



**2024-2026**  
**MEDIUM TERM EXPENDITURE  
FRAMEWORK AND FISCAL  
STRATEGY PAPER**

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**2024-2026**  
**MTEF & FSP**  
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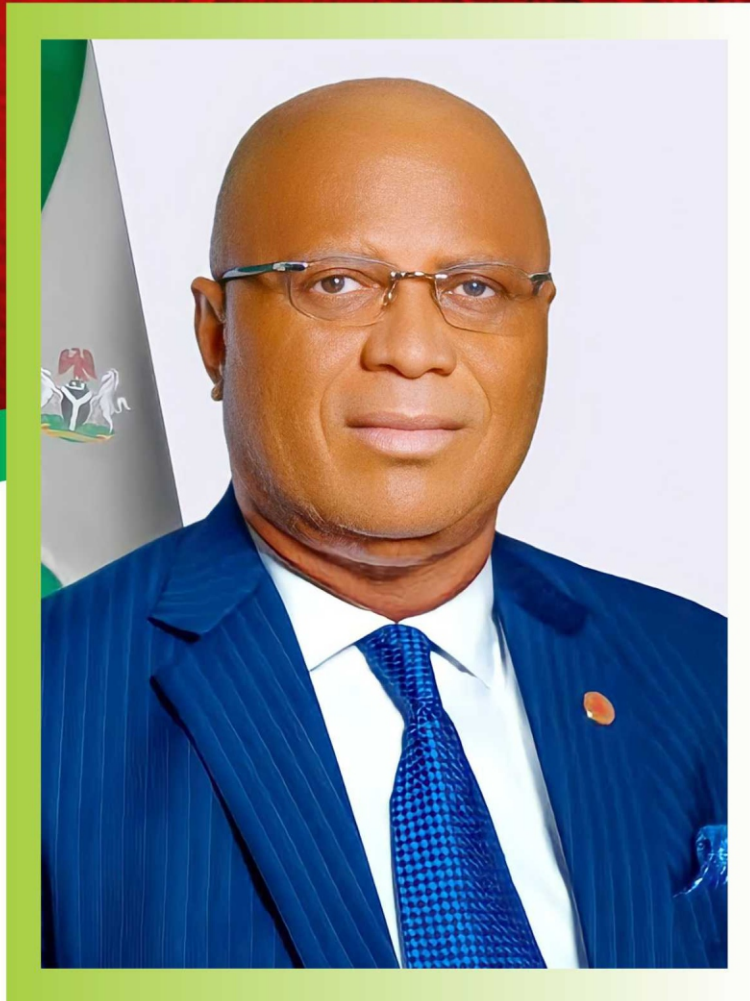
# List of Acronyms

<b>ACRONYMS</b>	<b>DESCRIPTION</b>
MTEF	- Medium Term Expenditure Framework
FSP	- Fiscal Strategy Paper
GDP	- Gross Domestic Product
Covid-19	- Corona virus Disease 2019
PFM	- Public Finance Management
CRF	- Consolidated Revenue Fund
SHoA	- State House of Assembly
EXCO	- Akwa Ibom State Executive Council
AKIRS	- Akwa Ibom State Internal Revenue Service
DMO	- Debt Management Office
FRA	- Fiscal Responsibility Agency
BPP	- Bureau of Public Procurement
MDAs	- Ministries, Department and Agencies
OAG	- Office of the Accountant-General
JTB	- Joint Tax Board
EFU	- Economic and Fiscal Update
BPS	- Budget Policy Statement
MTSS	- Medium Term Sector Strategy
Q1, Q2, Q3, Q4	- First Quarter, Second Quarter, Third Quarter, Fourth Quarter
MED	- Ministry of Economic Development
NAFEX	- Nigerian Autonomous Foreign Exchange
CBN	- Central Bank of Nigeria

YOY	- Year on Year
VAT	- Value Added Tax
FGN	- Federal Government of Nigeria
PAYE	- Pay As You Earn
NEITI	- Nigerian Extractive Industries Transparency Initiative
FAAC	- Federation Account Allocation Committed
IGR	- Internally Generated Revenue
BIR	- Board of Internal Revenue
MBPD	- Million Barrels Per Day
SFTAS	- State Fiscal Transparency, Accountability and Sustainability
UNICEF	- United Nations Children's Fund
USAID	- United State Agency for International Development
UNDP	- United Nations Development Programme
NEWMAP	- Nigerian Erosion and Watershed Management Project
RAMP	- Rural Access and Mobility Project
ANRIN	- Accelerating Nutrition Results in Nigeria
FIRS	- Federal Inland Revenue Service
PPP	- Public Private Partnership
SMEs	- Small and Medium Scale Enterprises
SDGs	- Sustainable Development Goals
NNPC	- Nigerian National Petroleum Corporation
IPOB	- Indigenous People of Biafra
NPC	- National Planning Commission
GOEs	- Government Owned Enterprises



