



Anambra State Government

**Economic and Fiscal Update (EFU),
Fiscal Strategy Paper (FSP) and
Budget Policy Statement (BPS)**

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To Cover Period: 2024-2026

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Abbreviations

AEO	African Economic Outlook
ANSG	Anambra State Government
BIR	Board of Internal Revenue
BRICS	Brazil, Russia, India, China, South Africa
BTL	Below The Line
CBN	Central Bank of Nigeria
CIT	Companies Income Tax
CPIA	Country Policy and Institutional Assessment
DMD	Debt Management Department
DPR	Department of Petroleum Resources
EFU	Economic and Fiscal Update
ESP	Economic Sustainability Plan
ExCo	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	Ministry of Budget and Economic Planning
MBPD	Million Barrels Per Day (Crude Oil production)
MDA	Ministry, Department, and Agencies
MDG	Millennium Development Goals
MOF	Ministry of Finance
MTBF	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	Nigerian Customs Service (Revenues)
NBS	National Bureau of Statistics
NGN	Nigerian Naira
NNPC	Nigerian National Petroleum Company
NPC	National Planning Commission
OAGS	Office of the Accountant General of the State
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	Petroleum

PPP	Public Private Partnership
PSR	Public Service Rules
SHoA	State House of Assembly
USD	United States Dollar
VAT	Value Added Tax
WEO	World Economic Outlook

Executive Summary

Introduction

1. The Economic and Fiscal Update (EFU) provides economic and fiscal analyses that form the basis for the budget planning and preparation process. It is aimed primarily at policymakers and decision-makers in the Anambra State Government (ANSO). The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.
2. On the other hand, the Fiscal Strategy Paper (FSP) is a key element in the Medium-Term Budget Framework (MTBF) and annual budgeting process and, as such, it determines the aggregate resources available to fund the Government's projects and programmes from a fiscally sustainable perspective.
3. The Budget Policy Statement (BPS) is part of the analysis that takes the aggregate resource envelope and divides this into indicative sector expenditure ceilings that are consistent with the Government's policy priorities for socioeconomic development. In this way, the combined EFU-FSP-BPS becomes an integral part of a policy-driven budget process.

Economic Update

4. The Global economy is gradually recovering from the impact of the pandemic and Russia's unmotivated war on Ukraine; The Food and energy market is also not left out in the recovery and China is bouncing back following the reopening of its economy easing up energy and commodity price shocks and supply-chain disruption.
5. According to World Economic Outlook April. 2023, Inflation is moving back towards its target with the tightening of monetary policy by most Central Banks; Labour markets most especially in the advanced economy (United States) have stayed very strong with unemployment rates remaining low, financial instability in the United Kingdom gilt-edged security market, Banking turbulence in the United States and non-banking, though the concerned authorities are taking quick and strong actions to contain the spread.
6. Debt is on the increase due to the post pandemic recovery efforts, economic turbulence, and continuous tightening of monetary policy rate which has led to an increase in borrowing cost which will affect repayment for advanced and emerging economies leading to high debt distress and unfavorable fiscal shocks. Fiscal consolidation and structural reforms are needed to revitalize growth, as well as debt restructuring to help reduce fiscal vulnerabilities.
7. Fuel prices are generally expected to decline in 2023, amid slowing global demand while non-fuel commodity prices are expected to remain broadly unchanged only if global interest rates stay high for longer than expected and central banks remain focused on returning inflation to targets while deploying tools to maintain financial stability.
8. Global oil demand growth remains unchanged at 2.3 mb/d in 2023 with the Organisation for Economic Co-operation Development (OECD) projected to grow by almost 0.1 mb/d and the non-OECD expected to remain at 2.3 mb/d. For global oil supply, the forecast for non-OPEC liquids production growth is 1.4 mb/d y-o-y while OPEC NGLs and non-conventional liquids are 5.44 mb/d y-o-y (Global Economic Prospect 2023 edition).
9. Crude oil prices are also expected to fall by about 24 percent in 2023 to average \$73.1 a barrel and a further 5.8 percent in 2024 to average \$68.9 and \$65.4 in 2026 from \$96.4 in 2022 due to low demand, Western sanctions on Russian crude oil exports which necessitated a major discount sales to non-sanctioning countries (India and China).
10. Metal prices surged after Russia invaded Ukraine but experienced a broad-based retreat following slowing Chinese metal demand (accounting for roughly half of the global consumption of major metals) and monetary policy tightening.
11. Growth for emerging markets and developing economies seems stronger than for advanced economies though it varies widely across regions. On average, growth is expected to be 3.9 percent in 2023 and to rise to 4.2 percent in 2024. The forecast for 2023 is modestly lower (by 0.1 percentage point) than in the January 2023 WEO Update and significantly below the 4.7 percent forecast of January 2022 in low-income developing countries.
12. The African economy has consolidated its recovery from the debilitating impact of COVID-19 while navigating an uncertain global environment characterized by the tightening of global financial conditions, spillover effects of Russia's invasion of Ukraine, subdued global growth, and persistent climatic threats.
13. The effect of global economic integration has a significant effect on the Nigerian economy with positive and negative developments in parts of the globe having varying degrees of impact. The Nigerian economy is gradually

recovering from the impact of the pandemic and Russia's unprovoked war on Ukraine as the interruptions to energy and food markets caused by the war are fading out.

14. The negative effect of the oil price since mid-year 2014 and the volatility in oil production have continued to expose the Nigerian economy to both domestic and external shocks. Despite the high oil price since 2021, Nigerian economic performance is yet to improve proportionately as it is still marred with macroeconomic stability, declining oil production, effective utilization of the revenue from petrol subsidy removal, exchange rate depreciation, monetization of the fiscal deficit and high inflation leaving more than 13 million Nigeria in poverty.

Table 1 - Nigeria's Key Macroeconomic Indicators

Indicator	2021	2022	2023	Q2 2023*	2024*
National GDP Growth	3.6	3.4	3.4	2.8	3.0
National GDP (Billion USD 2010 constant prices)	440.83	477.39	491.71	491.71	491.71
Inflation (%)	17.0	18.8	20.1	20.1	15.8
Exchange Rate (NGN: USD FX Rate)	360	415	416	750	750
Unemployment rate	35	37.7	38	38	38
Balance of Payments (% of GDP)	-0.5	-0.7	-0.7	-0.7	-0.7

Source: (Economic Outlook) National Bureau of Statistics, (WEO) IMF; CBN

Table 2 - Anambra State Fiscal Update 2017-2023

Data Item	2017	2018	2019	2020	2021	2022	2023
Budget (Original)							
Statutory Allocation	29,269,868,058.00	27,711,096,767.00	40,371,322,805.00	31,869,609,410.00	46,788,538,969.00	41,952,568,205.00	41,638,209,035.00
Derivation	-	-	-	-	-	1,568,421,025.00	10,123,746,516.00
VAT	10,930,131,942.00	9,169,090,433.00	10,639,423,129.00	18,000,000,000.00	20,889,262,031.00	19,865,745,300.00	35,457,702,659.00
Total IGR	20,401,235,517.00	30,000,000,000.00	35,994,442,306.00	27,000,000,000.00	36,577,873,041.00	40,369,799,963.00	48,038,436,304.00
Other Federation Account Receipts	-	3,310,805,103.00	1,221,527,162.00	2,500,000,000.00	10,973,864,598.00	2,429,169,594.00	14,220,332,800.00
Grants	39,000,000,000.00	35,546,650,000.00	19,800,000,000.00	10,000,000,000.00	18,000,000,000.00	29,431,000,000.00	6,431,000,000.00
Loans	16,600,000,000.00	-	14,000,000,000.00	10,000,000,000.00	3,000,000,000.00	6,000,000,000.00	109,028,694,691.00
Other Capital	-	49,850,000,000.00	30,034,635,028.00	-	-	-	43,184,849,905.00
Actual							
Statutory Allocation	28,192,493,605.55	42,278,364,267.03	40,941,126,330.81	34,690,470,763.31	35,207,698,753.72	37,745,435,639.64	
Derivation	-	-	-	-	-	4,039,269,434.95	
VAT	11,179,170,569.94	12,579,837,114.43	13,524,817,904.50	16,382,850,799.31	23,373,396,967.92	30,134,487,953.43	
Total IGR	18,197,787,013.29	17,161,534,822.13	25,185,562,696.89	27,237,691,221.28	25,453,011,293.98	29,125,772,544.20	
Other Federation Account Receipts	15,771,338,508.72	16,529,798,963.41	2,313,731,892.88	4,161,672,022.67	3,750,760,054.46	12,459,596,227.11	
Grants	1,383,344,631.92	5,986,906,715.53	1,057,714,268.79	6,958,958,841.44	4,125,358,119.16	4,314,400,093.93	
Loans	8,255,000,000.00	-	700,000,000.00	16,607,433,256.09	3,007,180,457.14	15,763,887,163.88	
Other Capital	26,573,734,135.03	20,675,179,633.06	52,310,003,193.44	32,512,476,527.90	63,565,193,974.89	1,102,000.00	
State Expenditure Performance and Forecast							
Budget (Original)							
Personnel Costs	21,988,250,656.00	20,120,163,187.00	19,850,163,185.00	14,720,175,504.00	17,651,074,756.00	18,808,606,597.00	22,348,283,272.00
Social Contribution and Social Benefit	10,236,901,468.00	11,159,000,000.00	12,274,900,000.00	8,218,505,644.00	9,875,733,773.00	11,824,780,106.00	14,500,000,000.00
Overheads	18,761,495,162.00	22,000,669,501.00	25,134,677,496.00	19,869,271,374.00	22,871,860,453.00	23,782,643,334.00	27,420,846,366.00
Grants, Contributions and Subsidies	2,357,497,101.00	7,240,580,727.00	2,776,680,727.00	2,680,650,418.00	2,914,913,630.00	3,046,227,208.00	14,490,196,754.00
Public Debt Service	2,902,446,808.00	3,962,952,933.00	5,299,615,373.00	3,675,861,018.00	3,452,502,686.00	3,452,502,686.00	16,717,136,483.00
Capital Expenditure	58,925,681,943.00	106,431,642,300.00	91,834,635,028.00	65,806,797,262.00	86,885,794,353.00	81,054,609,853.00	164,461,659,032.00
Actual							
Personnel Costs	13,983,281,188.79	15,412,966,988.39	14,969,316,705.51	14,631,002,392.96	18,638,513,834.77	14,974,067,495.34	
Social Contribution and Social Benefit	8,374,552,144.15	11,367,608,065.91	11,645,452,620.84	8,218,505,556.60	8,545,781,599.32	11,258,942,303.84	
Overheads	18,333,006,312.13	18,785,328,884.84	23,550,642,802.33	18,344,243,971.12	22,439,232,469.19	19,248,625,045.33	
Grants, Contributions and Subsidies	24,205,409,458.82	23,476,501,110.02	28,251,527,474.81	31,635,776,770.31	42,834,597,328.84	3,454,415,187.91	
Public Debt Service	2,155,446,101.13	1,575,335,105.87	2,470,903,680.60	3,325,658,939.88	19,436,496,073.40	6,208,357,056.57	
Capital Expenditure	54,371,000,755.98	50,582,767,370.88	49,512,752,663.92	63,234,344,473.40	57,578,248,336.32	66,266,370,294.96	

Table 2.1 - Summary of Half-Year Performance 2023

	BUDGET	ACTUAL	BUDGET	BUDGET	HALF YEAR ACTUAL	HALF YR PERF %
ITEM	2022	2022	2023	2023 (H1-2023)	2023	
Statutory Revenue	41,952,568,205	37,745,435,640	41,638,208,035	20,819,104,018	18,217,290,489	87.50
Value Added Tax	19,865,745,300	30,134,487,953	35,457,702,659	17,728,851,330	16,897,521,490	95.31
Internally Generated Revenue	40,369,799,963	29,125,772,544	48,038,436,204	24,019,218,102	13,057,897,510	54.36
Grants	29,431,000,000	4,314,400,094	11,431,000,000	5,715,500,000	2,887,501,427	50.52
Other Receipts	3,997,590,619	16,499,967,662	24,344,080,316	12,172,040,158	25,385,211,423	208.55
Total Revenue	135,616,704,087	117,820,063,893	160,909,427,214	80,454,713,607	76,445,422,338	95.02
Recurrent Expenditure				-		
Personnel	18,808,606,597	14,974,067,495	22,348,283,272	11,174,141,636	9,415,375,348	84.26
Overhead	23,782,643,334	19,248,625,045	27,420,846,366	13,710,423,183	2,315,489,883	16.89
Social Benefits	11,956,093,684	11,258,942,304	14,500,000,000	7,250,000,000	2,764,117,333	38.13
Loan repayment (External & Internal)	3,452,502,686	6,208,357,057	16,717,136,483	8,358,568,242	1,437,929,523	17.20
CRF-Charges	2,914,913,630	3,454,415,188	14,490,196,752	7,245,098,376	2,085,000,964	28.78
Total Recurrent Expenditure	60,914,759,931	55,144,407,089	95,476,462,873	47,738,231,437	18,017,913,050	37.74
Capital Expenditure by Sector				-		
Administrative	15,888,815,518	7,811,494,967	19,533,104,826	9,766,552,413	2,009,704,803	20.58
Economic	74,788,906,186	54,203,834,407	109,896,185,129	54,948,092,565	18,661,778,478	33.96
Justice	2,503,384,470	1,775,775,942	3,968,780,000	1,984,390,000	226,852,000	11.43
Social	17,565,309,426	2,475,264,978	31,063,589,077	15,531,794,539	1,294,132,721	8.33
Total Capital	110,746,415,600	66,266,370,295	164,461,659,032	82,230,829,516	22,192,468,002	26.99

Macro-Fiscal Strategy and Key Assumptions

15. **Macro-economic and Mineral Assumptions** – The Macroeconomic framework is based on the national assumptions as shown below:

Table 3 - Macroeconomic Framework

The key parameters as well as other macroeconomic projections driving the medium-term revenue and expenditure framework have been revised in line with the emergent realities. The new figures are presented in the table below:

	2022 Actual	2023 Estimate	2024	2025	2026
Inflation Assumption	21.34%	17.16%	21.40	20.30	18.60
National Real GDP Growth	3.10%	3.75%	3.76	4.22	4.78
Oil Production Benchmark (mbpd)	1.5	1.69	1.73	1.67	1.58
Oil Price Benchmark (USD)	65	70	74.0	73.8	69.9
NGN-USD Exchange Rate (NGN)	650	435.57	660.84	665.61	669.79

Source: Federal Government

Table 4 - The ANSG three-year fiscal framework for the period 2024-2026

Fiscal Framework				
Item	2023	2024	2025	2026
Opening Balance	43,184,849,905.00	30,174,967,211		
Recurrent Revenue				
Statutory Allocation	41,638,209,035	68,695,839,497	75,565,423,447	80,855,003,088

EFU-FSP-BPS 2024-2026 - Anambra State Government

Derivation	10,123,746,516	8,019,130,302	8,821,043,332	9,438,516,366
VAT	35,457,702,659	58,499,074,907	64,348,982,398	68,853,411,166
IGR	48,038,436,304	50,068,484,221	55,444,668,853	60,989,424,501
Excess Crude / Other Revenue	14,220,332,800	23,461,090,533	25,807,199,586	27,613,703,557
Total Recurrent Revenue	149,478,427,314	208,743,619,460	229,987,317,616	247,750,058,678
Fiscal Item	2023	2024	2025	2026
Recurrent Expenditure				
Personnel Costs	22,348,283,272	29,149,952,467	30,898,949,615	32,752,886,592
Social Contribution and Social Benefit	14,500,000,000	16,029,461,649	16,991,229,348	18,010,703,109
Overheads	27,420,846,366	36,792,522,630	39,000,073,988	41,340,078,427
Grants, Contributions and Subsidies	14,490,196,752	3,000,000,000	3,180,000,000	3,370,800,000
Public Debt Service	16,717,136,483	11,230,000,000.00	11,903,800,000.00	12,618,028,000.00
Total	95,476,462,873	96,201,936,746	101,974,052,951	108,092,496,128
Transfer to Capital Account	97,186,814,346	142,716,649,925	128,013,264,665	139,657,562,550
Capital Receipts				
Grants	6,431,000,000	9,531,000,000	9,531,000,000	9,531,000,000
Other Capital Receipts	-			
Total Capital Receipt	6,431,000,000	9,531,000,000	9,531,000,000	9,531,000,000
Reserves				
Contingency Reserve				
Total Reserves				
Capital Expenditure	164,461,659,032	313,930,288,526	345,927,506,129	370,563,909,058
Discretionary Funds	158,030,659,032	304,399,288,526	336,396,506,129	361,032,909,058
Non-Discretionary Funds	6,431,000,000	9,531,000,000	9,531,000,000	9,531,000,000
Financing (Loans)	-109,028,694,591	-120,840,513,618	-208,383,241,463	-221,375,346,507
Total Inflows (Including Opening Balance)	308,122,971,810	369,290,100,289	447,901,559,079	478,656,405,185
Total Expenditure (including Contingency Reserve)	259,938,121,905	410,132,225,272	447,901,559,080	478,656,405,186

16. The Budget for 2024 will be prepared using the Realistic Estimate. However, if any change arises, the Executive will submit a revised budget during the year to maximize the opportunity.
17. **Statutory Allocation** - This assumes that the subsidy on PMS (amounting to N6.72 trillion) will no longer be provided for by the Federation in 2024. The revenue will be shared amongst the state while keeping a chunk of

it as savings. The Statutory Revenue using national assumptions is estimated at N68.7bn which is a 65.10% increase from N41.6bn estimated in 2023 and a 15.0% decline from 2022 actual of N37.7bn.

18. **Derivation** - Derivation - The projection for derivation is based on the 2022 Actual of N4.04b as the state is yet to record any receipt as of half year 2023. We projected a 50% increase from the 2022 Actual giving N8.0b for 2024.

The 13% derivation fund is the amount set aside for a share of oil production derivable from the State.

19. **VAT** - The estimate for VAT is based on external factors. The is estimated at N58.5bn for 2024.
20. **Other Federation Account Revenues**– Other Federation Account Revenues– An estimate of N23.5 billion was used for 2024 which is a 76.5 % increase from the 2023 Half-year report of N8.1 billion. This is only for other refunds that may likely accrue in 2024 and beyond.
21. **Internally Generated Revenue (IGR)** – The IGR projections were set at their values of N50.4billion for 2024. This was a 5% increase from the 2023 budget and a half-year report of N20.3 billion. These optimistic IGR projections are in line with the current revenue drive by the Anambra State Internal Revenue Service by blocking loopholes using digital platforms for payments of IGR.
22. **Grants** – Over the forecast period, modest amounts have been projected for grants based on the level of a grant received in the past. The estimated amount for 2023, 2024, and 2025 is N9.5 billion respectively.
23. **Other Capital Receipts**- We are been conservative and transparent by assuming no capital receipts during this projection period.
24. **Financing**– Financing is estimated to be N129.5 billion for the year under consideration. This will comprise (both internal and external) grants and loans, to be sourced from Government Fund Raising Activities and other programs.
25. **Personnel** – We have assumed a modest increase in the wage bill by 31% to N29.1billion for 2024 through 2026 based on the 2023 half-year performance report of N9.8 billion representing a 15% increase. This increase is expected to accommodate promotions and possible new recruitment, allowances to cushion the effect of fuel subsidy removal.
26. **Social Benefits and Social Contributions** - The projection for 2024, 2025, and 2026 is N16.0bn, N16.9bn, and N18.0bn respectively. The projection considered the trend of actual expenditure for social benefit and contribution using a 4-year moving average.
27. **Overheads** –A modest increase of 33% from a year has been assumed for overheads, reflecting the Government's intention to improve the efficiency of running its operations taking cognizance of persistent inflation and high cost of living.
28. **Grants, Contributions, Subsidies, and Transfers** - The Grant, Contributions, Subsidies, and Transfers Includes Consolidated Revenue Fund Charge (excluding pension gratuity and public debt charges) and Below the Line (BTL) Charges
29. **Capital Expenditure**- The capital projects will be guided by priority projects to be submitted by MDAs on 20 October 2023

Conclusion

30. The Fiscal Framework in this document was developed at a point in time using the latest available information. However, circumstances impacting the fiscal estimates (inflation, oil production benchmark, exchange rate, and oil theft) are dynamic and can be significant. It is worthy of note, that the recent Federal Government commitment to recover funds from various sources such as the Nigerian National Petroleum Commission (NNPC) now Limited, and Custom and Exercise Duty, stamp duty could yield substantial additional resources to States. In light of this, it is recommended to keep the Fiscal Framework under review and to adjust the revenue projections if significant additional resources seem visible.

31. To ensure improved accountability of government assets, the following offices will capture the needs of MDAs in the 2024 Budget:
 - Vehicles – SSG's office
 - Counterpart Funds – Budget & Economic Planning
 - Utilities (Power, water) – Ministry of Power & Water Resources
 - Buildings – Ministry of Housing
 - Road Construction – Ministry of Works
 - ICT Hardware and Software – ICT Agency
 - Primary Research (Field Study) – Bureau of Statistics
32. We are reviewing and overhauling some of the budget lines for better clarity, and consistency – codes and description
33. No Budget envelope for MDAs. The budget will be guided by priority projects
34. Automation of Budget and Warranting: MDAs to send names, official emails, and phone numbers of (Commissioners/Heads of Parastatals, Permanent Secretaries, PRS, Accountants, and Admin staff) for access rights to the Budget Automation portal.
35. Assigning of new codes (Organisational Codes/Revenue) should be routed through the Ministry of Budget and Economic Planning going forward.

