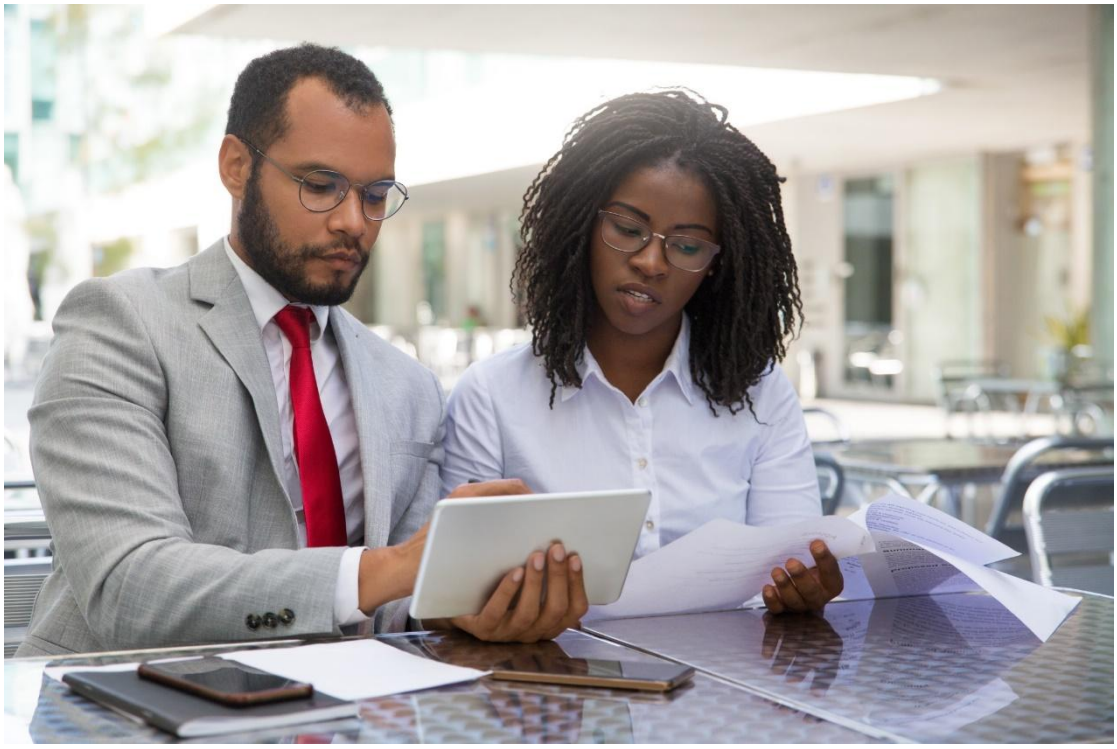


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1 List of Abbreviations

AEO	African Economic Outlook
ANSG	Anambra State Government
BIR	Board of Internal Revenue
BRICS	Brazil, Russia, India, China, South Africa
BTL CBN	Below The Line Central Bank of Nigeria
CIT CPIA	Companies Income Tax Country Policy and Institutional Assessment
DMD	Debt Management Department
DPR EFU	Department of Petroleum Resources Economic and Fiscal Update
ESP ExCo	Economic Sustainability Plan Executive Council
FAAC	Federal Allocation Accounts Committee
FDI	Foreign Direct Investment
FIRS	Federal Inland Revenue Service
FR	Fiscal Responsibility
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
HRM	Human Resource Management
IGR	Internally Generated Revenue
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
LGA	Local Government Administration
MB&EP MBPD MDA	Ministry of Budget and Economic Planning Million Barrels Per Day (Crude Oil production) Ministry, Department, and Agencies
MDG	Millennium Development Goals
MOF MTBF	Ministry of Finance Medium-Term Budget Framework
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
MTSS	Medium-Term Sector Strategy
NCOA	National Chart of Accounts
NCS NBS	Nigerian Customs Service (Revenues) National Bureau of Statistics
NGN NNPC	Nigerian Naira Nigerian National Petroleum Company
NPC	National Planning Commission
OAGS	Office of the Accountant General of the State

AEO	African Economic Outlook
OECD	Organization for Economic Cooperation and Development
PAYE	Pay As You Earn
PEMFAR	Public Expenditure Management and Financial Accountability Review
PFM	Public Financial Management
PIA	Petroleum Industry Act
PITA	Personal Income Tax Act
PMS	Premium Motor Spirit
PPP PSR	Public Private Partnership Public Service Rules
SHoA	State House of Assembly
USD VAT	United States Dollar Value Added Tax
WEO	World Economic Outlook
Mineral Ratio	Total mineral revenue accruing to the Federation Account as a percentage of the crude oil GDP

2. Executive Summary

Anambra State Medium Term Expenditure Framework (MTEF) 2027–2029 provides the strategic and fiscal framework for the preparation of the State's annual budgets over the medium term. It links the State's economic outlook, fiscal position, development priorities and available resources to expenditure planning, with emphasis on fiscal discipline, transparency, accountability and efficient use of public resources. The framework is anchored on the Anambra State Development Plan (2021–2070) and is intended to promote a credible, realistic and policy-driven budgeting process

The Economic and Fiscal Update reflects a global and national environment characterized by inflationary pressures, exchange-rate movements, oil-price volatility, geopolitical uncertainties and climate-related shocks. Nigeria's real GDP growth is projected at 4.3 percent annually between 2027 and 2029, while inflation is expected to moderate from 15.9 percent in 2027 to 12.0 percent in 2029, with the exchange rate assumed at approximately ₦1,400/US$. Anambra State is projected to sustain economic expansion, with GDP growth rising from about 4.9 percent in 2027 to 5.2 percent in 2029. The fiscal strategy therefore emphasizes stronger Internally Generated Revenue (IGR), improved tax administration, digital revenue collection, reduction of leakages, economic diversification, industrialization, agriculture and agro-processing, and increased private-sector investment.

The Fiscal Strategy Paper emphasizes prudent and transparent fiscal management, essentially "doing more with less," while leveraging more on partnerships with the Federal Government, private capital, partnerships with development partners, and other stakeholders. Key priorities include strengthening domestic revenue mobilization, prioritizing high-impact capital expenditure, improving infrastructure and human capital, and promoting education, healthcare, industry, technology, security and environmental sustainability. The Budget Policy Statement translates these priorities into indicative expenditure ceilings, requiring MDAs to align their budget proposals with the State Development Plan, Medium-Term Sector Strategies, available resources, ongoing projects and contractual commitments.

The MTEF also identifies key fiscal risks, including oil-price and production volatility, inflation, exchange-rate pressures, rising personnel costs, changes in the national tax regime, reduced Federal transfers, insecurity, flooding, erosion and other natural disasters. In response, the framework promotes conservative fiscal assumptions, stronger revenue mobilization, expenditure control, fiscal buffers, sustainable borrowing and improved disaster-risk management. Overall, the MTEF provides an integrated framework for linking policy, planning, budgeting and results, with successful implementation dependent on realistic revenue projections, disciplined expenditure management, sustainable financing, effective monitoring and evaluation, and continued collaboration with communities, the private sector and development partners.

3 Introduction and Background

3.A Introduction

1. The Medium-Term Expenditure Framework (MTEF) is a rolling multi-year planning and budgeting framework that aligns government policies, priorities, and resource allocation with medium- and long-term development goals. It provides a strategic basis for managing public expenditure by ensuring that available resources are directed toward priority programmes and projects, thereby promoting fiscal discipline, efficient resource utilization, and sustainable economic growth and development over time.

2. The Medium-Term Expenditure Framework (MTEF) provides a practical mechanism for aligning the annual budget with broader economic priorities and long-term fiscal sustainability objectives. By linking budget decisions to strategic development goals, it promotes more effective resource allocation, improves the efficiency of public spending, and strengthens the government's ability to deliver on its development agenda and achieve sustainable socio-economic outcomes.

3. The MTEF document is the practical expression of the Medium-Term Expenditure Framework, setting out its key priorities while clearly articulating the government's fiscal strategy and medium-term expenditure plans.

4. The Anambra State Medium-Term Expenditure Framework (MTEF) document is made up of three key components:

   a) Economic and Fiscal Update (EFU)
   b) Fiscal Strategy Paper (FSP)
   c) Budget Policy Statement (BPS)

5. **Economic and Fiscal Update (EFU):** The Economic and Fiscal Update (EFU) provides a comprehensive overview of Anambra State's economic performance and fiscal position. Prepared to support policymakers and government decision-makers, it reviews recent economic trends, assesses the State's past and current budget performance, and identifies the key factors influencing revenue generation, expenditure management, and budget implementation. By presenting a clear picture of the State's fiscal and economic environment, the EFU serves as an essential tool for informed decision-making and the preparation of realistic and sustainable medium-term fiscal plans.

6. **Fiscal Strategy Paper (FSP):** The Fiscal Strategy Paper (FSP) is a key component of the Medium-Term Budget Framework (MTBF) and the annual budgeting process. It provides a clear and strategic road-map for managing public finances by aligning government expenditure with projected revenues and prudent debt management. Through this approach, the FSP promotes fiscal discipline, strengthens the sustainability of public finances, and supports the efficient allocation of resources to achieve the government's economic and development priorities.

7. **Budget Policy Statement (BPS):** The Budget Policy Statement (BPS) serves as a key guide in the annual budgeting process by assessing the total financial resources expected to be available for the fiscal year and allocating them into indicative expenditure ceilings for each sector. These allocations are based on the government's policy priorities, ensuring that public resources are directed toward programmes and projects that promote sustainable economic growth, improve service delivery, and advance the state's overall socio-economic development objectives.

8. The Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP), and Budget Policy Statement (BPS) together provide a comprehensive, policy-driven framework for budget preparation and fiscal management. Recognizing the importance of a structured and transparent budgeting process, the Anambra State Government (ANSG) adopted the EFU–FSP–BPS framework in 2014, marking the commencement of its Medium-Term Expenditure Framework (MTEF) process. Since then, the framework has guided the State's fiscal planning and annual budget preparation. This document represents the fourteenth edition of the EFU–FSP–BPS and covers the 2027–2029 medium-term planning period.

3.A.1 Budget Process

9. The **Medium-Term Expenditure Framework (MTEF)** is an integral part of the annual budget cycle, providing a multi-year planning framework that guides the preparation of annual budgets. By linking short-term budgeting with medium- and long-term development priorities, it helps ensure that government spending remains aligned with strategic policy objectives, available resources, and fiscal sustainability. This approach promotes more effective resource allocation, enhances budget credibility, and supports the achievement of sustainable socio-economic development goals.

10. The budget process outlines the sequence of activities undertaken throughout the fiscal year to plan, prepare, approve, implement, and monitor the government's budget. This process is guided by the Medium-Term Expenditure Framework (MTEF), which provides a structured approach to aligning public expenditure with the government's development priorities and available resources over the medium term.

The MTEF is built on three interrelated components:

- **Medium-Term Fiscal Framework (MTFF):** Establishes the government's fiscal objectives and provides medium-term projections for revenue, expenditure, financing, and debt, ensuring overall fiscal discipline and sustainability.
- **Medium-Term Budget Framework (MTBF):** Translates fiscal objectives into indicative sectoral resource allocations based on government priorities, helping to ensure that available resources are distributed efficiently and strategically.
- **Medium-Term Sector Strategies (MTSS):** Sets out sector-specific policies, programmes, and expenditure priorities that support the achievement of the State's strategic development objectives and provide the foundation for preparing annual sector budgets.

Together, these three components create a coherent framework that strengthens policy-based budgeting, improves the allocation of public resources, and enhances the government's ability to deliver sustainable socio-economic development outcomes.

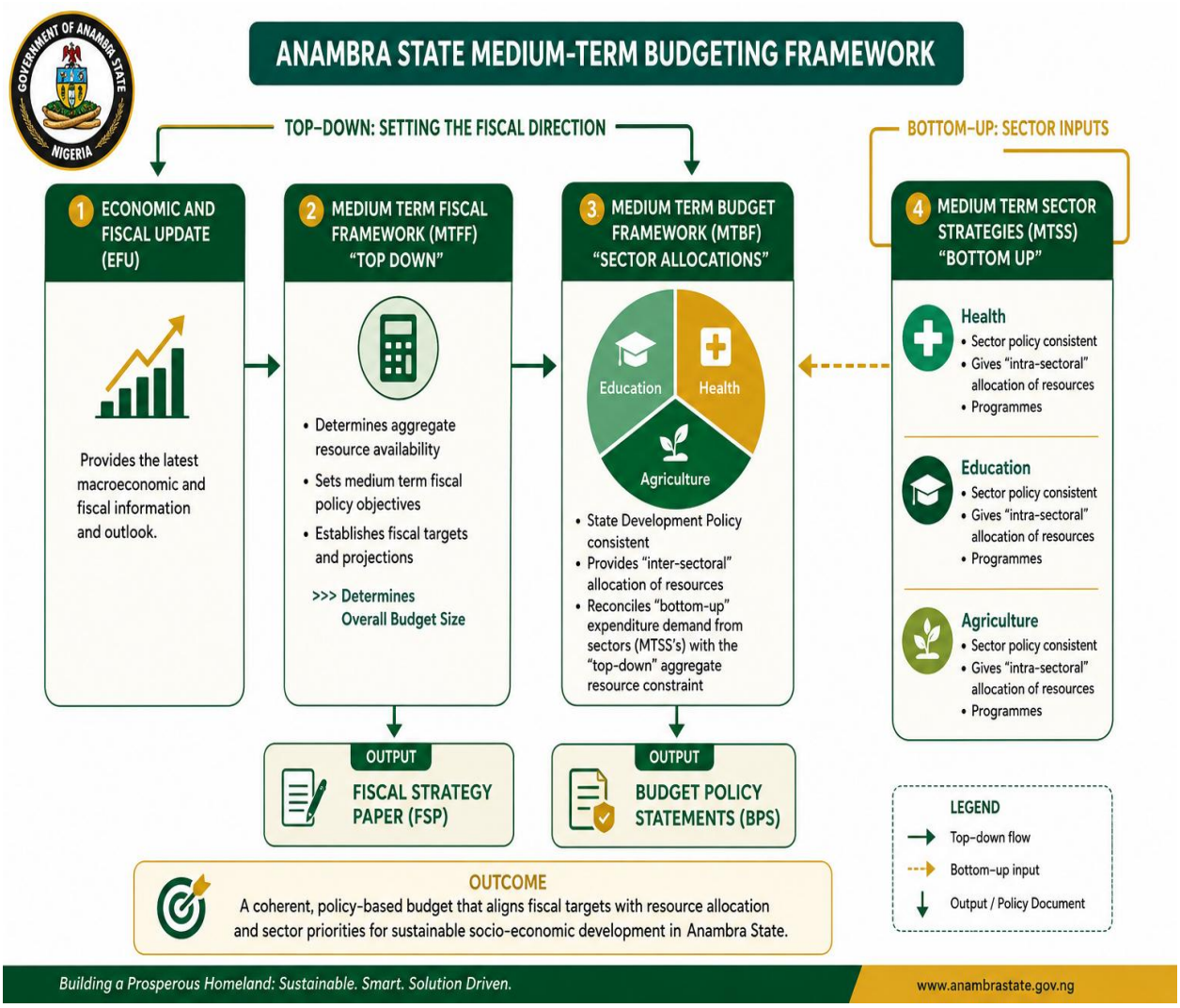
11. The budget process begins with the planning and conception stage and progresses through budget preparation, approval, implementation, control, monitoring, and evaluation. These interconnected stages form a continuous cycle, with lessons learned from each budget year informing the planning and preparation of the next. This cyclical approach promotes continuous improvement, strengthens accountability, and enhances the effectiveness of public financial management.

12. Anambra State adopts a participatory budgeting approach that promotes transparency, inclusiveness, and broad stakeholder engagement throughout the budget preparation process. Through the Community Charter of Demand (CCD) and a series of consultative

forums, the State gathers valuable inputs from a wide range of stakeholders to ensure that the budget reflects the needs and priorities of its citizens. The process brings together over 210 participants, including representatives from Ministries, Departments and Agencies (MDAs), Civil Society Organizations (CSOs), the Organized Private Sector (OPS), Community-Based Organizations (CBOs), professional bodies, development partners, and other key interest groups. Their active participation helps shape budget priorities, strengthens public ownership of government policies, and ensures that public resources are allocated to programmes and projects that deliver meaningful socio-economic benefits across the State.

