.57%	5,138,503,612	1.02%	3,366,802,713	1.02%	3,724,771,282
2	Secretary To The State Government (Ssg)	3.21%	10,535,216,415	3.06%	10,162,239,274	3.06%	11,242,719,053
3	Ministry Of Inter-Governmental Affairs And Special Duties	0.81%	2,656,026,788	0.87%	2,879,028,759	0.87%	3,185,135,738
4	Borno State House Assembly	0.46%	1,516,480,024	0.64%	2,132,309,598	0.64%	2,359,023,154
5	Ministry Of Home Affairs, Information And Culture	0.86%	2,806,513,003	0.52%	1,739,355,621	0.52%	1,924,289,130
6	Head Of Service	0.03%	113,392,991	0.03%	104,706,147	0.03%	115,838,819
7	Office Of The Auditor General	0.08%	258,972,308	0.09%	289,216,296	0.09%	319,966,641
8	Civil Service Commission	0.01%	39,179,692	0.02%	67,345,742	0.02%	74,506,143
9	Borno State Independent Electoral Commission	0.15%	490,691,242	0.15%	491,140,868	0.15%	543,360,439
10	Local Government Service Commission	0.07%	227,719,360	0.12%	406,702,989	0.12%	449,944,871
11	Ministry Of Agriculture And Natural Resources	4.87%	15,992,394,399	4.80%	15,925,594,514	4.80%	17,618,851,519
12	Ministry Of Animal And Fisheries Development	0.31%	1,022,980,744	0.72%	2,402,938,276	0.72%	2,658,425,885
13	Ministry Of Finance-Hqtrs	3.87%	12,698,881,603	3.26%	10,810,004,035	3.26%	11,959,356,107
14	Ministry Of Trade, Investment And Tourism	2.24%	7,336,808,782	2.49%	8,247,604,827	2.49%	9,124,514,925
15	Ministry Of Transport	2.15%	7,046,584,527	2.23%	7,409,311,625	2.23%	8,197,091,874
16	Ministry Of Works	17.59%	57,704,037,783	16.56%	54,899,511,280	16.56%	60,736,592,085
17	Ministry Of Housing And Energy	1.97%	6,462,046,632	4.11%	13,641,700,603	4.11%	15,092,127,153
18	State Bureau Of Statistics	0.01%	45,049,333	0.02%	58,888,911	0.02%	65,150,156
19	Fiscal Responsibility Board /Agency	0.00%	0	0.00%	0	0.00%	0
20	Ministry Of Water Resources	4.14%	13,569,882,779	4.98%	16,526,117,569	4.98%	18,283,223,988
21	Ministry Of Reconstruction, Rehabilitation And Resettlemer	14.31%	46,958,784,509	13.49%	44,743,604,483	13.49%	49,500,878,797
22	Ministry Of Lands & Survey	0.94%	3,088,669,862	1.88%	6,248,445,893	1.88%	6,912,799,413
23	State Judicial Service Commission	0.06%	212,361,579	0.10%	318,835,383	0.10%	352,734,918
24	Ministry Of Justice	0.32%	1,053,809,270	0.40%	1,326,652,582	0.40%	1,467,706,266
25	Ministry Of Poverty Alleviation	1.33%	4,363,241,618	2.46%	8,147,567,058	2.46%	9,013,840,841
26	Ministry Of Women Affairs And Social Development	2.41%	7,922,493,529	1.58%	5,226,842,042	1.58%	5,782,575,575
27	Ministry Of Education	16.71%	54,825,821,093	15.30%	50,728,116,611	15.30%	56,121,682,215
28	Ministry Of Higher Education, Science Tech And Innovation	2.46%	8,071,300,895	4.23%	14,027,026,308	4.23%	15,518,421,843
29	Ministry Of Health	11.51%	37,749,912,933	8.38%	27,797,932,034	8.38%	30,753,491,596
30	Ministry Of Environment	1.40%	4,587,303,856	1.66%	5,506,349,485	1.66%	6,091,801,088
31	Ministry Of Youth Empow. And Sports	1.72%	5,648,004,001	1.90%	6,287,310,532	1.90%	6,955,796,258
32	Ministry For Local Government And Emirate Affairs	0.45%	1,474,945,962	0.91%	3,018,151,067	0.91%	3,339,049,947
33	Ministry Of Religious Affairs	1.71%	5,616,392,964	2.01%	6,663,246,876	2.01%	7,371,703,281
	Total	99.75%	328,060,254,000	100.00%	331,600,600,000	100.00%	366,857,371,000