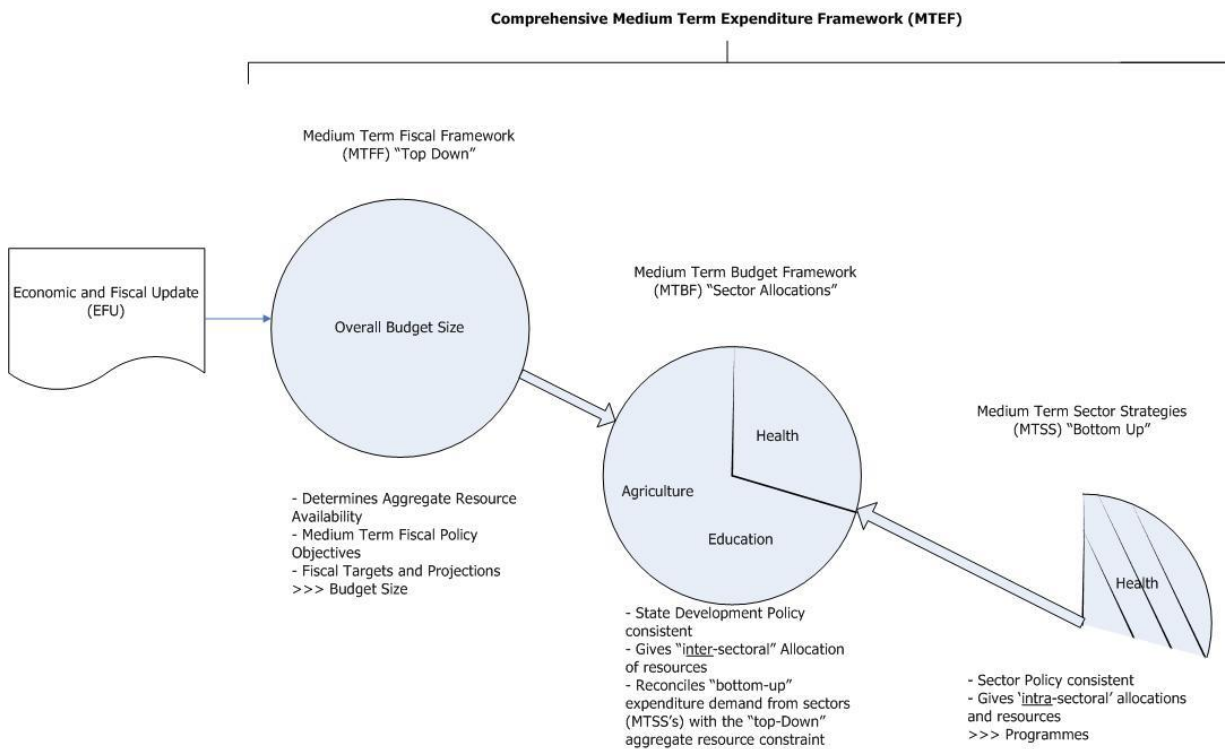
Section 1 Introduction and Background

1.A Introduction

1. Medium Term Expenditure Framework (MTEF) is an open Planning and Budget Formulation process within which the Executive arm of government and Ministries of Budget and Economic Planning (MB&EP), and Finance (MoF) establish a realistic framework for allocating public resources in line with the government's strategic priorities while ensuring fiscal discipline.
2. The MTEF, a Public Financial Management reform process ensures resources are efficiently allocated to achieve macroeconomic stability, better sectoral allocation of budget resources, effective prioritization of expenditure based on articulated socio-economic programmes, improved budgetary predictability, greater accountability for the expenditure outcome, and enhanced credibility in budget decision making.
3. The MTEF process has two main objectives:
 - a) Setting Fiscal Targets; and
 - b) Allocating resources to strategic priorities within these targets.
4. This Medium-Term Expenditure Framework (MTEF) document has three sections namely:
 - i. Economic and Fiscal Update (EFU);
 - ii. Fiscal Strategy Paper (FSP); and
 - iii. Budget Policy Statement (BPS).
5. The Economic and Fiscal Update (EFU) provides economic and fiscal analyses that form the basis for the budget planning and preparation process. It is aimed primarily at policymakers and decision-takers in Anambra State Government (ANSG). The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.
6. The Fiscal Strategy Paper (FSP) is a key element in the Medium-Term Budget Framework (MTBF) and annual budget process and, as such, it determines the aggregate resources available to fund the Government's projects and programmes from a fiscally sustainable perspective.
7. The Budget Policy Statement (BPS) is part of the analysis that takes the aggregate resource envelope and divides this into indicative sector expenditure ceilings that are consistent with the Government's policy priorities for socioeconomic development. In this way, the combined EFU-FSP-BPS becomes an integral part of a policy-driven budget process.
8. The ANSG decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2014 as part of the movement toward a comprehensive MTEF process. This is the eleventh rolling iteration of the document and covers the period 2024-2026.

1.A.1 Budget Process

9. The budget process describes the budget cycle in a fiscal year. Its conception is informed by the MTEF process which has three components namely:
 - i. Medium-Term Fiscal Framework (MTFF)
 - ii. Medium-Term Budget Framework (MTBF)
 - iii. Medium Term Sector Strategies (MTSS)
10. It commences with the conception through preparation, execution, control, monitoring, and evaluation and goes back again to conception for the ensuing year's budget.
11. Our Budgeting process is participatory. It gives key stakeholders across the state the opportunity to make input through the Community Charter of Demand (CCD) and the consultative forum
12. Participants numbering over 200 will be drawn from MDAs, CSOs, Organised Private Sector (OPS) Community-Based Organizations (CBOs), etc. during the budgeting process
13. The MTEF process is summarised in the diagram below:

Figure 1 - MTEF Process

1.A.2 Summary of Document Content

14. In line with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP), and Budget Policy Statement (BPS) is the first step in the budget preparation cycle for Anambra State Government (ANSG) for the period 2024-2026.
15. The purpose of this document is three-fold:
 - i. To provide a historical summary of key economic and fiscal trends that will affect public expenditure in the future - **Economic and Fiscal Update**;
 - ii. To set out medium-term fiscal objectives and targets, including tax policy; revenue mobilization; level of public expenditure; deficit financing, and public debt - **Fiscal Strategy Paper**; and
 - iii. Provide indicative sector envelopes for the period 2024-2026 – **Budget Policy Statement**.
16. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis to inform the budget planning process. It is primarily for budget policymakers and decision-makers in the Anambra State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:
 - Overview of Global, National, and State Economic Performance
 - Trends in budget performance over the last six years
 - Debt Statement and analysis of debt position against ratios.
17. The FSP presented in Section 3, is a key element in the ANSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund economic activities and poverty reduction programme from a fiscally sustainable perspective.
18. The BPS, presented in Section 4, is part of the analysis that takes the aggregate resource envelope and divides this into indicative sector expenditure ceilings that are consistent with the Government's policy priorities for socioeconomic development.

1.A.3 Preparation and Audience

19. The purpose of this document is to provide an informed basis for the 2024-2026 budget preparation cycle for all of the key Stakeholders, specifically:
 - Executive Council (ExCo);
 - State House of Assembly (SHoA);
 - Anambra State Judiciary
 - Ministry of Budget and Economic Planning (MB&EP); Ministry of Finance (MoF);
 - All Government Ministries, Departments, and Agencies (MDAs);
 - Civil Society organizations;
 - Faith-Based Organization;
 - Organized Private Sectors.
20. The document is prepared by the ANSG Budget Technical Working Team within the first two quarters of the year before the annual budget preparation period using data collected from International, National, and State organizations.

1.B Background

1.B.1 Legislative and Institutional Arrangement for PFM

21. **Legislative Framework for PFM in Anambra State** - The legal instruments and enactments governing PFM in Anambra State include the 1999 Constitution of the Federal Republic of Nigeria, Eastern Nigeria Finance (Miscellaneous) Act, 1957, and the Eastern Nigeria Financial Instructions, May 1963. Old Civil Service Rule of Anambra State revised to 1st July 1978, Anambra State Public Service Rule 2000 edition, Financial Regulations (FR), 2000, the Personal Income Tax Act (PITA) 2004 as amended 2011, Fiscal Responsibility Law 2010, Revenue Administration Law 2010, Public Procurement Law 2011 as amended 2020, Anambra State Public Finance Law 2020 and the occasional service circulars issued by the State Civil Service Commission.

As the ground norm of the country, the 1999 Constitution is the overriding law governing public financial management in Anambra State. Its provisions supersede and override the contents of any other law or provision in the State (and country) to the extent that other laws are inconsistent with the Constitution. The other PFM-related laws and provisions elaborate and expand on the provisions of the Constitution.

Anambra State has a complete set of finance regulatory instruments; the first of which is the Eastern Nigeria Finance (Miscellaneous) Act, 1957, and its derivative, then the Eastern Nigeria Financial Instructions, May 1963.

The old Civil Service Rules of Anambra State Revised to 1st July 1978 shall remain operational only to the extent of filling any lacuna in the PSR and FR but "in the event of any conflict between the old and the new rules, the latter shall prevail". Also, by an official circular, the state adopted the Federal Public Service Rules (PSR) and Financial Regulations (FR), 2000 to apply the necessary changes to the state. Anambra State Public Service Rule 2000 edition (PRS) shows Human Resource Management (HRM) processes and tools including, job descriptions, roles, and responsibilities, recruitment, career, discipline, and boarding procedures. It is evident, however, that efforts at implementing the Law have not yet seriously altered the status quo.

22. The Financial Regulations (FR), 2000 is a set of detailed operational rules and guidelines for the day-to-day management of financial activities. They cover accounting, internal auditing stores procedures, routines, etc.
23. The Personal Income Tax Act (PITA) 2004 as amended in 2011 states an act to amend the imposition of income tax on individuals, communities, families, executors, and trustees, and to provide for the assessment collection, and administration of the tax.
24. Fiscal Responsibility Law 2010 (FRLs) states the ability of the Government to balance its expenditure and revenue while ensuring inflation is contained.

25. Anambra State Revenue law was passed in 2011 and governs the operations of the Board of Internal Revenue (BIR) the level of autonomy given to it and the composition of the membership of its Board.
26. The 2011 Public Procurement Law as amended in 2020 governs the procurement of works, goods, and services by the Anambra State Government.
27. Anambra State Public Finance Law 2020 was set up to regulate the Public Financial Management to ensure all revenue, expenditure, assets, and liabilities of the Government are managed efficiently and effectively, to meet the current and future challenges of the State and to provide for related matters.
28. **Institutional Framework for PFM in Anambra State** - The institutions for PFM in Anambra State are as follows: Ministry of Budget and Economic, Ministry of Finance, Office of the Accountant-General of the State (OAGS), Office of the Auditor-General (state), Anambra, Anambra State Public Procurement Agency (ANSPPA) and Anambra State House of Assembly (SHoA).
29. The Ministry of Budget and Economic Planning is at the apex of the budgeting and planning process, controlling both the capital and recurrent budgets. Consolidation of the recurrent and capital budgeting processes is a recent (2009) reform.
30. The Ministry of Finance is responsible for the revenue, treasury, and accounting functions of the State.
31. The Office of the Accountant-General of the State (OAGS) performs the actual treasury functions of government, including accounting and internal audit. The OAGS is the creation of the Finance Act. However, the design was for the Office to be a powerful, semi-autonomous, and professional institution under the general supervision (not necessarily directive) of the Ministry of Finance. OAGS posts account officers to all Ministries, Departments, and Agencies (MDAs) with self-accounting status to carry out government treasury and accounting functions. In addition, they have sub-treasuries across the entire state (three pay offices and nineteen sub-treasuries in Anambra State) to facilitate government transactions. The OAGS also posts internal auditors to each MDA with a self-accounting status and to all sub-treasuries. However, internal audit is not a specialized, professional function in the State. Extant financial rules require internal auditors to ensure compliance of MDAs with applicable financial rules through a prepayment audit process. As in other state (and Federal) governments, internal auditors report directly to accounting officers of their MDAs but are under the Accountant General. Internal auditors are to review controls monthly, prepare reports for the accounting officers of their MDAs, and copy the Accountant General. The Accountant General should prepare a consolidated monthly internal audit report with copies to the Permanent Secretary, Commissioner of Finance, and the Auditor General.
32. The Office of the Auditor-General (state) also plays a key role in Anambra state's PFM process, auditing all government offices and reporting to the Legislature. The Office of the Auditor General (local governments) is a distinct state government institution that audits the accounts of local governments. It is the State's audit oversight over local governments.
33. Anambra State 2011 Public Procurement Law/Anambra State Public Procurement Law 2020 as Amended governs the procurement of works, goods, and services. The Public Procurement Agency ensures fiscal transparency, compliance, and adherence to due process.
34. The Anambra SHoA completes the list of formal institutions for PFM in the State. The SHoA exercises approval and oversight functions over the budget process. It also has oversight responsibility over budget implementation, accounting, and audit processes.

1.B.2 Overview of Budget Calendar

35. The indicative Budget Calendar for the Anambra State Government is presented below and is consistent with the ANSG Budget Process Manual.

Table 5 - 2024 Budget Calendar

S/NO	ACTIVITY	TIMELINE
1	Presentation of Medium-Term Fiscal Strategy (MTFS)	11 th October
2	Development of 2024 Priority Projects	August - October
3	Budget Retreat for MDAs	27 th October
4	Issuance of Y2024 Call Circular	09 th Oct – 20 th October
5	Submission of MTEF to HoA	20 th Oct
6	MDAs Budget Submission & Bilateral Discussions	23 rd Oct – 30 th October
7	Evaluation of Proposals	01 st – 04 th November
8	Budget Consultative/Stakeholders Forum	7 th November
9	Presentation of Y2024 draft Estimates to ANSEC	8 th November
10	Presentation of draft Y2024 Estimates to the House of Assembly	14 th November
11	Budget Defense	November
12	The passing of the Y2024 Appropriation Bill by HoA	December
13	Assent of Y2024 Budget by the Governor	December
14	Publishing of Approved Budget	Before Dec 31 st

Section 2 Economic and Fiscal Update

2.A Economic Update

2.A.1 Global Economy

36. The Global economy is gradually recovering from the impact of the pandemic and Russia's unprovoked war on Ukraine; The Food and energy market is also not left out in the recovery and China is bouncing back following the reopening of its economy easing up energy and commodity price shocks and supply-chain disruption.
37. According to World Economic Outlook April 2023, Inflation is moving back towards its target with the tightening of monetary policy by most Central Banks; Labour markets most especially in the advanced economy (United States) have stayed very strong, with unemployment rates low, financial instability in the United Kingdom gilt-edged security market, Banking turbulence in the United States and non-banking, though the concerned authorities are taking quick and strong actions to contain the spread.
38. Debt is on the increase due to the pandemic, economic turbulence, and continuous tightening of monetary policy rate which has led to an increase in borrowing costs and will affect repayment for advanced and emerging economies leading to high debt distress and unfavourable fiscal shocks. Fiscal consolidation and structural reforms are needed to revitalize growth, as well as debt restructuring to help reduce fiscal vulnerabilities.
39. Fuel prices are generally expected to decline in 2023, amid slowing global demand while non-fuel commodity prices are expected to remain broadly unchanged only if global interest rates stay high for longer than expected and central banks remain focused on returning inflation to targets while deploying tools to maintain financial stability.
40. Global oil demand growth remains unchanged at 2.3 mb/d in 2023 with the Organisation for Economic Co-operation Development (OECD) projected to grow by almost 0.1 mb/d and the non-OECD expected to remain at 2.3 mb/d. For global oil supply, the forecast for non-OPEC liquids production growth is 1.4 mb/d y-o-y while OPEC NGLs and non-conventional liquids are 5.44 mb/d y-o-y (Global Economic Prospect 2023 edition).
41. Crude oil prices are also expected to fall by about 24 percent in 2023 to average \$73.1 a barrel and a further 5.8 percent in 2024 to average \$68.9 and \$65.4 in 2026 from \$96.4 in 2022 due to low demand, Western sanctions on Russian crude oil exports which necessitated a major discount sale to non-sanctioning countries (India and China).
42. Metal prices surged after Russia invaded Ukraine but experienced a broad-based retreat following slowing Chinese metal demand (accounting for roughly half of the global consumption of major metals) and monetary policy tightening.
43. According to WEO April 2023, global growth bottoms out at 2.8 percent for 2023 from 3.4 percent in 2022, 0.1 percentage point lower than predicted in the January 2023 WEO Update before rising to 3.0 percent in 2024. Advanced economies are expected to see a pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023.
44. With more stress in the financial sector, global growth declines to about 2.5 percent in 2023—the weakest growth since the global downturn of 2001, barring the initial COVID-19 crisis in 2020 and during the global financial crisis in 2009—with advanced economy growth falling below 1 percent.
45. Growth for emerging markets and developing economies seems stronger than for advanced economies though it varies widely across regions. On average, growth is expected to be 3.9 percent in 2023 and to rise to 4.2 percent in 2024. The forecast for 2023 is modestly lower (by 0.1 percentage point) than in the January 2023 WEO Update and significantly below the 4.7 percent forecast of January 2022 in low-income developing countries.
46. inflation will decrease, although more slowly than initially anticipated, from 8.7 percent in 2022 to 7.0 percent in 2023 and 4.9 percent in 2024; higher by 0.4 percentage point than that of January 2023 but nearly double the January 2022 forecast (World Economic Outlook WEO April 2023). All major country groups consisting of 76 percent of economies are expected to experience lower headline inflation in 2023 to be driven by non-food items.

47. According to WEO April 2023, world trade growth is expected to decline from 5.1 percent in 2022 to 2.4 percent in 2023 due to the slowdown in global demand after two years of rapid catch-up growth from the pandemic recession and the shift in the composition of spending from traded goods back toward domestic services.
48. The current account balance is expected to narrow in 2023, following its significant increase in 2022 because of the war in Ukraine, which caused a widening in oil and other commodity trade balances. It is expected to narrow gradually as commodity prices decline over the medium term. Hence, global economic growth is projected to drop.
49. Creditor and debtor stock positions remained historically elevated in 2022, showing the offsetting effects of widening current account balances and the dollar's strength, which caused valuation gains in countries with long positions in foreign currency. Elevated positions are expected to moderate only slightly as current account balances narrow over the medium term.
50. The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in Table 8 and Table 9 below - Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

Table 6 - Real GDP Growth: Selected Countries

Country	Actual ¹					Forecast*	
	2018	2019	2020	2021	2022	2023	2024
Mexico	2.2	-0.1	-8.3	4.8	3.1	1.8	1.6
Indonesia	5.2	5.0	-2.1	3.7	5.3	5.0	5.1
Turkey	2.8	0.9	1.8	11.0	5.6	2.7	3.6
United States	2.9	2.2	-3.4	5.7	2.1	1.6	1.1
Germany	1.5	0.6	-4.6	2.8	1.8	-0.1	1.1
United Kingdom	1.3	1.4	-9.8	7.4	4.0	-0.3	1.0
Russia	1.3	1.5	3.2	4.7	-2.1	0.7	1.3
Ukraine	2.2	3.0	3.4	-35	-30.3	-3.0	...
China	6.7	6.0	2.3	8.1	3.0	5.2	4.5
Ghana*	5.6	6.5	0.4	4.2	3.2	1.6	2.9
South Africa	0.8	0.2	-6.4	5.0	2.0	0.1	1.8
Nigeria	1.9	2.2	-1.8	3.6	3.3	3.2	3.0
Brazil	1.3	-1.4	-4.1	4.6	2.9	0.9	1.5
Angola*	1.1	-0.9	-5.4	07	2.8	3.5	3.7

World Economic Outlook April 2023**Table 7 - Inflation (CPI): Selected Countries**

Country	Actual ²					Forecast*	
	2018	2019	2020	2021	2022	2023	2024
Mexico	4.9	3.6	3.4	5.7	7.9	6.3	4.8
Indonesia	3.2	2.8	2.0	1.6	4.2	4.4	3.0
Turkey	16.3	15.2	12.3	19.6	72.3	50.6	35.2
United States	2.4	1.8	1.2	4.7	8.0	4.5	2.3

¹ * = estimate

Russia	2.9	4.5	3.9	6.7	13	7.0	4.6
Ukraine	2.5	4.5	3.7	9.4	20.2	21.1	...
Germany	1.9	1.3	0.4	3.2	8.7	6.2	3.1
United Kingdom	2.5	1.8	0.9	2.6	9.1	6.8	3.0
China	2.1	2.9	2.4	0.9	1.9	2.0	2.2
Ghana	9.8	7.2	9.9	10.0	31.9	45.4	22.2
South Africa	4.6	4.1	3.3	4.5	6.9	5.8	4.8
Brazil	3.7	3.7	3.2	8.3	9.3	5.0	4.8
Nigeria	12.1	11.4	13.2	17.0	18.8	20.1	15.8
Angola	19.6	17.1	22.3	25.8	21.4	11.7	10.8