13. The MTEF process is summarized in the diagram below:

3.A.2 Figure 1: MTEF Process



3.A.3 Overview of the Document

14. In line with international best practices in public financial management, the preparation of the Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP), and Budget Policy Statement (BPS) marks the starting point of the Anambra State Government's 2027–2029 budget preparation cycle. Together, these documents provide the strategic policy and fiscal framework that guides medium-term planning, informs resource allocation, and ensures that the annual budget is aligned with the State's development priorities and fiscal objectives.

15. Based on global best practices in public financial management, the preparation of the Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP), and Budget Policy Statement (BPS) marks the first stage of the Anambra State Government's 2027–2029 budget preparation process. Together, these documents establish the strategic fiscal and policy framework that guides medium-term planning, supports evidence-based decision-making, and ensures that budget priorities are aligned with the State's development goals and available resources.

16. This document serves three key purposes:

    i. To review recent economic and fiscal developments and use the insights gained to project future public expenditure, providing the foundation for the Medium-Term Fiscal Framework (MTFF).

    ii. To outline the Government's medium-term fiscal objectives, strategies, and targets, thereby guiding policy decisions on taxation, revenue mobilization, public expenditure, deficit financing, and debt management, as set out in the Fiscal Strategy Paper (FSP) and the Medium-Term Fiscal Framework (MTFF).

    iii. To establish indicative sector expenditure ceilings for the 2027–2029 period, forming the basis of the Medium-Term Budget Framework (MTBF) and guiding the preparation of annual budgets in line with the State's development priorities and available fiscal resources.

17. The Economic and Fiscal Update (EFU), presented in Section 2, provides the economic and fiscal analysis that underpins the budget preparation process. Designed to support policymakers and decision-makers within the Anambra State Government, it assesses recent economic developments, reviews historical and current budget performance, and identifies the key factors that influence budget implementation and fiscal planning. Specifically, the EFU includes:

- An overview of global, regional, national, and Anambra State economic performance;
- An assessment of developments in the petroleum sector and their implications for the economy and public finances; and
- An analysis of budget performance trends over the past six years to inform medium-term fiscal planning and resource allocation.

18. The Fiscal Strategy Paper (FSP) outlines the financial resources available to support the Government’s growth and poverty reduction priorities while ensuring that public finances remain sustainable. It provides a strategic framework for mobilizing and allocating resources in a manner that promotes economic development without compromising long-term fiscal stability.

19. The Budget Policy Statement (BPS) provides a clear overview of the total resources expected to be available for the fiscal year and establishes indicative expenditure ceilings for each sector. It serves as a strategic guide for budget preparation by aligning resource allocation with the Government’s policy priorities and development objectives. Through this approach, the BPS helps ensure that public spending is directed toward programmes and projects that promote sustainable socio-economic growth, improve service delivery, and enhance the well-being of citizens.

3.A.4 Document Preparation and Intended Audience

20. The purpose of this document is to provide a comprehensive framework to guide the 2027–2029 budget preparation process and support informed decision-making by all key stakeholders involved in planning, budgeting, and public financial management. It serves as a common reference point for developing a credible, realistic, and policy-driven budget that is aligned with the State's development priorities.

    The document is intended for the following stakeholders:

    - State House of Assembly (SHoA);
    - Executive Council (ExCo);
    - Ministry of Budget and Economic Planning (MBEP);
    - Ministry of Finance (MoF);
    - All Ministries, Departments and Agencies (MDAs);
    - Civil Society Organizations (CSOs);
    - Faith-Based Organizations (FBOs); and
    - Organized Private Sector (OPS).

21. This document is prepared after the first two quarters of the year preceding the annual budget cycle to ensure that adequate time is available for evidence-based planning and informed budget preparation. It is developed by the Anambra State Government's Economic and Fiscal Update, Fiscal Strategy Paper, and Budget Policy Statement (EFU–FSP–BPS) Working Group, drawing on data and information obtained from international, national, and state-level institutions. This collaborative and data-driven approach help ensure that the document reflects current economic realities, fiscal trends, and the State's development priorities.

3.B Background

3.B.1 Legislative and Institutional Arrangement for PFM[1]

22. Public Financial Management (PFM) in Anambra State is founded on the provisions of the 1999 Constitution of the Federal Republic of Nigeria (as amended), which serves as the supreme legal authority and prevails over any inconsistent State legislation. Building on this constitutional foundation, the State's PFM system is guided by a comprehensive set of financial laws and regulations that promote sound fiscal governance, transparency, accountability, and efficient management of public resources. Keys among these are the Eastern Nigeria Finance (Miscellaneous) Act, 1957, the Eastern Nigeria Financial Instructions, 1963, the Anambra State Fiscal Responsibility Law, 2010, the Anambra State Public Procurement Law, 2011 (as amended in 2020), and the Anambra State Public Finance Law, 2020. Collectively, these legal instruments provide the framework for prudent fiscal planning and budgeting, revenue mobilization, expenditure management, procurement, financial reporting, and oversight, ensuring that public resources are managed effectively in support of the State's development objectives.

[1] Based on PEFA Assessment for Anambra State

23. The administrative framework for Public Financial Management (PFM) in Anambra State is guided by a combination of state and federal public service rules and financial regulations. While certain provisions of the 1978 regulations are still referenced where necessary to address procedural gaps, the Anambra State Public Service Rules (2000 Edition), together with the Federal Public Service Rules and Financial Regulations (2000), serve as the primary instruments governing public sector administration and financial management. The introduction of the Revised Public Service Rules, 2021, which became effective in July 2023 and is currently been used marked an important step towards strengthening public sector governance through reforms such as the tenure policy for senior public officers. Although implementation is ongoing and the full impact of these reforms is still evolving, they reflect the Government's commitment to improving efficiency, accountability, and professionalism in the public service. Complementing these rules are the Financial Regulations, which provide detailed guidance on the day-to-day management of public finances. They establish clear procedures for budgeting, accounting, internal control, procurement, financial reporting, and auditing, thereby promoting transparency, fiscal discipline, and prudent stewardship of public resources.

24. The State's Public Financial Management (PFM) framework is further strengthened by sector-specific laws that support effective revenue administration, fiscal discipline, and sound financial governance. These legal instruments provide the framework for managing public resources in a transparent, accountable, and sustainable manner. The Nigeria Tax Act, 2025 and the Nigeria Tax Administration Act, 2025, which commenced on 1 January 2026, provide the new national framework for taxation and tax administration, replacing the previous fragmented legislative framework. The reforms are expected to strengthen taxpayer identification, compliance, revenue administration, and domestic revenue mobilisation, with significant implications for the State's revenue strategy and PFM processes. The Anambra State Fiscal Responsibility Law, 2010 (as amended in 2023) promotes prudent fiscal management by ensuring that expenditure, borrowing, and other fiscal decisions are aligned with available resources and broader macroeconomic objectives, thereby supporting fiscal sustainability and budget credibility.

25. Similarly, the Anambra State Taxes, Levies and Presumptive Tax (Approved List for Collection) Law, 2025 aligns the State's taxes, levies, and presumptive tax regime with the broader national tax reform framework, while supporting the rationalisation of revenue sources and reducing multiple and overlapping charges. The Anambra State Public Procurement Law, (as amended in 2020) establishes a transparent, competitive, and value-for-money procurement system that promotes fairness, accountability, and efficiency in the use of public funds. In addition, the Anambra State Public Finance Law, 2020 provides a comprehensive framework for planning, managing, controlling, and reporting public finances, ensuring that public resources are utilised efficiently and responsibly in pursuit of the State's development priorities and long-term aspirations.

3.B.2 Overview of Budget Calendar

26. Indicative Budget Calendar for Anambra State is presented below:

3.B.3 Table 1: Budget Calendar

S/N	ACTIVITY	TIMELINE
1	Presentation of Medium-Term Expenditure Framework (MTEF)	**21st September**

2	Budget Stakeholder Consultative Meeting	25th September
3	Submission of MTEF to SHoA	**29th September**
4	Issuance of Y2027 Call Circular	30th September
5	Development of 2027 Priority Projects and Draft Budget review	1st October-4th October
6	MDAs Budget Submission & Bilateral Discussions	1st October – 12th October
7	Evaluation of Proposals	12th – 16th October
8	Presentation of Y2027 draft Estimates to ANSEC	26th October
9	Presentation of draft Y2027 Estimates to the House of Assembly	9th November
10	Budget Defence with SHoA	November - Dec
11	The passing of the Y2027 Appropriation Bill by SHoA	December
12	Assent of Y2027 Budget by the Governor	December
13	Publishing of the Approved Budget	Before Dec 31st

4 Economic and Fiscal Update

4.A Economic Overview

4.A.1 Global Economy

27. The global economy has experienced significant disruptions in 2026, with geopolitical tensions, armed conflicts, commodity-market volatility, and tighter financial conditions weighing on economic activity. The Russia–Ukraine war remains unresolved, while the escalation of the United States–Israel–Iran conflict has disrupted energy markets and international trade routes. More recently, renewed instability involving Yemen and Saudi Arabia has introduced an additional source of risk to regional security, oil supply, and shipping through the Red Sea and Bab el-Mandeb corridor. These developments have heightened uncertainty over the duration and intensity of the current global economic shocks. Although strong investment in artificial intelligence (AI) has helped cushion some of the negative effects on global trade, it has not been enough to fully offset the broader economic impact. Rising energy prices have also pushed up inflation expectations, while commodity-importing countries are facing higher borrowing costs as reflected in increased local-currency bond yields and wider external bond spreads. Consequently, global growth is expected to remain subdued. The World Bank's June 2026 *Global Economic Prospects* projected global growth to decline from 2.9 percent in 2025 to 2.5 percent in 2026, with growth expected to recover to 2.8 percent in 2027. The IMF's July 2026 outlook was comparatively more optimistic, projecting global growth of 3.0 percent in 2026 and 3.4 percent in 2027, while noting that renewed conflict, commodity-price volatility and financial-market repricing remain significant downside risks. The divergence between these forecasts underscores the unusually high degree of uncertainty surrounding the global outlook.

28. Economic activity in advanced economies has weakened in 2026 amid higher energy prices, disruptions to energy supplies, persistent geopolitical uncertainty, and tighter monetary conditions. The World Bank's June 2026 *Global Economic Prospects* projects growth in advanced economies to slow from 1.9 percent in 2025 to 1.5 percent in 2026, reflecting the impact of higher energy prices, inflation, constrained energy supplies, and tighter financial conditions. It projects a modest recovery to an average growth rate of 1.7 percent during 2027–2028, assuming some easing of energy and inflationary pressures and improved financial conditions.

    The IMF's July 2026 *World Economic Outlook Update* presents a somewhat stronger outlook, projecting advanced-economy growth of 1.7 percent in 2026 and 1.8 percent in 2027. Within the group, the United States is projected to grow by 2.3 percent in 2026 and 2.2 percent in 2027, supported by fiscal policy, relatively accommodative financial conditions, continued technology-related investment and its position as a net energy exporter. However, the IMF notes that the outlook remains exposed to renewed conflict, commodity-price volatility and financial-market repricing, with policy and geopolitical uncertainty expected to remain elevated through 2027.

    For the 2027–2029 MTEF period, therefore, a gradual improvement in advanced-economy activity is expected, albeit against a backdrop of continued uncertainty. The persistence of geopolitical conflicts, energy-market disruptions and elevated uncertainty could continue to affect inflation, interest rates, international trade and global financial conditions, with potential spillovers to Nigeria through oil prices, exchange rates, capital flows and external financing conditions.

29. Economic growth across Emerging Market and Developing Economies (EMDEs) is projected to slow to 3.6 percent in 2026 as these economies continue to grapple with the effects of the Middle East conflict, elevated energy prices, tighter monetary policies, rising geopolitical tensions, slower global trade, and persistent uncertainty surrounding trade policies in some regions. These factors are expected to weigh on investment, production, and consumer spending, leading to weaker economic performance across many developing countries. However, growth is expected to recover gradually, averaging about 4.2 percent during 2027–2028, as global conditions improve and economic activity strengthens.

30. In the East Asia and Pacific (EAP) region, economic growth is forecast to moderate from 4.7 percent in 2025 to 4.2 percent in 2026. This slowdown reflects both the broader impact of the Middle East conflict and weaker economic prospects in China, the region's largest economy. China's growth is expected to soften due to subdued domestic demand, low consumer confidence, the continued adjustment in the property sector, and a relatively weak labour market. Export growth is also projected to slow compared to 2025 as weaker global demand reduces external market opportunities, although the impact is expected to be partly offset by lower United States import tariffs and continued strong demand for technology-related exports. Looking ahead, growth in the East Asia and Pacific region is expected to improve slightly to an average of 4.3 percent during 2027–2028. This modest recovery will be supported by easing energy prices and improved global economic conditions. However, the pace of growth is likely to remain constrained by structural challenges in China, including declining returns on investment, rising public and private debt levels, and an ageing population, all of which are expected to reduce the country's long-term growth potential.

31. Economic growth in Europe and Central Asia (ECA) is expected to slow further to 2.1 percent in 2026, with about 70 percent of the region's economies projected to experience weaker growth. The slowdown reflects the continued impact of global economic uncertainty, elevated energy costs, and weaker external demand. Slower economic activity is also expected to affect labour markets, resulting in reduced job creation at a time when many countries in the region are already facing demographic challenges, including ageing populations and shrinking workforces. Looking ahead, economic growth is projected to recover modestly, averaging about 2.4 percent during 2027–2028 as global economic conditions gradually improve. This outlook is based on the assumption that the most severe disruptions to global commodity trade will ease by July 2026, with shipping activities through the Strait of Hormuz returning to more normal levels during the second half of the year. As energy supply chains stabilize, global energy supplies are expected to gradually return to levels close to those observed before the conflict, providing some relief to economies across the region.

32. Economic growth in Latin America and the Caribbean (LAC) is projected to increase modestly to 2.2 percent in 2026. While this represents a slight improvement, the region is expected to continue facing challenges from weak domestic demand, slower global economic activity, and the lingering effects of tight monetary policies. These factors are likely to constrain household spending, business investment, and export performance during the year. However, economic conditions are expected to improve gradually, with growth averaging about 2.5 percent over the 2027–2028 period as inflation eases, monetary policies become more accommodating, and the global economy regains momentum. The moderate growth outlook for 2026 is largely driven by slower expansion in private consumption and exports compared to 2025, reflecting weaker international

demand and the continued impact of higher interest rates across many economies. Country-level projections also show varying economic performance across the region. In Argentina, economic growth is projected to remain relatively modest, averaging about 3.6 percent between 2026 and 2028. Although the economy is expected to continue expanding, growth will be constrained by subdued export performance and persistent structural challenges. In Brazil, economic growth is forecast to slow to 1.9 percent in 2026 due to weaker household consumption and slower domestic demand. Nevertheless, growth is expected to recover gradually, averaging about 2.2 percent during 2027–2028 as inflation continues to decline, creating room for the central bank to ease monetary policy and stimulate economic activity. In Mexico, the economic outlook is comparatively more positive. Growth is projected to increase to 1.3 percent in 2026 and strengthen further to an average of 1.8 percent during 2027–2028. This improvement is expected to be driven by a recovery in investment, improving business confidence, and a gradual stabilization of external demand, particularly from key trading partners.

33. Excluding the Islamic Republic of Iran, whose economic outlook remains highly uncertain due to the ongoing regional conflict, economic growth in the Middle East, North Africa, Afghanistan, and Pakistan (MNA) region is projected to slow significantly from 2.9 percent in 2025 to 1.6 percent in 2026. The slowdown reflects the widespread economic disruptions caused by the conflict, including weaker investment, reduced trade and tourism, supply chain challenges, and heightened geopolitical uncertainty, all of which have weighed heavily on economic activity across the region. Looking ahead, the regional economy is expected to recover gradually, with growth averaging about 4.5 percent during 2027–2028. This projection is based on the assumption that the effects of the conflict will diminish by the end of 2026, allowing trade, investment, and business activities to normalize progressively. Nonetheless, the economic outlook for the region remains highly uncertain, as any further escalation of the conflict or prolonged geopolitical instability could significantly weaken the pace of recovery.