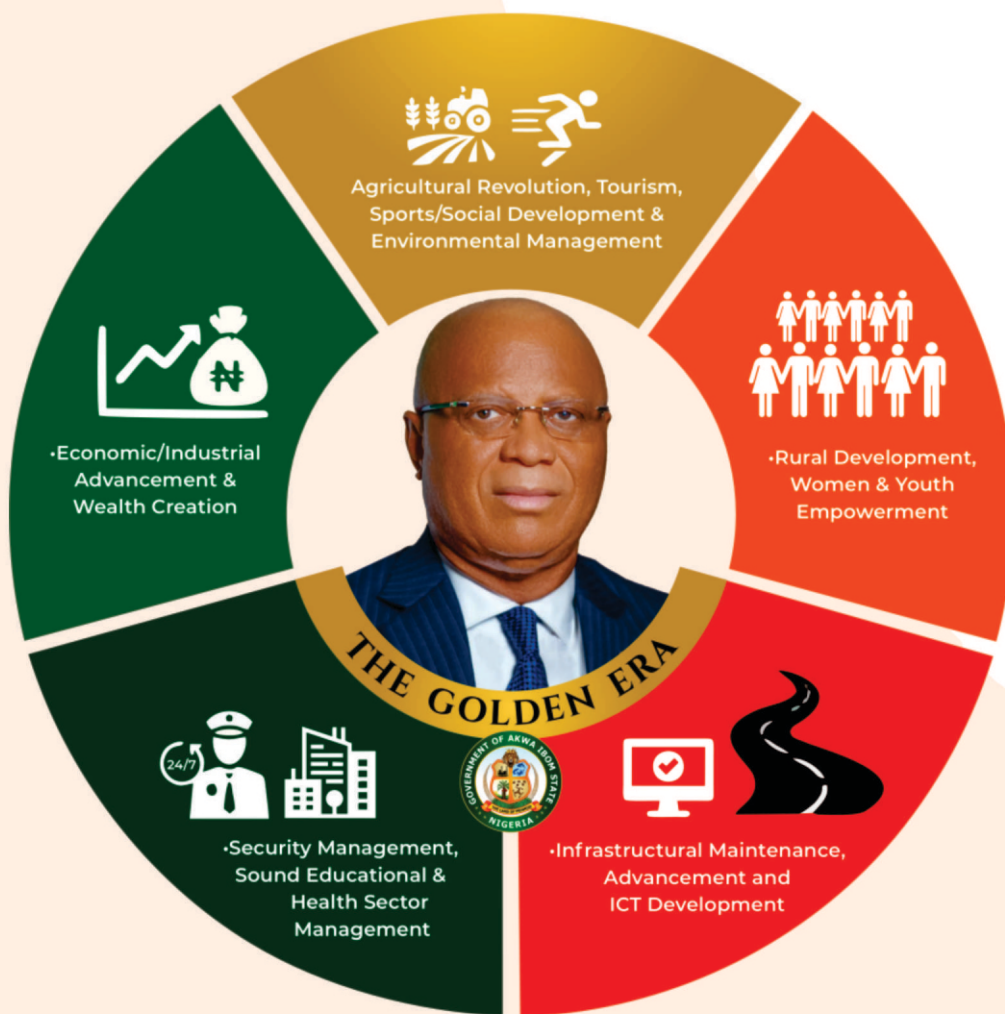
*Dedicated to*



*His Excellency*  
**PASTOR UMO BASSEY ENO**  
*Executive Governor of Akwa Ibom State*



# THE ARISE AGENDA





## FOREWORD BY THE HONOURABLE COMMISSIONER

The 2024 – 2026 Medium Term Expenditure Framework (MTEF) and the Fiscal Strategy Paper (FSP) is an official document containing Macro Economic Policies and Targets including revenue and expenditure forecast, financing schemes the State debt profile and sectoral ceilings for government Ministries, Departments and Agencies (MDAs).

It is prepared annually by the Ministry of Economic Development as prescribed by Akwa Ibom Fiscal Responsibility Law (2020). The document captures the recent outlook of macro-economic environment in the Global, National and the Sub-national economy.

The analysis of the macro-economic environs was to facilitate the development of a clear financial roadmap that is anchored on sound predictions and forecast, using appropriate parameters and models.

It is therefore, essential for public institutions to acquaint themselves with this document including the Medium Term Fiscal Objectives and priorities of government while preparing their 2024 budgets. This will help to achieve subsequent



Mr. Emem Almond Bob  
Hon. Commissioner  
Ministry of Economic Development

budget performance across all sectors.

The 2024 -2026 MTEF&FSP is in line with the ARISE AGENDA of the Present Administration and it seeks to strengthen financial stability, promote Agriculture, Rural Development, Infrastructure Advancement, Security and Education among others.

It is therefore our belief that the expenditure projection of ₦2.689 trillion Naira in the 2024 – 2026 MTEF and FSP will efficiently support the present administration to deliver on its mandates.

**Signed:**

**Emem Almond Bob**  
Honourable Commissioner

## 1.0 INTRODUCTION

The political transition that saw the emergence of the present Administration, ably led by Pastor Umo B. Eno, provides, another leverage for a durable economic transformation that tends to ameliorate poverty, widen production base, create wealth, boost food security, create more employment and build more infrastructure for the enjoyment of both the present and future generations of Akwa Ibom people. However, these depend on macroeconomic climate and sound fiscal discipline which are also influencers of growth and economic prosperity.

The Medium Term Expenditure Framework and the Fiscal Strategy Paper (MTEF&FSP) plays a central role in this process by providing a comprehensive framework for sound Fiscal Management and Resource Allocation for the Medium Term 2024-2026. The three (3) year financial programming helps to ensure coherence, stability and predictability in the State's fiscal objectives within the available finances of the State.

As a feature of the Annual Budget, the Expenditure Framework is designed to promote Allocative Efficiency, Accountability and Inclusivity in governance with the overall aim of achieving the desired outcomes within the limits of financial resources of the State.

The new administration in the State has already laid concrete foundation and fashioned out timelines for economic transformation of Akwa Ibom State as envisioned in the government flagship programme, the ARISE Agenda. The intention of government is to completely revolutionize the Agricultural Sector and put food on the tables of every household in the state, build mini and portable power facilities to support production by small holder farmers and businesses in the rural areas, build institutions and infrastructures, institutionalize Sports, Cultural and Medical tourism with great emphasis placed on Health and Education. This



is of course, to reduce reliance on oil revenues and improve the State revenue outcome through economy diversification. All these initiatives are the necessary corollaries aimed at attracting investment, boost productivity, improve human conditions and create jobs using labour intensive methods in key areas such as; Agriculture, Housing and Ministerial Direct Labour interventions-where individuals and small businesses in the State can tender and bid for sundry works with an Optimal Mix of 70% Inter-Ministerial and 30% Ministerial, to boost income re-distribution policy of the state government.