4.C Considerations for the Annual Budget Process

104. All MDAs are advice to adhere strictly to the following Instructions and Requirements for annual budget submission as contained in the Budget Call Circular (BCC). All Accounting Officers and other officers responsible for the budget preparation of their MDAs are also advised to read the BCC carefully and adhere to the guidelines and instructions including, the cost Control measures contained herein.

105. MDAs are further advised to note that the Government is mindful of any increase in overhead cost expenditure as this affects the quantum of surplus funds to finance capital expenditure. Thus, overhead cost estimates should be restricted to essential services and imperative overhead cost i.e. those necessitated by the implementation of capital projects.

106. They are further expected to articulate their budget against the background of the overall goals of 25-year SDP/10-year Strategic Transformation Initiatives (STIs) and the Sustainable Development Goals.

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

- Only prioritised projects contained in the sectors' MTSS should be in the MDAs capital budget proposal;
- Budget submissions for capital projects must include full life-time capital investment requirements (costs) and also sources of funding (particularly if grants and/or loans are being used to partially/fully fund the project).
- Inputs from the citizens' collected during the Townhall Consultative meetings held in Maiduguri should form part of the annual budget submission.
- Ensure that budget estimates are within the ceiling provided and use of appropriate budget classification and codes and liaise with their respective departments and unit in coming up with their budgetary proposals.
- In allocating capital budget resources, MDAs are enjoined to accord priority to ongoing projects, especially those nearing completion that fit into government's current priorities. MDAs may not be allowed to initiate new projects/programmes unless they can demonstrate that adequate provisions have been made for ongoing projects;
- MDAs are required to provide full information on the projects that require counterpart funding. Counterpart funds will be available to any MDAs that justify the projects and Summary of Key Points and Recommendations

4 Summary of Key Points and Recommendations

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

- Borno State should sustain the current Budget reform programme particularly as it relates to the preparation of a realistic budget, ensuring policy-plan-budget linkages using the State MTSSs, and early passage of the budget. Efforts should be made to prepare MTSS for other sectors not yet provided for.
- Borno State must continue to monitor the performance of mineral-based revenues to ensure estimates are consistent with the latest development globally and within the Federal Government's budget process. If the benchmark price of crude in the Federal FSP is lower or higher than $77 per barrel used herein and IMF, World Bank, OPEC and US Energy Information Administration Reports validates the oil price benchmark provided in Federal FSP, the State should revisit the assumptions and recalculate statutory allocation.
- Others includes:
    - The projections for the various revenue and expenditure items are premised on credible forecasting techniques based on global best practice. The exchange rate was volatile in the 2024 which resulted high prices of goods and services
    - Similarly, the fiscal policies and the budget policy statement are reflections of the State's economic status as well as the nation's economy while taking into consideration the global economic trend. Amendment to these projections were considered with care based on the economic environment as well as reasonable and credible forecasting techniques in the budget preparation.
    - The projections for revenue items, especially from the federation account were conservatively arrived at from a collection of forecasting options, so as to reflect the economic status of the State. The Internally generated revenue figures are very encouraging. However, it has been observed that some MDAs generate revenue, retain it and spend to meet their operational cost against the State laid down Financial Rules and Regulations.
    - Downside risks to economic development have been taken into consideration in the preparation of the 2025 -2027 MTEF/FSP
    - The Government will focus on eliminating waste and ensuring prudent and efficient use of scarce resources; and Extra budgetary spending will be sanctioned and discouraged.
    - Policy direction of government for 2025 fiscal year is the completion of all on-going projects and improvement of workers condition of service;
    - MDAs are expected to incorporate citizen needs generated during the townhall consultative meeting in their budget proposals.