34. Economic growth in South Asia (SAR) is projected to moderate to 6.3 percent in 2026, largely due to the economic consequences of the ongoing conflict in the Middle East. Higher energy prices, disruptions to oil and natural gas supplies, and reduced inflows from remittances and tourism are expected to place pressure on economic activity across the region. These challenges are likely to increase production costs, weaken household incomes, and slow overall economic growth. Despite these headwinds, the region's growth outlook has been revised slightly upward compared to the January forecast. This improvement reflects stronger-than-expected domestic demand and better export performance in several South Asian economies. Increased access to key international markets, together with lower United States import tariffs, is also expected to support export growth and enhance economic resilience. Looking ahead, South Asia is expected to maintain its position as one of the world's fastest-growing regions. Assuming that the disruptions arising from the Middle East conflict gradually ease by the end of 2026, economic growth is projected to strengthen further, averaging about 7.0 percent per year during the 2027–2028 period. This recovery is expected to be driven by improving global trade, easing energy prices, stronger consumer and business confidence, and sustained domestic economic activity across the region

Table 2: Real GDP

REAL GDP (Annual Growth Rate, %)	2025	2026f	2027f	2028f

REAL GDP (Annual Growth Rate, %)	2025	2026f	2027f	2028f
World	**3.4**	**2.5**	**2.8**	**2.8**
Advanced economies	**1.9**	**1.5**	**1.8**	**1.7**
United States	2.1	2.2	2.1	2.0
Euro area	0.9	0.8	1.3	1.3
Japan	0.8	0.7	0.9	0.8
Emerging market and developing economies	**4.4**	**3.6**	**4.2**	**4.1**
East Asia and Pacific	4.7	4.2	4.4	4.3
China	5.0	4.2	4.3	4.2
Indonesia	4.7	5.0	5.2	5.2
Thailand	2.4	1.7	2.1	2.4
Europe and Central Asia	**2.5**	**2.1**	**2.3**	**2.6**
Russia	1.5	0.8	0.7	0.7
Türkiye	3.6	2.8	3.7	4.3
Poland	3.2	3.1	2.6	2.9
Latin America and the Caribbean	**2.0**	**2.2**	**2.5**	**2.6**
Brazil	2.3	1.9	2.0	2.2
Mexico	-0.3	1.3	1.7	1.9
Argentina	5.5	3.6	3.7	3.5
Middle East, North Africa, Afghanistan, and Pakistan	**2.9**	**1.6**	**5.0**	**4.0**
Saudi Arabia	4.5	3.1	4.9	3.7
United Arab Emirates	5.8	2.4	4.1	4.2
Egypt	4.1	4.6	4.0	4.6
South Asia	**6.2**	**6.3**	**6.9**	**7.1**
India	7.2	6.6	7.2	7.0
Bangladesh	3.8	3.8	4.6	5.5
Sri Lanka	3.5	3.6	3.8	3.9
Sub-Saharan Africa	**3.8**	**4.0**	**4.4**	**4.5**
Nigeria	3.4	4.1	4.2	4.3
South Africa	1.1	1.0	1.5	1.7

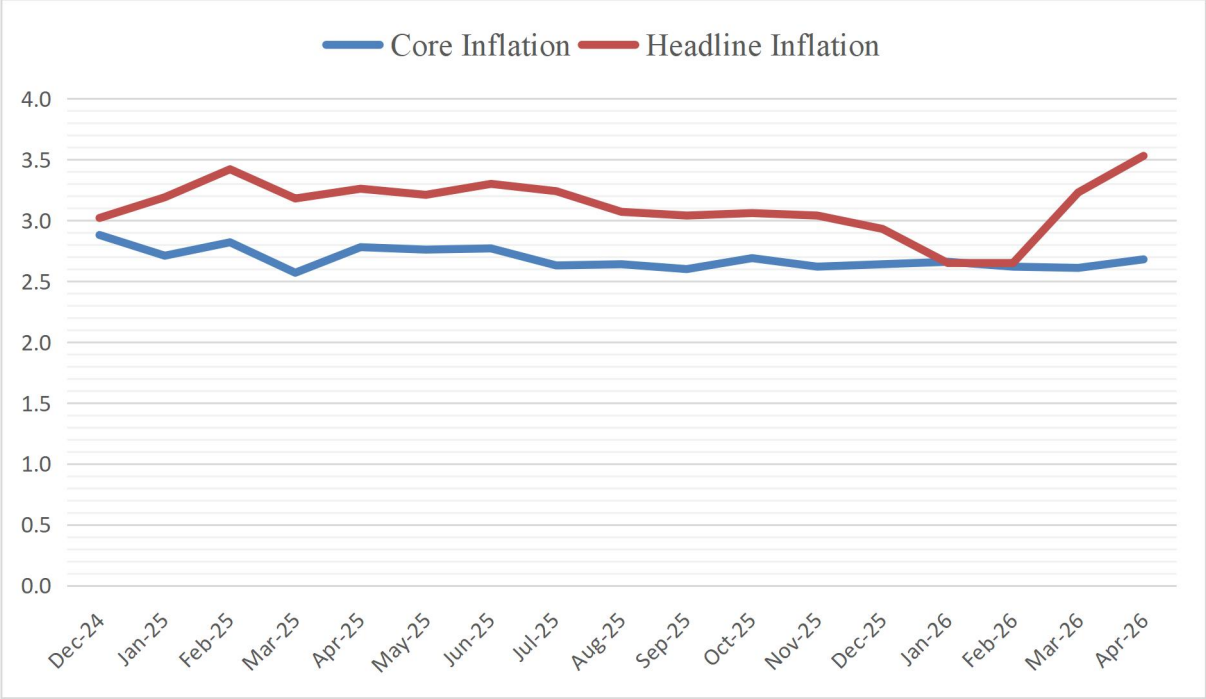
REAL GDP (Annual Growth Rate, %)	2025	2026f	2027f	2028f
Ethiopia	6.6	8.0	6.9	8.4

Source: International Monetary Fund (IMF). (2026). World Economic Outlook Database (2026).

35. Before the outbreak of the Middle East conflict, global headline and core inflation had remained relatively stable, although they were still above pre-pandemic levels and varied considerably across countries. The conflict, however, disrupted the supply of critical commodities, particularly crude oil and natural gas, and intensified global supply chain challenges. As a result, production costs increased, energy prices surged, and global headline inflation began to rise. These inflationary pressures persisted despite efforts by some governments to cushion consumers through fuel subsidies and price controls. In the United States, inflationary pressures were further amplified by the pass-through of higher tariff costs to consumer prices, adding to the overall increase in the cost of living (Cavallo, Llamas, & Vazquez, 2025).

36. Overall, global headline inflation is projected to rise to 4.0 percent in 2026, driven largely by higher energy prices in both advanced economies and emerging market and developing economies (EMDEs). Looking ahead, inflation is expected to ease to 3.1 percent in 2027 as crude oil prices decline from an average of US$94 per barrel in 2026 to about US$76 per barrel in 2027. This outlook is based on the assumption that the conflict in the Middle East gradually de-escalates, the flow of energy supplies through the Strait of Hormuz returns to normal after July, and oil and gas production disrupted during the conflict steadily recovers. Meanwhile, core inflation is expected to remain broadly stable, supported by well-anchored medium-term inflation expectations and continued confidence in monetary policy. Despite these projections, the inflation outlook remains highly uncertain, largely because it depends on the severity and duration of the disruptions affecting global commodity markets. Any prolonged or intensified disruption, particularly in energy and other essential commodities, could sustain inflationary pressures and delay the expected moderation in prices.

4.A.2 Figure 2: Global Inflation



Sources: Haver Analytics; Global Trade Alert; World Bank 2026

37. Before the outbreak of the conflict, inflation had been easing in many parts of the world, although the pace of moderation differed across regions. Inflation was generally within or close to central banks' target ranges in many economies in East Asia and the Pacific (EAP) and South Asia (SAR), while it remained relatively high in several countries across Europe and Central Asia (ECA), Latin America and the Caribbean (LAC), and the Middle East and North Africa (MNA). Following the onset of the conflict, however, inflationary pressures intensified across most regions, largely driven by sharp increases in global energy prices. In many countries, particularly those heavily dependent on imported energy, currency depreciation further pushed up the cost of goods and services. As a result, local-currency government bond yields have remained elevated, reflecting market expectations of tighter monetary policy to contain inflation. In response to these rising price pressures, several economies in Europe and Central Asia, Sub-Saharan Africa (SSA), and Asia have already increased their policy interest rates.

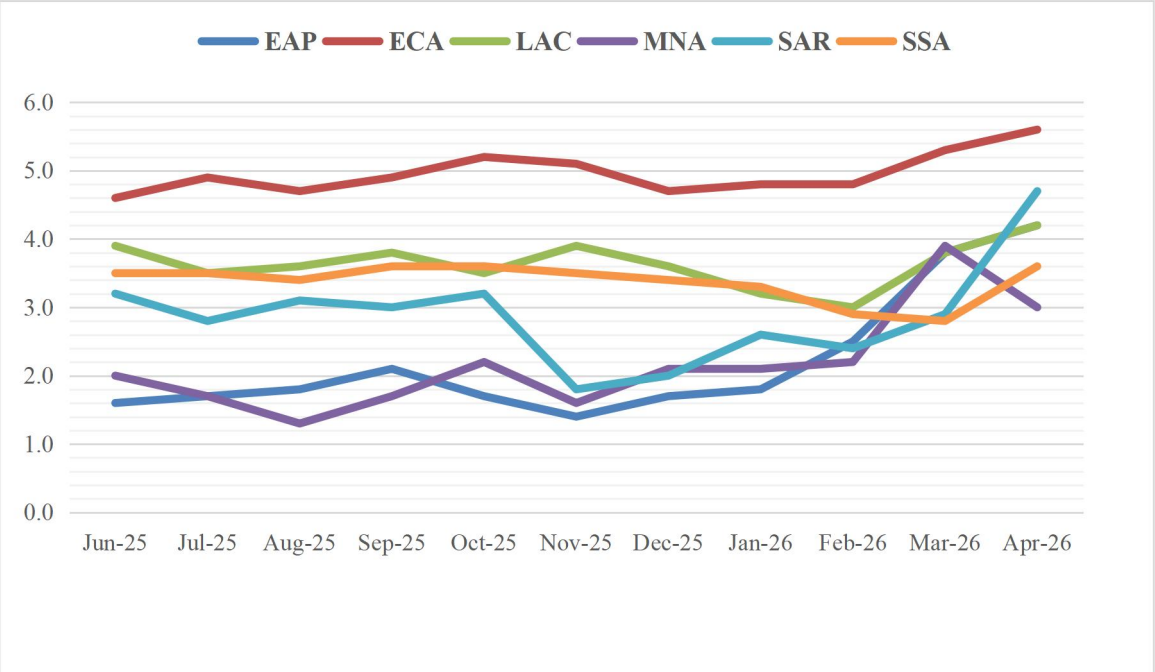
38. The extent to which rising energy prices translate into higher inflation is expected to vary across regions, reflecting differences in the composition of household consumption, the share of food and energy in consumer spending, prevailing inflation levels and expectations, as well as the use of government price controls and fuel subsidies. In the near term, higher fuel, food, and fertilizer prices are projected to significantly increase headline inflation in the Middle East and North Africa (MNA) and South Asia (SAR), while food inflation is expected to remain persistently high in Europe and Central Asia (ECA) and Latin America and the Caribbean (LAC).

39. By contrast, inflationary pressures in East Asia and the Pacific (EAP) are likely to remain relatively subdued, supported in part by low underlying inflation, particularly in China. Across most regions, central banks are expected to maintain tight monetary policy to contain inflation and preserve price stability. However, their policy responses will depend on how close inflation is to official targets and the extent to which inflation expectations remain well anchored. In some cases, policymakers may tolerate temporary inflationary

shocks, while in others they may respond with further monetary tightening to prevent inflation from becoming entrenched.

40. Monetary policy is expected to remain particularly restrictive in Latin America and the Caribbean, where inflation has historically been more persistent. At the same time, tighter domestic monetary conditions and higher borrowing costs are likely to slow economic activity, especially in energy-importing emerging market and developing economies (EMDEs) across East Asia and the Pacific, South Asia, and Sub-Saharan Africa (SSA). Furthermore, additional monetary tightening in advanced economies could trigger capital outflows from more vulnerable EMDEs, particularly in East Asia and the Pacific, South Asia, and the Middle East and North Africa. Such outflows could place further downward pressure on exchange rates, fuel inflation, increase borrowing costs, and ultimately dampen investment and economic growth.

4.A.3 Figure 3: Regional Inflation



Source: Global Trade Alert; World Bank 2026.

4.A.4 Africa

41. Economic growth in Sub-Saharan Africa (SSA) is projected to ease slightly to 4.0 percent in 2026 before strengthening to an average of 4.4 percent during 2027–2028. Although the region is expected to maintain positive growth, the 2026 forecast has been revised downward by 0.3 percentage point compared to the January projection. This revision reflects the growing economic impact of the ongoing conflict in the Middle East, particularly through higher energy prices, increased inflationary pressures, and disruptions to global trade and supply chains. The adverse effects of these external shocks are expected to outweigh many of the positive developments currently supporting the region's economies. These include ongoing structural reforms aimed at improving the business environment, enhancing economic governance, and boosting productivity, as well as the implementation of recent regional and international trade agreements designed to stimulate investment and expand export opportunities. Despite the short-term slowdown, the medium-term outlook remains cautiously optimistic, with growth expected to recover as

geopolitical tensions ease, global trade improves, and the benefits of economic reforms and increased regional integration begin to take stronger effect.

42. Although commodity prices are expected to rise sharply, weaker global demand and the effect of higher prices on household and business spending are likely to limit the economic gains for commodity-exporting countries. As a result, growth in industrial commodity exporters is projected to increase only slightly, from 3.1 percent in 2025 to 3.2 percent in 2026, before averaging 3.5 percent annually between 2027 and 2028. The conflict in the Middle East has further weakened the outlook, leading to downward revisions in growth forecasts, particularly for Nigeria and South Africa, where persistent structural challenges continue to constrain economic performance.

43. In contrast, non-resource-rich economies are expected to maintain stronger growth, although at a slower pace. Their economies are projected to expand from 6.4 percent in 2025 to 5.7 percent in 2026, before recovering to an average of 6.2 percent during 2027–2028, remaining ahead of commodity-exporting countries. In Ethiopia, growth is expected to remain resilient, supported by ongoing monetary and financial sector reforms despite external economic pressures.

44. Growth prospects have also been revised downward for several countries. Uganda is expected to experience slower growth due to delays in major oil projects, Senegal continues to face economic challenges following the discovery of previously undisclosed public debt and the suspension of funding from the International Monetary Fund (IMF), while Côte d'Ivoire is likely to be affected by declining cocoa prices.

45. Across Sub-Saharan Africa (SSA), real GDP growth per capita is projected to remain at 1.6 percent in 2026, before improving modestly to an average of 2.0 percent annually during 2027–2028. However, this level of growth is still not strong enough to significantly reduce extreme poverty across the region. At the same time, job creation is expected to fall short of the needs of the rapidly expanding workforce, with SSA projected to have the world's fastest-growing labour force by 2030 (World Bank, 2025).

4.B Nigerian Economy[2]

4.B.1 Macroeconomic Updates

46. Nigeria's economy is projected to maintain positive real GDP growth over the medium term, demonstrating stronger-than-expected resilience against early conservative forecasts. Originally, the International Monetary Fund (IMF) and the World Bank projected that economic growth would temporarily moderate to 4.1 percent in 2026 before recovering to 4.3 percent annually from 2027 through 2029. However, real-time data from the National Bureau of Statistics (NBS) reveals an accelerating upward trend that outpaced those projections, with real GDP growth hitting 3.89 percent in Q1 2026 and rising sharply to 4.43 percent in Q2 2026. Driven by this strong momentum in the services sector and a rebound in daily crude oil production to 1.72 million barrels, revised medium-term outlooks now indicate a structural shift beyond mere stabilization. Consequently, growth is expected to sustain an upgraded trajectory of 4.1 to 4.3 percent from 2027 onward,

reflecting the concrete yields of ongoing economic reforms, robust domestic production, and heightened investment.

47. While early models estimated an upward trend from 2025 before moderating gradually to 15.9 percent in 2027, 14.0 percent in 2028, and 12.0 percent in 2029, real-time data from the National Bureau of Statistics (NBS) reveals that the disinflation process has gathered much stronger momentum. Headline inflation successfully defied the 16% target, easing to 15.43 percent in July 2026 and cooling down for a third consecutive month to 15.39 percent in August 2026. This positive trajectory has been heavily supported by easing food prices, greater exchange-rate stability, and aggressive monetary tightening. While revised medium-term outlooks look to adjust future baseline targets lower, underlying structural bottlenecks—such as agricultural supply strains, rising domestic logistics, and fuel price volatility—mean that vigilant policy implementation remains crucial to maintaining this downward trend toward the 12.0 percent target by 2029.

48. The exchange rate is projected to stabilize gradually over the medium term following the adjustments experienced in the foreign exchange market. The naira is assumed to average about ₦1,500 per US dollar in 2025, improve to approximately ₦1,380 per US dollar in 2026, and subsequently stabilise at around ₦1,400 per US dollar from 2027 through 2029. This relative stability is expected to support improved macroeconomic conditions, enhance external competitiveness, and strengthen investor confidence, while also helping to moderate the impact of exchange-rate movements on imported inflation, debt-servicing costs, and the prices of imported production inputs.