World Economic Outlook April 2023

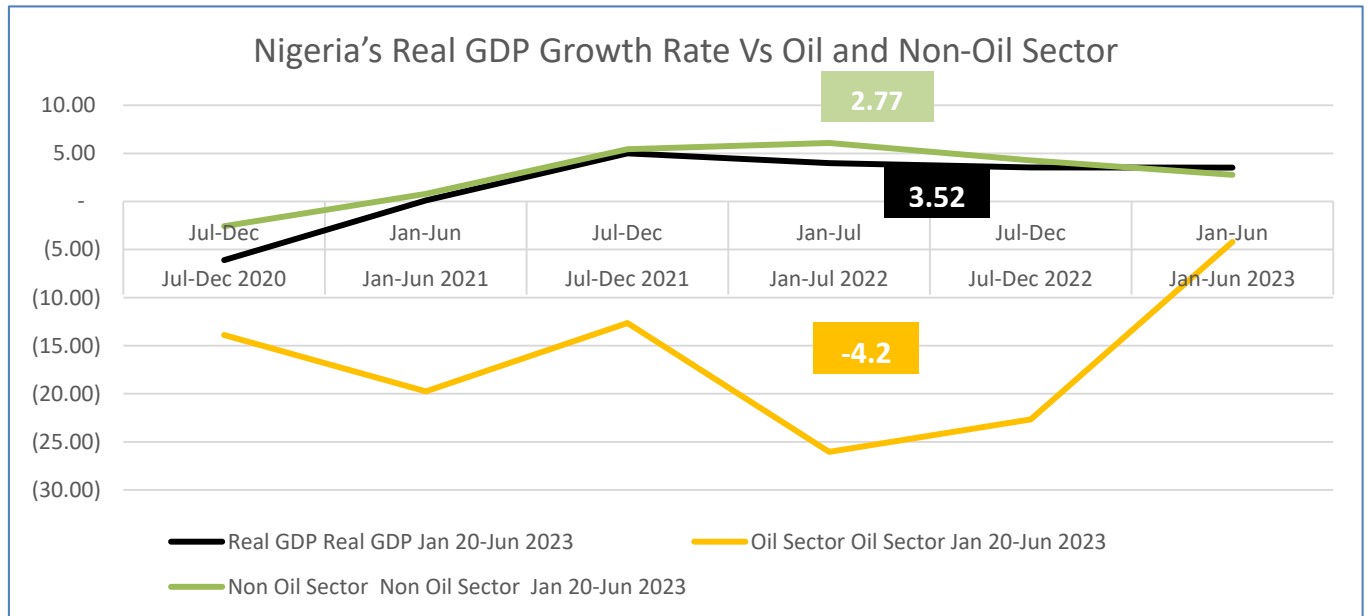
2.A.2 Africa

51. The African economy has been hit with liquidity crisis, macroeconomic imbalances, unrelenting global inflation, and tighter monetary policies which have led to higher borrowing costs and greater pressure on exchange rates, making no country issue a Eurobond since April of 2022 from \$14 billion in 2021 to \$6 billion in the first quarter of 2023.
52. The crises have also increased the interest burden on public debt because of greater reliance on expensive market-based funding combined with a long-term decline in aid budgets which will affect critical development sectors like health, education, and infrastructure, weakening the region's growth potential.
53. According to African Economic Outlook April 2023, Growth in sub-Saharan Africa will decline to 3.6 percent in 2023 from 3.9 percent in 2022 due to the rise in central bank rates to fight inflation and the war in Ukraine dampening global economic activity and thus, export demand for the region.
54. Many countries in Africa will register a small pickup in growth in 2023 and 2024 to 4.2 percent, especially non- resource-intensive economies. Regional average will be weighed down by sluggish growth in some key economies, such as South Africa by 0.1 percent due to intensification of power outages, a weaker external environment, and a negative carry-over effect from the growth slowdown at the end of 2022.
55. The average inflation rate in the region is 10 percent as of February 2023 which is more than double since the beginning of the pandemic. About 80 percent of the countries in the region are also experiencing double-digit food inflation and this will continue in subsequent years as subsidies on fuel and food prices are being phased out (Cameroon, Central African Republic, Ethiopia, Nigeria, Senegal).
56. The Sub-Saharan region experienced currency depreciation against the dollar, as it is highly dependent on imports with a significant share of them invoiced in dollars. This also contributed to higher general government debt as about 40 percent of sub-Saharan Africa's debt is external as of 2021.
57. The cost-of-living crisis remains a major concern for the African economy given the high incidence of poverty. About 35 percent of the population in sub-Saharan Africa was estimated to live under \$2.15 a day as of 2019 (latest available data from the World Bank Low-Income Dataset). 132 million people were estimated to be acutely food-insecure in 2022; an upward revision from the estimate of 123 million in the October 2022 Regional Economic Outlook: Sub-Saharan Africa.
58. The African economy has consolidated its recovery from the debilitating impact of COVID-19 while navigating an uncertain global environment characterized by the tightening of global financial conditions, spillover effects of Russia's invasion of Ukraine, subdued global growth, and persistent climatic threats.

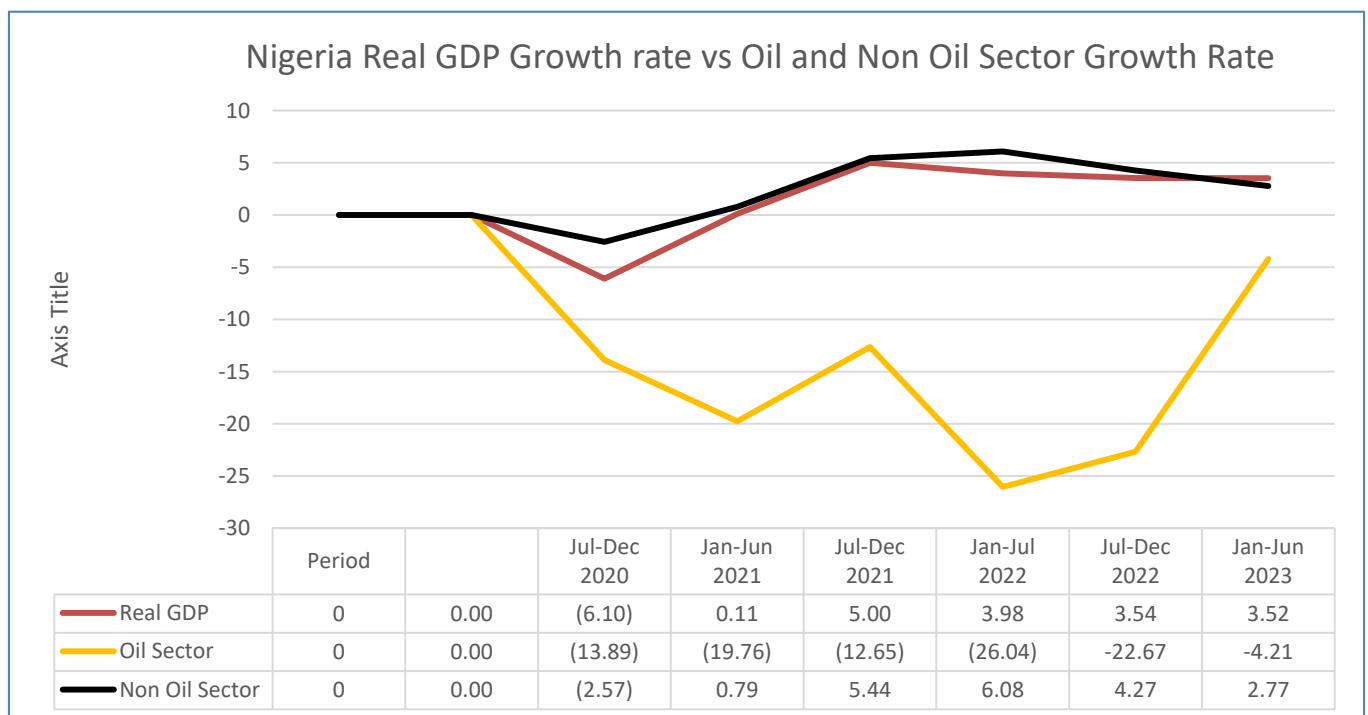
2.A.3 Nigerian Economy

Macroeconomic

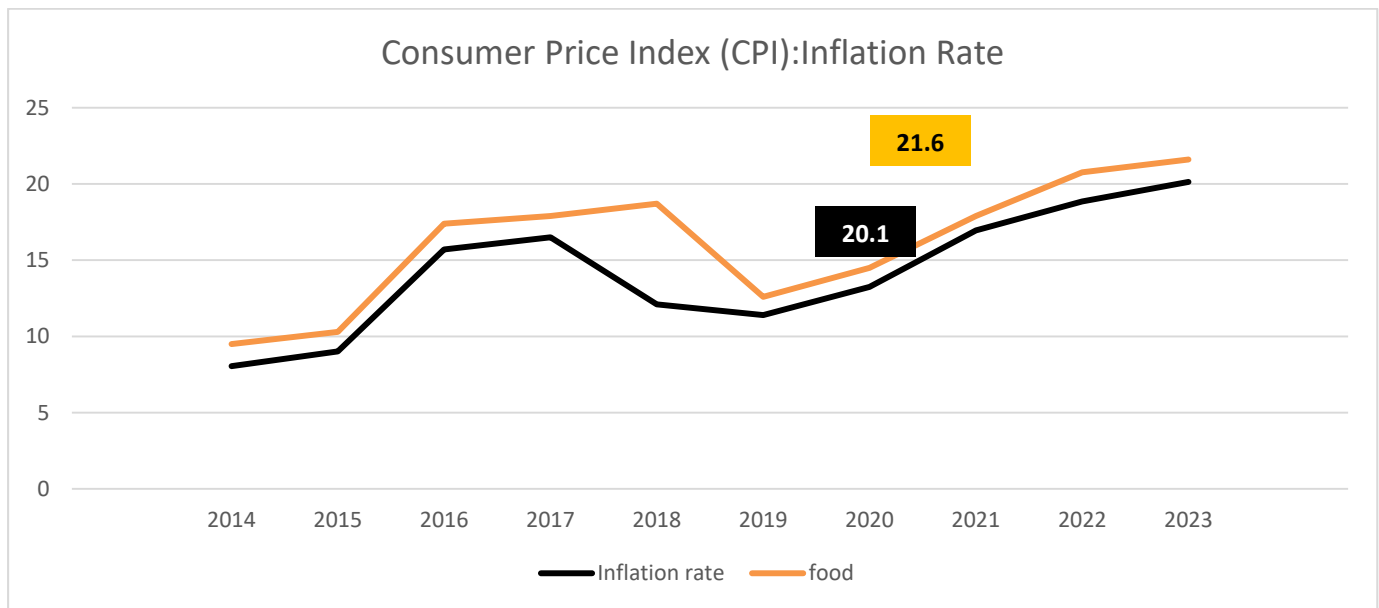
59. **The Economy** - The effect of global economic integration has a significant effect on the Nigerian economy with positive and negative developments in parts of the globe having varying degrees of impact. The Nigerian economy is gradually recovering from the powerful blows of the pandemic and Russia's unprovoked war on Ukraine as the interruptions to energy and food markets caused by the war are fading out.
60. The negative effect of the oil price since mid-year 2014 and the volatility in oil production have continued to expose the Nigerian economy to both domestic and external shocks. Despite the high oil price since 2021, Nigerian economic performance is yet to improve proportionately as it is still marred with macroeconomic instability, declining oil production, a costly petrol subsidy which is consuming a large share of gross oil revenues, exchange rate distortion, monetization of the fiscal deficit and high inflation leaving more than 13 million Nigeria in poverty between 2019 and 2025.
61. The economy is likely to improve with the removal of fuel subsidy as announced in the inaugural speech of the newly elected President, His Excellency Bola Ahmed Tinubu only if the allocations to it is channeled to the provision of infrastructure like roads, education, health service, power, security, creation of jobs, development of the downstream sector, improve GDP growth, reducing fiscal deficit to below 5 percent of the GDP, clamp down on product theft, pipeline vandalism, environmental pollution and a whole lot for effective growth and development.
62. **Real GDP** - Nigerian economy expanded by 0.11% in Q4 of 2020; exiting one of its worst recessions, having posted a decline of 6.1% and 3.6% in 2020 Q2 and 2020 Q3 respectively. It however grew by 3.6 percent in 2021 and declined to 3.2 percent in 2022 due to persistent low oil production, increase in operational cost, and rising insecurity. A growth of 4.4 percent was witnessed in the non-oil sector driven by agriculture which grew by 2.1 percent and services, 5.6 percent as against an 8.3 percent contraction in the oil sector.
63. The decline in GDP rate was also driven by the contraction in public consumption (2.5 percent) and net exports of 80 percent. Growth in income per capita declined to 0.8% from 1.2% in 2021. The fiscal deficit narrowed to 4.9% of GDP in 2022 from 5.2% in 2021 and was financed by borrowing, bringing public debt to \$103.1 billion (about 22% of GDP) from \$92.6 billion in 2021 (African Economic Outlook 2023).
64. Based on this trend, 2023 real GDP growth as estimated by the World Bank has been revised to 2.8 percent (WEO July update) down from 3.2 percent projected earlier in the year (WEO April 2023). The downward revision of Nigeria's growth forecast for 2023 hinges on low oil production/prices coupled with insecurity, vandalism, etc.
65. According to the IMF forecast, it is expected that Nigeria's economy will contract further in 2024. The Federal 2024-2026 MTEF anticipates a 3.2 percent in 2024 and 3.0 percent in 2025 and 2026,
66. **Inflation (CPI)** Annual average inflation stood at 17.0 percent in 2021 against 13.2 percent in 2020 and above the central bank's 6–9 percent target. It is projected to remain elevated at 16.9 percent in 2022 and to stay above pre-pandemic levels in 2023 (19.6 percent) due to rising food, petrol, diesel, and gas prices and persistent supply disruptions amplified by the Russia– Ukraine conflict before declining to 13.6 percent in 2024. It is expected that the Central Bank of Nigeria will try to curtail inflationary pressures by further tightening its fiscal and monetary policies i.e., the CBN just recently increased its monetary policy rate to 18.5 percent from 13 percent.
67. The national quarterly real GDP growth and year-on-year inflation rates from 2020 to 2023 are shown in Figures 2 & 3 below.

Figure 2 - Nigeria's Real GDP Growth vs Oil & Non-Oil Sector Growth

Source(s): NBS

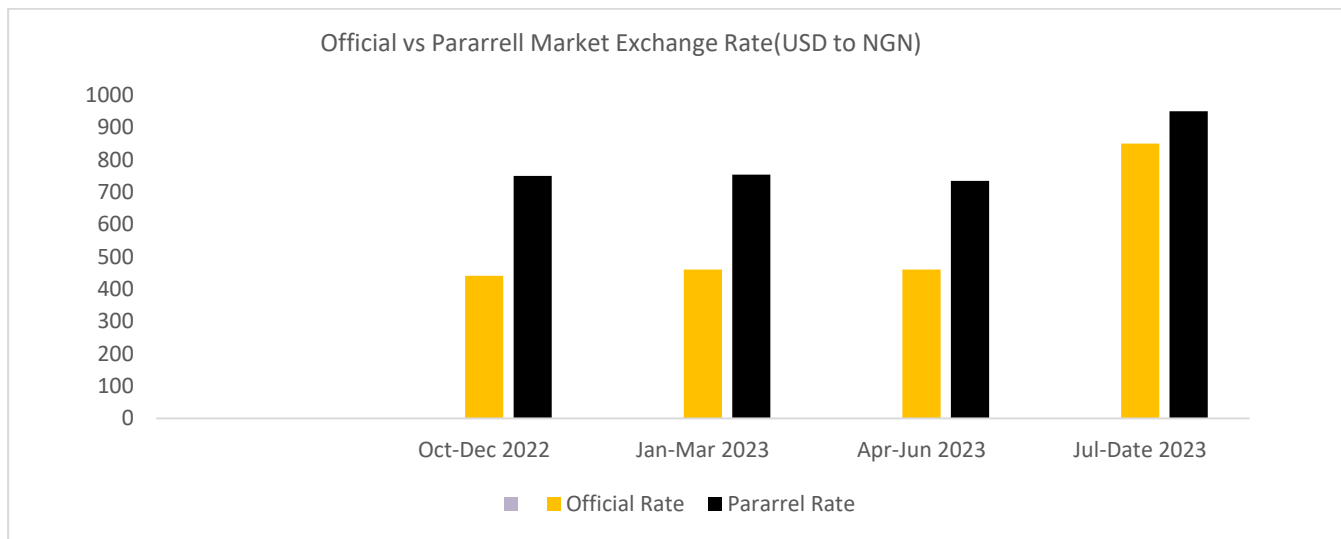
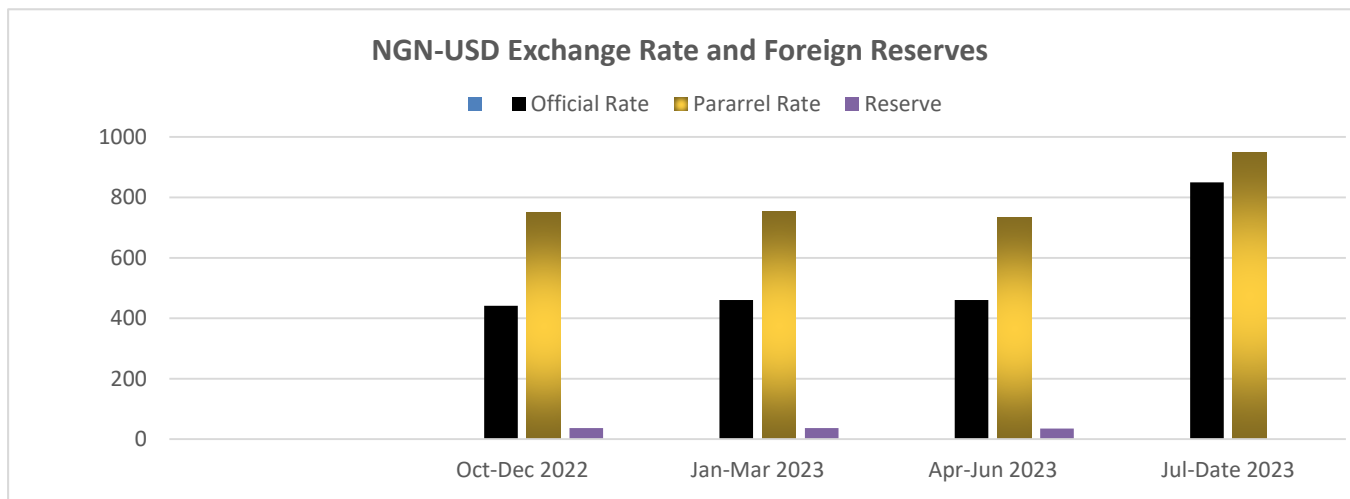


Source(s): NBS

Figure 3 - Customer Price Index (CPI): Year on Change %

Source(s): NBS

68. **Foreign Exchange Rate** – the Naira devalued against the dollar from 305 to 772 between 2019 to August 2023 in the official market. The foreign exchange reserves have also suffered consecutive declines since the beginning of the year, a development that has raised fears that the economy may be heading for tougher times in the months ahead; From UDS37.08 billion in 2022 to USD 35.0 billion in Q1 2023 and a further decline by USD 1.1 billion in August 2023 representing the lowest point in recent months.
69. In 2023, arbitrage opportunities witnessed a significant decrease, as foreign exchange windows converged following the unification of all segments of the FX market, effectively floating the **naira**. The policy meant that all FX windows were collapsed into the I&E window. This was in a view to making the parallel market unattractive to exporters in order to attract the funds into the banking system and improve the reserve. This is yet to be achieved as the disparity between official and parallel exchange rates has continued to rise, exchange rate volatility also persists and foreign reserves remain low. The US dollar gets stronger and consistently struggles with the naira's liquidity.
70. **The NGN: USD exchange rate**, which is a key crude oil revenue parameter, for the period January 2014 to August 2023, along with the benchmarks assumed in the Federal Government budgets over the same period and foreign reserves, are shown in Figures 4 & 5 below.

Figure 4 - Official vs Parallel Market Exchange Rate (USD to NGN)**Figure 5 - NGN-USD Exchange Rate and Foreign Reserves**

Sources: CBN, NBS, Federal Budget Documents

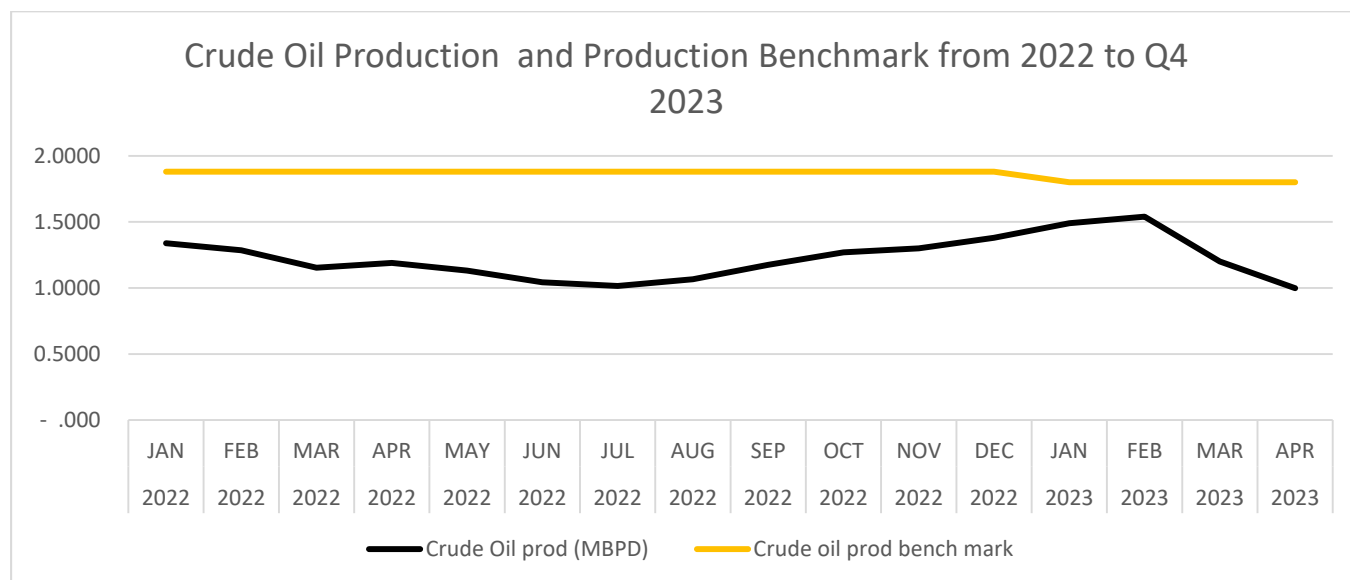
Note that devaluations coincide with (1) crude oil /production/price drop (2) reductions in foreign reserves, Instability in currency, and evidence of some merging of exchange rate windows (official, Import, and export (I&E)).