Annex 1 Capital Receipts

Table 11 Estimates of Capital Receipts

ITEM	2025	2026	2027
Internal Grants			
NIGERIA COVID-19 ACTION RECOVERY AND ECONOMIC STIMULUS PROGRAMME(NG-CARES) GRANT FROM FEDERAL GOVERNMENT OWNED COMPANIES	15,000,000,000	17,000,000,000	18,000,000,000
0.5% OF LOCAL GOVERNMENT ALLOCATIONS GRANT FROM LOCAL GOVERNMENT	363,133,000	250,000,000.00	150,000,000.00
1% TRAINING FUND FROM LOCAL GOVERNMENT ACCOUNT (STATUTORY ALLOCATION) GRANT FROM LOCAL GOVERNMENT	500,000,000	400,000,000	200,000,000
7.5% LOCAL GOVT CONTRIBUTION GRANT FROM LOCAL GOVERNMENT	1,500,000,000	500,000,000	200,000,000
2.5% LOCAL GOVT CONTRIBUTION FROM STATE GOVERNMENT	50,560,000	30,000,000	20,000,000
CONTRIBUTION FROM LOCAL GOVERNMENT GRANT FROM LOCAL GOVERNMENT	5,000,000,000	4,000,000,000	2,000,000,000
FGN REFUND GRANT FROM FEDERAL GOVERNMENT OWNED COMPANIES	0	0	0
TETFUND INTERVENTION FOR TERTIARY INSTITUTIONS GRANT FOR POLYTECHNICS	500,000,000	400,000,000	200,000,000
LOCAL GOVERNMENTS GRANT FROM LOCAL GOVERNMENT	2,000,000,000	1,500,000,000	500,000,000
TETFUND INTERVENTION FOR TERTIARY INSTITUTIONS GRANT FOR UNIVERSITY	2,000,000,000	1,500,000,000	500,000,000
2.5% LOCAL GOV'T STATUTORY ALLOCATION GRANT FROM LOCAL GOVERNMENT	1,500,000,000	1,000,000,000	500,000,000
0.5% GRANTS FROM LOCAL GOVERNMENT GRANT FROM LOCAL GOVERNMENT	150,000,000	100,000,000	50,000,000
TETFUND INTERVENTION GRANT FOR TERTIARY INSTITUTIONS. COLLEGES OF EDUCATION	500,000,000	400,000,000	200,000,000
INDIVIDUAL ORGANIZATION PHILANTHROPIST GRANT FROM INDIVIDUAL	10,500,000	10,000,000	10,000,000
1% CONSOLIDATED FROM LOCAL GOVERNMENT REVENUE GRANT FROM LOCAL GOVERNMENT	200,000,000	150,000,000	100,000,000
BASIC HEALTHCARE PROVISION FUND GRANT FROM FEDERAL GOVERNMENT OWNED COMPANIES	544,900,000	500,000,000	200,000,000
75% DANGOTE FOUNDATION, 25% PRIMARY HEALTH CARE (PHC)/MEMORANDOM OF UNDERSTANDING (MOU) GRANT FROM PRIVATE SECTOR COMPANIES	127,000,000	100,000,000	50,000,000
75% OF BILL & MILINDA GATE FOUNDATION FOR PRIMARY HEALTHCARE MOU GRANT.	600,000,000	550,000,000	200,000,000
Sales of delapidated government building	10,000,000,000	0	0
Jireh Doo Foundation (JDF) GRANT FROM LOCAL NGOs	200,000,000	150,000,000	100,000,000
75% OF BILL & MILINDA GATE FOUNDATION FOR PRIMARY HEALTHCARE MOU GRANT.	460,000,000	400,000,000	200,000,000
MULTI-SECTORAL CRISIS RECOVERY PROJECT (MCRP) GRANTS FROM EUROPEAN UNION.	37,352,375,000	41,087,612,000	41,087,612,000
AFRICAN ORGANIZATION OF SUPREME AUDIT INSTITUTION GRANT FROM WORLD BANK	10,000,000	10,000,000	10,000,000
LOCAL GOVERNMENT JOINT ACCOUNT GRANT FROM LOCAL GOVERNMENT	500,000,000	250,000,000	250,000,000