49. From a fiscal perspective, the improving macroeconomic environment is expected to strengthen government revenues through higher oil receipts, improved tax administration, digitalization of revenue collection, and expansion of the non-oil tax base. Ongoing fiscal reforms, including the removal of fuel subsidies, exchange rate reforms, enhanced domestic revenue mobilization, and expenditure rationalization, are expected to improve fiscal sustainability and create additional fiscal space for priority investments in infrastructure, education, healthcare, agriculture, and social protection. The IMF and the World Bank note that these reforms are rebuilding fiscal space but emphasize the importance of maintaining prudent fiscal and monetary policies while protecting vulnerable households.

50. Despite the improving outlook, several downside risks remain. These include continued inflationary pressures, insecurity affecting agricultural production, volatility in global oil prices, exchange rate instability, rising public debt servicing obligations, climate-related shocks, and uncertainty arising from global geopolitical developments. These risks could weaken economic growth, reduce fiscal revenues, and increase pressure on government expenditure if not carefully managed.

51. Overall, Nigeria's medium-term macroeconomic outlook remains cautiously optimistic. Continued implementation of structural reforms, improvements in domestic revenue mobilization, prudent fiscal management, exchange rate stabilization, economic diversification, and sustained investments in productive sectors will be critical to achieving higher and more inclusive economic growth while maintaining macroeconomic stability over the medium term.

4.B.2 Table 3: Nigeria Key Macroeconomic Indicators

Indicator	2025	2026*	2027**	2028**	2029**
Real GDP Growth (%)	4.6	4.1	4.3	4.3	4.3
Inflation (%)	15.2	16.0	15.9	14.0	12.0

Indicator	2025	2026*	2027**	2028**	2029**
Exchange Rate (NGN: USD FX Rate)	1500	1300	1400	1400	1400

Source: IMF, World Bank, CBN. NBS.

Note: 2026 figure is as June, while **2027, 2028**and **2029 figures are projections.*

Petroleum Sector Outlook in Nigeria (2025–2029)

52. The petroleum sector remains a cornerstone of Nigeria's economy, serving as the primary source of foreign exchange earnings and a major contributor to federally collected revenue distributed among the three tiers of government through the Federation Account. Consequently, developments in crude oil production, OPEC production quotas, and international crude oil prices have significant implications for fiscal sustainability, macroeconomic stability, and the revenue outlook of States, including Anambra State.

53. Historical data indicate that Nigeria's crude oil production has fluctuated considerably over the past five years due to production quotas, crude oil theft, pipeline vandalism, operational disruptions, and under investment in upstream activities. While Nigeria's OPEC production quota stood at 1.77 million barrels per day (mbpd) in 2024, actual production averaged only 1.30 mbpd, representing a substantial production shortfall. The medium-term outlook for Nigeria's oil production has strengthened, with recent production reaching approximately 1.68 mbpd, reflecting improvements in upstream output and efforts to address production losses. This development may warrant a review of Nigeria's OPEC production quota and 2027 production baseline, particularly as the Federal Government seeks to maximise oil revenues to address prevailing fiscal pressures. OPEC has indicated that the production baselines for 2027 will take account of members' maximum sustainable production capacity, providing scope for Nigeria's position to be reassessed.

54. For the 2027–2029 MTEF period, crude oil production is projected to increase to approximately 2.0 mbpd from 2027 and remain around this level thereafter, subject to improvements in upstream investment, security and pipeline surveillance, reduced crude oil theft and operational losses, and sustained implementation of the Petroleum Industry Act (PIA). Higher production, if achieved, would provide an important support to government revenues and external balances, although actual fiscal gains will remain dependent on international oil prices, production costs, exchange rates, and Nigeria's applicable OPEC production limits.

55. International crude oil prices have risen significantly in 2026, reflecting persistent geopolitical tensions and disruptions to global energy and shipping markets. Brent crude has traded above US$100 per barrel in September 2026, compared with an average of about US$69 per barrel in 2025. The World Bank had earlier projected an average Brent price of US$86 per barrel for 2026, highlighting the elevated uncertainty in the oil market.

56. For the 2027–2029 MTEF period, the State adopts a prudent price outlook, reflecting both the elevated current price environment and the expectation of some moderation as global supply adjusts. Accordingly, the oil price assumption is set at US$78 per barrel in 2027, moderating to US$70 per barrel in 2028 and 2029. These assumptions recognise the significant downside risks from persistent geopolitical tensions while avoiding reliance on the exceptionally high prices observed during periods of acute market disruption. For Nigeria's fiscal outlook, the projected increase in crude oil production is expected to offset part of the impact of lower international oil prices. Consequently, federally collected oil revenues are anticipated to improve moderately over the projection period, supporting

higher statutory allocations to the Federal Government, State Governments, and Local Governments. Increased oil production will also strengthen foreign exchange earnings, improve the country's balance of payments position, support external reserves, and contribute to greater exchange rate stability.

57. The improved performance of the petroleum sector is expected to complement ongoing fiscal reforms aimed at broadening the non-oil revenue base, strengthening tax administration, and improving public financial management. However, Nigeria's fiscal outlook remains vulnerable to fluctuations in global oil prices, changes in OPEC production policy, geopolitical developments, climate-related energy transition policies, and domestic production disruptions. Any significant decline in oil prices or renewed production losses could adversely affect government revenues, increase fiscal deficits, and constrain public expenditure.

58. For Anambra State, petroleum sector performance remains critically important because of its direct influence on Federation Account revenues. Higher national oil production and relatively favourable oil prices are expected to enhance monthly statutory allocations, thereby improving the State's fiscal capacity to finance infrastructure development, education, healthcare, agriculture, and other priority programmes identified in the Medium-Term Expenditure Framework (MTEF). Conversely, lower oil production or sharp declines in global crude oil prices would reduce federally distributed revenues, reinforcing the need for continued efforts to expand internally generated revenue (IGR), diversify the State's economic base, and strengthen fiscal resilience.

59. Overall, the medium-term outlook for Nigeria's petroleum sector is cautiously optimistic. Gradual improvements in crude oil production, supported by continued reforms and enhanced sector governance, are expected to outweigh the projected moderation in international oil prices. Nevertheless, prudent fiscal planning should continue to adopt conservative oil price and production assumptions while strengthening non-oil revenue mobilization to safeguard public finances against external shocks. Such an approach is consistent with the objectives of Nigeria's Medium-Term Fiscal Framework and provides a sound basis for preparing Anambra State's Medium-Term Expenditure Framework.

4.B.3 Table 4: Nigeria Oil Production

Year	OPEC Quota (mbpd)	Actual Production (mbpd)	Crude Oil Price ($)
2020	1.61	1.55	42.00
2021	1.50	1.66	64.00
2022	1.88	1.22	100.00
2023	1.50	1.52	84.00
2024	1.77	1.3	84.00
2025	1.50	1.48	68.00
2026*	1.50	1.72	66.00
2027**	1.80	2.0	78
2028**	1.80	2.0	70
2029**	2.00	2.0	70

Source: OPEC's World Oil Outlook (WOO)

** 2026 figure is the Dec 2026 projection, (Aug: 1.68mbpd), while 2027**, 2028**, and 2029** are projected figures.*

4.C Anambra State Economy

60. The State's medium-term economic outlook remains positive, with growth expected to outperform the national economy. Inflation is projected to remain comparatively moderate and decline gradually over the projection period. State GDP is expected to continue expanding, reflecting sustained economic activity and improved productive capacity. Stable oil and exchange-rate assumptions provide a supportive basis for fiscal planning, although external market and currency risks remain. Generally, the outlook points to stronger economic growth, improved stability, and gradual diversification of the State's economic and revenue base.

61. One of the most encouraging developments in this framework is the relatively lower inflation outlook for Anambra State compared with the national projection. National inflation is projected at 16.0 percent in 2026, 15.9 percent in 2027, 14.0 percent in 2028, before moderating to 12.0 percent in 2029, while inflation in Anambra State is projected to remain lower and relatively stable at 12.2 percent in 2026 and 2027, declining slightly to 12.1 percent in 2028 and further to 10.2 percent in 2029. This comparatively lower inflation trajectory suggests a gradual easing of price pressures in the State and could support household purchasing power, reduce the cost of doing business, and create a more predictable environment for investment.

62. The growth projections also present an optimistic outlook for the State economy, with Nigeria's real GDP growth projected to increase from 4.1 percent in 2026 to 4.3 percent in 2027 and 2028, and 2029, while Anambra State is projected to outperform the national economy, with real GDP growth rising from 4.8 percent in 2026 to 4.9 percent in 2027, 5.1 percent in 2028, and 5.2 percent in 2029. This indicates that Anambra's economy is expected to expand at a consistently faster pace than the national economy, reflecting the State's economic potential and productive capacity. The projected growth is expected to be supported by commerce, manufacturing, agriculture, transport and logistics, construction, financial services, and the expanding digital economy, while continued investments in infrastructure, enterprise development, and an improved business environment are expected to strengthen private-sector activities, stimulate employment, and promote sustained economic development in the State.

63. The projected expansion in the size of the State economy further reinforces the positive economic outlook. The framework estimates that Anambra State's GDP will increase from approximately ₦9.68 trillion in 2026 to ₦11.71 trillion in 2027, ₦12.83 trillion in 2028, and ₦14.10 trillion in 2029, reflecting sustained expansion in economic activity and increasing productive capacity within the State. The continued growth of the State economy is expected to provide opportunities for a broader tax base, stronger internally generated revenue (IGR), increased private-sector investment, and greater demand for infrastructure and public services. The expanding economic base also creates opportunities for the Government to deepen investments in industrialization, agro-processing, innovation, tourism, and human capital development, thereby supporting inclusive and sustainable economic growth across the State.

64. In Anambra, developments in Nigeria's petroleum sector remain highly significant for the State's fiscal position, given the influence of oil revenues on Federation Account receipts and, consequently, statutory allocations to States. The macroeconomic framework assumes oil production of 1.72 million barrels per day (mbpd) by the end of 2026, increasing to 2.0 mbpd in 2027 and remaining at 2.0 mbpd in 2028 and 2029, while the oil price benchmark is projected at US$75 per barrel in 2026, US$78 in 2027 and US$70 in 2028 and 2029. These assumptions have important implications for Anambra State's fiscal outlook, as

fluctuations in national oil production and prices can affect federal revenues and the resources available for distribution through the Federation Account. The relatively higher production benchmark in 2027, 2028 and 2029 together with variations in the oil price benchmark, highlights the potential volatility of oil-related revenues. Consequently, the State's fiscal planning takes account of these uncertainties while continuing to strengthen internally generated revenue and other non-oil revenue sources to support fiscal sustainability.

65. The exchange rate assumptions also have important implications for Anambra State, with the framework projecting the naira at ₦1,380 per US dollar in 2026, moderately normalising at ₦1,400 in 2027, 2028 and 2029. While the projected relative stabilization of the exchange rate in the latter part of the planning period could help reduce macroeconomic uncertainty, the prevailing exchange-rate assumptions suggest that imported machinery, medical equipment, educational materials, construction inputs, and industrial raw materials may remain relatively expensive. This could continue to place pressure on government procurement costs and private-sector production expenses, underscoring the need for the State Government to prioritize local sourcing, support domestic manufacturing, and promote value-chain development to reduce dependence on imported inputs and strengthen the resilience of the State economy.

66. Another notable feature of the framework is the projected increase in the mineral ratio from 13 percent in 2026 to 21 percent in 2027, 22 percent in 2028, and 23 percent in 2029. This upward trajectory suggests an increasing emphasis on mineral-sector revenue and its potential contribution to national fiscal resources and revenue-sharing arrangements among the three tiers of government. For Anambra State, although the direct benefit from mineral derivation may remain relatively limited compared with major mineral-producing States, the projected increase could enhance the overall pool of resources available for distribution and strengthen fiscal planning over the medium term.

67. Overall, the macroeconomic assumptions provide a generally positive environment for implementing Anambra State's development agenda, with the State's real GDP growth projected to remain above the national average, State GDP increasing from approximately ₦9.68 trillion in 2026 to ₦14.10 trillion in 2029, and State inflation remaining below the national projection throughout the planning period. However, the outlook also presents important fiscal and macroeconomic risks, as national inflation remains relatively elevated, oil production fluctuates from 1.72 MBPD in 2026 to 2.0 MBPD in 2027-2029, while oil price benchmarks vary between US$78 per barrel and US$70 per barrel. The exchange-rate assumption moves from ₦1,380 per US dollar in 2026 to ₦1,400 in 2027,2028 and 2029. These conditions underscore the need for prudent fiscal management, strengthened internally generated revenue, effective expenditure prioritization, and continued diversification of the State's economic and revenue base to mitigate potential shocks and sustain the implementation of the State's medium-term development agenda.

68. In light of these projections, Anambra State should continue to strengthen its fiscal resilience by expanding internally generated revenue, improving tax administration, promoting industrialization, supporting agriculture and agro-processing, encouraging private-sector investment, and maintaining prudent expenditure management. The projected expansion of State GDP from approximately ₦9.68 trillion in 2026 to ₦14.10 trillion in 2029, together with real GDP growth consistently above the national projection, provides an opportunity to broaden the State's revenue base and enhance its capacity to finance development priorities. At the same time, fluctuations in oil production and prices, exchange-rate pressures, and other macroeconomic uncertainties reinforce the importance

of reducing excessive dependence on Federation Account transfers through sustained economic diversification and improved domestic revenue mobilization. These measures will strengthen the State's capacity to finance critical infrastructure and social services, promote sustainable economic growth, and safeguard public finances against external and fiscal shocks.

Table 5: Anambra State Macroeconomic Assumptions

Item	2026 Budget	2027 Benchmark	2028**	2029**
National Inflation (%)	16.0	15.9	14.0	12.0
National Real GDP Growth (%)	4.1	4.30	4.30	4.30
State Inflation (%)	12.2	12.2	12.1	10.2
State Real GDP Growth (%)	4.8	4.9	5.1	5.2
State GDP (₦ Trillion)	9.68	11.71	12.83	14.10
Oil Production Benchmark (MBPD)*	1.72	2.0	2.0	2.0
Oil Price Benchmark (US$/Barrel)	75	78	70	70
NGN: USD Exchange Rate	1500	1400	1400	1400
Mineral Ratio (%)	13	21	22	23

Source: IMF, World Bank, CBN. NBS.

** 2026 figure is the Dec 2026 projection, (Aug: 1.68mbpd), while 2027**, 2028**, and 2029** are projected figures.*

4.D Fiscal Update

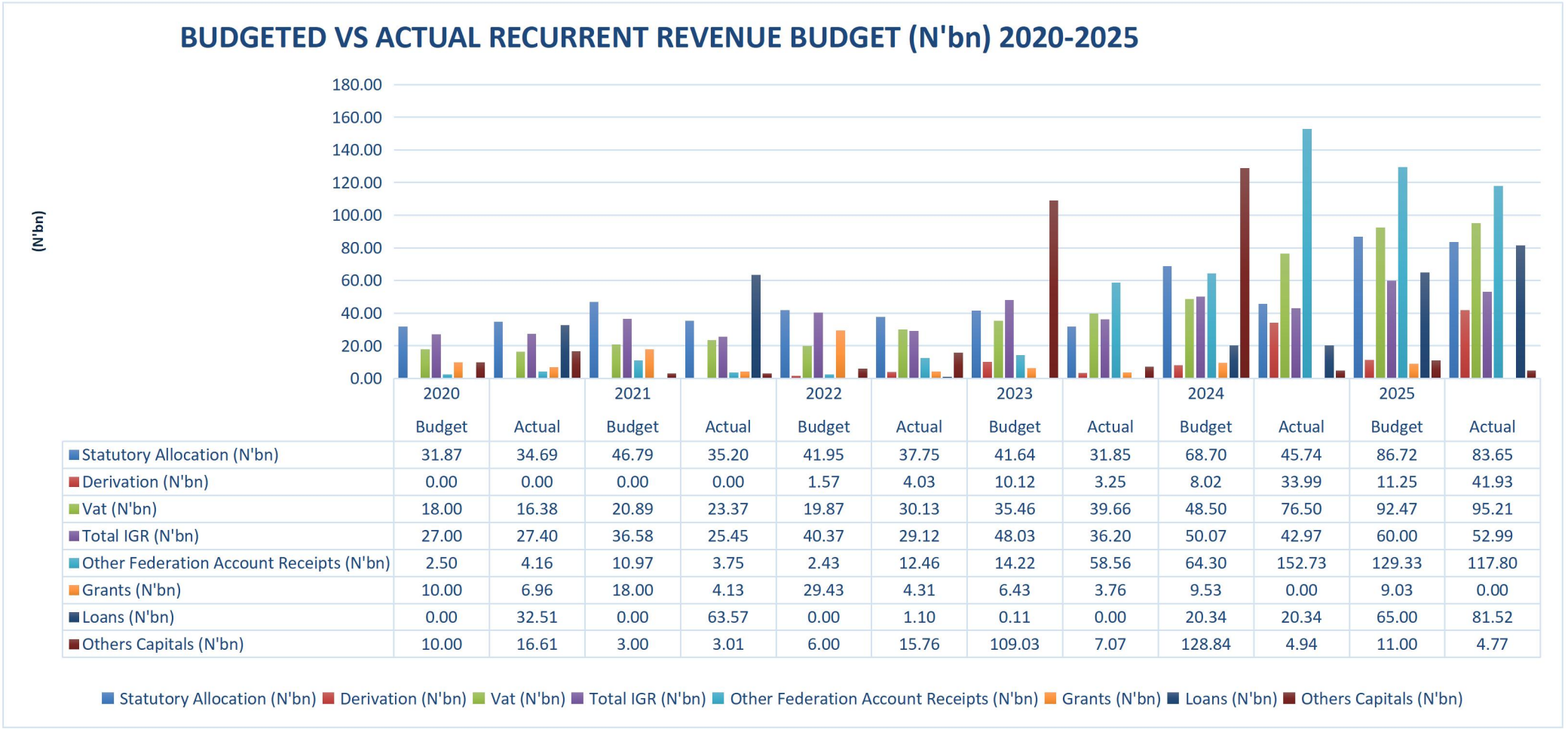
4.D.1 Historic Trends

4.D.2 Revenue Side

69. The section reviews the revenue performance from 2020 to 2025, comparing budgeted versus actual figures for key sources including Statutory Allocation, Value Added Tax (VAT), Internally Generated Revenue (IGR), Excess Crude Oil revenue, and Capital Receipts, while also examining the budget projections for 2026.