71. **The crude oil price** has trended upwards since the beginning of the Ukraine-Russian conflict on February 24th, 2022, rising from US\$89.69 in late February 2022 to US\$117.17 by early June 2022 which implies that crude oil price increased by 23% in less than four months. The increase in the price of crude oil has been driven by the Ukraine-Russian conflict and the failure of OPEC and non-OPEC members to increase their production levels when the conflict began. The crude oil price commenced a downward trajectory in September 2022 and has continued in 2023. Pegging the price of crude oil at US\$76.97 at the end of Q2 2023 due to improved supply.
72. **Crude Oil Production** for Nigeria declined by 7.9 percent in June 2023 to USD1.25 million barrels per day from USD1.26 million recorded in January and USD1.27 million bpd in March 2023. The Q1 2022 was 1.24 mbpd (million barrels per day) compared to 1.4 mbpd in Q4 2021. The volume produced is still significantly below the OPEC-approved quota of 1.8 million barrels per day.

The decline is attributed to challenges ranging from the shift to renewable energy resulting in a lack of oil-centric investment economic, political, and security risks, crude production sabotage as well as pipeline vandalism, and technical issues.

73. Other factors that are likely to impact crude oil production in the medium term, include the implementation of new reforms from the recently passed Petroleum Industry Act (PIA) and any significant boycott of Russian oil as a result of the conflict with Ukraine.
74. Crude Oil Production (including condensates) for the period January 2014 to April 2023 along with the benchmark is presented in Figure 6 below:

Figure 6 - Crude Oil Production

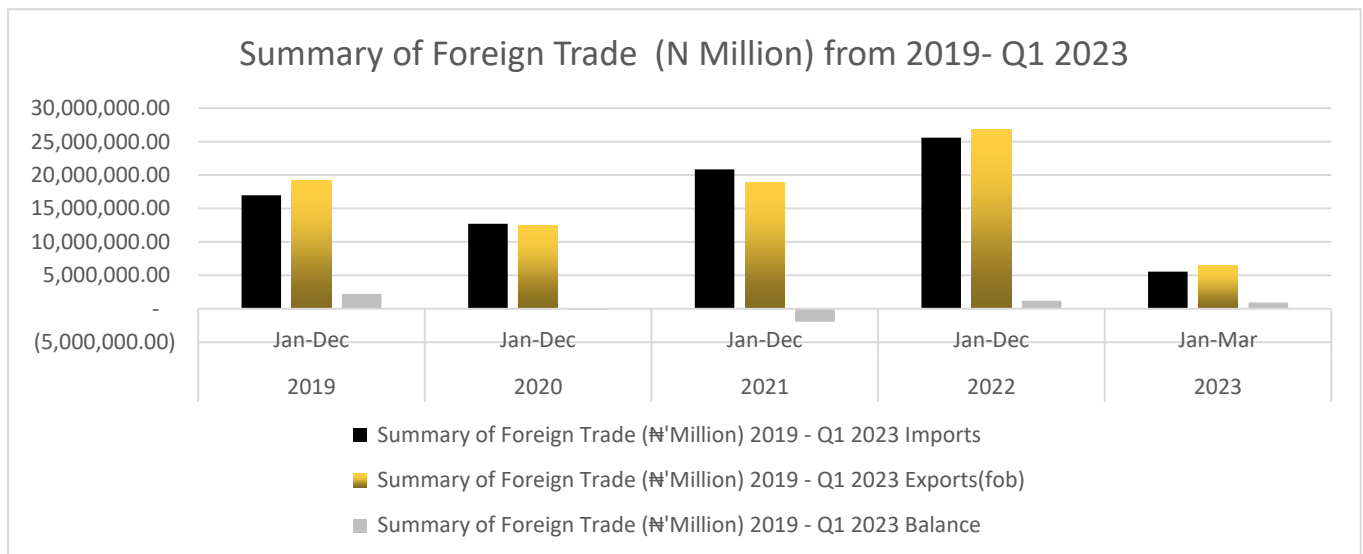


Note that crude production has steadily declined over the last eight years and OPEC put crude oil production at around 1.25 MBPD in June which is below Nigeria's OPEC production quota.

75. The policy thrust of the Economic Sustainability Plan (ESP) and National Development Plan include deregulation of the price of refined petroleum products and the establishment of a sustainable framework for maintaining the national strategic stock; remittance of 100% of royalties and taxes paid to NNPC into the Federation Account as well as sustained periodic reconciliation with DPR and FIRS. The implementation of the Finance ACT 2021 and VAT reforms, development of business continuity plans for tax and customs administration, and rationalization of ineffective tax incentives and exemptions as well as increased remittances and recovery of unremitted revenues from GOEs.
76. **Foreign Trade** recorded a positive trade balance of ₦927.16 billion in Q1 of 2023 with an export value of ₦6,487.04 billion representing 53.85 percent of the total trade and import value of ₦5,559.88 billion. The value of the export shows an increase of 2 percent over the value recorded in Q4 of 2022 (₦6,359.61billion) but decreased by 8.66 percent when compared to the amount recorded in Q1 of 2022 (₦7,102.11 billion). Total import increased by 3.67 percent in Q1 of 2023 over the value recorded in Q4 of 2022 (₦5,362.83 billion) but decreased by 25.83 percent when compared to the amount recorded in Q1 of 2022 (₦7,495.67 billion). Exports in the quarter under review stood at ₦32.17 billion representing 0.50 percent of total exports with Cameroun, Ghana, Equatorial Guinea, the United Kingdom, and Liberia topping the countries. commodities are vessels and other floating structures, light vessels, floating cranes, etc. The top export destination countries are the Netherlands, United States of America, Spain, France, India, etc and the commodities are petroleum products and oils obtained from bituminous minerals, crude, Natural gas, liquefied, etc.

77. The commodity with the largest export values in the period under review was Petroleum oils and oils obtained from bituminous minerals, crude' (₦5,148.58 billion representing 79.37 percent), Natural gas, liquefied' (₦622.36 billion accounting for 9.59 percent) and 'Urea, whether or not in aqueous solution' (₦146.79 billion or 2.26 percent). while top imports include: 'Motor Spirit (₦1,492.28 billion or 26.84%), 'Gas Oil' (₦472.40 billion or 8.50percent), and 'Durum Wheat (Not in seeds)' (₦249.22 billion or 4.48%).
78. The current account recorded a small surplus of 0.1% of GDP in 2022, reversing three years of deficit. Gross international reserves declined 7.5% to \$37.1 billion (5.7 months of import cover). The nonperforming loans ratio stood at 4.2% in 2022, below the regulatory requirement of 5%. The capital adequacy ratio, at 13.8%, exceeded the regulatory benchmark of 10% in 2022. The multidimensional poverty rate (63%) and unemployment (33.3%) remained high.

79. Figure 6 - Summary of Foreign Trade (N Million)



80. **Capital importation** into Nigeria has been decreasing over the years (YoY) from USD 9.7 billion in 2020 to USD 6.7 billion in 2021 and USD 5.7 billion in 2022 showing reduced confidence by investors. The decline is due to a fall in the nominal values of the three (3) components of capital importation: Foreign Portfolio Investment (FPI), Foreign Direct Investment (FDI), and "Other" investment caused by factors such as exchange rate risk, policy & political uncertainties, discouraging ease of doing business parameters, contractionary/unstable policies – increase in interest rate, challenges in repatriating fund abroad, etc.
81. The main sectors attracting inflows into Nigeria include oil and gas (by far the largest recipient), telecommunications, Banking, manufacturing, real estate, and agriculture. Countries that have trade and investment ties with Nigeria include the UK, China, the USA, etc. China's investment in Nigeria is mostly in infrastructure projects such as roads, railways, and power plants; the USA is mostly in oil and Gas while the UK includes capital importation, etc. The largest amount of capital importation for 2022 was received through portfolio investment, which accounted for 46% (USD 2.62 billion), followed by other investments with 45% (USD 2.57 billion), while foreign direct investment accounted for 9% (USD 513 million) of total capital imported.

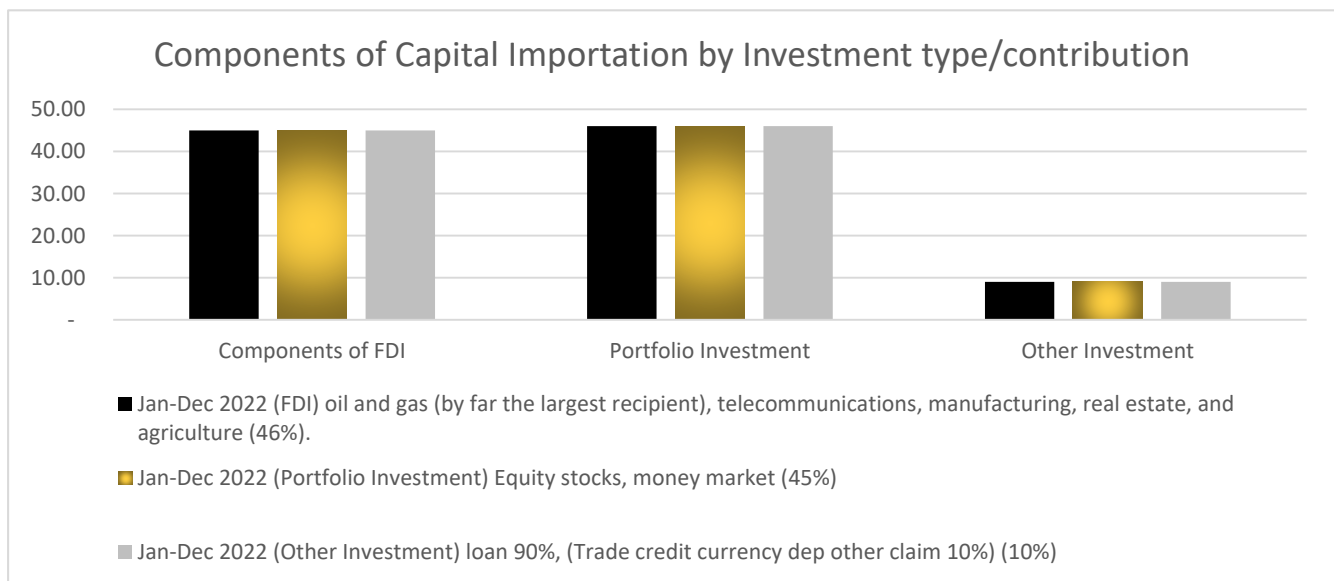
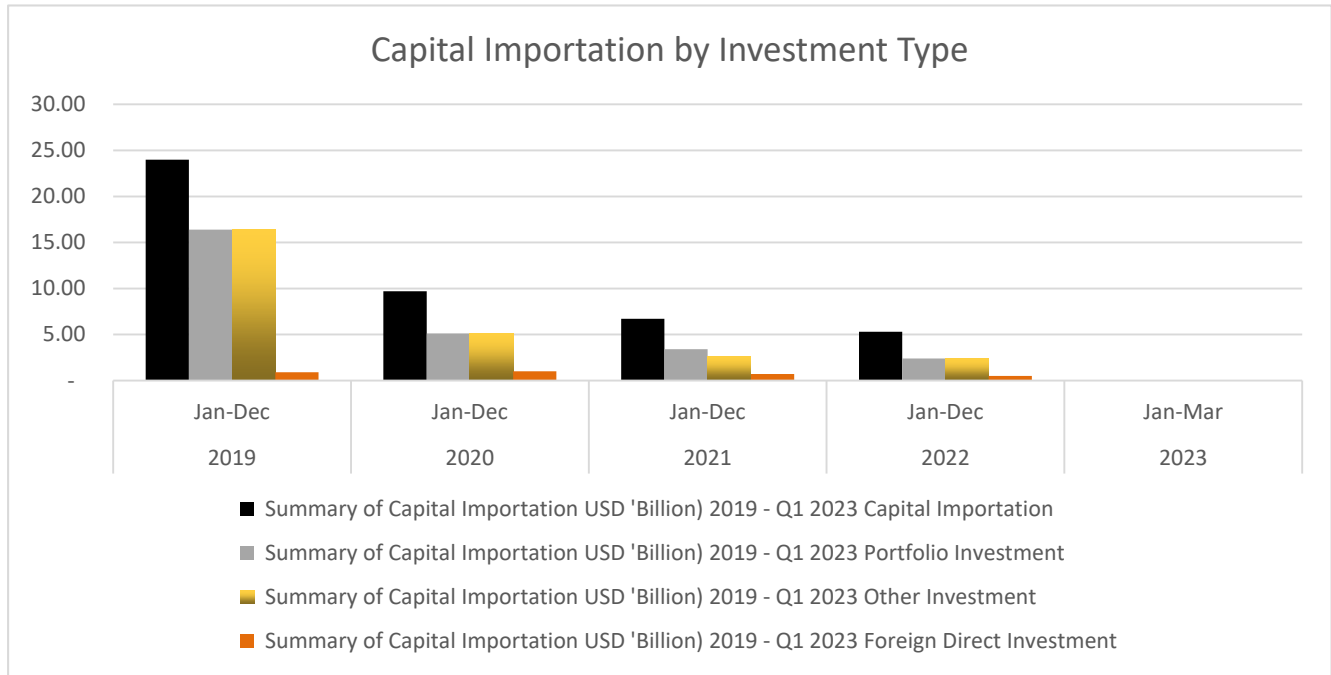
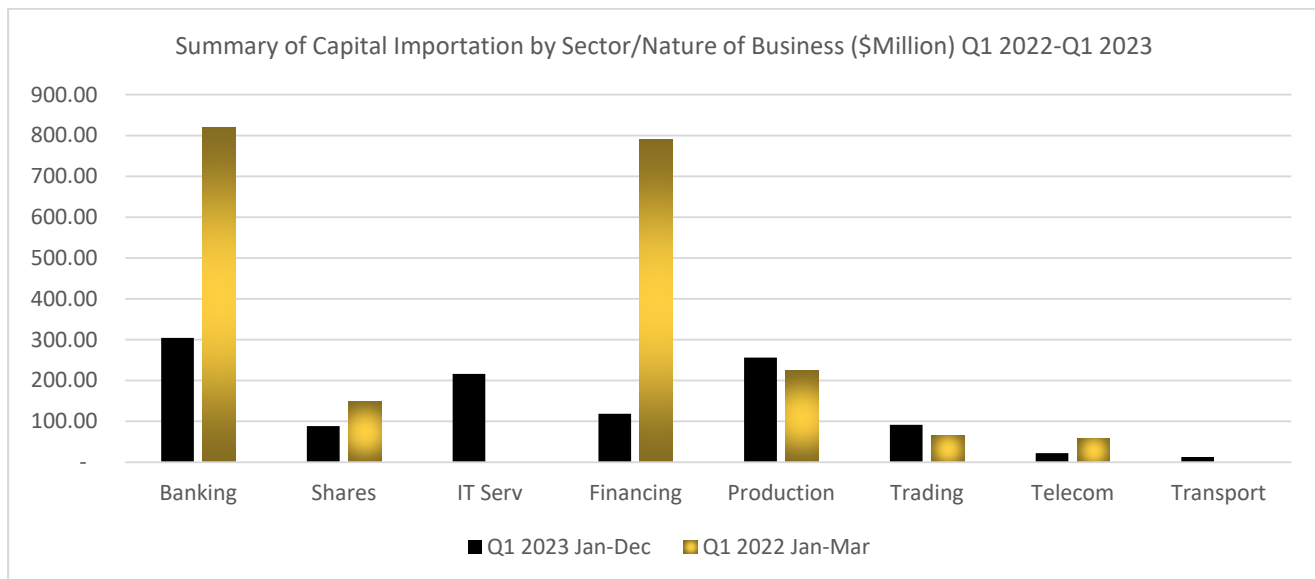
Figure 7 - Capital Importation by Investment Type and Sector

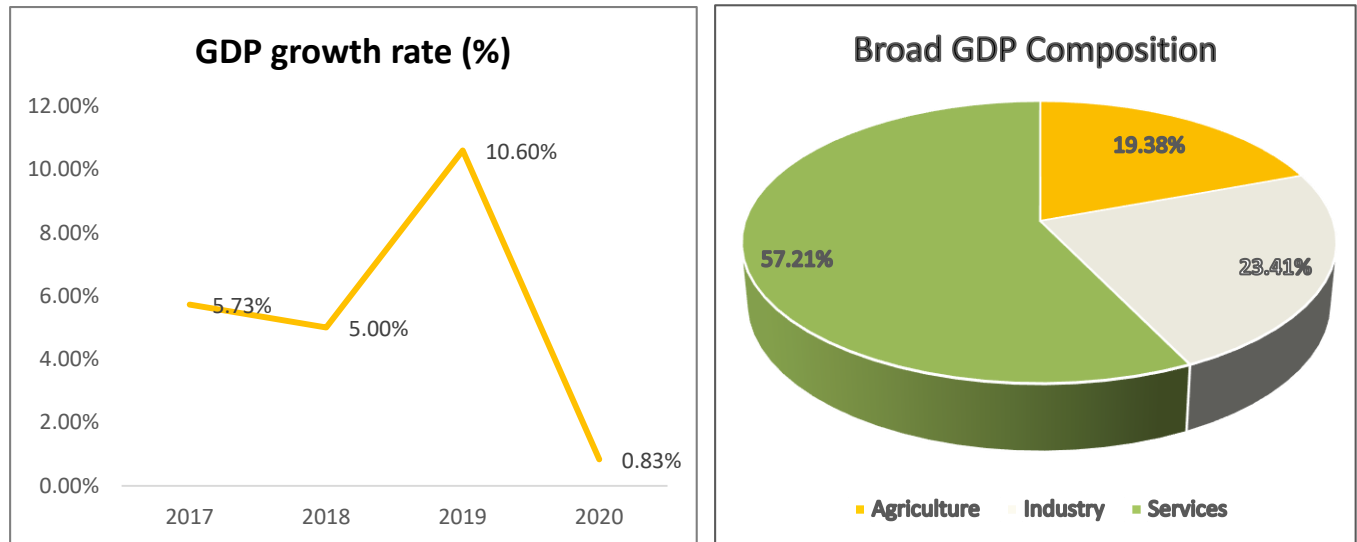
Figure 8 - Capital Importation by Nature of Business/% Contribution**Figure 7 - Risk Factors for Nigeria**

2.A.4 Anambra State Economy

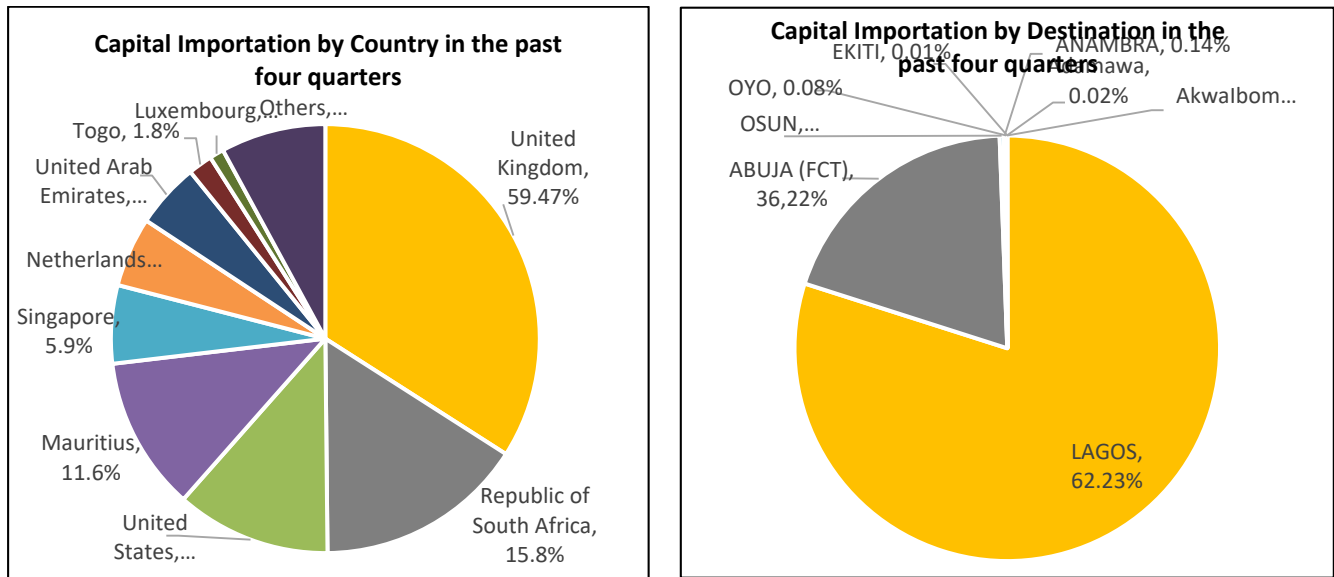
82. The economy of Anambra State and the rate of its growth is to a large extent dependent on the performance of the national economy. The State economy is therefore influenced by major developments in both the national and global economic environment. A greater proportion of the State's working population is involved in commercial activity, subsistence farming, and the service sector. In urban areas such as Nnewi, Onitsha, Awka, etc. trading is the dominant occupation, followed by services. A fair proportion of the population also engages in manufacturing activities, with the majority of the manufacturing firms located in Nnewi, Onitsha, and Awka. The State is a major center for commerce, industry, and transportation in the South East Geopolitical Zone of Nigeria and beyond.
83. The State Gross Domestic Product in 2019 was N4.673 trillion in nominal terms at basic prices, which was higher compared to the N4.255 trillion recorded in 2018. The State GDP grew to N4.712 trillion in 2020 under the Covid-era. These represent a 9.83% growth in 2019 and 0.82% (the lowest recorded since 2014) growth in 2020) making it the 7th year-on-year growth recorded since 2014. The major drivers in 2019 were Trade; Manufacturing (Food, Beverage, and tobacco); Agriculture (Crop Production); Information and communication (Telecommunications); Construction; and Transportation and storage (Road Transport). Similarly, in 2020, the major drivers were Trade; Manufacturing (Food, Beverage, and tobacco);

Construction; Information and communication (Telecommunications); Human Health and social Services; and Financial and insurance (Financial Institutions).