It is important to note that the expenditure outlays in 2024-2026 MTEF& FSP will be deployed to achieve the key Medium Term Development Goals as envisioned in the ARISE Agenda and these include: Safety and Security, Amelioration of poverty, Job Creation, Price Stability, Sustained Economic Growth, Improved Standard of Living of the People, Environmental sustainability and Improved Human Health and Education, etc. obviously, this will be achieved through equitable implementation of new projects and completion of on-going ones. Government will adopt an integrated approach in applying the State resources to all government projects and programmes. Digitalization of key systems and processes will continue to drive our institutions for improved revenue generation. Fiscal Policy and Tax Reforms have been strengthened to remove multiple taxation and optimize revenue generation. Consequently, the 2024-2026 MTEF and FSP projected state revenue increase of 15% in 2024, 25% in 2025 and 30% in 2026. By these projections, the state hopes to achieve primary surplus in the near future. The 3year financial plan is therefore designed to spur economic growth consistent with the overall National Macroeconomic Forecasts within the 2024-2026 period. The plausibility of the 2024-2026 MTEF and FSP is the nexus of the 3year financial programming with novel Economic Transformation Blueprint – the ARISE AGENDA. The Agenda represents the Vision of the present administration in the State aimed at spurring growth and transforming lives and

livelihoods of the citizenry. The Agenda, which is tagged “Growing Our Economy... Developing Our People”, is in full alignment with National Economic Aspirations, the Sustainable Development Goals (SDGs) and other Global Targets on Development. This means that as government implements the various programmes of the Agenda, so also will the SDGs and other global targets on development be achieved.

The 2024-2026 MTEF and FSP was widely consulted with relevant stakeholders in attendance. More than 300 participants took part in the public consultation which was held at Ibom Hall on Friday 6<sup>th</sup> October, 2023. Attendees cut across the Civil Society Groups, Traditional Institutions, College of Permanent Secretaries, Directors in service, the State Legislature, the Judiciary and the Academia.

The economic assumptions and revenue/expenditure estimates were projected using national economic indices, elasticity methods, rates, ratios, and pressure demands from a basket of citizens' needs in the State. But the efficacy of these assumptions vis-vis the MTEF & FSP depends on the uncertainties in the global economic environment including the Russia-Ukraine war, Israel-Hamas war and the development in global financial architecture including regional arms conflicts prevalent in various communities.

## **1.1 Legislative and Constitutional Background**

Section 120 and 121 of the Constitution mandates all revenues accruing to Akwa Ibom State Government to be paid into the Consolidated Revenue Fund (CRF), to be maintained by the Government, and prohibits revenue from being paid into any other fund, without express authorization by the State House of Assembly (SHoA), for a specific purpose. The withdrawal of funds from the CRF shall be authorized by the SHoA, through the annual budget or appropriation process. Accordingly, the Governor of Akwa Ibom State shall prepare and lay Revenue and Expenditure



proposals for each financial year before the SHoA, and the SHoA shall approve the expenditure proposal by passing an Appropriation Law. The Appropriation Law shall authorize the Executive Arm of government to withdraw and spend the amounts specified for the CRF. Thus, the Annual Budget provides the avenue through which Executive secure authorization to spent funds for specific purposes as appropriated.

Apart from the Nigerian Constitution, Akwa Ibom State has a set of laws and regulations that regulate its budget preparations and implementation. The laws are:

- The Akwa Ibom State Fiscal Responsibility Board and Other Matters Law, No. 013 of 2020
- The Akwa Ibom State Bureau of Public Procurement and Related Matters Law, No. 7 of 2019
- The Debt Management Office Law, No. 08 of 2019
- The Akwa Ibom State Revenue Administration Law No. 15 of 2020
- Akwa Ibom State Financial instructions and Circulars.
- Akwa Ibom State Public Service Rules.

However, the State's Fiscal operations and Framework is guided by the Fiscal Responsibility Law of Akwa Ibom State, PART II, Section 15 (1a, 1b), Section 17 (1) (2) a, b & c and Section 18 & 19. This framework includes, the comprehensive development objectives of the Medium-Term Expenditure Framework (MTEF) as well as Government's major Medium Term fiscal objectives. For readings, please, get a copy of AKS Fiscal Responsibility Law.

## 2.0 ECONOMIC AND FISCAL OUTLOOK

### 2.1 Global Economic Development and Implications

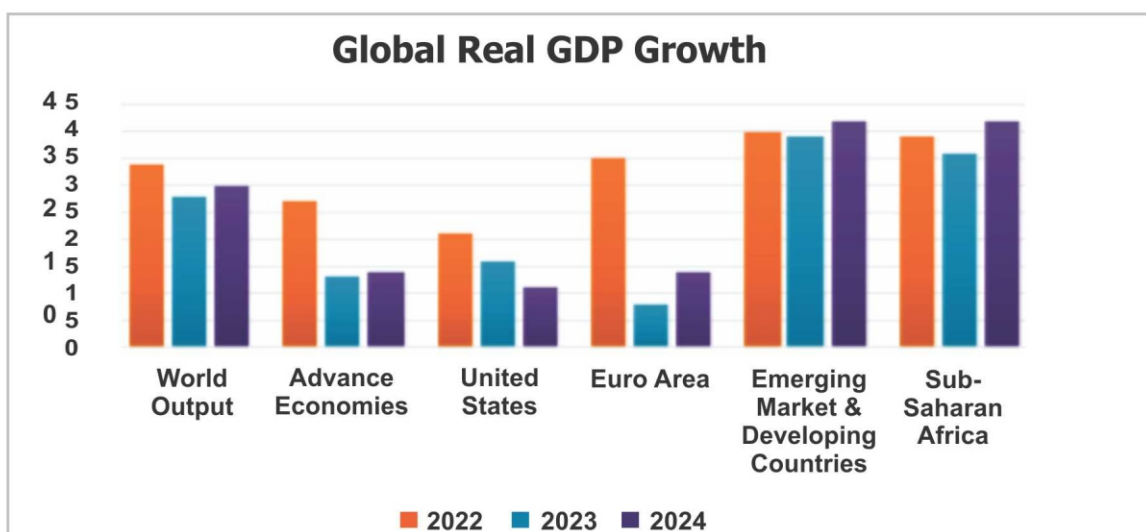
Generally speaking, the global economic environment is faced with growing uncertainties. Although trade volumes have somewhat recovered, supply-chain disruptions and rising geopolitical tensions have brought the risks and potential benefits and costs of geo-



economic fragmentation to the centre of the policy debate. This has resulted in growing emphasis on regionalization and diversification of supply chains to enhance resilience by many countries. The Covid-19 pandemic accelerated digital transformation across sectors, with increased adoption of remote work, e-commerce, and digital services. Technological advancements in areas such as artificial intelligence, block chain, and automation continue to reshape industries and drive innovation. The focus on environmental sustainability and climate action has intensified globally. Governments, around the world, are increasingly adopting green policies and transitioning towards renewable energy sources to mitigate the impact of climate change and achieve sustainability goals.

Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. US economic data showed mixed outcomes in the first quarter of 2023. Real Gross Domestic Product (GDP) expanded at an annualized rate of 1.1% in first quarter 2023 from 2.6% growth in fourth quarter of 2022. However, the headline figure masks diverging trends of private consumption growth which surged to 3.7%, up from just 1%, in the fourth quarter of 2022, but this was largely offset by a steep decline in private inventory investment.

**Figure 1: Global Fiscal GDP Growth**



The US labour market, strengthened with improved job creation across various sectors, contributed to reducing unemployment and improving employment opportunities for workers. The US economy is projected to maintain a steady growth trajectory in the medium term, with an average GDP growth rate of around 2.5% - 3% per annum. The labour market is expected to continue improving, with further declines in the unemployment rate and increased job creation.

Euro Area GDP grew at 3.5%, performing better than expected in 2022. The IMF has revised EU GDP growth up to 0.9% in 2023 (from 0.8%) and 1.5% in 2024 (from 1.4%), virtually closing the gap with potential output by the end of the forecast horizon. Growth in emerging and developing Europe is projected to rise to 1.8% in 2023 and to rise further to 2.2% in 2024. The forecast for Russia in 2023 has been revised upward to 1.5% reflecting hard data (on retail trade, construction, and industrial production) that point to a strong first half of the year, with a large fiscal stimulus driving that strength.

## **2.2 AFRICA – The Macroeconomic Outlook**

There is a wide variation in economic growth across Africa. While some countries have experienced consistent economic growth, others have seen recent setbacks in growth. The continent's three biggest economies have been responsible for the continent's overall slow economic growth. Egypt and Nigeria had an average GDP growth rate of 4.8% and 7.9% respectively between 2000 and 2010, but average growth rate has shrunk to 3.6% for Egypt and 3.1% for Nigeria in the decade between 2010 and 2019. The World Bank recently projected Nigeria's GDP growth rate to reach 2.8% in 2023, marking a slight revision downward from earlier forecasts. Growth in Sub Sahara Africa is expected to slow from 3.7% in 2022 to 3.2% in 2023, with a moderate improvement to 3.9% projected for 2024.



Global financial conditions have prompted monetary policy tightening. Inflationary pressures continue to be in focus in 2023. Elevated inflation in advanced economies has constrained investment spending and the recovery of output growth. In the Emerging Markets and Developing Economies, inflationary pressure remains heightened amid several headwinds. Advanced economies have experienced record inflation levels due to factors such as supply chain disruptions, increased demand, and rising commodity prices. Central Banks had implemented expansionary fiscal policies to support economic recovery in the wake of covid19 induced recessions. Stimulus measures, infrastructure investments, and social welfare programmes had been crucial in driving economic growth, creating jobs, and addressing income disparities.

**Table 1: Real GDP Annual Percent Change**

<b>Real GDP annual percent change</b>	<b>Estimate</b>	<b>Projections</b>	
	2022	2023	2024
<b>World Output</b>	3.5	3.0	3.0
<b>Advanced Economies</b>	2.7	1.5	1.4
<b>United States</b>	2.1	1.8	1.0
<b>Euro Area</b>	3.5	0.9	1.5
<b>Emerging Market &amp; Developing Countries</b>	4.0	4.0	4.1
<b>China</b>	3.0	5.2	4.5
<b>India</b>	7.2	6.1	6.3
<b>Brazil</b>	2.9	2.1	1.2
<b>Sub – Saharan Africa</b>	3.9	3.5	4.1
<b>Nigeria</b>	3.3	3.2	3.0
<b>South Africa</b>	1.9	0.3	1.7
<b>Low- Income Developing Countries</b>	5.0	4.5	5.2
<i>Source: IMF-WEO July, 2023</i>			

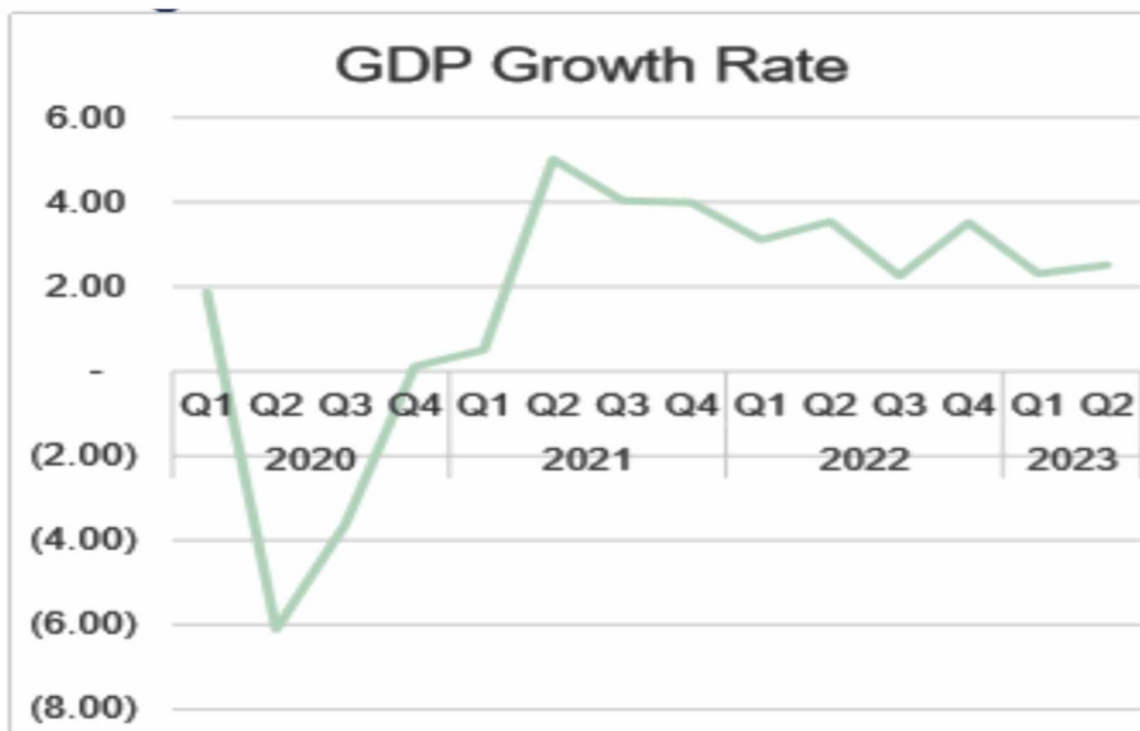
The upturn remains fragile, and risks are tilted to the downside. Uncertainties surrounding the Russia-Ukraine war and its global impact remains a key concern. The persistence of inflation is another key downside risk. However, core inflation remains elevated, held up by strong service price increases, higher margins in some sectors and cost pressures from tight labor markets.