70.

4.D.3 Figure 4: Recurrent Revenue, 2020–2025



	2020		2021		2022		2023		2024		2025	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Statutory Allocation (N'bn)	31.87	34.69	46.79	35.20	41.95	37.75	41.64	31.85	68.70	45.74	86.72	83.65
Derivation (N'bn)	0.00	0.00	0.00	0.00	1.57	4.03	10.12	3.25	8.02	33.99	11.25	41.93
Vat (N'bn)	18.00	16.38	20.89	23.37	19.87	30.13	35.46	39.66	48.50	76.50	92.47	95.21
Total IGR (N'bn)	27.00	27.40	36.58	25.45	40.37	29.12	48.03	36.20	50.07	42.97	60.00	52.99
Other Federation Account Receipts (N'bn)	2.50	4.16	10.97	3.75	2.43	12.46	14.22	58.56	64.30	152.73	129.33	117.80
Grants (N'bn)	10.00	6.96	18.00	4.13	29.43	4.31	6.43	3.76	9.53	0.00	9.03	0.00
Loans (N'bn)	0.00	32.51	0.00	63.57	0.00	1.10	0.11	0.00	20.34	20.34	65.00	81.52
Others Capitals (N'bn)	10.00	16.61	3.00	3.01	6.00	15.76	109.03	7.07	128.84	4.94	11.00	4.77

Source: Accountant General's Report, MBEP.

71. Statutory allocation is the monthly distribution of revenue from the Federation Account, which is the main source of revenue for the state. This account pools funds from mineral resources, and non-mineral sources collected by the Federal Inland Revenue Service. The revenue is shared among the Federal Government, State Governments, and Local Government Areas.

72. **Over the review period, statutory allocation receipts were quite volatile**, with inflows fluctuating significantly due to instability in global economic conditions. Despite the inconsistent trend in previous years, **2025 recorded a notable improvement as performance was 96.5% and growth rate 82.9%** compared to prior years.

73. Budget performance related to statutory allocations has been mixed. In 2020, actual receipts exceeded budget targets, due to government's revised budget strategy in combating COVID-19. While 2021 to 2025 fell short of expectations, mainly due to high government expectation in combating the effect of COVID-19 and decline in international oil prices, which negatively impacted revenue inflows to the Federation Account.

74. Between 2020 and 2021, the state did not receive any derivation proceeds as it had not yet become an oil-producing region. This status changed in 2022 when the state earned ₦4.04 billion in derivation revenue, followed by ₦3.25 billion in 2023, ₦33.90 billion in 2024 and a significant jump to ₦41.93 billion marking a major milestone in its revenue profile.

75. Looking forward, the state is committed to sustaining this positive momentum by establishing key agencies for stakeholders' engagement, enabling environment, and regulating the activities of Mineral exploration within the State as well as developing detailed revenue projections from 2027 - 2029. These efforts aim to ensure continued growth, efficient allocation of resources, and long-term economic stability.

76. Value Added Tax (VAT) is collected nationwide and shared among the federal, state, and local governments according to set ratios. Over recent years, VAT collections have shown inconsistent annual growth, driven by variables and distribution ratio that are associated with VAT.

77. Anambra State's VAT revenue in 2020 is below the year's projection. Anambra has consistently outperformed its projections in subsequent years. This steady improvement is attributed to enhanced tax administration, increased business compliance, and more effective efforts by the Anambra State Internal Revenue Service (AIRS).

78. Given these positive trends, VAT revenue forecasts for 2027 to 2029 will be based on the expected outcome of the 2025 tax reforms, including minimal downside, already digitized collection of revenue such as e-fillings, e-payment, and unique identity. reflecting a more realistic and data-driven approach to fiscal planning, which positions the State for a high return rate of VAT

79. Internally Generated Revenue (IGR) is collected by the Anambra State Internal Revenue Service (AIRS) and other revenue agencies, with Pay-As-You-Earn (PAYE) taxes constituting a major share. Other sources include fines, fees, land taxes, rents, licenses, sales, repayments, dividends, and interest on state assets. This diverse revenue base supports the state's fiscal operations.

80. IGR collections have shown consistent year-on-year growth, with strong performance relative to budget targets during this period. This is a testament to the State's effective revenue mobilization and collection strategies

81. The State IGR in 2020 shows budget performance of N27.2 billion due to Government policy to contain COVID-19 effect. IGR year-on-year rose from ₦25.45 billion in actual 2021 to ₦52.99 billion in 2025, reflecting improved efficiency driven by administrative reforms, enhanced tax compliance, and an expanding revenue base. In 2020, Budget performance stood at 100.9% due to the context earlier mentioned while 2021 to 2025 have maintained consistent growth from 69.6% in 2021 to 88.3% in 2025, signaling stronger fiscal management and better revenue mobilization by AIRS and related agencies.

82. Other Federation Account Receipts arise when actual oil prices, production, and exchange rates surpass government benchmarks. These receipts encompass various sources including NNPC refunds, Paris Club refunds, exchange rate differences, deduction refunds (like bank charges and stamp duties), shares from solid minerals, excess Petroleum Profit Tax, forex equalization, and contributions to the ecological fund.

83. From 2020 to 2025, actual receipts (excluding derivation) exhibited significant volatility, fluctuating between ₦4.16 billion and ₦117.80 billion. This instability was largely driven by macroeconomic factors, including the COVID-19 pandemic, global oil price shocks, unstable crude oil production levels, exchange rate liberalization and the removal of the fuel subsidy in which contributed to a sharp increase in distributive oil revenue into the Federation Account.

84. Grants is Conditional Grant funds (Discretional and Non discretional from the Federal Government to State. These grants are in form of Sustainable Development Goals (SDGs), Tertiary Education Trust Fund (TETFUND), Universal Basic Education Commission (UBEC), Solid Minerals Development Fund (SMDF), Internally Displaced Persons (IDP) support and others.

85. From 2020 to 2025, there has been a notable gap between expected and actual grant receipts, partly due to the assumption that ANSG's strong fiscal performance would attract more funds from International Development Partners. Actual performance has been inconsistent between 2020 to 2023 while 2024 and 2025 recorded zero receipt. The percentage performance for 2020 at 69.6%, in 2021 at 22.9%, 022 at 14.7% and 2023 at 14.66% respectively. Despite these fluctuations, state will continue to be open for negotiation for grant options available for the state.

86. Loans showed uneven trend between 2020 and 2025. In 2020, actual receipt was ₦32.51 billion and increased to ₦63.57 billion in 2021 due to a sharp recovery from Covid-19; it dropped to an abysmal low of ₦1.10 billion in 2022.

87. State loans are sourced from both domestic and international lenders. Domestically, loans come from bank loans, overdrafts, the Central Bank of Nigeria, and the Federal Government, while international loans are obtained from institutions like the World Bank and the African Development Bank. These loans support various development projects and fiscal needs.

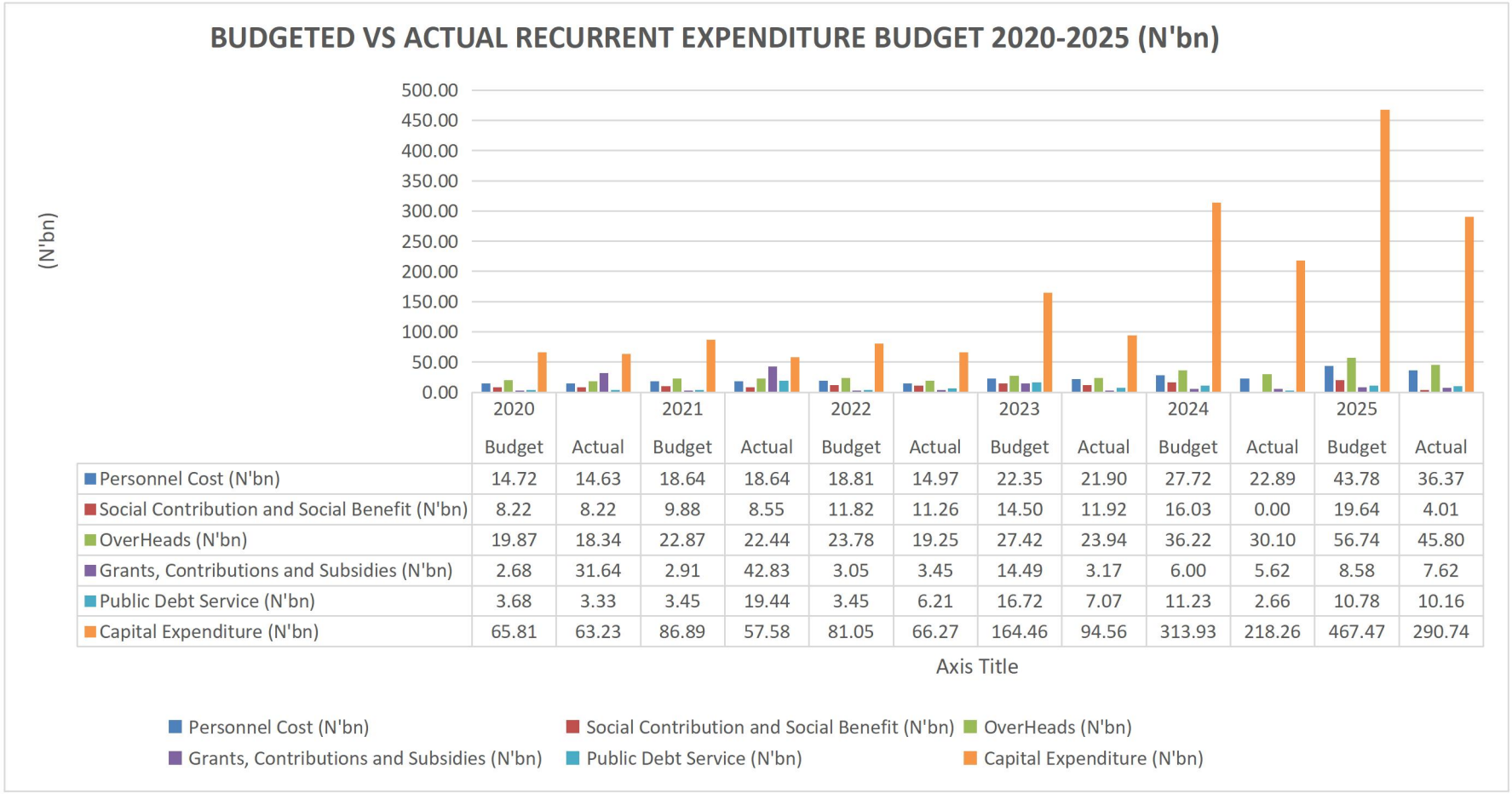
88. Loan performance from 2020 to 2025 has been highly volatile, with percentages fluctuating significantly year on year. The variations indicate an inconsistent performance pattern over the year under review reflecting changes in loan disbursement and repayment.

89. This significant gap between budgeted loan amounts and actual receipts in recent years underscores the need for more conservative and realistic loan projections and consideration of the interest rate expectations in future budgets. Such adjustments will help improve fiscal planning and better align expectations with actual borrowing capacity.

Expenditure Side

The expenditure section of the document reviews Consolidated Revenue Fund (CRF) charges, Personnel costs, Overheads, and Capital Expenditure, comparing budgeted amounts to actual spending for the years 2020 to 2025, and outlines projections for the 2026 budget.

4.D.4 Figure 5: Personnel



	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	2024 Budget	2024 Actual	2025 Budget	2025 Actual
Personnel Cost (N'bn)	14.72	14.63	18.64	18.64	18.81	14.97	22.35	21.90	27.72	22.89	43.78	36.37
Social Contribution and Social Benefit (N'bn)	8.22	8.22	9.88	8.55	11.82	11.26	14.50	11.92	16.03	0.00	19.64	4.01
OverHeads (N'bn)	19.87	18.34	22.87	22.44	23.78	19.25	27.42	23.94	36.22	30.10	56.74	45.80
Grants, Contributions and Subsidies (N'bn)	2.68	31.64	2.91	42.83	3.05	3.45	14.49	3.17	6.00	5.62	8.58	7.62
Public Debt Service (N'bn)	3.68	3.33	3.45	19.44	3.45	6.21	16.72	7.07	11.23	2.66	10.78	10.16
Capital Expenditure (N'bn)	65.81	63.23	86.89	57.58	81.05	66.27	164.46	94.56	313.93	218.26	467.47	290.74

90. Personnel expenditure, which covers salaries and allowances for state employees, has shown significant fluctuations between 2020 and 2025. From ₦14.72 bbudget in 2020 to ₦17.82 billion representing a 105% performance which resulted as a result of COVID-19-related budget adjustments. However, costs rose steadily in subsequent years, reaching ₦22.3 billion in 2023, largely driven by increased employment by the Anambra State Government (ANSG). In 2024, actual personnel spending stood at ₦22.89 billion out of a ₦29.72 billion budget, indicating a 77.02% performance and a 5% increase over 2023. For 2025, the personnel budget rose to ₦43.77 billion, reflecting a sustained upward trend in staffing-related expenses. The new minimum wage will also raise the State's personnel costs; however, with improved revenue and payroll management, the impact can be contained and may boost productivity.

91. Social Contributions and Social Benefits include pension and housing fund contributions, gratuities, pensions, death benefits, and severance allowances from both the legislature and executive. Over the review period, actual performance in this category was inconsistent, primarily because the state prioritized clearing longstanding arrears related to pensions and other social benefits.

92. Overhead expenditure, which includes the government's routine operational costs and asset maintenance, showed consistently strong budget performance from 2019 to 2024. Despite fluctuations caused by events like the COVID-19 pandemic, spending remained relatively high and efficient, with performance rates mostly above 80%. Expenditure rebounded after a dip in 2020, rising steadily from ₦22.44 billion in 2021 to ₦30.10 billion in 2024 with an 84.14% performance rate, reflecting growing operational needs and improved fiscal capacity.