Figure 8 - Anambra State GDP & GDP Composition



84. In 2022, Anambra's Internally Generated Revenue was N30.1bn - a 23% increase from 2020 (N23.3bn). The services sector accounts for 57.21%, followed by industry and then Agricultural sector
85. Anambra State features as one of the top five beneficiaries of capital inflow into Nigeria in Q1 2023 and most of the inflows are from the United Kingdom

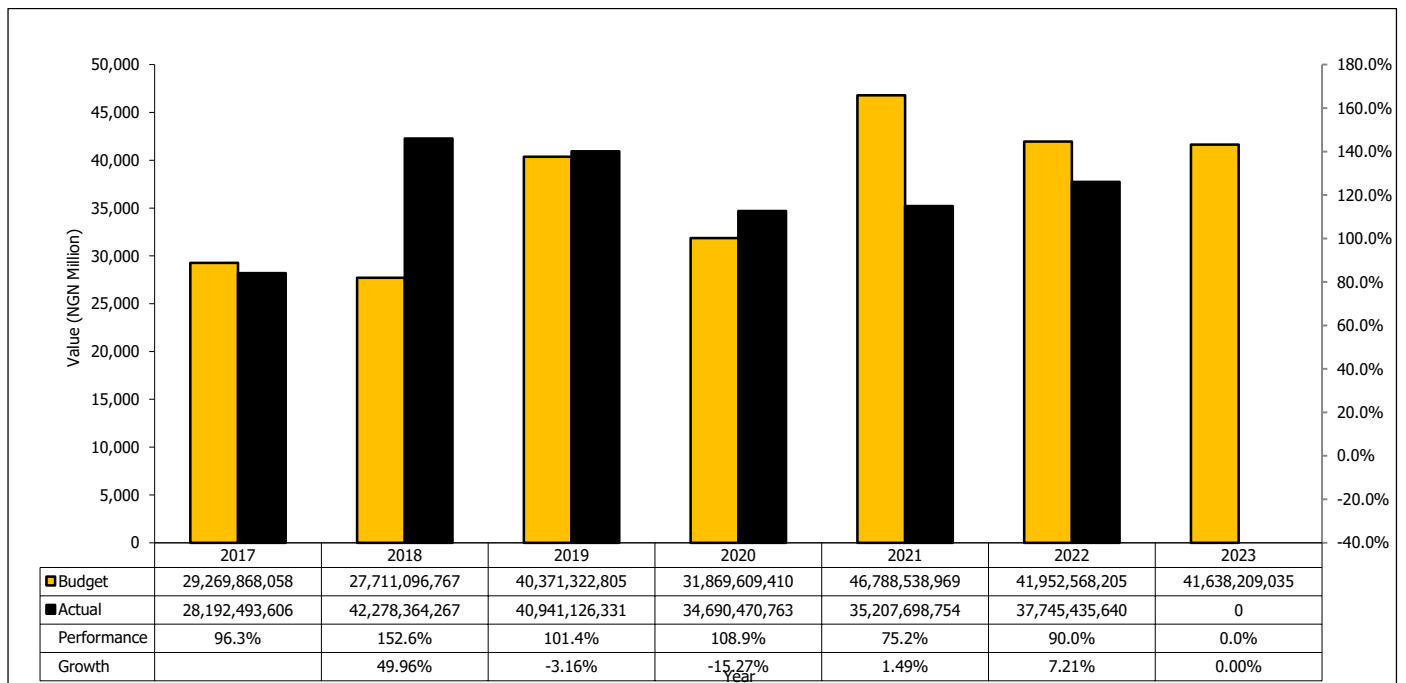
Figure 9 - Capital Importation by Country and Destination in the past 4 quarters

2.B Fiscal Update

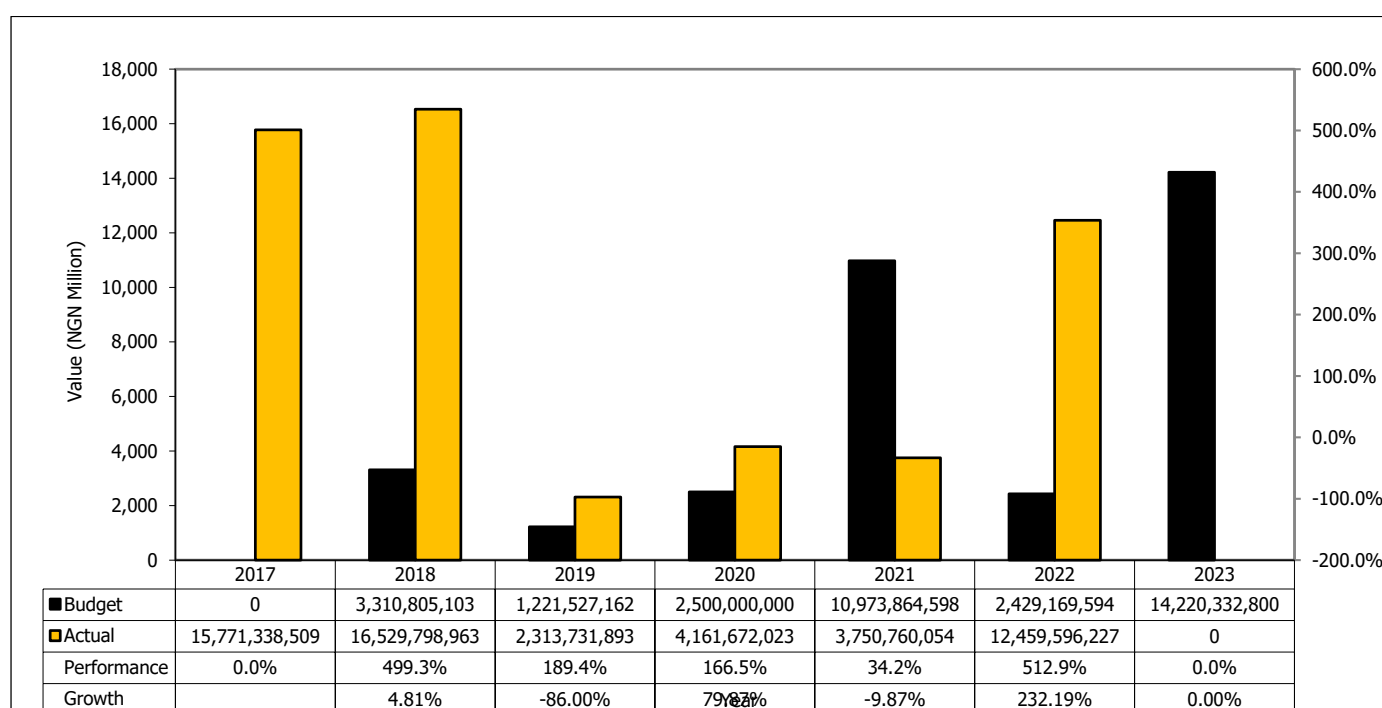
2.B.1 Historic Trends

Revenue

86. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Other Federation Account revenues, and Capital Receipts (Loans, Grants, and Other Capital Receipts) – budget versus actual for the period 2017- 2022 (six-year historic) plus 2023 budget.

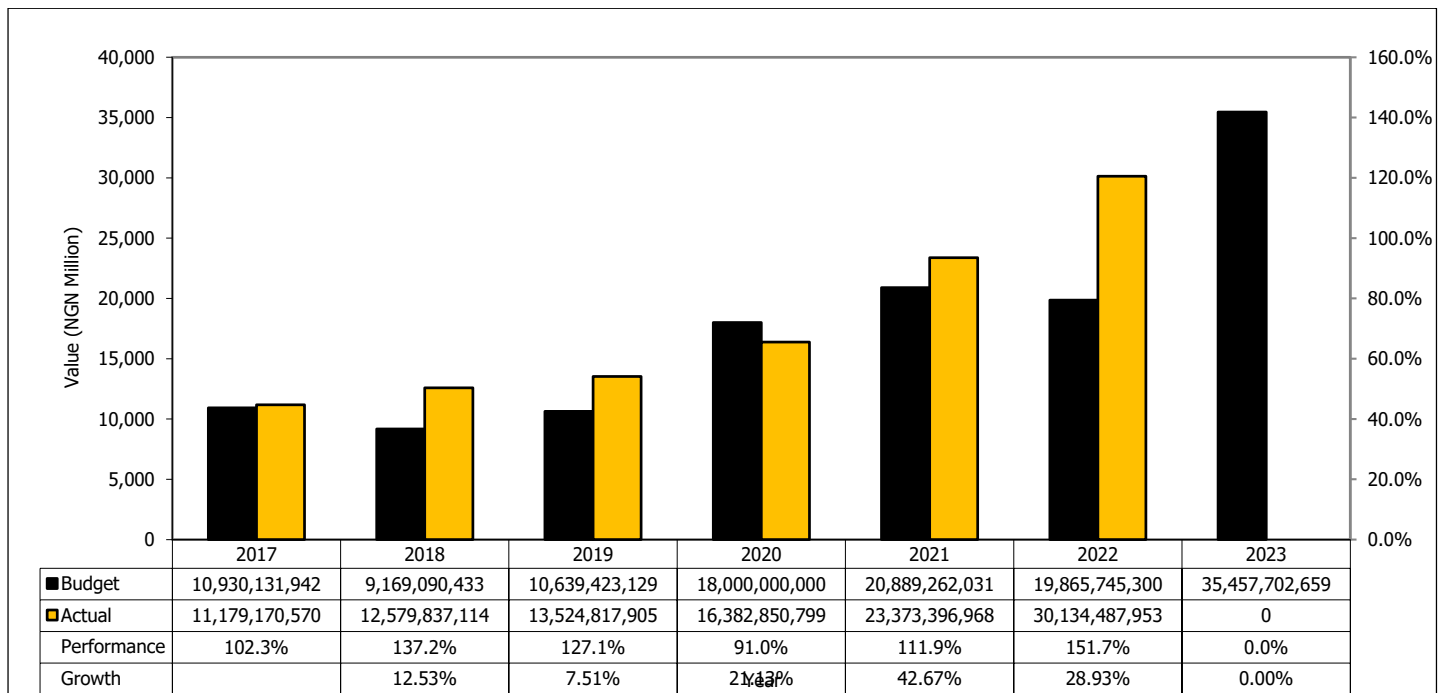
Figure 10 - FAAC Statutory Allocation Budget vs Actual

87. Statutory allocation is the distributable amount from the federation account being received every month and it constitutes the major source of revenue for the state. The Federation account is the general pool of revenue from mineral (e.g., oil and gas) and non-mineral sources (e.g., custom, excise, and taxes by FIRS) distributable to the three tiers of government (Federal, State & LGAs).
88. Statutory Allocation receipts have varied over the period under review. There was an increase in 2018. However, since 2019 it has been on the decline.
89. Over the last years, a review of the Budget Performance against the target has been mixed. From 2018 to 2020, actual receipts exceeded the budget, while in 2017, 2021 and 2022 performance were lower than the budget target. The significant variance between budget and actual receipts in 2021 and 2022 was a result of a sharp drop in the price of oil in the International Market.
90. From 2017 to 2021, there was no derivation as the state received its first proceed as an oil-producing state in 2022 with an actual of 4.04 billion. In 2023 we budgeted 10.1 billion with a monthly estimate of 843.65 million. We will adequately project for 2024-2026.

Figure 11 - Other Federation Account Receipts

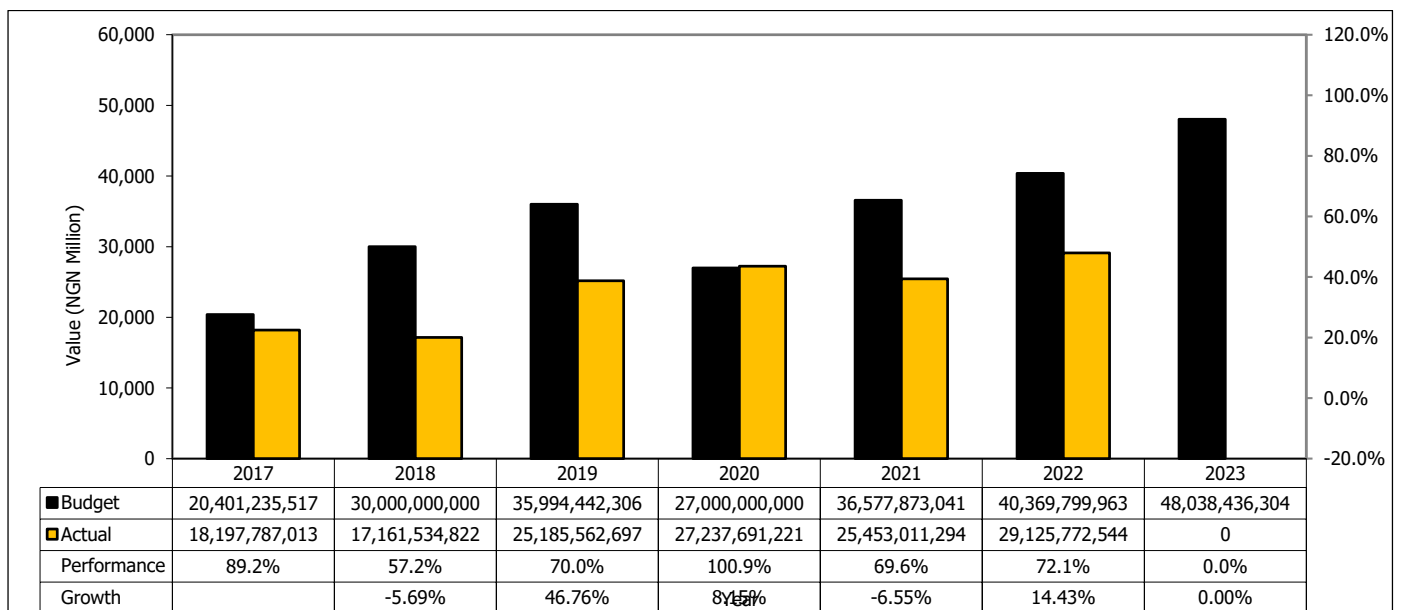
91. Other Federation Account Receipts are generated when the actual oil price, production, and exchange rate rises above the benchmarks set by the Federal Government. It is difficult to estimate/budget for Other Federation Account Receipts and their distribution as they fluctuate significantly month on month. Other Federation Account Receipts as presented in the graph above include NNPC refunds, Refunds from Paris Club, Exchange Rate Differences, Over Deduction Refunds (Bank Charges and Stamp Duty), Share of Solid Minerals, Excess PPT, Forex Equalization, and Ecological Fund.
92. A review of the actual receipts from 2017 to 2022, indicates that Other Federation Account Receipts have fluctuated between 15.77 billion to 12.45 billion.

Figure 12 – VAT

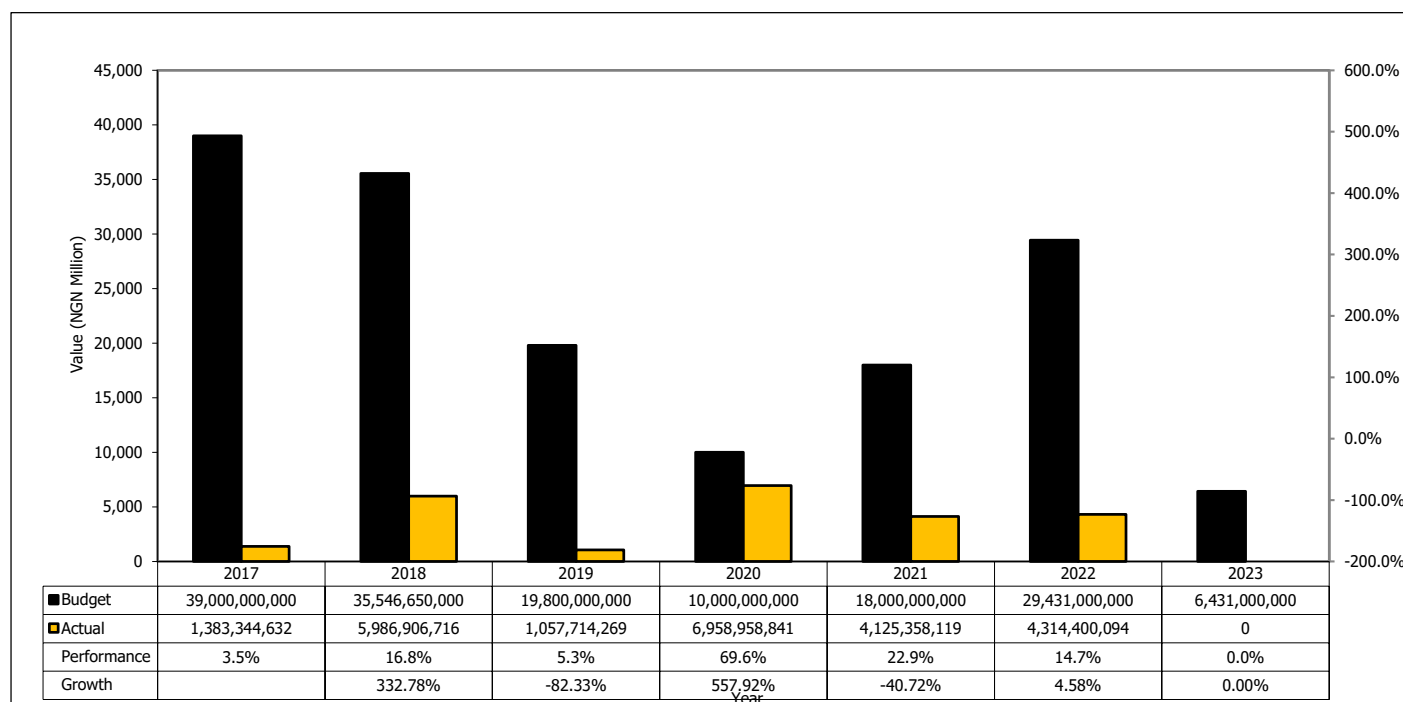


93. VAT is an ad valorem tax collected across Nigeria and distributed to the three tiers of government based on various sharing ratios.
94. The graph clearly shows that the trend in VAT has been a consistent annual increase over the period except for 2020- when there was a slight drop due to the impact of the COVID-19 pandemic on business activities. This consistent annual increase is likely due to the sustained real GDP growth and inflation experienced in the Nigerian economy over the years, as well as the rate increase from 5% to 7.5% in 2021. With 16.9 billion half-year actual for VAT in 2023 it is expected that full-year actual will exceed budget.
95. ANSG has consistently under-budgeted for VAT as may be seen in the graph above. Thus, for the period 2024-2026, forecasts will be based on actual trends, not prior-year budgets.

Figure 13 – IGR

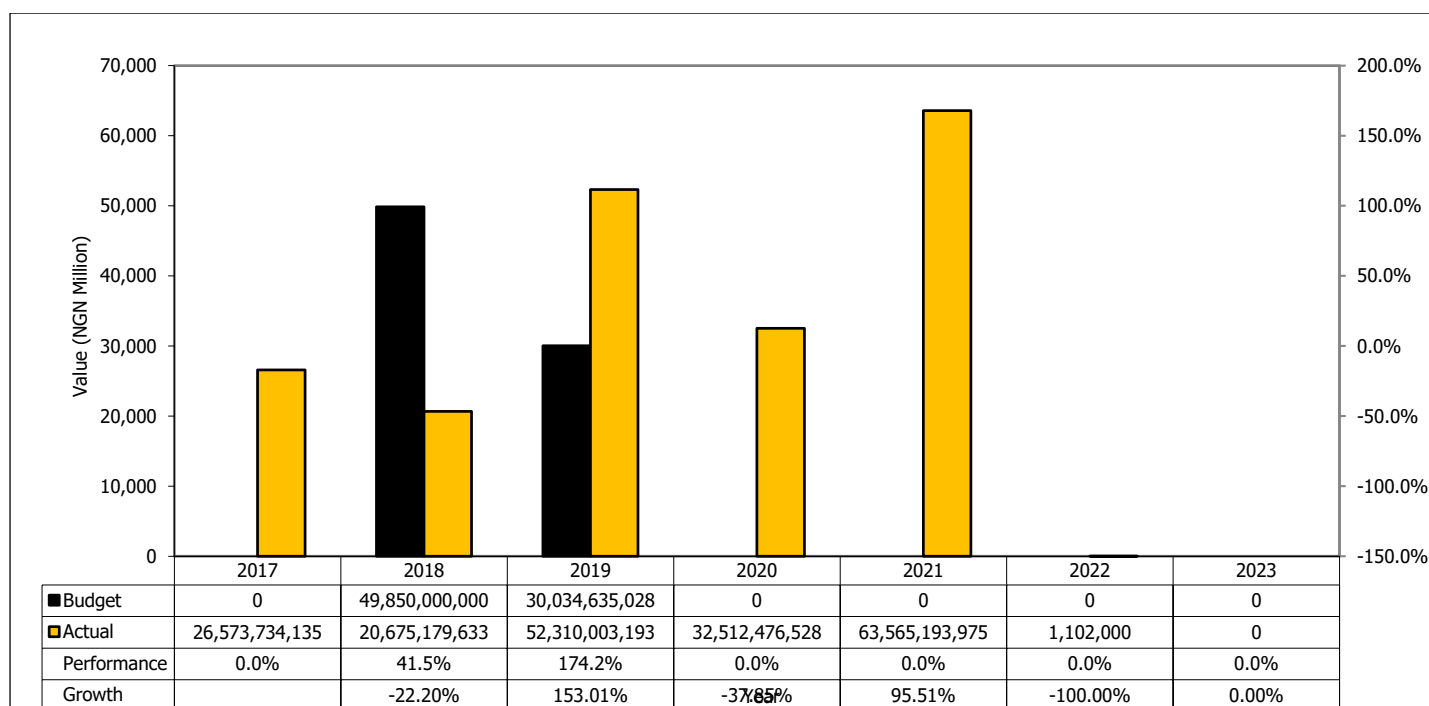


96. Internally Generated Revenue (IGR) is collected by AIRS and other revenue-collecting MDAs. A significant proportion of IGR comes from PAYE taxes, but it also includes fines, fees, land taxes, rents, licenses, sales, repayments and reimbursements, dividends and interest on state assets, and earnings.
97. IGR collections have increased year-on-year since 2016. Performance against budget has been relatively good, ranging from 54.2% - 100.9% over the period.
98. When forecasting IGR for 2024 - 2026, 2023 half-year performance was considered to confirm if receipts are in line with the previous actual trend, or whether the anticipated increases have been realized. However, the 2023 half-year Budget Performance Reports show that N48.03 billion was budgeted N24.13 billion was achieved representing 50.2% against the supposed 50% for the quarter under review.