The impact of higher interest rates is increasingly being felt across the economy -restrictive monetary policy, posing further risks and exposing financial vulnerabilities, particularly in countries with high debts.

The multiple shocks besetting the global economy could leave long-lasting scars that will keep economic prospects below their pre-crisis levels over the medium term. Public debt- to-GDP ratio soared across the world during COVID-19 and is expected to remain elevated, posing a growing challenge for policymakers, particularly as real interest rates are rising across the world.

Real Gross Domestic Product (GDP) grew by 2.51% (year-on-year) in the second quarter of 2023, slower than 3.54% recorded in the second quarter of 2022. The economy posted positive, albeit lower than expected growth, for the eleventh consecutive quarter, in spite of a multitude of headwinds. The growth performance was spurred largely by the sustained non- oil sector. The non-oil sector grew by 3.58% in real terms in Q2 2023. This rate was lower by 1.19% points compared to the rate recorded in Q2 2022.

**Figure 2: Domestic Economic Environment**  
**GDP Growth and Sectoral Performance**



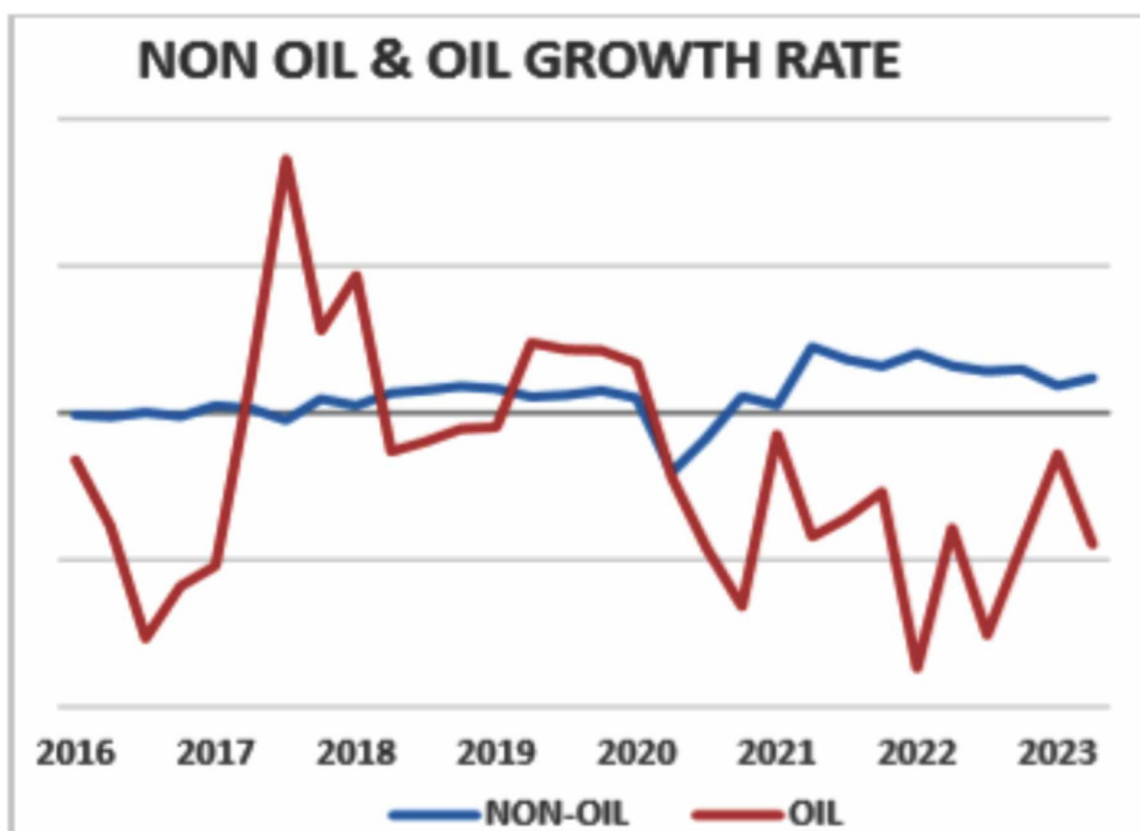
Source: National Bureau of Statistics

Non-oil sector growth was driven by Information and Communication (Telecommunications); Financial and Insurance (Financial Institutions); Trade; Agriculture (Crop production); Manufacturing (Food, Beverage & Tobacco); Construction; and Real Estate subsectors.

Oil sector, which has contracted since Q1 2020, further declined by -13.43% in Q2 2023 compared to -4.21% in Q1 2023 and -11.77% in Q2 2022. Contraction is largely owing to years of underinvestment, crude-oil theft, and pipeline vandalism. Large-scale oil theft from pipelines and wells has hobbled oil output and crimped exports in recent years.