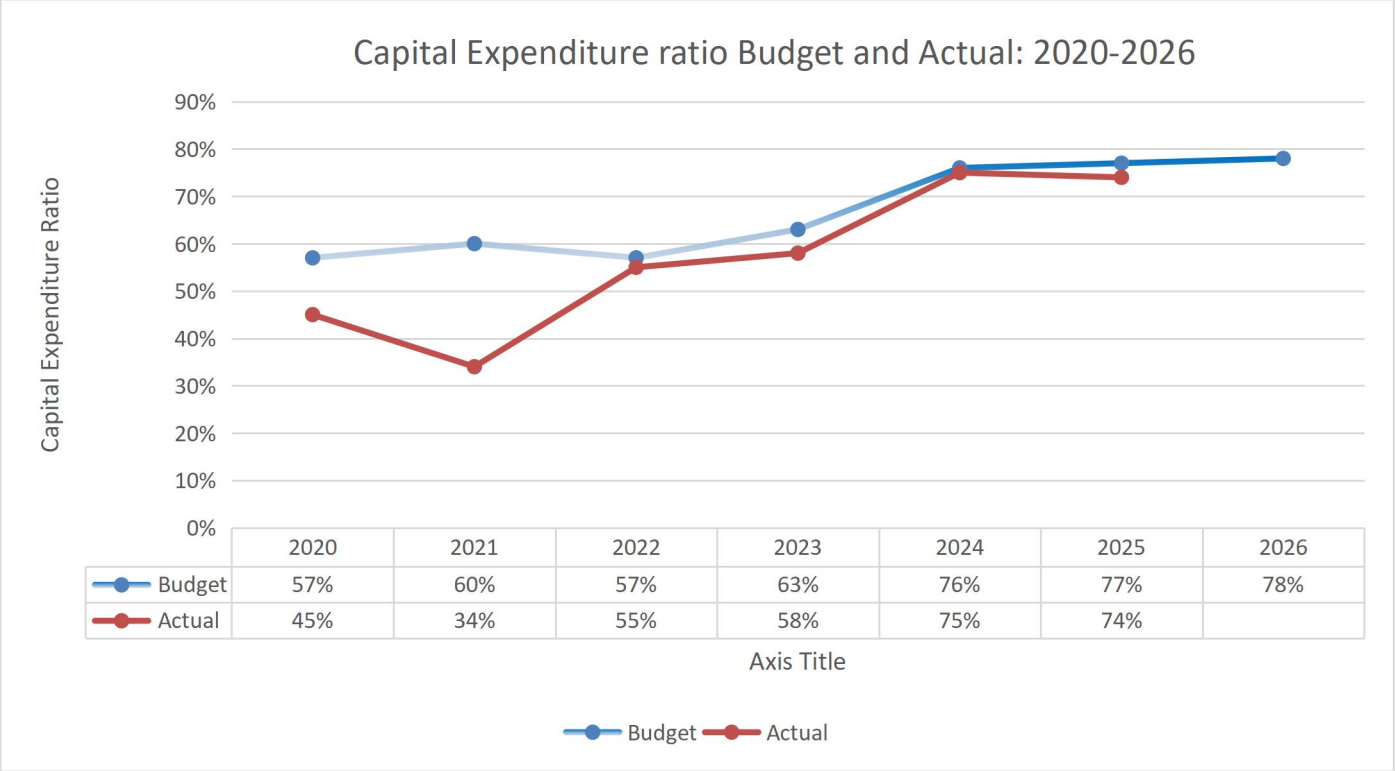
93. Grants, Contributions, and Subsidies—covering costs related to Internally Generated Revenue (IGR) collection and support for revenue agencies across the State — showed bumpy performance during the review period. This variability stemmed mainly from the State's efforts to clear arrears owed to revenue service providers and fulfil related obligations. These payments, including below-the-line (BTL) expenses, played a key role in enhancing the efficiency and effectiveness of Anambra State's revenue collection system.

94. Anambra State's Public Debt Service includes repayments on both external and internal loans and has shown strong performance relative to budget targets. In 2021, the State prioritized repaying various domestic loans, particularly those related to agriculture, the judiciary, FAAC software, the ecological fund, and the health sector—demonstrating a commitment to responsible debt management, as illustrated in table 7.

95. Capital expenditure in Anambra State reflects the government's investment in infrastructure and development programs, with a strong emphasis on transforming the State into a smart, modern, and inclusive society. While the State has consistently allocated over 50% of its total budget to capital projects, actual spending remained below this threshold for much of the review period. However, there was significant growth in capital expenditure in 2020, with continued increases in 2021 and 2022. From 2022 onward, actual capital spending surpassed 50%, signaling a renewed commitment to infrastructure development and long-term growth. Although there was a slight decline in

2023 due to fiscal consolidation, capital expenditure rebounded in 2024, reflecting the government's sustained focus on its development agenda.

4.D.5 Figure 6: Recurrent: Capital Expenditure Ratio



By Sector

96. Budgeted and actual expenditures across various sectors and sub-sectors—including personnel, overhead, and capital spending—are detailed in Table 11. These sub-sectors are grouped into four main categories: Governance, Social, Economic, and Law and Justice sectors.

4.D.6 Table 6: Sector 2024–2025 Budget Performance Analysis – Budget vs Actual

		2024	2025		
Year	Category	Actual (₦'bn)	Budget (₦'bn)	Actual (₦'bn)	2025 Budget Performance %
Opening Balance		20.34	65	81.5	125.38
Revenue	Statutory Allocation (including VAT, other FAAC)	308.96	319.76	338.59	105.89
	IGR	42.9	60	52.9	88.17
	Grants	0	16.03	0	-
	Total Current Year Receipts	351.9	395.79	391.58	98.94
	Total Fund Available (Including Opening Balance)	372.19	460.79	473.09	102.67
Expenditure	Personnel Costs	22.89	43.8	36.4	83.11
	Social Contribution and Social Benefit	18.4	28.1	11.6	41.28
	Overheads	30.1	56.7	45.8	80.78
	Public Debt Service	2.6	10.7	9	84.11
	Capital Expenditure	218.3	467.3	290.7	62.21
	Total Expenditure	**292.41**	**606.9**	**391.57**	**64.52**

4.D.7 Debt Position

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

4.D.8 Table 7: Debt Position as at 31st December 2025

Debt Sustainability Analysis			
A	**DSA RATIO SCENARIOS:**	**Sustainability Thresholds**	**As at 31st December 2025**
	Solvency Ratios	**Percentage**	**Percentage**
1	Total Domestic Debt/IGR	150%	18.15%
2	Total External Debt/Gross FAAC	150%	43.48%
3	Total Public Debt/Total Recurrent Revenue	150%	40.05%
4	Total Public Debt/State GDP Ratio	25%	1.62%
	Liquidity Ratios	**Percentage**	**Percentage**
5	Domestic Debt Service/IGR	15%	0.87%
6	External Debt Service/Gross FAAC	10%	1.92%
7	Debt Service Deductions from FAAC/Gross FAAC	40%	2.06%
8	Total Debt Service/Total Recurrent Revenue	25%	1.78%
B	**PUBLIC DEBT DATA AS AT 31st DECEMBER 2025**		**Naira**
1	Total Domestic Debt		9,616,754,025
2	Total External Debt		147,227,618,749
3	**Total Public Debt**		**156,844,372,774**
4	Total Domestic Debt Service 2025		462,491,785
5	Total External Debt Service in 2025		6,497,840,330
6	**Total Public Debt Service**		**6,960,332,116**
C	**STATE GDP FOR 2025**		
1	**State GDP**		9,676,095,686,241,410

98. **External Loans:** External loans are funds obtained from international financial institutions like the World Bank, IMF, Islamic Development Bank, and African Development Bank and similar multilateral organizations. These loans are secured by the Federal Ministry of Finance, Budget, and National Planning and then on-lent to State Governments through Subsidiary Loan Agreements.

99. **Internal Loans:** Internal loans refer to borrowings sourced domestically within Nigeria. These include facilities from commercial banks, budget support loans, salary bailout funds, and other credit facilities provided by the Federal Government and the Central Bank of Nigeria (CBN), among others.

100. **Solvency:** Solvency refers to the State Government's ability to meet its debt obligations as they fall due. As at 31 December 2025, Anambra State's existing debt indicators remained within the applicable debt sustainability and liquidity thresholds. The projected fiscal framework, however, requires that any new borrowing be carefully calibrated to preserve this position over the medium term through prioritization of prudent debt management, enhancing internal revenue generation, and maintaining strict compliance with borrowing guidelines to ensure long-term financial sustainability.

101. **External Debt Service to Total Revenue:** As of December 31, 2025, Anambra State's external debt service to total revenue ratio stands at 1.92%, well below the 10% prudential threshold. This ratio compares the State's total revenue, including Internally Generated Revenue (IGR), Federation Account Allocation Committee (FAAC) allocations, and other major revenue sources, to the cost of servicing its external debt.

102. **Total Debt Service to Total Revenue:** As of December 31, 2025, Anambra State's total debt service to total revenue ratio is 1.78%, significantly below the 25% liquidity threshold. This indicates a strong capacity to meet its external and domestic debt obligations using total revenue sources such as Internally Generated Revenue (IGR), FAAC allocations, and other key revenue sources.

103. **Domestic Debt Service to IGR:** This indicator evaluates the State's ability to service its domestic debt obligations using its Internally Generated Revenue (IGR). As of December 31, 2025, Anambra State's domestic debt service-to-IGR ratio stands at 0.87%, well below the 15% liquidity threshold cap. This figure excludes payments related to contract liability arrears. If these arrears were included, both the Total Debt Service to Total Revenue and Domestic Debt Service to IGR ratios would increase to 1% but would remain within their respective thresholds.

104. Anambra State has significantly reduced its internal debt, now holding only a few domestic loans such as the Commercial Agriculture Credit Scheme and the Ecological Fund. However, external debt remains a concern due to exchange rate volatility, as unfavourable rates increase the Naira cost of servicing dollar-denominated loans. A more stable Naira, as well as strengthening revenue generation, enhancing debt management practices, prioritizing concessional borrowing, improving project execution and returns, maintaining fiscal discipline, and enhancing transparency and reporting in the future would ease this burden and improve the state's debt sustainability.

5 Fiscal Strategy Paper

5.A Macroeconomic Framework

105. The macroeconomic framework provides the basis for assessing the overall economic environment and its implications for fiscal and budgetary planning. It focuses on key indicators such as national income, economic growth, inflation, and exchange rates, while examining how developments in these variables interact and affect the economy. The framework therefore helps to identify emerging economic opportunities and risks, establish realistic fiscal assumptions and revenue projections, and guide the formulation of sustainable policies and budget priorities over the medium term.

106. The 2026 macroeconomic data, which reflect developments up to June, provide an indication of the prevailing economic conditions, while the 2027 data represent the adopted national benchmarks and the 2028 and 2029 data are projected to guide medium-term fiscal planning. Against this backdrop, Anambra State is expected to operate within an environment of gradually improving economic growth and moderating inflation, but with continued exposure to exchange-rate volatility, high production and financing costs, and fluctuations in food and energy prices. These factors have direct implications for the State's revenue mobilization, expenditure requirements, purchasing power and the cost of implementing development programmes. Consequently, the State's fiscal strategy will focus on strengthening internally generated revenue, improving expenditure efficiency, protecting priority investments in infrastructure and human capital, supporting productive economic activities, and maintaining prudent fiscal and debt management. This approach is intended to ensure that the State's medium-term budget remains realistic, resilient and aligned with the broader national macroeconomic outlook while creating sufficient fiscal space to support sustainable economic growth and improve the welfare of citizens.

5.B Fiscal Strategy and Assumptions

Table 8: National Macroeconomic Framework

Macro-Economic Framework					
Item	**2025***	**2026**	**2027**	**2028**	**2029***
National Inflation	15.15%	16.0%	15.9%	14.0%	12.0%
National Real GDP Growth	4.6%	4.1%	4.30%	4.30%	4.30%
Oil Production Benchmark (MBPD)*	2.12	1.72	2.0	2.0	2.0
Oil Price Benchmark	$75	$75	$78	$70	$70
NGN: USD Exchange Rate	N1,500	N1,380.00	N1,400.00	N1,400.00	N1,400.00
Other Assumptions					
Mineral Ratio		13.00%	21.00%	22.00%	23.00%

**2026 figure is the Dec 2026 projection, (Aug: 1.68mbpd).* *2027-2027 figures are based current projections*

5.C Policy Statement

107. Anambra State's policy framework is anchored on the Anambra State Development Plan (2021–2070), which envisions a liveable, prosperous, and smart megacity. The framework provides the strategic direction for government policies and programmes aimed at positioning Anambra as a preferred destination for living, learning, investing, working, and leisure, while promoting sustainable and inclusive economic development.

108. The State's fiscal strategy seeks to transform and diversify the economy by strengthening and formalizing key sectors, particularly infrastructure, education, health, industry, technology, and other productive activities. It places emphasis on sustainable management of natural resources, improved security, renewable energy, cleaner technologies, and responsible environmental practices to support long-term economic growth. The strategy also promotes transparent and accountable governance, efficient use of public resources, and private-sector participation, while aligning the State's development priorities with Nigeria's broader net-zero and sustainability objectives.

109. The State's fiscal strategy also prioritizes investment in critical infrastructure, particularly roads, transportation, and information and communication technology (ICT), to improve connectivity, productivity, and the ease of doing business. At the same time, the State is committed to strengthening human capital by equipping citizens with the skills and knowledge required to participate effectively in the local and global economy. Complementary reforms in the public service and justice system, preservation of the State's cultural values, environmental sustainability, and the development of an integrated data hub will further strengthen institutions, improve public-sector efficiency, and support evidence-based policymaking. Together, these priorities provide a strong foundation for inclusive growth, efficient resource allocation, and sustainable development across the State.

5.D Objectives and Targets

110. The key fiscal objectives of Anambra State are to strengthen fiscal discipline, improve the efficiency and transparency of public resource management, and create greater opportunities for private-sector and community participation in development. In particular, the State will:

    i. Promote prudent, transparent, and accountable fiscal management by improving the efficiency of public spending and ensuring that available resources deliver greater value, essentially, **"doing more with less"**; and

    ii. Mobilize private capital and encourage greater citizen and community participation in development through partnerships and initiatives such as the "SMART School" programme, thereby expanding the resources available for priority development interventions.

111. The State will strengthen strategic partnerships with international development partners, the Federal Government, and relevant regional institutions to mobilize additional resources, technical support, and investment for priority development programmes. At the same time, increasing Internally Generated Revenue (IGR) remains a key fiscal priority, with emphasis on broadening the revenue base, adopting innovative revenue mobilization strategies, improving collection efficiency, and plugging leakages within the revenue system. These measures are expected to strengthen the State's fiscal capacity, reduce dependence on statutory transfers, and create greater fiscal space for sustainable development.

112. Furthermore, the State is committed to ensuring the effective implementation of its development plans and programmes through strong monitoring and evaluation systems. It will also maintain fiscal discipline and accountability by ensuring strict compliance with the provisions of the **Fiscal Responsibility Law**, thereby promoting prudent management of public resources and improving the delivery of development outcomes.