Figure 14 - Grants

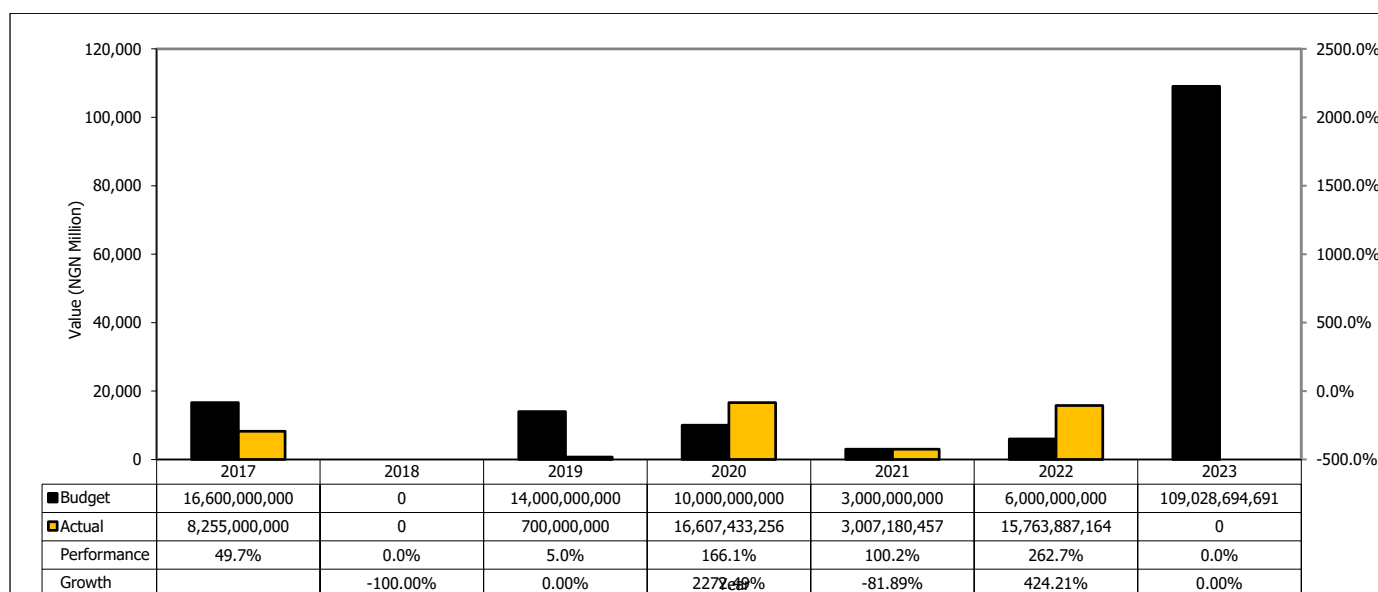
99. Grants include Conditional Grant funds from the Federal Government such as SDGs, TETFUND, UBEC, Solid Mineral Development Fund, and IDP. The performance figures are likely distorted by the non-capturing of development partner's grants (particularly bilateral partners) in the ANSG accounts (since the funds do not pass through treasury).
100. A review of the Grants from 2017 to 2022, showed a huge divergence from actual receipts. This is largely due to the anticipation that ANSG's strong fiscal performance will enable the state to access increased grants from International Development Partners. In 2020, 2021, and 2022, the State recorded an actual performance of 69.6%, 22.9%, and 14.7% respectively, and a growth of 557.9%, -40.7%, and 4.58% which indicates an inconsistency in grant receipts over the years under review.

Figure 15 - Other Capital Receipts



101. Other capital receipts from government fundraising activities and other miscellaneous receipts.
102. In the period under review, Other Capital Receipts were received in 2017, 2018, 2019, 2020, 2021 and 2022. Actual Other Capital Receipts fell from ₦26.57 billion in 2017 to ₦20.67 billion in 2018 with an increase of ₦52.3billion in 2019 then a drop in 2020 due to the Covid-19 Pandemic, in 2021 it increased to ₦63.56billion and a drop in 2022 as shown in the graph.
103. From a performance perspective, budgeted Other Capital Receipts have not been a good predictor of actual Other Capital Receipts with significant deviation over the years. A more detailed analysis of the sources of Other Capital Receipts should therefore be undertaken before the finalization of the aggregate envelope for the 2024 budget.

Figure 16 - Loans / Financing

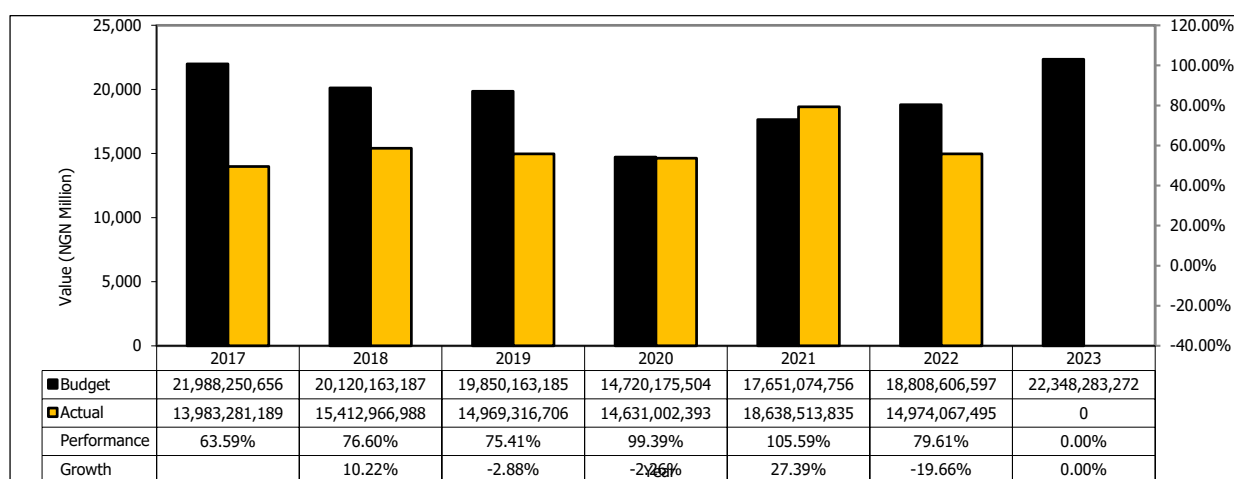


104. Loans are both from domestic and foreign sources. Domestic loan sources are from bank loans/overdrafts, the Central Bank of Nigeria, Federal Government, whereas foreign loans are from the World Bank and African Development Bank.
105. The graph above shows that the percentage performance from 2017 to 2022 was 49.7%, 0.0%, 5.0%, 166.1%, 100.2%, and 262.7% respectively. However, the State did not budget for loans in 2018 while in 2020 and 2022, the State borrowed more from the CBN Agricultural Credit Scheme and contract finance facility

Expenditure Side

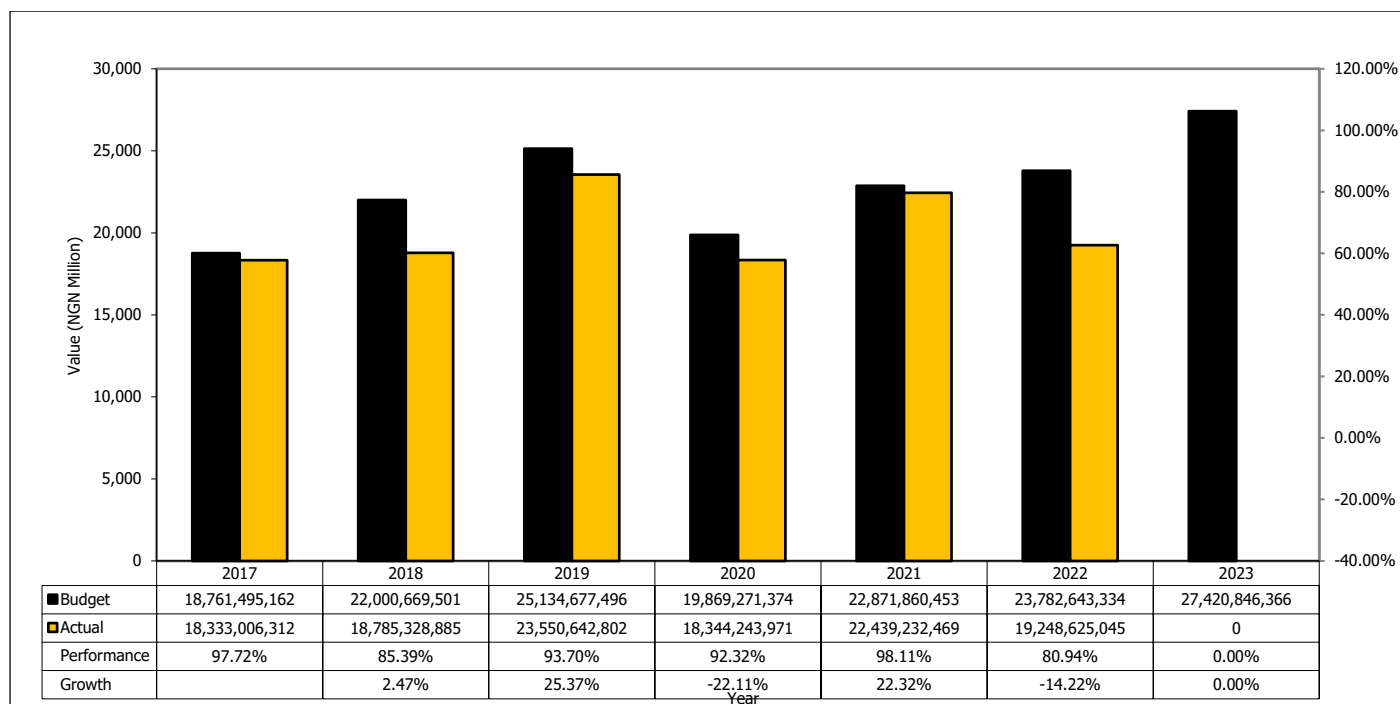
106. The expenditure side assesses Personnel (Salaries and Allowances), Social Benefits and Social Contributions, Overheads, Grants Contributions Subsidies and Transfers, Debt Service, and Capital Expenditure – budget versus actual for the period 2017-2022(six-year historic) and the 2022 budget.

Figure 17 - Personnel



107. Personnel expenditure covers the salaries and allowances of the state.
108. Personnel Costs have been unstable over the period in review. Personnel Costs were budgeted for 21.9 billion in 2017 and then dropped in 2018 and 2019 due to retirements and deaths. In 2020, it significantly declined to 14.7billion due to the Covid-19 Pandemic forced every Government to revise its budget, it then rose again to N17.65 billion and 18.80billion in 2021 and 2022 respectively due to a massive increase in employment by ANSG.
109. Historically, ANSG has significantly over-budgeted personnel costs, the 2020 budget was a lot closer to the actual amount (around 99% performance). However, 2021's surpassed the budget. This was likely, due to the recruitment of more than 700 new public servants in 2021. In 2022 it shows a decline again as this may be attributed to the massive retirement of teachers and other public servants.

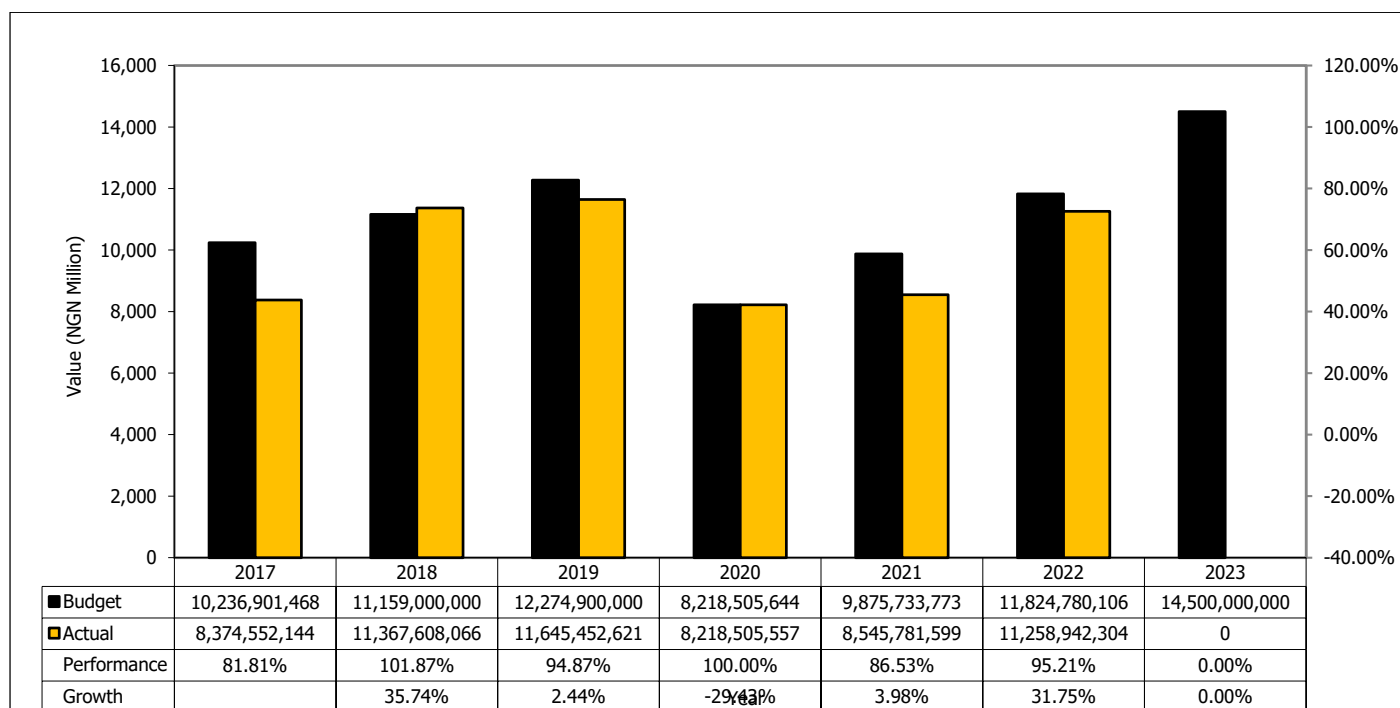
Figure 18 – Overheads



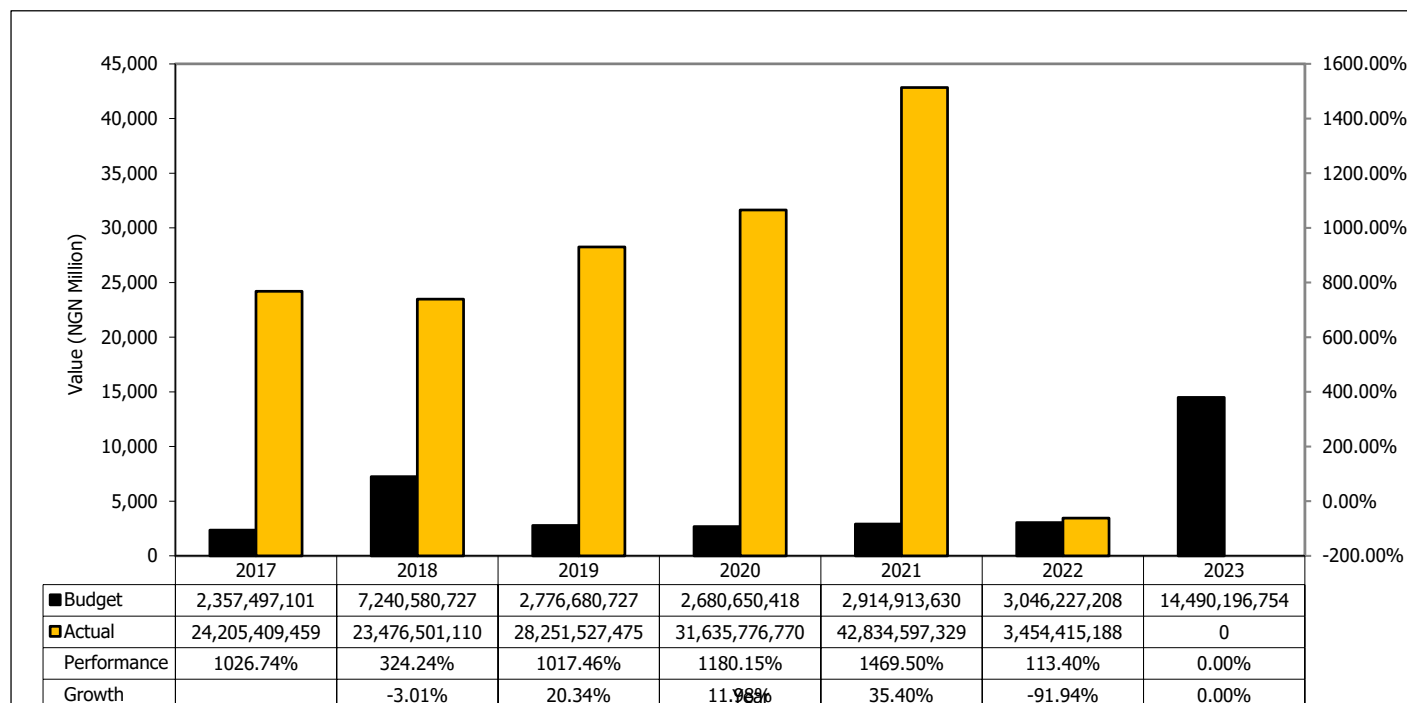
110. Overhead expenditure is the day-to-day running costs of the government including the maintenance of state assets.

111. The Actual Overhead expenditure from 2017 to 2021 has a consistent rise from 18.3 billion in 2017 to 22.4 billion in 2021 with a slight decrease in 2022. However, performance against the budget from 2017 to 2022 stood at the 90% average.

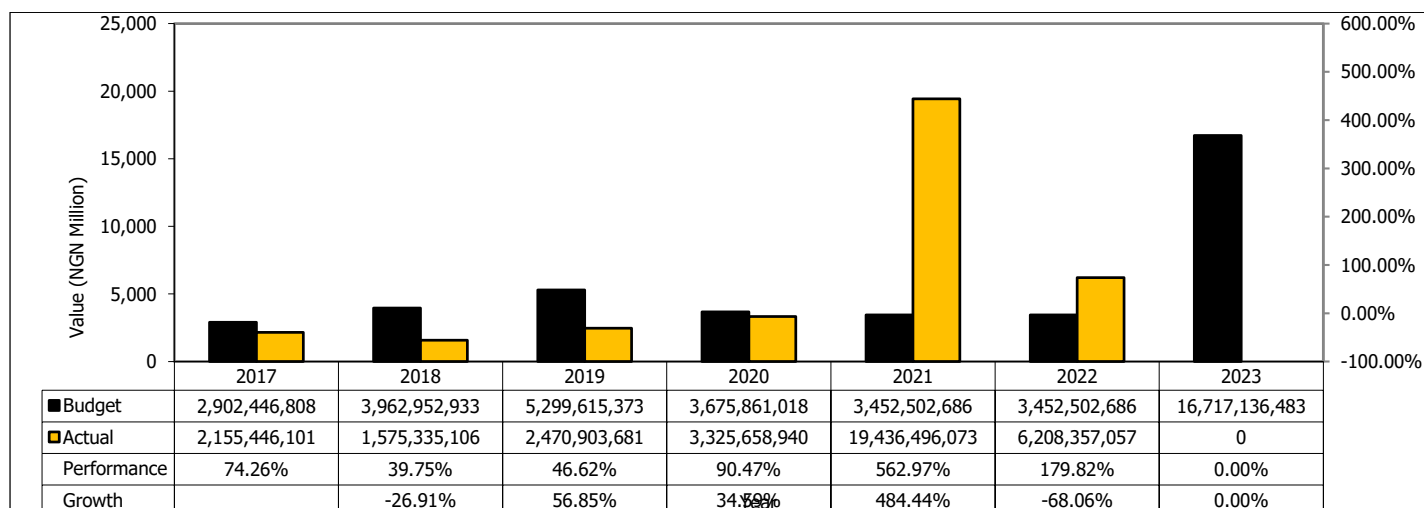
Figure 19 - Social Contribution and Social Benefit Budget vs Actual: 2016 - 2022



112. Social Contributions and Social Benefits include Pension contributions, Housing fund contributions, Gratuity, Pensions, Death Benefits, and severance allowances Legislature and Executive.
113. During the period under review, actual Social Contribution and Social Benefit performance was inconsistent due to the State's resolve to clear all the outstanding arrears of pension, gratuity, and other social benefits.