**Figure 3: Non-oil and Oil Growth Rate**



Source: National Bureau of Statistics

Average daily oil production was 1.22 million barrels per day (mbpd), lower than the daily average production of 1.43mbpd recorded in the same quarter of 2022 and lower than production volume of 1.51 mbpd by 0.29mbpd in the first quarter of 2023.

Output growth recovery is expected to continue reasonably in the near term. Government aims at attaining a 6% real GDP growth on average from 2023 to 2026. Economic growth is constrained by structural issues, lingering security crisis and weak domestic revenue mobilization. Ongoing reforms are aimed at easing elevated financing needs, driven by higher borrowing costs, lower oil production, and persistent fiscal pressures. The World Bank recently reviewed Nigeria's economic outlook downward, lowering 2023 GDP growth forecast to 2.8% from earlier projection of 3.0%.

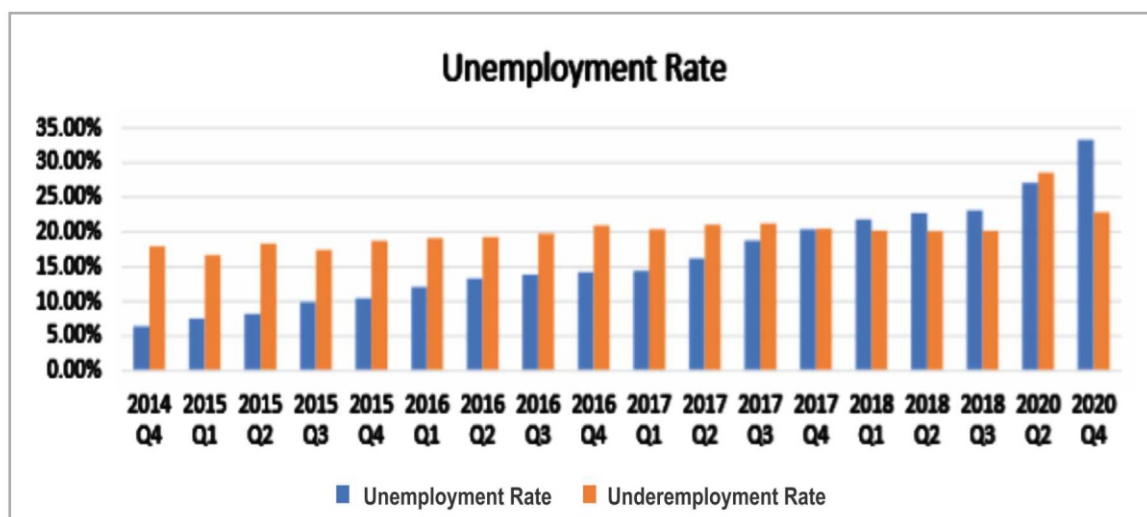
NBS however projects a 3.75% growth for the Nigerian economy in 2023, which we are sticking with, based on the experience of the recent past.

## 2.3 Unemployment and Underemployment

The latest labour force statistics in Nigeria puts Nigeria's unemployment rate at 4.1% in Q1 2023 and 5.3 % in Q4 2022 following a new methodology adopted by the National Bureau of Statistics (NBS). The revision of its methodology is in line with the International Labour Organization (ILO) guidelines. The new methodology defines employed individuals as those of working age people who engaged in any activity to produce goods or provide services for pay and profit.

The initial methodology considered persons engaged in any productive activity for at least 20 hours a week.

**Figure 4: Unemployment Rate**



Source: National Bureau of Statistics

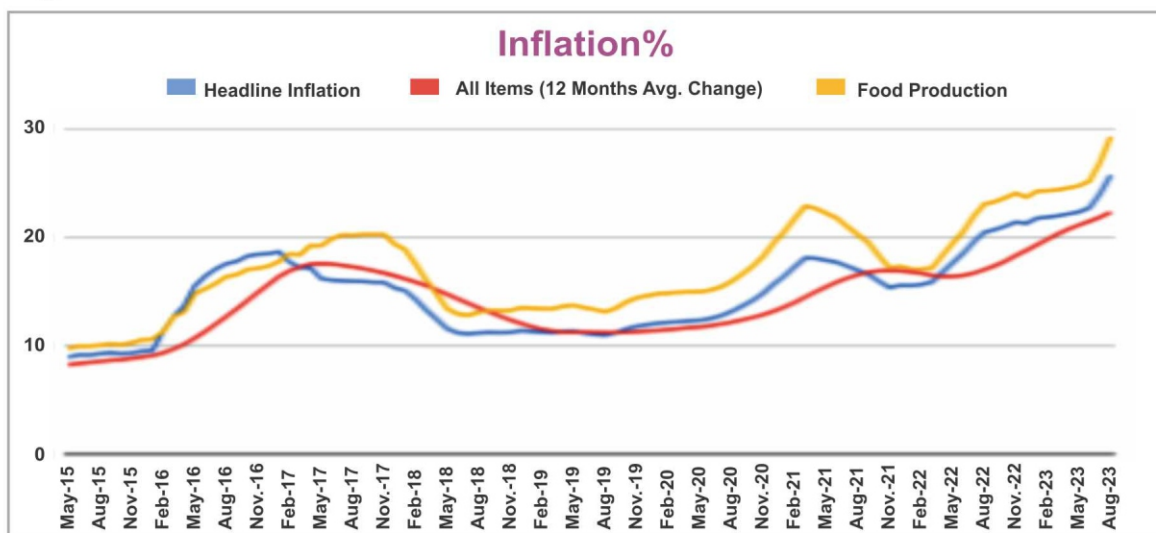
As at the fourth quarter, 2020 under the old methodology, unemployment rate stood at 33.3% in Q4 2020 from 27.1% recorded in Q2 2020

The revised methodology provides broader measures of labour underutilization, addresses gender bias in work statistics, facilitate integration of labour statistics with other emerging social and economic indicators. The new Labour force Statistics shows that 36.4% in Q4 2022 and 33.2% in Q1 2023 of employed persons worked less than 40 hours per week in both quarters. This was most common among women, individuals with lower levels of education, young people, and those living in rural areas. Underemployment rate which is a share of employed people working less than 40 hours per week and declaring themselves willing and available to work more was 13.7% in Q4 2022 and 12.2% in Q1 2023. The share of wage employment was 13.4% in Q4 2022 and 11.8% in Q1 2023.