5.E Indicative Three-Year Fiscal Framework

113. The indicative three-year fiscal framework for the period 2027-2029 is presented in the table below.

5.E.1 Table 9: Anambra State Medium-Term Fiscal Framework 2027–2029

Fiscal Framework	Approved Budget	Actual	Projected (Actual)	Estimates		
	2026	Jan-June 2026	Jan-Dec 2026	2027	2028	2029
	=N=	=N=	=N=	=N=	=N=	=N=
Opening Balance	45,000,000,000	2,846,587,406		-	-	
Receipts: Economic Summary						
Independent Revenue	72,000,000,000	31,444,098,985	68,111,657,937	230,150,000,000	225,446,401,390	270,015,419,641
State's Share of Federation Account	114,287,986,525	54,853,267,195	108,351,700,757	150,624,214,081	173,217,846,193	195,736,166,198
VAT from Federation Account	101,712,698,035	51,508,731,935	97,866,590,676	107,653,249,744	118,418,574,718	124,339,503,454
Derivation	26,375,608,189	-	-	-		
Other Statutory Transfers	156,419,375,758	31,873,681,497	54,318,443,952	102,810,010,513	119,988,614,780	135,721,654,388
Capital Aid and Grants - Domestic	3,431,000,000	-	-	1,506,200,000	1,656,820,000	1,822,502,000
Capital Aid and Grants - Foreign	13,000,000,000		-	6,024,800,000	6,627,280,000	7,290,008,000
Total Current Year Receipts	**487,226,668,507**	**169,679,779,612**	**328,648,393,322**	**598,768,474,338**	**645,355,537,081**	**734,925,253,681**
Total Projected Funds Available	**532,226,668,507**	**172,526,367,018**	**328,648,393,322**	**598,768,474,338**	**645,355,537,081**	**734,925,253,681**
Recurrent Expenditure:						
Employees Compensation	52,955,463,916	11,352,103,661	37,100,521,655	61,105,599,903	70,510,086,466	81,361,975,028
Social Benefits	23,000,000,000	738,630,535	4,087,859,660	23,000,000,000	23,230,000,000	23,230,000,000
Overhead Costs	73,136,838,290	21,285,883,734			58,477,760,063	

			46,712,748,343	65,397,847,681		51,705,145,436
Repayment of External Loans	1,660,500,000	262,116,895	3,653,212,167	1,557,479,746	1,713,227,721	1,884,550,493
Repayment of Internal Loans	14,650,000,000	3,250,442,129	10,959,636,500	13,600,395,254	14,960,434,779	16,456,478,257
Internal Loans Repayments - Direct Deductions	-			-		
Contractor Debt	4,050,000,000	3,793,865,310	-	-	-	-
CRFC - (Excluding Social Benefits and Public Debt Chargers)	150,000,000	145,196,805	290,393,611	377,511,694	490,765,202	617,565,343
Total Recurrent Expenditure	**169,602,802,206**	**40,828,239,069**	**102,804,371,936**	**165,038,834,278**	**169,382,274,231**	**175,255,714,557**
Total Capital Expenditure	**596,771,685,500**	**102,765,115,232**	**225,844,021,386**	**648,631,677,339**	**881,747,778,087**	**994,956,718,788**
Total Expenditure (Budget Size)	**766,374,487,706**	**143,593,354,301**	**328,648,393,322**	**813,670,511,617**	**1,051,130,052,318**	**1,170,212,433,345**
Budget Surplus/(Deficit)	(234,147,819,199)	28,933,012,716		(214,902,037,278)	(405,774,515,237)	(435,287,179,664)

5.E.2 Assumptions

Fiscal Line	Assumption
Statutory Revenue	Statutory Allocation remains a major component of recurrent revenue but is largely influenced by factors outside the direct control of the State Government. Its principal drivers are the price of Bonny Light crude oil, national crude oil production and the prevailing foreign exchange rate, which together determine the size and naira value of distributable Federation Account revenues. The State's share was ₦83.65 billion in 2025. For 2026, the State's Budget provides for ₦114.29 billion, while the 2026 projected outturn is ₦108.35 billion, representing 94.8% of the budgeted provision and a 29.5% increase over the 2025 outturn. As at June 2026, receipts stood at ₦54.85 billion, representing 48.0% of the annual target, broadly in line with the expected half-year performance. Projections for 2027–2029 are based on the assumed trajectory of crude oil production, Bonny Light crude oil prices and the exchange rate. The escalation of the Iran-US-Israel conflict generated a significant geopolitical risk premium in the international oil market, pushing crude prices to as high as US$120 per barrel at one point and contributing to stronger Federation Account receipts in 2026. However, this premium is expected to moderate as global markets adjust and supply conditions normalise. Against this backdrop, the MTEF adopts a prudent oil-price trajectory of US$78 per barrel in 2027, moderating to US$70 per barrel in 2028 and 2029. Crude oil production is projected to improve from 1.72 million barrels per day in 2026 to 2.0 million barrels per day in 2027, 2028 and 2029. This improvement in production, together with the assumed oil-price trajectory and exchange rate, is expected to support higher Federation Account receipts over the medium term.
VAT	Value Added Tax (VAT) remains an important component of the State's recurrent revenue and is influenced by the level of national economic activity, consumption, business formalisation and the efficiency of VAT administration and collection. VAT receipts amounted to ₦95.21 billion in 2025. The 2026 Budget provides for ₦101.71 billion, while the projected 2026 outturn is ₦97.87 billion, representing 96.2% of the budget provision and a 2.8% increase over the 2025 outturn. As at June 2026, receipts stood at ₦51.51 billion, representing 50.7% of the annual budget target. VAT revenue is projected at ₦107.65 billion in 2027, representing a 10.0% increase over the projected 2026 outturn. It is expected to rise to ₦118.42 billion in 2028, representing 10.0% growth, and ₦124.34 billion in 2029, representing a more moderate 5.0% increase. The medium-term projections reflect expected growth in economic activity and the anticipated impact of ongoing reforms to the national tax system and VAT administration. The moderate assumptions also recognise the uncertainty associated with consumption trends, tax-policy changes and the pace of economic formalisation.

Other Statutory Transfers	Other Statutory Transfers constitute an important but relatively volatile component of the State's recurrent revenue. Their performance is influenced substantially by developments in federally distributable revenues, particularly crude oil prices, oil production, exchange rates and other macroeconomic factors. The State received ₦159.73 billion under this category in 2025. The 2026 Budget provides for ₦156.42 billion, while the 2026 projected outturn is ₦54.32 billion, representing only 34.7% of the budget provision and a 66.0% decline from the 2025 outturn. As at June 2026, receipts stood at ₦31.87 billion, representing 20.4% of the annual budget provision. The significant reduction in the projected 2026 outturn reflects some exceptionally high receipts recorded in ₦105.83 billion in 2025 which have not been replicated in 2026, with their corresponding 2026 budget estimate of ₦112.79 billion for these items. These include Excess Crude, 13% Oil Derivation, 13% Derivation Gas FAAC, etc. Other Statutory Transfers are projected at ₦102.81 billion in 2027, representing an 89.3% increase over the projected 2026 outturn, as we expect to push for address current challenges with the 13% derivation. The projection rises to ₦119.99 billion in 2028, representing 16.7% growth, and ₦135.72 billion in 2029, representing 13.1% growth.
Internally Generated Revenue (IGR)	IGR is projected to increase significantly from a projected ₦68.11 billion in 2026 to ₦230.15 billion in 2027, reflecting the Government's deliberate strategy to strengthen domestic revenue mobilisation and reduce the State's dependence on volatile statutory and other Federation Account receipts. The substantial increase is expected to be driven by the ongoing transformation of the State's revenue administration, including expansion of the taxpayer base, improved taxpayer identification and data integration, enhanced compliance, digitisation of collection processes and stronger enforcement of existing revenue laws. The projection also reflects the anticipated benefits of integrating relevant government and third-party data sources to identify economic activities currently outside the tax net. In addition to the measures above, the state will embark on a strategic privatizations, asset value capture and realisation of non-current assets. These initiatives are expected to generate ₦80bn, ₦45bn and ₦45bn in 2027, 2028 and 2029 respectively. IGR is projected at ₦225.45 billion in 2028 before increasing to ₦270.02 billion in 2029. The medium-term projections are intended to consolidate the gains from revenue reforms while improving the predictability and sustainability of internally generated resources.
Grants - Domestic	Capital Aid and Grants – Domestic represents funding expected from domestic sources to support the implementation of eligible capital projects and development programmes. The 2026 Budget provides for ₦3.43 billion, although no receipts are projected for the 2026 full-year outturn. For 2027, domestic capital aid and grants are projected at ₦1.51 billion, representing 56.1% of the 2026 budget provision. The projection increases to ₦1.66 billion in 2028, representing 10.0% growth, and ₦1.82 billion in 2029, representing a further 10.0% increase. The projections are based on a cautious approach to grant financing, recognising that the timing and availability of domestic grants are dependent on the identification and approval of eligible programmes and the availability of counterpart and other financing

Grants - Foreign	Capital Aid and Grants – Foreign represents development financing expected from international development partners and other foreign sources to support priority capital projects and programmes. The 2026 Budget provides for ₦13.00 billion, although no receipts are projected in the 2026 full-year outturn. The 2027 projection is ₦6.02 billion, representing 46.3% of the 2026 budget provision. This is projected to increase to ₦6.63 billion in 2028, representing 10.0% growth, and ₦7.29 billion in 2029, representing a further 10.0% increase. The projections reflect a prudent treatment of external grant resources, recognising that their realisation depends on the successful development of eligible projects, donor approvals, fulfilment of financing conditions and the timing of disbursements.
Personnel	Employees Compensation remains a significant component of recurrent expenditure, reflecting the State Government's obligations in respect of salaries, wages and other employee-related compensation across the public service. The 2026 Budget provides ₦52.96 billion for Employees Compensation, while the projected 2026 outturn is ₦37.10 billion, representing 70.1% of the budget provision. Actual expenditure as at June 2026 stood at ₦11.35 billion, representing 21.4% of the annual budget provision. Employees Compensation is projected at ₦61.11 billion in 2027, representing a 64.7% increase over the projected 2026 outturn. The provision rises to ₦70.51 billion in 2028, representing 15.4% growth, and ₦81.36 billion in 2029, representing a further 15.4% increase. The medium-term projections provide for the State's personnel obligations while recognising the need to maintain the wage bill within the limits of sustainable revenue growth. The projected increase over the medium term also reflects the need to adequately provide for an effective and motivated public service.
Social Benefits	Social Benefits provide for government obligations relating to employee-related social benefits and other approved post-employment benefit. The 2026 Budget provides ₦23.00 billion for Social Benefits, while the projected 2026 outturn is ₦4.09 billion, representing 17.8% of the budget provision. Actual expenditure as at June 2026 stood at ₦738.63 million. Social Benefits are projected at ₦23.00 billion in 2027, representing a substantial 462.9% increase over the projected 2026 outturn. The provision is projected to increase marginally to ₦23.23 billion in 2028, representing 1.0% growth, and remains unchanged at ₦23.23 billion in 2029. The 2027 provision reflects the intention to provide adequately for identified social obligations and commitments.
Overheads	Overhead Costs provide for the operational expenditure required to support the effective functioning of Ministries, Departments and Agencies and the delivery of government services. The 2026 Budget provides ₦73.14 billion for overhead expenditure, while the projected 2026 outturn is ₦46.71 billion, representing 63.9% of the budget provision. Actual expenditure as at June 2026 stood at ₦21.29 billion, representing 29.1% of the annual provision. Overhead Costs are projected at ₦65.40 billion in 2027, representing a 40.0% increase over the projected 2026 outturn, but remaining 10.6% below the 2026 approved budget. The provision declines to ₦58.48 billion in 2028, representing a 10.9% reduction, and further to ₦51.71 billion in 2029, representing an 11.6% decline.

Repayment of External Loans	Repayment of External Loans represents the State's scheduled obligations arising from external borrowing. The 2026 Budget provides ₦1.66 billion for external loan repayments, while the projected 2026 outturn is ₦3.65 billion, representing 220.0% of the budget provision. Actual payments as at June 2026 stood at ₦262.12 million. External loan repayments are projected at ₦1.56 billion in 2027, representing a 57.4% reduction from the projected 2026 outturn. Repayments are projected to increase to ₦1.71 billion in 2028, representing 10.0% growth, and ₦1.88 billion in 2029, representing a further 10.0% increase.
Repayment of Internal Loans	Repayment of Internal Loans provides for scheduled principal repayments on the State's domestic borrowing obligations. The 2026 Budget provides ₦14.65 billion for internal loan repayments, while the projected 2026 outturn is ₦10.96 billion, representing 74.8% of the budget provision. Actual repayments as at June 2026 stood at ₦3.25 billion. Internal loan repayments are projected at ₦13.60 billion in 2027, representing a 24.3% increase over the projected 2026 outturn. This is projected to increase to ₦14.96 billion in 2028, representing 10.0% growth, and ₦16.46 billion in 2029, representing a further 10.0% increase.
Capital Expenditure	Capital Expenditure remains the principal vehicle through which the State translates its development priorities into tangible infrastructure and economic assets. The 2026 Budget provides ₦596.77 billion for capital expenditure, while the projected 2026 outturn is ₦225.84 billion, representing 37.8% of the approved provision. Actual capital expenditure as at June 2026 stood at ₦102.77 billion. Capital Expenditure is projected to increase substantially to ₦648.63 billion in 2027, representing a 187.2% increase over the projected 2026 outturn. It is projected to rise further to ₦881.75 billion in 2028, representing 35.9% growth, and ₦994.96 billion in 2029, representing 12.8% growth. The substantial increase in capital expenditure over the MTEF period reflects the Government's commitment to accelerating the implementation of priority infrastructure and development projects under the Solution Agenda and Anambra State 50-Year Development Plan. The scale and timing of capital spending will, however, remain subject to the availability of financing, project readiness, procurement progress and the State's debt sustainability framework.

5.F Fiscal Risks

114. The State's fiscal outlook is exposed to a number of risks that could affect revenue performance and budget implementation, including volatility in oil prices and exchange rates, weaker-than-expected economic growth, persistent inflation, delays in statutory allocations, and potential shortfalls in VAT and Internally Generated Revenue (IGR). External factors, such as global economic uncertainties and changes in donor funding, could further constrain the resources available for development programmes. Identifying and regularly assessing these risks will enable the State to strengthen fiscal planning, respond promptly to emerging challenges, and put in place appropriate measures to protect revenue, manage expenditure, and sustain the implementation of priority programmes.

115. All budgets are subject to risks and uncertainties, making continuous monitoring and timely review essential for effective implementation during the 2027 fiscal year.

Particular attention will be given to developments in the security environment and the broader fiscal and economic conditions, as these factors can significantly influence revenue performance, expenditure pressures, and the overall fiscal position of the State. Regular assessment of these developments will enable the Anambra State to respond promptly to emerging challenges, adjust fiscal strategies where necessary, and safeguard the effective delivery of priority programmes and projects.

5.F.1 Table 10: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Decline in oil prices or crude oil production	High	High	A decline in oil prices or production could reduce Federal revenues and consequently lower statutory allocations to the State. Anambra should strengthen Internally Generated Revenue (IGR), improve revenue forecasting, maintain fiscal buffers, prioritize essential expenditure and strengthen medium-term expenditure controls.
Decline in security in Anambra and neighbouring States	Medium to high	High	Insecurity could disrupt businesses, agriculture, investment, transportation and household incomes, while weakening the State's revenue base. Government should sustain security interventions, strengthen collaboration with security agencies, support business continuity, improve the revenue administration system and implement targeted socio-economic interventions in vulnerable areas.
Flooding, erosion and other natural disasters	Medium to high	High	Floods, erosion and other disasters could damage infrastructure, disrupt agricultural production, displace communities and require unplanned expenditure. The State should strengthen disaster-risk management, early-warning systems, drainage and flood-control infrastructure, erosion-control measures, climate-resilient infrastructure and emergency-response capacity, while maintaining appropriate contingency provisions.
Increase in the National Minimum Wage and associated personnel costs	Medium to high	High	Further wage adjustments could significantly increase personnel and pension-related obligations and constrain resources available for capital projects. The State should undertake realistic payroll projections, strengthen expenditure controls, improve productivity, phase implementation where necessary, enhance IGR and ensure that wage commitments are incorporated into the MTEF and annual budget ceilings.

Risk	Likelihood	Impact	Reaction
Increase in VAT or changes in the national tax regime	Medium	Medium to high	Changes in VAT or other federal tax policies could increase the cost of goods and services, affect household purchasing power and influence State revenues. Government should continuously monitor national tax reforms, strengthen tax administration, improve taxpayer communication, protect vulnerable groups and adjust expenditure and revenue projections as necessary.
Deterioration in national security and reduction in Federal transfers	Moderate to High	High	A significant deterioration in national economic or security conditions could reduce Federal revenues and transfers to States. Anambra should maintain conservative revenue assumptions, strengthen IGR, prioritize critical expenditure, establish contingency arrangements and maintain active engagement with the Federal Government on fiscal transfers and support.
Non-materialisation or delay in expected capital receipts	High	Moderate to High	Failure or delay in expected capital receipts could create financing gaps and delay priority infrastructure and development projects. The State should improve capital-receipt forecasting, strengthen project prioritisation, develop alternative financing arrangements, de-risk the asset-sales/financing pipeline, maintain fiscal buffers and ensure appropriate legal and financial safeguards.

5.G Financing Strategy 2027–2029

116. The Medium-Term Fiscal Framework projects fiscal deficits of ₦214.90 billion in 2027, ₦405.77 billion in 2028 and ₦435.29 billion in 2029. These deficits arise primarily from the planned scale-up in capital expenditure and are expected to be financed through a combination of approved borrowing and other financing sources, subject to the availability of funding, project readiness, applicable statutory approvals and debt sustainability considerations.

    In line with the State's prudent borrowing policy, new borrowing shall be undertaken only for eligible development expenditure and where the associated financing terms are consistent with the State's debt sustainability capacity. The borrowing requirement presented below represents the **maximum indicative financing requirement** arising from the fiscal framework and does not constitute an unconditional borrowing commitment.

    The financing strategy shall prioritise concessional and appropriately structured financing, while ensuring that the resulting debt service obligations remain within approved fiscal and debt sustainability thresholds. Where additional non-debt financing becomes available, including grants, private capital or other approved financing arrangements, the corresponding borrowing requirement shall be reduced.