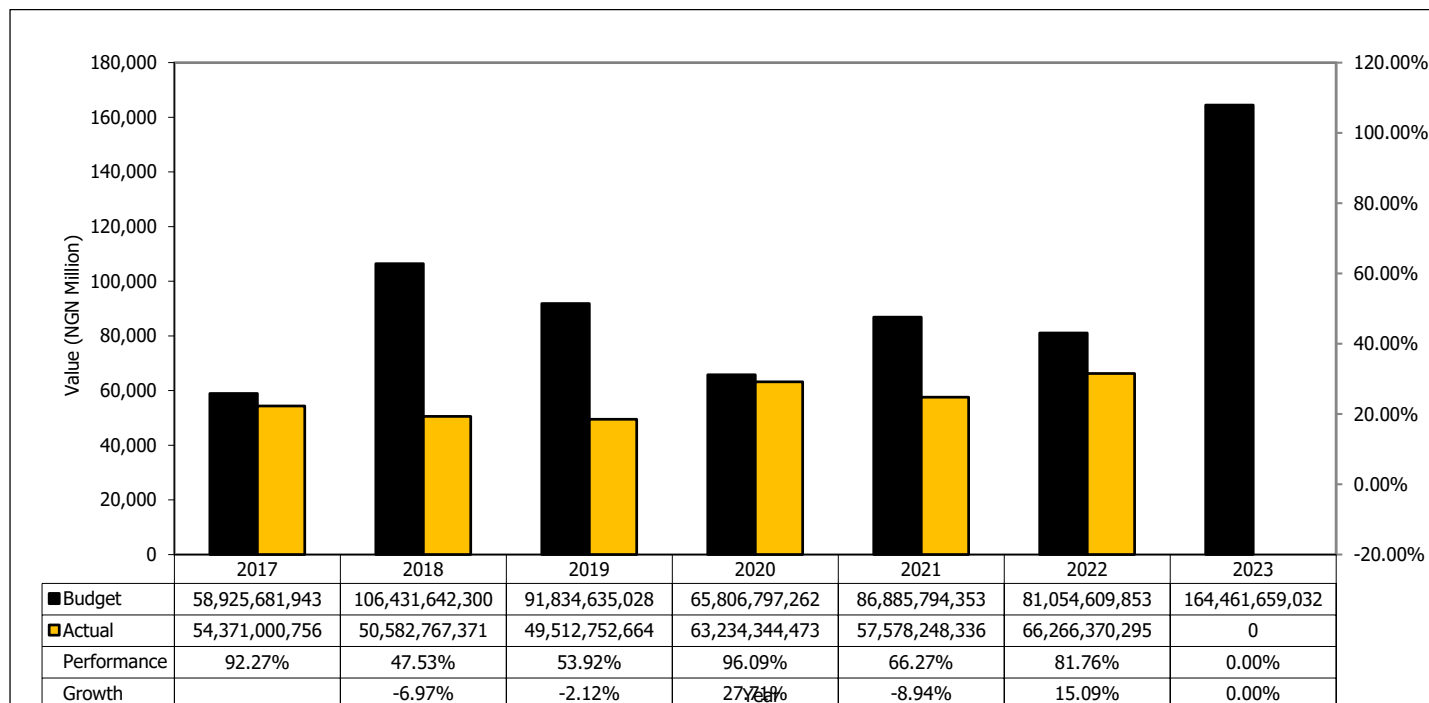
Figure 20 - Grants, Contributions, and Subsidies

114. Grants, Contributions, and Subsidies include Grants from Multinational Organisations, Donor Agencies, and Below the Line payments.
115. The actual Grants, Contributions, and Subsidies during the period under review, have been above budget due to the non-budgeted Below the Line (BTL) Charges. The BTL (receipt and payment) comprises Withholding taxes due to FIRS, VAT due to FIRS, union dues deductions from salary, loan deduction from salary, monthly net pay control account, the difference in pay role, monthly pension control account, deduction at source, excess crude, Anambra State 2.5%WHT AIRS deduction, FAAC deduction at source, CACs loan, FAAC deduction at source AADS, deposits(revenue), failed transactions/dishonoured cheques, ASBA loan disbursement to beneficiaries and Health Insurance deduction (ASHIA).

Figure 21 - Debt Service

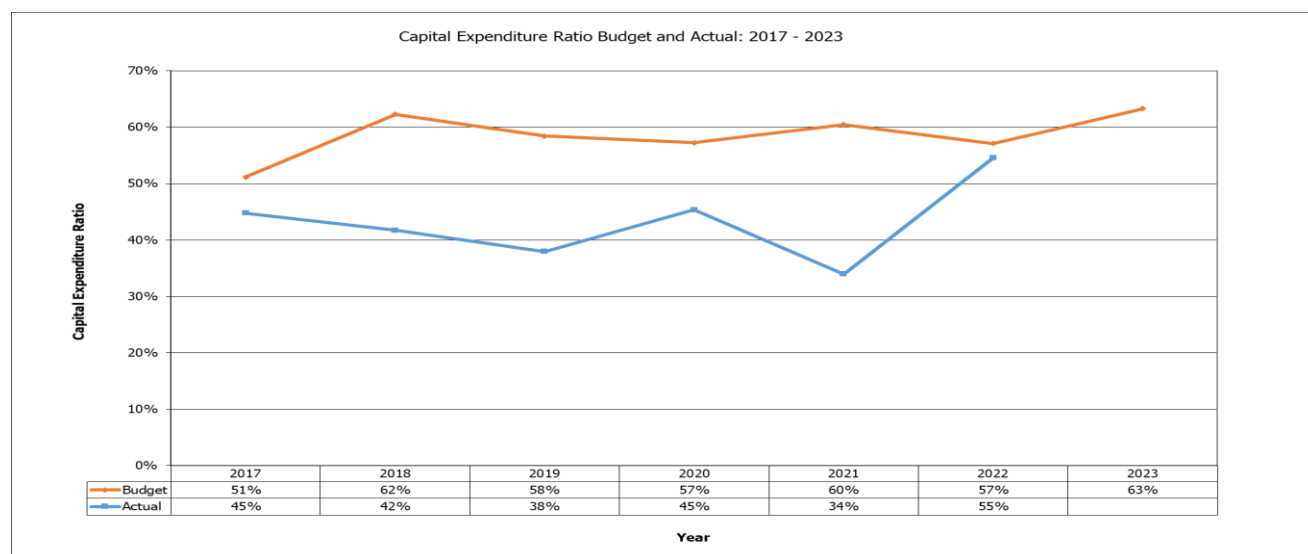
116. The State Public debt service comprises repayment of external and internal loans. Anambra State Public Debt Service's performance against budget has been good with 74.26% for 2017 though it dropped to 39.7% in 2019 but picked up again in 2020, 2021, and 2022. In 2021 the state paid more of its domestic loans (Agric loans, Judiciary, FAAC software, ecological fund, and Health sector loan).

Figure 22 – Capital Expenditure



117. Capital Expenditure represents ANSG's investment in assets and programmes.
118. In terms of Actual Capital Expenditure, there was a decrease from 2018, 2019, and 2021, followed by a sharp and sustained increase over 2020 and 2022.
119. From a performance perspective, in five out of the six years under consideration, the budgeted amount was significantly more than the Actual Capital Expenditure achieved

Figure 23 - Capital Expenditure Ratio



120. The capital expenditure ratio budgeted has remained well above 50% of total expenditure over the period, but, the actual expenditure for the period under review was mostly below 50% except for 2022. In five of the years, the proportion of actual expenditure fell below the proportion budgeted for the period under review.

Table 8 - Historical Personnel Expenditure (Budget and Actual) by Main Organisation

Personnel Expenditure by Sector											
No.	Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget
1	Office of the Executive Governor	1,605,422,376	2,762,375,210	2,974,078,825	2,959,729,497	5,470,420,689	3,852,815,528	4,080,308,484	2,107,177,364	82.67%	19.89%
2	Office of the Secretary to the State Government	402,931,578	314,602,344	302,915,879	299,333,155	322,535,647	325,476,282	322,535,647	172,498,039	82.31%	1.90%
3	Anambra State House of Assembly	453,131,865	289,750,861	271,601,326	271,334,358	295,750,861	286,777,441	741,452,420	306,776,627	65.53%	2.48%
4	Ministry of Information and Communication Strategy	331,975,767	147,630,279	151,992,126	150,252,115	150,070,997	226,162,750	173,974,394	169,753,783	85.86%	1.14%
5	Office of the Head of Service	787,553,364	452,259,297	441,605,656	440,797,826	460,000,000	612,916,510	460,000,000	459,009,699	91.43%	3.03%
6	Office of the Auditor General (State)	231,027,022	147,203,344	137,211,017	136,131,936	155,291,452	171,233,365	177,003,112	149,747,022	86.27%	0.99%
7	Civil Service Commission	115,604,165	56,453,841	54,323,611	54,323,120	60,453,841	70,053,234	64,716,174	64,414,941	83.11%	0.42%
8	Anambra State Independent Electoral Commission	52,500,000	0	0	0	41,475,000	0	41,475,000	0	0.00%	0.19%
9	Local Government Civil Service Commission	32,253,487	23,342,504	25,480,255	25,287,681	25,480,255	28,105,805	25,480,255	0	70.60%	0.15%
10	Ministry of Agriculture	414,409,973	289,500,135	293,396,882	292,272,121	327,383,879	340,763,640	371,267,762	309,865,356	87.62%	1.98%
11	Ministry of Finance	2,302,539,934	378,842,511	441,064,319	430,778,206	749,656,548	440,524,636	1,010,527,057	430,611,912	37.32%	6.34%
12	Ministry of Trade and Commerce	195,920,117	121,583,530	130,474,746	129,937,925	124,776,892	154,647,803	124,776,892	120,025,502	91.36%	0.81%
13	Ministry of Transport	32,413,600	25,421,995	27,779,228	26,229,893	25,606,744	27,773,292	25,606,744	25,534,902	94.21%	0.16%
14	Ministry of Works	134,091,266	89,453,769	74,754,291	73,305,788	105,932,100	93,216,109	155,932,100	91,847,704	73.89%	0.66%
15	Min. of Diaspora Affairs, Indigenous Arkwork, Culture & Tour	0	4,986,871	57,200,050	57,199,743	49,986,871	67,306,748	65,770,965	65,488,400	112.73%	0.24%
16	Ministry of Economic Planning and Budget	160,732,953	116,052,482	120,053,204	118,609,505	126,979,032	134,614,762	128,480,231	108,731,232	89.14%	0.75%
17	Ministry of Housing and Urban Development	78,046,610	47,010,353	53,378,393	52,130,548	61,656,822	60,357,377	61,656,822	53,166,329	83.48%	0.36%
18	Ministry of Lands, Physical Planning & Rural Development	212,051,158	148,100,171	126,991,005	126,948,995	167,520,415	148,147,038	175,352,525	145,969,001	83.47%	0.96%
19	Ministry of Power & Domestic Water Development	193,615,713	134,440,797	149,556,618	149,338,054	132,956,413	174,878,802	152,965,425	152,965,425	97.22%	0.89%
20	Judicial Service Commission	1,979,036,149	1,925,089,030	2,002,956,948	2,001,297,219	1,563,438,558	2,648,291,226	1,663,271,635	55,199,381	91.97%	10.15%
21	Ministry of Justice	230,050,683	195,137,185	194,092,240	190,501,968	181,740,040	271,112,049	181,740,040	2,404,267,233	388.64%	1.11%
22	Awka Capital Territory Development Authority - ACTDA	0	0	0	0	0	0	0	0	0.00%	0.00%
23	Ministry of Youths, Entrepreneurship & Sport Development	114,912,048	76,843,165	69,593,492	68,747,744	90,780,517	86,965,979	95,870,753	87,567,715	86.25%	0.52%
24	Ministry of Social Welfare, Children & Women Affairs	86,865,063	53,462,861	51,451,980	49,240,027	68,623,400	63,008,907	68,623,400	63,936,290	83.34%	0.39%
25	Ministry of Basic Education	7,457,697,505	5,534,333,421	5,022,000,519	5,018,025,629	4,164,998,966	6,478,233,729	5,685,260,024	4,946,194,845	98.42%	31.44%
26	Ministry of Health	2,032,584,381	1,424,645,120	1,379,859,000	1,377,443,236	2,557,449,656	1,713,280,934	2,557,449,656	2,378,064,349	80.84%	12.01%
27	Ministry of Environment	109,484,955	101,293,114	70,088,275	68,885,862	86,493,115	78,130,319	86,493,115	81,614,755	93.58%	0.50%
28	Ministry of Local Government	29,060,283	19,751,861	22,957,623	21,125,164	24,957,623	25,136,579	24,957,623	23,639,689	87.95%	0.14%
29	Ministry of Tertiary and Science Education	74,251,170	45,000,001	73,317,996	41,795,076	58,658,423	0	85,658,342	0	29.74%	0.41%
30	Ministry of Mineral Resources, Science & Technology	0	44,750,655	0	0	0	58,582,990	0	0	0.00%	0.00%
31	Ministry of Home Land Affairs	0	0	0	0	0	0	0	0	0.00%	0.00%
32	Ministry of Petroleum & Mineral Resources	0	0	0	0	0	0	0	0	0.00%	0.00%

Table 9 - Historical Overhead Expenditure (Budget and Actual) by Main Organisation

Overhead Expenditure by Sector												
No.	Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
1	Office of the Executive Governor	17,477,044,340	17,061,450,380	13,093,813,723	11,942,774,091	16,965,849,669	15,956,398,392	16,804,756,186	13,537,835,021	90.92%	70.20%	69.99%
2	Office of the Secretary to the State Government	522,500,000	536,905,631	385,899,610	374,308,900	547,817,245	390,113,988	553,817,245	401,784,735	84.73%	2.19%	2.04%
3	Anambra State House of Assembly	904,642,000	596,971,340	484,274,805	479,812,755	959,899,280	461,637,096	1,517,900,000	1,052,143,513	67.00%	4.22%	3.10%
4	Ministry of Information and Communication Strategy	773,432,750	597,817,006	571,520,924	543,794,553	635,306,010	491,197,363	635,306,010	548,542,815	83.40%	2.85%	2.61%
5	Office of the Head of Service	139,740,760	20,758,962	38,873,143	22,771,579	14,400,000	14,719,305	14,400,000	13,757,892	34.72%	0.23%	0.09%
6	Office of the Auditor General (State)	10,411,500	6,598,035	9,585,660	6,577,278	10,500,000	6,302,701	10,500,000	6,303,999	62.89%	0.04%	0.03%
7	Civil Service Commission	15,573,800	11,861,360	11,361,192	8,342,290	13,000,000	12,159,406	13,000,000	11,045,598	82.00%	0.06%	0.05%
8	Anambra State Independent Electoral Commission	18,655,997	17,437,898	15,671,037	14,330,058	15,671,037	15,202,846	15,671,037	14,916,273	94.24%	0.07%	0.07%
9	Local Government Civil Service Commission	0	0	0	0	0	0	0	3,862,873	0.00%	0.00%	0.00%
10	Ministry of Agriculture	46,009,000	111,720,793	82,269,804	74,085,983	44,285,600	23,456,796	48,285,600	16,602,970	102.27%	0.24%	0.27%
11	Ministry of Finance	114,643,174	557,673,659	579,930,963	579,038,382	101,693,763	518,162,560	101,693,763	170,657,813	203.30%	0.98%	2.18%
12	Ministry of Trade and Commerce	15,229,375	12,422,792	13,807,167	12,026,432	18,500,000	12,000,347	18,500,000	11,972,828	73.33%	0.07%	0.06%
13	Ministry of Transport	187,858,221	129,638,429	25,071,955	24,572,721	130,108,613	23,682,400	161,500,000	23,167,531	39.85%	0.55%	0.24%
14	Ministry of Works	12,043,106	23,494,620	16,119,207	16,053,783	12,850,000	11,006,873	12,850,000	11,298,691	114.84%	0.06%	0.07%
15	Min. of Diaspora Affairs, Indigenous Arkwork, Culture & Tour	6,691,301	15,819,096	5,620,693	5,524,413	6,000,000	5,971,823	6,000,000	5,275,181	134.05%	0.03%	0.04%
16	Ministry of Economic Planning and Budget	39,904,579	9,885,954	15,722,757	9,669,701	17,443,841	9,620,575	17,443,841	9,354,353	42.57%	0.10%	0.05%
17	Ministry of Housing and Urban Development	13,288,174	4,571,404	15,211,400	14,542,282	16,000,000	14,833,633	18,000,000	5,504,431	63.12%	0.07%	0.05%
18	Ministry of Lands, Physical Planning & Rural Development	187,000,000	6,007,162	332,022,400	319,315,701	216,000,000	214,202,226	225,000,000	222,323,779	79.36%	1.05%	0.91%
19	Ministry of Power & Domestic Water Development	20,546,625	14,083,913	19,488,107	15,538,039	19,499,035	8,282,319	19,499,035	15,140,063	67.12%	0.09%	0.06%
20	Judicial Service Commission	179,246,010	220,421,546	150,992,297	147,411,302	184,200,000	145,008,281	189,200,000	3,283,828	73.35%	0.77%	0.62%
21	Ministry of Justice	62,098,616	6,000,000	8,215,977	6,782,000	18,850,000	14,547,536	18,850,000	146,328,291	160.77%	0.12%	0.21%
22	Awka Capital Territory Development Authority - ACTDA	71,610,000	21,000,000	3,413,625	0	60,200,000	2,282	60,200,000	0	10.75%	0.21%	0.03%
23	Ministry of Youths, Entrepreneurship & Sport Development	12,526,575	92,833,170	91,476,650	85,403,019	39,326,100	51,511,212	39,326,100	32,063,570	143.34%	0.20%	0.31%
24	Ministry of Social Welfare, Children & Women Affairs	11,850,300	45,931,363	23,119,952	4,969,110	13,300,000	3,502,515	13,300,000	4,141,223	95.09%	0.07%	0.07%
25	Ministry of Basic Education	317,289,956	409,547,316	517,603,180	342,146,776	361,674,954	231,809,289	362,934,954	208,750,336	76.45%	1.70%	1.43%
26	Ministry of Health	1,429,378,420	898,649,934	1,708,335,336	1,658,073,358	907,945,306	1,921,050,162	1,198,709,563	1,007,194,909	104.59%	5.72%	6.56%
27	Ministry of Environment	12,550,000	152,354,247	114,099,450	113,350,440	143,000,000	156,768,776	188,000,000	96,488,697	113.40%	0.50%	0.62%
28	Ministry of Local Government	3,811,500	2,991,954	4,041,660	3,000,080	6,000,000	2,750,028	6,000,000	2,750,012	57.89%	0.02%	0.01%
29	Ministry of Tertiary and Science Education	2,529,101,417	1,963,613,286	1,531,708,700	1,520,028,948	1,392,540,000	1,718,296,244	1,512,000,000	1,662,003,000	98.54%	7.60%	8.21%
30	Ministry of Mineral Resources, Science & Technology	0	2,181,552	0	0	0	5,035,495	0	0	0.00%	0.00%	0.01%
31	Ministry of Home Land Affairs	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
32	Ministry of Petroleum & Mineral Resources	0	0	0	0	0	0	0	4,130,822	0.00%	0.00%	0.00%

Table 10 - Historical Capital Expenditure (Budget and Actual) by Main Organisation

Capital Expenditure by Sector												
No.	Sector	2019	2019	2020	2020	2021	2021	2022	2022	Performance	Average Budget	Average Actual
		2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual			
1	Office of the Executive Governor	14,612,751,582	8,981,348,631	6,330,632,999	5,653,709,749	9,057,119,728	5,024,485,189	5,819,914,506	4,525,488,403	67.52%	11.00%	10.22%
1	Office of the Secretary to the State Government	979,000,000	931,052,195	728,668,136	720,167,746	1,329,500,000	960,871,410	1,654,000,000	1,045,288,006	77.96%	1.44%	1.55%
1	Anambra State House of Assembly	3,103,200,000	1,365,816,945	1,779,740,000	1,434,039,998	2,098,900,000	1,059,170,000	6,085,300,000	1,302,356,050	39.50%	4.01%	2.18%
1	Ministry of Information and Communication Strategy	804,740,000	217,133,600	90,249,850	90,249,850	690,000,000	129,331,094	942,618,075	219,110,308	25.95%	0.78%	0.28%
1	Office of the Head of Service	706,000,000	25,082,125	168,612,366	68,612,266	509,230,000	57,610,000	654,104,400	209,132,299	17.69%	0.63%	0.15%
1	Office of the Auditor General (State)	160,420,000	13,418,080	13,232,700	13,232,500	64,920,000	5,583,500	95,200,000	32,138,325	19.29%	0.10%	0.03%
1	Civil Service Commission	66,499,000	17,771,000	0	0	65,000,000	1,850,000	58,053,025	2,199,820	11.51%	0.06%	0.01%
1	Anambra State Independent Electoral Commission	469,500,000	0	0	0	345,607,000	0	308,669,723	0	0.00%	0.35%	0.00%
1	Ministry of Agriculture	3,162,734,000	411,034,018	1,035,589,396	389,641,267	2,542,607,129	524,870,298	2,278,707,129	918,296,589	24.88%	2.77%	0.95%
1	Ministry of Finance	1,766,000,000	326,853,757	527,617,514	438,867,017	1,829,500,000	894,962,737	2,966,857,089	1,723,062,580	47.73%	2.18%	1.43%
1	Ministry of Trade and Commerce	1,367,000,000	30,239,851	645,461,300	645,461,243	880,000,000	174,348,532	1,785,948,639	50,447,259	19.25%	1.44%	0.38%
1	Ministry of Transport	685,428,000	83,961,320	72,420,100	72,419,550	787,392,000	94,410,562	1,165,550,000	129,475,146	14.03%	0.83%	0.16%
1	Ministry of Works	21,904,128,614	20,498,285,095	37,624,850,470	37,519,849,658	37,804,678,896	29,188,073,057	22,015,248,526	46,035,452,879	111.64%	36.66%	56.32%
1	Min. of Diaspora Affairs, Indigenous Arkwork, Culture & Tour	410,017,811	73,686,577	32,517,525	32,517,425	303,380,000	29,932,341	270,955,789	475,781,756	60.18%	0.31%	0.26%
1	Ministry of Economic Planning and Budget	2,364,500,000	1,391,908,161	103,326,003	103,325,903	1,589,400,000	61,842,170	2,496,000,000	1,137,231,017	41.11%	2.01%	1.14%
1	Ministry of Housing and Urban Development	2,696,000,000	882,063,960	1,876,537,098	1,865,812,533	1,570,000,000	3,417,316,327	3,502,203,846	2,105,138,546	85.75%	2.96%	3.50%
1	Ministry of Lands, Physical Planning & Rural Development	2,128,444,996	131,793,231	179,953,836	179,953,702	1,192,050,000	243,971,441	1,508,480,666	1,029,041,109	31.64%	1.54%	0.67%
1	Ministry of Power & Domestic Water Development	4,423,500,000	2,993,586,539	2,872,079,044	2,696,738,878	3,071,000,000	2,718,210,294	3,872,782,174	1,075,689,282	66.61%	4.37%	4.01%
1	Judicial Service Commission	789,600,000	394,809,621	376,919,972	376,919,226	655,100,000	536,350,275	3,364,954,645	16,103,050	25.53%	1.59%	0.56%
1	Ministry of Justice	1,170,661,970	764,262,315	773,867,400	679,241,905	709,546,000	1,078,908,206	739,212,185	1,759,672,892	126.19%	1.04%	1.81%
1	Ministry of Youths, Entrepreneurship & Sport Development	1,277,000,000	460,868,520	1,036,470,988	980,729,876	1,588,000,000	1,472,186,956	2,058,750,000	369,165,125	55.08%	1.83%	1.39%
1	Ministry of Social Welfare, Children & Women Affairs	720,000,000	407,830,800	429,910,751	429,910,051	765,000,000	452,953,764	726,000,000	112,440,000	53.13%	0.81%	0.59%
1	Ministry of Basic Education	5,568,500,000	3,248,190,384	2,824,404,088	2,790,822,906	3,796,380,000	2,769,544,912	3,338,402,223	651,999,750	60.93%	4.77%	4.00%
1	Ministry of Health	8,906,335,000	1,277,727,891	1,878,744,709	1,792,923,238	6,710,600,000	2,219,820,542	5,885,260,000	897,644,904	26.47%	7.18%	2.62%
1	Ministry of Environment	3,948,109,390	2,132,624,030	3,162,566,250	3,140,133,859	3,345,100,000	2,975,053,893	3,812,183,355	165,013,002	58.96%	4.38%	3.56%
1	Ministry of Local Government	2,866,500,000	2,372,408,470	1,060,671,500	1,053,671,427	1,187,540,000	1,316,883,786	1,560,619,000	135,542,745	73.08%	2.05%	2.06%
1	Ministry of Tertiary and Science Education	4,778,064,665	78,995,550	181,753,267	65,392,700	2,398,243,600	169,707,050	2,088,634,858	143,459,451	4.84%	2.90%	0.19%
1	Ministry of Home Land Affairs	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
1	Ministry of Petroleum & Mineral Resources	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%