LOCAL GOVERNMENT JOINT ACCOUNT GRANT FROM LOCAL GOVERNMENT	400,000,000	200,000,000	100,000,000
Sub-Total Internal Grant	**79,468,468,000**	**70,487,612,000**	**64,827,612,000**
External Grants			
UNITED NATIONS CHILDREN'S FUND (UNICEF) GRANT FROM UNITED NATIONS CHILDREN'S FUND	400,000,000	500,000,000	600,000,000
ADOLESCENCE GIRLS INITIATIVE EMPOWERMENT (AGILE) GRANT FROM WORLD BANK	6,000,000,000	7,000,000,000	7,000,000,000
UNITED NATION CHILDREN'S FUND (UNICEF) AID FROM UNITED NATION CHILDREN'S FUND	170,000,000	270,000,000	3,370,000,000
BETTER EDUCATION SERVICE DELIVERY FOR ALL (BESDA) GRANT FROM WORLD BANK	3,115,203,000	25,426,722,000	13,115,203,000
MULTI-DONOR BUDGET SUPPORT GRANTS FROM MULTI-DONOR BUDGET SUPPORT	100,000,000	200,000,000	300,000,000
WORLD BANK (WB) GRANT FROM WORLD BANK	4,000,000,000	5,000,000,000	6,000,000,000
GLOBAL FUND (GF) GRANT FROM GLOBAL 2000	39,566,294,000	49,566,294,000	59,566,294,000
WORLD BANK (WB) GRANT FROM WORLD BANK	5,000,000,000	6,000,000,000	7,000,000,000
WORLD BANK/ NATIONAL CONTROL DISEASES COMMISSION (WB/NCDC) GRANTS FROM WORLD BANK	100,000,000	200,000,000	5,300,000,000
UNITED NATION CHILDREN'S FUND (UNICEF) GRANT FROM UNITED NATION CHILDREN'S FUND	400,000,000	500,000,000	5,600,000,000
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) GRANT FROM INTERNATIONAL DEVELOPMENT ASSOCIATION	10,000,000	20,000,000	5,300,000,000
Sub-Total External Grant	**58,861,497,000**	**94,683,016,000**	**113,151,497,000**
Grant Balancing Item / Blue Sky			
Total Grants	**138,329,965,000**	**165,170,628,000**	**177,979,109,000**
Internal Loans			
DOMESTIC LOANS FROM CENTRAL BANK OF NIGERIA (CBN) & OTHERS.	25,500,000,000	15,000,000,000	15,000,000,000
Total	**25,500,000,000**	**15,000,000,000**	**15,000,000,000**
External Loans			
AFRICAN UNION DEVELOPMENT AGENCY - NEW PARTNERSHIP FOR AFRICANS DEVELOPMENT (AUDA-NEPAD) LOAN FOR AFRICAN DEVELOPMENT BANK.	39,766,294,000	49,766,294,000	59,766,294,000
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) GRANT FROM INTERNATIONAL DEVELOPMENT ASSOCIATION	11,634,847,000	12,798,331,000	14,078,165,000
AGRO CLIMATIC RESILIENCE IN SEMI-ARID LANDSCAPE PROJECT (ACReSAL) LOAN FROM INTERNATIONAL DEVELOPMENT ASSOCIATION	10,000,000,000	12,000,000,000	14,000,000,000
AFRICAN DEVELOPMENT BANK (AFDB) GRANT FROM AFRICAN DEVELOPMENT BANK	5,000,000,000	6,000,000,000	7,000,000,000
Sales of delapidated government building	0	0	0
Total	**66,401,141,000**	**80,564,625,000**	**94,844,459,000**
Loan Balancing Item / Blue Sky			
Total Loans	**91,901,141,000**	**95,564,625,000**	**109,844,459,000**