The revised unemployment/underemployment data however indicate significant cause for concern, especially with regard to the youth. Sustained real GDP growth, implementation of government policy and programmes targeted at supporting labour intensive sectors and improvement in business operating environment are expected to further reduce unemployment and poverty rates in the country.

## 2.4 Monetary Sector

**Figure 5: Inflation**





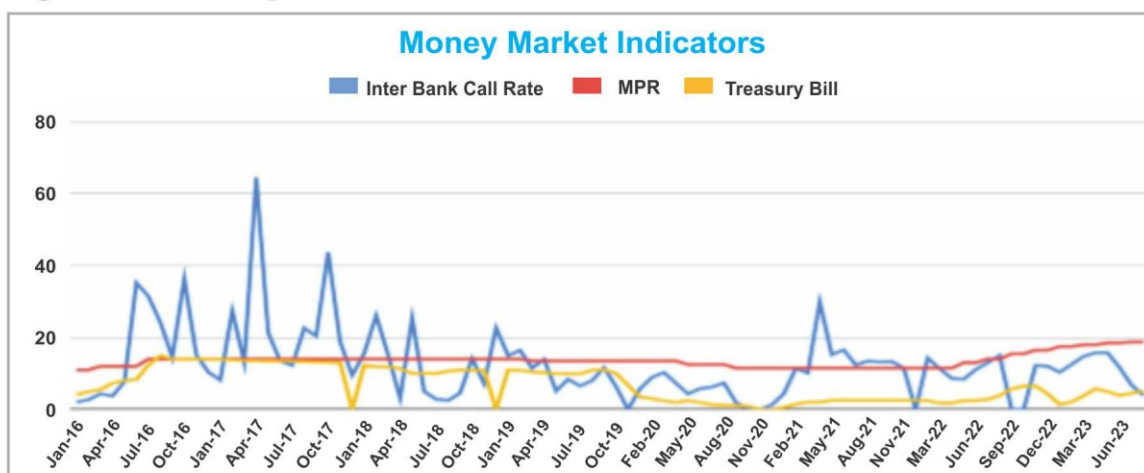
Inflationary pressures persist, as headline inflation (year-on-year) rose to 25.8% in the month of August 2023, representing 1.72% increase from 24.08% recorded in July 2023. On a month-on-month basis, headline inflation accelerated by 0.29% to 3.18% in August 2023 from 2.89% in July 2023.

The lingering insecurity in major food-producing areas; high cost of transportation driven by rising energy costs occasioned by petrol subsidy removal; activities of middlemen and market associations in the food distribution channels; as well as the persistence of shocks from legacy infrastructural bottlenecks, remain major drivers of the inflationary pressure. The unification of the Foreign Exchange (FX) market segments continues to weigh on consumer prices.

## 2.5 Interest Rate

The Federal Government has signaled its desire for lower interest rates to bolster investment and consumption in ways that ensure sustained economic growth. The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) has consistently raised the Monetary Policy Rate (MPR) as a policy response to the surge in inflation. The MPR is the baseline interest rate in the economy from which every other interest rate within the economy is supposed to take a queue. In reality however, market interest rates in Nigeria appear decoupled from the MPR, and so the effectiveness of MPC's rate actions has been questionable.

**Figure 6: Money Market Indicators**



The Monetary Policy Committee (MPC) introduced a higher Cash Reserve Ratio (CRR) in order to further tighten money supply. The CRR empowers the CBN to sequester up to 32.5% of customer deposits held by deposit money banks, effectively restricting the banks from accessing the money. Treasury bill rate has been on a steady rise, and Fixed deposit rates (one, three, six and twelve months) have also been rising.

## **2.6 Exchange Rates**

Exchange rate management in Nigeria has posed a significant economic challenge over the years. The main objectives of exchange rate policy in Nigeria are to stabilize the value of the domestic currency, maintain a favorable external reserves position and ensure external balance without compromising the need for internal balance and the overall goal of macroeconomic stability. Nigeria operates a managed float exchange rate system in which the Central Bank of Nigeria (CBN) intervenes in the foreign exchange market to influence the value of the Naira against other currencies particularly the dollar, Euros and the pound sterling.

The CBN recently abolished rate segmentation thereby eliminating multiple exchange rates, and authorizing banks to buy and sell foreign exchange at market rates at the Importer and Exporter (I&E) window. The CBN has published a drifting conversion standard framework in the trade market by giving dealers at the I&E window the opportunity in the swapping scale assurance. The Bank is implementing measures to stabilize rates to drive up investment in the economy. Institutional reforms are being deepened to ensure that the intended goal of improved efficiency is achieved.