Table 10.1 - Summary of Half-Year Performance 2023

	BUDGET	ACTUAL	BUDGET	BUDGET	HALF YEAR ACTUAL	HALF YR PERF %
ITEM	2022	2022	2023	2023 (H1-2023)	2023	
Statutory Revenue	41,952,568,205	37,745,435,640	41,638,208,035	20,819,104,018	18,217,290,489	87.50
Value Added Tax	19,865,745,300	30,134,487,953	35,457,702,659	17,728,851,330	16,897,521,490	95.31
Internally Generated Revenue	40,369,799,963	29,125,772,544	48,038,436,204	24,019,218,102	13,057,897,510	54.36
Grants	29,431,000,000	4,314,400,094	11,431,000,000	5,715,500,000	2,887,501,427	50.52
Other Receipts	3,997,590,619	16,499,967,662	24,344,080,316	12,172,040,158	25,385,211,423	208.55
Total Revenue	135,616,704,087	117,820,063,893	160,909,427,214	80,454,713,607	76,445,422,338	95.02
Recurrent Expenditure				-		
Personnel	18,808,606,597	14,974,067,495	22,348,283,272	11,174,141,636	9,415,375,348	84.26
Overhead	23,782,643,334	19,248,625,045	27,420,846,366	13,710,423,183	2,315,489,883	16.89
Social Benefits	11,956,093,684	11,258,942,304	14,500,000,000	7,250,000,000	2,764,117,333	38.13
Loan repayment (External & Internal)	3,452,502,686	6,208,357,057	16,717,136,483	8,358,568,242	1,437,929,523	17.20
CRF-Charges	2,914,913,630	3,454,415,188	14,490,196,752	7,245,098,376	2,085,000,964	28.78
Total Recurrent Expenditure	60,914,759,931	55,144,407,089	95,476,462,873	47,738,231,437	18,017,913,050	37.74
Capital Expenditure by Sector				-		
Administrative	15,888,815,518	7,811,494,967	19,533,104,826	9,766,552,413	2,009,704,803	20.58
Economic	74,788,906,186	54,203,834,407	109,896,185,129	54,948,092,565	18,661,778,478	33.96
Justice	2,503,384,470	1,775,775,942	3,968,780,000	1,984,390,000	226,852,000	11.43
Social	17,565,309,426	2,475,264,978	31,063,589,077	15,531,794,539	1,294,132,721	8.33
Total Capital	110,746,415,600	66,266,370,295	164,461,659,032	82,230,829,516	22,192,468,002	26.99

121. In 2014, Anambra State adopted the National Chart of Accounts (NCOA), particularly the administrative segment that provided 5 (five) sectors of administration, law & justice, economic and social as well as a list of main organizations, sub-organizations, sub-sub-organizations, and sub-sub-sub-organizations. Over the years, capital budgets were prepared in line with the requirements of the administrative segment of the NCOA. The 2013-202 financial statements were prepared in line with the International Public Sector Accounting Standards (IPSAS) cash basis adopting the NCOA.
122. The Economic sector had the highest combined budgeted and actual capital expenditure from 2020-2023 with 257.55 billion. The Social sector has the second highest combined budgeted actual capital expenditure with 52.39 billion while the Administrative and Law & Justice sectors had 45.24 billion and 8.47 billion respectively. In respect of the main organizations, the Ministry of Works accounts for major of the combined budgeted and actual capital expenditure from 2022-2023 with 135.04billion followed by the Office of the Executive Governor with 24.42billion. The trend for 2022-2023 was consistent with the trend for 2021-2022 where infrastructure and Social were first and second in terms of both budgeted and actual capital expenditure
123. Ministry of Works (Infrastructure) capital expenditure was the highest of all main organizations and increased significantly over the period observed. The Office of the Executive Governor also increased significantly over the period

2.B.2 Debt Position

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

Table 11 - Debt Position as of 31st December 2022

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2022
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	269.79%
2	Total External Debt/Gross FAAC	150%	55.19%
3	Total Public Debt/Total Recurrent Revenue	150%	110.26%
4	Total Public Debt/State GDP Ratio	25%	2655.97%
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	18.79%
6	External Debt Service/Gross FAAC	10%	0.87%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	2.35%
8	Total Debt Service/Total Recurrent Revenue	25%	5.47%
B	PUBLIC DEBT DATA AS AT 31st DECEMBER 2022		Naira
1	Total Domestic Debt		78,578,626,862
2	Total External Debt		46,570,446,907
3	Total Public Debt		125,149,073,769
4	Total Domestic Debt Service 2022		5,473,532,861
5	Total External Debt Service in 2022		734,824,196
6	Total Public Debt Service		6,208,357,057
C	STATE GDP FOR 2022		

1	State GDP		4,712,000,000
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125. Anambra State has relatively low debt levels with a total debt stock of N125.15 billion as of 31st December 2022. Debt servicing costs are at N6.208 billion for 2022. This means that ANSG is well within most of the debt sustainability thresholds at 5.47%.
126. The only exception is the ratio of Domestic Debt Service to IGR which is 18.79% (i.e., 3.97% above the recommended threshold).
127. Anambra State Public Debt Service performance against budget has been good with 58.4%, and 74.26% for 2017-2018 though it dropped to 39.7% in 2019 but picked up again in 2020, 2021, and 2022.

Section 3 Fiscal Strategy Paper

3.A Macroeconomic Framework

Table 12 - Macroeconomic framework based on the national assumptions & benchmarks for 2024– 2026

	2022 Actual	2023 Estimate	2024	2025	2026
Inflation Assumption	21.34%	17.16%	21.40	20.30	18.60
National Real GDP Growth	3.10%	3.75%	3.76	4.22	4.78
Oil Production Benchmark (mbpd)	1.5	1.69	1.73	1.67	1.58
Oil Price Benchmark (USD)	65	70	74.0	73.8	69.9
NGN-USD Exchange Rate (NGN)	650	435.57	660.84	665.61	669.79

128. The Macro-economic framework was forecast based on current indices, and anticipated turnaround in the economy due to changes in government and policies (like removal of Fuel Subsidy, expected judgment on VAT collection, and NNPC Limited remittance)

Table 13 - The ANSG three-year fiscal framework for the period 2024-2026

Fiscal Framework				
Item	2023	2024	2025	2026
Opening Balance	43,184,849,905.00	30,174,967,211		
Recurrent Revenue				
Statutory Allocation	41,638,209,035	68,695,839,497	75,565,423,447	80,855,003,088
Derivation	10,123,746,516	8,019,130,302	8,821,043,332	9,438,516,366
VAT	35,457,702,659	58,499,074,907	64,348,982,398	68,853,411,166
IGR	48,038,436,304	50,068,484,221	55,444,668,853	60,989,424,501
Excess Crude / Other Revenue	14,220,332,800	23,461,090,533	25,807,199,586	27,613,703,557
Total Recurrent Revenue	149,478,427,314	208,743,619,460	229,987,317,616	247,750,058,678
Fiscal Item	2023	2024	2025	2026
Recurrent Expenditure				
Personnel Costs	22,348,283,272	29,149,952,467	30,898,949,615	32,752,886,592
Social Contribution and Social Benefit	14,500,000,000	16,029,461,649	16,991,229,348	18,010,703,109
Overheads	27,420,846,366	36,792,522,630	39,000,073,988	41,340,078,427

Grants, Contributions and Subsidies	14,490,196,752	3,000,000,000	3,180,000,000	3,370,800,000
Public Debt Service	16,717,136,483	11,230,000,000.00	11,903,800,000.00	12,618,028,000.00
Total	95,476,462,873	96,201,936,746	101,974,052,951	108,092,496,128
Transfer to Capital Account	97,186,814,346	142,716,649,925	128,013,264,665	139,657,562,550
Capital Receipts				
Grants	6,431,000,000	9,531,000,000	9,531,000,000	9,531,000,000
Other Capital Receipts	-			
Total Capital Receipt	6,431,000,000	9,531,000,000	9,531,000,000	9,531,000,000
Reserves				
Contingency Reserve				
Total Reserves				
Capital Expenditure	164,461,659,032	313,930,288,526	345,927,506,129	370,563,909,058
Discretionary Funds	158,030,659,032	304,399,288,526	336,396,506,129	361,032,909,058
Non-Discretionary Funds	6,431,000,000	9,531,000,000	9,531,000,000	9,531,000,000
Financing (Loans)	-109,028,694,591	-120,840,513,618	-208,383,241,463	-221,375,346,507
Total Inflows (Including Opening Balance)	308,122,971,810	369,290,100,289	447,901,559,079	478,656,405,185
Total Expenditure (including Contingency Reserve)	259,938,121,905	410,132,225,272	447,901,559,080	478,656,405,186

129. The Budget for 2024 will be prepared using the Realistic Estimate. However, if any change arises, the Executive will submit a revised budget during the year to maximize the opportunity.
130. **Statutory Allocation** - This assumes that the subsidy on PMS (amounting to N6.72 trillion) will no longer be provided for by the Federation in 2024. The revenue will be shared amongst the state while keeping a chunk of it as savings. The Statutory Revenue using national assumptions is estimated at N68.7bn which is a 65.10% increase from N.41.6bn estimated in 2023 and a 15.0% decline from 2022 actual of N37.7bn.
131. **Derivation** - Derivation - The projection for derivation is based on the 2022 Actual of N4.04b as the state is yet to record any receipt as of half year 2023. We projected a 50% increase from the 2022 Actual giving N8.0b for 2024. The 13% derivation fund is the amount set aside for a share of oil production derivable from the State.
132. **VAT** - The estimate for VAT is based on external factors. The is estimated at N58.5bn for 2024.
133. **Other Federation Account Revenues**– Other Federation Account Revenues– An estimate of N23.5 billion was used for 2024 which is a 76.5 % increase from the 2023 Half-year report of N8.1 billion. This is only for other refunds that may likely accrue in 2024 and beyond.

134. **Internally Generated Revenue (IGR)** – The IGR projections were set at their values of N50.4billion for 2024. This was a 5% increase from the 2023 budget and a half-year report of N20.3 billion. These optimistic IGR projections are in line with the current revenue drive by the Anambra State Internal Revenue Service by blocking loopholes using digital platforms for payments of IGR.
135. **Grants** – Over the forecast period, modest amounts have been projected for grants based on the level of a grant received in the past. The estimated amount for 2023, 2024, and 2025 is N9.5 billion respectively.
136. **Other Capital Receipts-** We are been conservative and transparent by assuming no capital receipts during this projection period.
137. **Financing**– Financing is estimated to be N129.5 billion for the year under consideration. This will comprise (both internal and external) grants and loans, to be sourced from Government Fund Raising Activities and other programs.
138. **Personnel** – We have assumed a modest increase in the wage bill by 31% to N29.1billion for 2024 through 2026 based on the 2023 half-year performance report of N9.8 billion representing a 15% increase. This increase is expected to accommodate promotions and possible new recruitment, allowances to cushion the effect of fuel subsidy removal.
139. **Social Benefits and Social Contributions** - The projection for 2024, 2025, and 2026 is N16.0bn, N16.9bn, and N18.0bn respectively. The projection considered the trend of actual expenditure for social benefit and contribution using a 4-year moving average.
140. **Overheads** –A modest increase of 33% from a year has been assumed for overheads, reflecting the Government's intention to improve the efficiency of running its operations taking cognizance of persistent inflation and high cost of living.
141. **Grants, Contributions, Subsidies, and Transfers** - The Grant, Contributions, Subsidies, and Transfers Includes Consolidated Revenue Fund Charge (excluding pension gratuity and public debt charges) and Below the Line (BTL) Charges
142. **Capital Expenditure-** The capital projects will be guided by priority projects to be submitted by MDAs on 20 October 2023

3.B Fiscal Strategy and Assumptions

Objectives and Targets

143. The key targets from a fiscal perspective are:
 - Prudent & Transparent Fiscal Management – Doing more with less
 - Mobilization of private capital
 - Mainstreaming Citizen/Community ownership of development (Communities, foundations, individuals, diaspora e.g., adopt a school programme, Neni model, etc.
 - Strategic Partnerships – International Development Partners, Federal Government, Regional Integration, etc.
 - Exploring alternative strategies for effectively increasing IGR - plug all leakages in the revenue collection system;
 - Effective implementation of plans,
 - Effective monitoring and evaluation
 - Adherence to the Fiscal Responsibility Law.

3.C Fiscal Risks

144. The analysis and forecasting basis as laid out above implies some fiscal risks. The main fiscal risks and associated mitigation measures are presented below.

Table 14 - Fiscal Risks

145.

Risk	Likelihood	Reaction
The insecurity situation causes a lack of confidence in investors, inconsistent policy on investment, and lack of political will, The COVID-19 Pandemic ravaging the country, investors, and the globe could affect economic activities and oil production, resulting in risk to VAT and Statutory Allocation	High	The estimates for VAT and Statutory are not overly ambitious considering the recent economic realities that affected the Economic activity of the world. In addition, clear prioritization of projects in the capital budget needs to be undertaken. Increased IGR effort to decrease reliance on federal transfers, seeking alternative means of funding, (Grants, public partnerships, etc.), and promoting ease of doing business is paramount.
Security risks in Anambra State from kidnapping, cultism, and other crime that could depress economic activities and hence IGR, and result in increased security/judicial costs	High	The administration's efforts to curtail kidnapping and other criminal activities appear to be taking effect, so it is anticipated that risk will eventually be fully mitigated
Erosion and flooding during the rainy season disrupt agriculture, and travel destroys farmlands and displaces affected individuals. All resulting in risk to state economic activity and hence IGR, and the need for expenditure from the contingency reserve	Medium	Focus expenditure on projects that tackle climate resilience (e.g., the World Bank National Erosion and Watershed Management Project, State Emergency Management Agency), the inclusion of a sufficient contingency reserve to provide finances for disaster/emergency recovery.
Mismanagement and inefficient use of financial resources	Medium	Adherence to existing and new institutional and legal/regulatory frameworks that will require more transparent and efficient use of financial resources.

Section 4 Budget Policy Statement

4.A Budget Policy Thrust

146. ANSG's Policy Statement is based on its Strategic Economic Transformation Plan, which is anchored on a Vision and five development Pillars.
147. The State Vision is "To build a liveable and prosperous smart megacity" (A preferred place to live, learn, invest, work, relax and enjoy)
148. The expenditure of the present administration is governed by:
 - Security of life and property; and Maintaining Law and Order.
 - Transforming Anambra State into a formal, productive, and competitive economy underpinned by rapid industrialization, Agriculture, commerce, entertainment/leisure, creative industry, technology and innovation, solid mineral, oil, and gas from the dominantly informal commercial State;
 - Improve the infrastructural status of the state; Road, transportation, ICT, etc;
 - Developing Human Capital that is productive at home and exportable abroad
 - Transforming public service, the justice system, and mainstreaming the Ndi Anambra's value system
 - Tackling our existential threat; toward clean, green, planned, and sustainable cities, communities, and markets

4.A.1 Budget Policy Thrust

149. This is aimed at streamlining sectoral programmes and projects within the framework of the medium-term plan. Each sector and sub-sector has a critical need, the fulfillment of which will move the State to the next level in terms of socio-economic development. The various competing needs of different sectors should, for reasons of acute resource constraints, be prioritized and the programmes and projects necessary to address them properly sequenced in line with the Medium-Term Expenditure Framework (MTEF). Specifically, the 2024 budget will focus on:
 - a. **Resource Planning and data optimization:** In the 2024-2026 medium-term period, the State has a 50-year Development Plan, Combined Transition Report, and Manifesto that could form the basis for the update required. To ensure that the Plan is reflective of the current realities, the State will align the MTEF to the Budget Framework alongside the 50-Year Development Plan, and the Combined Transition Report and finalize the 2023-2025 medium-term sector strategies across key MDAs.
 - b. **Economic Transformation and Empowerment:** There is a renewed focus on transforming Anambra's economy by investing heavily in transport & power infrastructure; security, law & order; and strategic sectoral investments (leisure /entertainment parks, tech infrastructure water resources & urban regeneration). The social agenda will cover investments in Health, Education, Youth Empowerment, and Social Protection. These will create sustainable and inclusive wealth-creation opportunities in the State.
 - c. **Strategic Collaborations:** This State is focused on renewing and building stronger ties with Federal MDAs and key development partners (such as the World Bank, European Union, the United Nations System, etc.) to jointly intervene in Social Investments, Works and infrastructure, Education, Healthcare and Environment sectors of our economy. These renewed collaborations will support the implementation of people-oriented programs in line with the state development agenda. To ensure the sustainability of these collaborations,

there has been an alignment of the work plans of the State's development partners to the State's Development Plan.

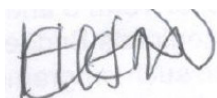
- d. **Development partnership coordination:** This has been strengthened to ensure that donor-assisted projects fully align with the strategic priorities of the state. The State has also created a portfolio coordination office specifically to sustain our performance in World Bank-assisted projects and programmes in the State.
- e. **Community Partnership:** Mainstreaming Citizen/Community ownership of development (Communities, foundations, individuals, diaspora e.g., adopt a school programme, Neni model, etc. The State will develop a template for minimum standards in community governance development.
- f. **Maximizing the use of data in planning:** We intend to leverage technology to achieve this transformation.
- g. **Increased Internally Generated Revenue:** The State is focused on ensuring improved fiscal sustainability and intends to achieve this by increasing Internally Generated Revenue. Structures have been put in place to improve revenue by carrying out and harmonizing enumerations across all revenue-generating agencies. Automation and enforcement will also play major roles in ensuring that revenue generation is increased systematically and significantly.

150. These should guide the allocation of capital expenditure over the period 2024-2026.

Section 5 Key Points and Recommendations

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

- I. The Fiscal Framework in this document was elaborated at a point in time using the latest available information. However, circumstances impacting the fiscal estimates (inflation, oil production benchmark, exchange rate, and oil theft) are dynamic and can be significant. It is worthy of note, that the recent Federal Government commitment to recover funds from various sources such as the Nigerian National Petroleum Commission (NNPC) now Limited and Custom and Exercise Duty could yield substantial additional resources to States. In light of this, it is recommended to keep the Fiscal Framework under review and to adjust the revenue projections if significant additional resources seem visible.
- II. To ensure improved accountability of government assets, the following offices will capture the needs of MDAs in the 2024 Budget with copies of such requests sent to the Ministry of Budget and Economic Planning:
 - Vehicles – SSG's office
 - Counterpart Funds – Budget & Economic Planning
 - Utilities (Power, water) – Ministry of Power & Water Resources
 - Infrastructure – Ministry of Works and Infrastructure
 - Buildings – Ministry of Housing
 - Road Construction – Ministry of Works
 - ICT Hardware and Software – ICT Agency
 - Primary Research (Field Study) – Bureau of Statistics
 - Review and overhaul of budget lines for clarity, and consistency – codes and description
 - No Budget envelope for MDAs. The budget will be guided by priority projects
 - Automation of Budget and Warranting: MDAs to send names, official emails, and phone numbers of (Commissioners/Heads of Parastatals, Permanent Secretaries, PRS, Accountants, and Admin staff) for access rights to the Budget Automation portal.
 - Assigning of new codes (Organisational Codes/Revenue) should be routed through the Ministry of Budget and Economic Planning



Prepared By:

Chiamaka Nnake

Commissioner for Budget & Economic Planning

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