5.G.1 Table 12: Indicative Financing Requirement, 2027–2029

Table 12: Indicative Financing Requirement, 2027–2029			
₦ billion	**2027**	**2028**	**2029**
Total Receipts	598.77	645.36	734.93
Total Expenditure	813.67	1,051.13	1,170.21
Fiscal Deficit	**214.90**	**405.77**	**435.28**
Other Identified Financing Sources	-	-	-
Maximum Indicative Borrowing Requirement	**214.90**	**405.77**	**435.28**
Financing Gap	-	-	-

The indicative borrowing requirement represents the financing gap under the current fiscal framework and should not be interpreted as a commitment to borrow the full amount. Actual borrowing shall be determined annually based on project financing requirements, availability of grants and other non-debt financing, cash-flow conditions, borrowing terms and the outcome of the State's Debt Sustainability Analysis.

Medium-Term Debt Implications of the Fiscal Framework

117. The projected fiscal deficits have direct implications for the State's medium-term debt position. For purposes of fiscal planning, the indicative financing requirement has been treated as the maximum potential new borrowing requirement, subject to the conditions set out in Section 4.D.8. Based on the existing public debt stock of ₦156.84 billion as at 31 December 2025, the projected borrowing requirement and the scheduled principal repayments already provided for in the MTEF, the indicative debt trajectory is presented below.

5.G.2 Table 13: Indicative Medium-Term Debt Trajectory

₦ billion	**2027**	**2028**	**2029**
Opening Public Debt	156.84	356.59	745.69
Indicative New Borrowing	**214.90**	**405.77**	**435.28**
Less: Principal Repayments	(7.58)	(8.34)	(9.17)
Indicative Closing Public Debt	**364.17**	**754.02**	**1,171.80**
State GDP	11,710	12,830	14,100
Public Debt / State GDP	**3.11%**	**5.88%**	**8.31%**

The indicative debt-to-State-GDP ratio increases from the current 1.55% reported in the 2025 DSA to approximately 3.11% in 2027, 5.88% in 2028 and 8.31% in 2029 under the maximum-borrowing scenario. These ratios remain below the 25% State-GDP solvency threshold currently applied in the State's DSA.

6 Budget Policy Statement

6.A Budget Policy Thrust

118. **Alignment with Development Priorities**

All proposed expenditures should demonstrate clear linkage with the 50-Year Development Plan, Solution Agenda, MTSS and MTEF. Ministries, Departments and Agencies (MDAs) are expected to prioritize programmes that contribute directly to the State's development outcomes.

119. **Realistic Revenue Expectations**

Revenue projections should be based on realistic and achievable estimates. The State should avoid excessive reliance on uncertain revenue sources or optimistic revenue assumptions that may subsequently create implementation challenges.

120. **Expenditure Prioritization**

Given the competing demands on limited public resources, MDAs are expected to prioritize projects and programmes based on their strategic importance, economic and social impact, readiness for implementation and availability of funding.

121. **Fiscal Sustainability**

The 2027 Budget should maintain an appropriate balance between recurrent expenditure, capital investment and financing requirements. Particular attention should be given to limiting expenditure that creates long-term fiscal obligations without corresponding economic or social returns.

122. **Strategic Collaborations**: Anambra State plans to deepen cooperation with Federal Ministries, Departments, and Agencies (MDAs), as well as international development partners like the World Bank, EU, and UN agencies. These partnerships are aimed at strengthening interventions in education, healthcare, infrastructure, and environmental sustainability, all in line with the state's broader development goals. Alignment of donor work plans with state strategies will ensure coherent and sustainable development.

Development Partnership Coordination: Coordination mechanisms will be strengthened to ensure that donor-supported programs and projects are in full alignment with Anambra's strategic priorities. This enhanced coordination aims to prevent fragmentation and duplication of efforts, improving the efficiency and impact of development assistance.

123. **Community Partnership:**

The government will advance initiatives that encourage greater citizen and community participation in development, such as *Soludozie Anambra* and *Solution Lens*. These programs promote local ownership of development through active engagement of foundations, individuals, and the diaspora. A framework for minimum standards in community governance and project implementation will also be introduced.

124. **Maximizing Data Use in Planning:**

To enhance decision-making and policy formulation, the State plans to increasingly integrate technology and data analytics into the planning process. Leveraging accurate, real-time data will improve resource allocation, project monitoring, and overall governance effectiveness.

125. **Economic Transformation and Empowerment:** The State's economic agenda will prioritize major investments in infrastructure, particularly in transport, power, security, and law enforcement. Strategic sectors such as leisure and entertainment, ICT infrastructure, water management, and urban regeneration will also receive attention. On the social front, investments in health, education, youth empowerment, and social protection are expected to drive inclusive economic growth and sustainable wealth creation.

126. **Increased Internally Generated Revenue:** Improving fiscal sustainability is a core focus, and the State aims to significantly increase IGR through reforms in revenue administration. This includes harmonizing data across revenue-collecting agencies, deploying digital payment systems, and enforcing compliance measures to plug leakages and broaden the tax base

6.B Sector Allocations

127. The proposed three-year sector allocations are aligned with the State's development priorities and provide a framework for directing available public resources towards programmes and projects that will support economic growth, social development, and improved service delivery.

128. The allocations show how resources will be distributed across the various sectors, with expenditure classified into Personnel, Overhead, and Capital components. This approach reflects the specific needs and priorities of each sector and ensures that resources are directed towards interventions that contribute meaningfully to the achievement of the State's medium-term development objectives.

129. Table 11 below presents the indicative budget envelopes for each sector and major organization for the 2027–2029 period. These envelopes will guide the preparation of annual budgets within the Medium-Term Expenditure Framework and provide a basis for prioritizing expenditure in line with the State's available fiscal resources and development commitments.

6.B.1 Table 11: Indicative Sector Expenditure Ceilings 2027–2029

CAPITAL COST EXPENDITURE BY SECTOR					
No.	**Sector**	**2026 Projected (Actual)**	**2027 Allocation**	**2028 Allocation**	**2029 Allocation**
1	ADMINISTRATIVE	11,936,336,267.06	34,281,561,967.70	46,602,243,076.36	52,585,576,070.28
2	ECONOMIC	185,317,814,797.10	532,239,039,646.99	723,524,007,562.02	816,418,357,287.67
3	LAW AND JUSTICE	1,546,408,988.78	4,441,338,982.93	6,037,541,669.25	6,812,710,843.26
4	SOCIAL	27,043,461,333.36	77,669,736,741.47	105,583,985,779.68	119,140,074,586.60
	TOTAL	**225,844,021,386.30**	**648,631,677,339.10**	**881,747,778,087.32**	**994,956,718,787.80**

PERSONNEL EXPENDITURE BY SECTOR					
No.	**Sector**	**2026 Projected (Actual)**	**2027 Allocation**	**2028 Allocation**	**2029 Allocation**
1	ADMINISTRATIVE	13,248,030,667.96	21,819,878,141.66	25,178,076,917.27	29,053,120,880.72
2	ECONOMIC	4,538,443,083.70	7,474,943,070.21	8,625,377,756.56	9,952,870,643.24
3	LAW AND JUSTICE	683,768,892.10	1,126,186,546.25	1,299,512,824.99	1,499,514,967.51
4	SOCIAL	18,630,279,011.24	30,684,592,144.98	35,407,118,966.74	40,856,468,536.43

	TOTAL	**37,100,521,655.00**	**61,105,599,903.10**	**70,510,086,465.56**	**81,361,975,027.90**

OVERHEAD EXPENDITURE BY SECTOR					
No.	**Sector**	**2026 Projected (Actual)**	**2027 Allocation**	**2028 Allocation**	**2029 Allocation**
1	ADMINISTRATIVE	40,249,007,351.97	56,348,610,294.53	50,386,069,718.55	44,550,595,986.18
2	ECONOMIC	1,217,913,829.46	1,705,079,361.29	1,524,656,014.14	1,348,077,642.95
3	LAW AND JUSTICE	19,644,840.27	27,502,776.37	24,592,564.05	21,744,370.84
4	REGIONAL	61,437,546.69	86,012,565.37	76,911,126.87	68,003,647.82
5	SOCIAL	5,164,744,774.61	7,230,642,682.93	6,465,530,639.14	5,716,723,787.93
	TOTAL	**46,712,748,343.00**	**65,397,847,680.50**	**58,477,760,062.75**	**51,705,145,435.72**

* Regional sector refers to ACDA overhead expenditure. This is applicable to only overhead expenses.

Total Sector Ceilings + Statutory/Non-sectoral Charges = Total Expenditure

6.C Considerations for the Annual Budget Process

130. Each Ministry, Department, and Agency (MDA) is expected to follow a structured budget preparation process to ensure that the 2027 Annual Budget is fully aligned with the State's strategic priorities, available resources, and medium-term development objectives.

131. **Expenditure Planning:** MDAs should make adequate provision in the 2027 budget for all ongoing projects and contractual commitments that are not expected to be completed or fully paid for by the end of 2026. This will help ensure continuity of priority projects and minimize the accumulation of outstanding obligations. In proposing new projects and programmes, MDAs should review their Sector Implementation Plans (SIPs) to ensure consistency with the State Development Plan (SDP) and other approved government priorities. New interventions should be carefully assessed, integrated, and prioritized based on their strategic relevance, urgency, expected development impact, and affordability.

132. **Sector Development Priorities:** Sector priorities should be rationally established with the intent of achieving value for money and fit for purpose. MDAs should undertake internal management and coordination meetings to review their programmes and projects, agree on key priorities, and ensure that their budget proposals are consistent with the objectives and priorities contained in their respective SIPs and MTSS. This process will promote greater coordination, reduce duplication, and strengthen the link between sector plans and budget allocations.

133. **Allocate resources:** Resource allocation should focus first on the highest priority activities and continue **Resource Allocation:** Available resources should be allocated first to the highest-priority programmes and projects and then progressively to other interventions according to their strategic importance. Projects that cannot be accommodated within the available fiscal space should be appropriately deferred to subsequent budget years, subject to their continued relevance, readiness, and availability of funding. This approach will promote fiscal discipline, improve expenditure efficiency, minimize unfunded commitments, and ensure that scarce public resources are directed towards programmes and projects with the greatest potential to deliver sustainable development outcomes for Anambra State.

134. The following factors should be considered when assessing each activity within the budget:

- **General Budget Requirements:** Budget estimates should provide a comprehensive financial plan covering all units, sub-units, offices, and facilities under the responsibility of each Ministry, Department, and Agency (MDA). All relevant expenditure requirements should be properly identified and costed to ensure that the budget provides a realistic picture of the resources required to deliver planned programmes and services.
- **Personnel Costs:** Personnel expenditure should be based on accurate and verifiable staff records. Each MDA must submit a comprehensive and up-to-date Staff List, covering all eligible staff, including political and public office holders, as applicable. The Staff List should incorporate the latest biometric verification information and must be reviewed and certified by the Chief Executive of the MDA. Chief Executives are expected to independently verify their staffing records and confirm that the information submitted is complete, accurate, and consistent

with the actual staffing position before forwarding the budget proposal to the Ministry of Budget and Economic Planning (MBEP).

- Personnel cost projections should take into account all anticipated changes in staffing and remuneration during the budget year, including annual salary increments, promotions, leave grants, retirements, transfers, and other forms of staff attrition. The estimates should also reflect the financial implications of approved salaries, allowances, and other authorized personnel-related benefits.
- Recruitment that has not received prior Government approval before the submission of the budget estimates should not be included in the personnel budget. Where recruitment has been duly approved, the relevant Government approval or authorization must be attached to the MDA's budget submission as supporting documentation.

135. **Capital Expenditure:** Capital expenditure proposals should be closely aligned with the Anambra State Development Plan, Sector priorities, and the Medium-Term Sector Strategies. MDAs should also consider the expected timing and availability of funds from specific financing sources, including grants, loans, and other dedicated funding, to ensure that capital projects are properly prioritized, realistically scheduled, and adequately funded.

136. **Counterpart Funding and Financing Conditions:** Where the implementation or release of funds for a programme or project is subject to the provision of counterpart funding by the State Government, this requirement must be clearly stated in the budget submission. MDAs should indicate the nature and expected timing of such counterpart contributions to facilitate proper fiscal planning, avoid implementation delays, and ensure transparency in the management of externally financed programmes and projects.

137. Overall, these requirements are intended to improve the accuracy and credibility of MDA budget submissions, strengthen expenditure planning, and ensure that available public resources are allocated efficiently to priority programmes and projects.

7 Summary of Key Points and Recommendations

138. The following key points and recommendations emerge from the Medium-Term Expenditure Framework (MTEF) and are intended to strengthen fiscal planning, improve budget credibility, and support effective implementation of the State's development priorities:

- **MTEF Development and Approval:** The Ministry of Budget and Economic Planning (MBEP) is responsible for coordinating and overseeing the preparation of the MTEF. Upon completion of the draft, Mr. Commissioner will present it to the State Executive Council (ExCo) for consideration, after which Mr. Governor will transmit the approved MTEF to the State House of Assembly (SHoA) for consideration and approval in accordance with the provisions of the Fiscal Responsibility Law (FRL).
- **Budget-MTEF Alignment:** The preparation of the State's annual budget estimates should be firmly anchored on the MTEF. This will promote greater consistency between medium-term fiscal projections and annual budget allocations, while providing a more realistic basis for revenue and expenditure planning.
- **Prudent Treatment of Loans:** Loans projected as capital receipts should only be incorporated into the budget when they have received the required approvals, applicable commitment fees have been paid, and all relevant documentation has been submitted to the Debt Management Department (DMD). This will help prevent the inclusion of uncertain financing sources in the budget and minimize the risk of unfunded expenditure commitments.
- **Debt Sustainability:** Every proposed loan should be subjected to a comprehensive assessment of its implications for the State's debt sustainability indicators. The analysis should also consider the expected economic and fiscal benefits of the proposed expenditure, the associated debt-servicing obligations, and the State's capacity to meet future repayment commitments.
- **Assessment of Ongoing Capital Projects:** A comprehensive review of the implementation and funding status of all 2026 capital projects should be undertaken before finalizing the 2027 Budget. The review should identify projects that are ongoing, substantially completed, underfunded, or yet to commence, and ensure that adequate provisions are made for the completion of priority ongoing projects before new commitments are introduced.
- **Harmonization of Financial Reporting:** The reporting format used by the Office of the Accountant General should be harmonized with the State's budgeting system. This will improve consistency between budget estimates and financial reports, strengthen the tracking of actual expenditure against approved allocations, and enhance the quality and timeliness of fiscal reporting.
- **Strengthening Inter-Agency Coordination:** The MBEP, Ministry of Finance (MoF), and Office of the Accountant General should hold regular quarterly harmonization meetings to review fiscal developments, revenue performance, expenditure trends, and emerging financing issues. The three institutions should also continue to support the effective functioning and sustainability of the MTEF Working Group to ensure continuity, institutional ownership, and effective coordination of the MTEF process.
- **Continuous Review of the Fiscal Framework:** The Fiscal Framework is based on the best available current data but remains sensitive to changes in key macroeconomic and fiscal variables, particularly inflation, exchange rates, oil production, and crude oil losses or theft. Potential improvements in federally collected revenues, including recoveries or enhanced remittances from relevant federal revenue-generating institutions,

could also affect the State's revenue outlook. The Fiscal Framework and revenue projections should therefore be continuously monitored and updated where significant changes occur, ensuring that emerging fiscal opportunities and risks are promptly reflected in medium-term planning.

- To strengthen accountability, coordination, and efficient management of government assets and common expenditure items, designated offices and MDAs will be responsible for coordinating and consolidating related budgetary requirements from Ministries, Departments, and Agencies (MDAs) for the 2027 fiscal year. The designated Offices/MDAs will review and consolidate the submissions within their respective areas of responsibility and forward the requirements to the Ministry of Budget and Economic Planning (MBEP) for further review, prioritization, and incorporation into the overall budget framework.
- The designated areas of responsibility are as follows:

  - **Vehicles**: Secretary to the State Government's Office (SSG)
  - **Counterpart Funds**: Ministry of Budget and Economic Planning
  - **Utilities (Power, Water):** Ministry of Power and Water Resources
  - **Infrastructure and Road Construction**: Ministry of Works and Infrastructure
  - **Buildings:** Ministry of Housing
  - **ICT Hardware and Software**: ICT Agency
  - **Primary Research (Field Study):** Bureau of Statistics
  - **Budget Envelopes and Fiscal Coordination:** Budgetary resources will not be allocated to MDAs as separate or stand-alone budget envelopes. Instead, available resources will be prioritized and directed towards programmes and projects that are clearly aligned with the State's strategic priorities and development objectives. This approach will promote greater fiscal discipline, reduce fragmentation of resources, and ensure that limited public funds are concentrated on interventions with the highest potential development impact. In addition, the creation or modification of any organizational or revenue codes shall be subject to prior approval by the Ministry of Budget and Economic Planning (MBEP) to ensure consistency, proper coordination, transparency, and effective oversight of the State's budgetary and financial management systems.

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