## **2.7 Foreign Exchange Reserve**

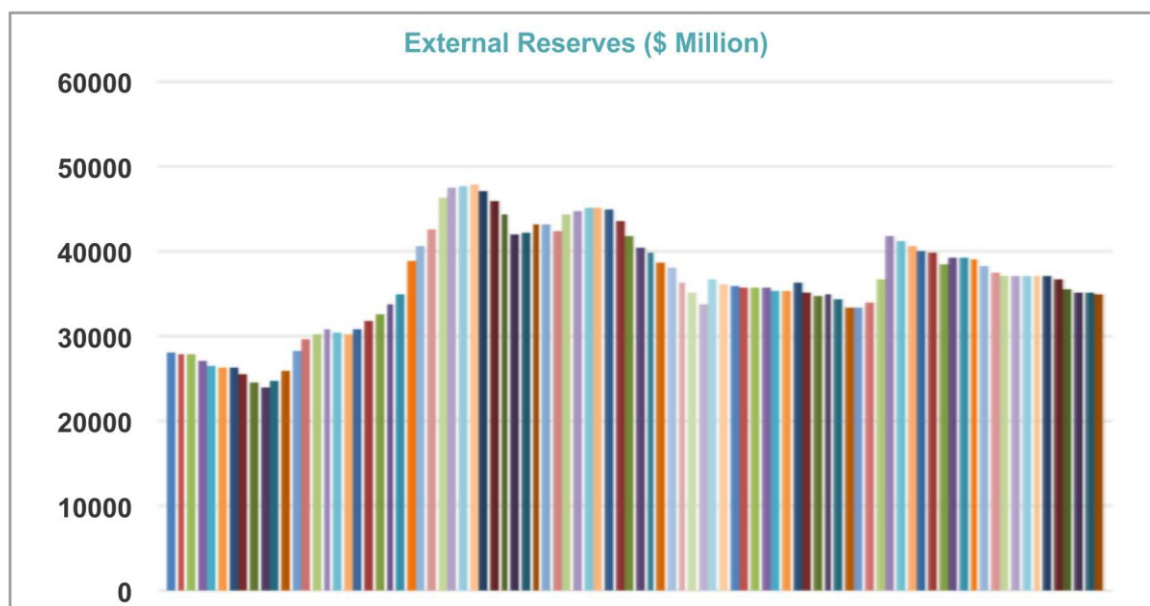
A cursory examination shows that Foreign exchange reserve in Nigeria has seen a steady decline in recent years. Nigeria recorded a total foreign exchange inflow of \$72.4 billion in 2022, marking a 23.3% decline compared to the \$94.3 billion recorded in 2021 and also a 37.4% decline compared to \$115.6 billion received in 2020.



Conversely, a total of \$40.99 billion was recorded as outflow in the same period, slightly lower than \$41.62 billion recorded in the previous year. This indicates a net surplus of \$31.39 billion in 2022.

CBN's dollar supply in the FX market has been impacted by the drying inflows of dollar into the Nigerian economy. Total foreign exchange supply by the CBN to the economy in 2022 amounted to \$15.27 billion, 15.3% lower than \$18.03 billion supplied in 2021, all of which were supplied to I&E window, small and medium scale enterprises, and invisibles. The decline in the amount of foreign exchange supplied by the CBN is partially attributed to the halt of FX sales to Bureau De Change (BDC) operators as in previous years. The decline in FX inflows has also affected the nation's external reserves as the apex bank continues to defend the naira and fund import bills at the expense of the reserve level. Nigeria's external reserves declined by \$3.44 billion in 2022 to close at \$37.1 billion. As of 21st September 2023, the reserves level has dropped to \$33.28 billion. The CBN continues to adopt policies towards increasing foreign exchange inflows into the country, especially through non-oil export and improved diaspora remittances.

**Figure 7: External Reserves**



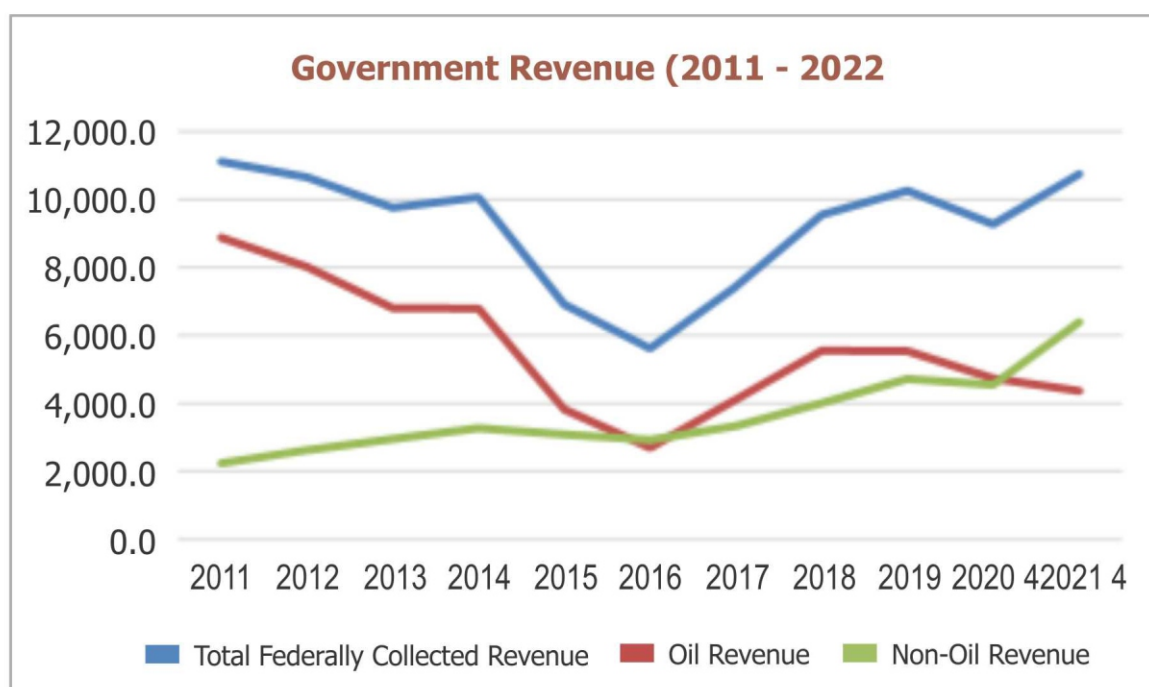
Source: Central Bank of Nigeria

The Central Bank of Nigeria is poised at implementing measures to attract foreign exchange inflows especially from portfolio investors, Foreign Direct Investments (FDI) and export proceeds. Year-to-date, \$1.7 billion was repatriated to the economy while about US\$970 million was sold at the I&E window. The current level of foreign reserve provides sufficient import cover. However, there appears to be a loss of confidence in the market and consistent erosion of the reserve.

### 3.0 FISCAL SECTOR

#### 3.1 Federal Government Revenue

Figure 8: Government Revenue (2011-2022)



Improving domestic revenue mobilization has been the thrust of reforms of the Federal Government. Poor government revenue has constrained the ability of government to meet its fiscal obligations. Reform efforts have been targeted at addressing weak domestic revenue mobilization, dwindling oil revenue occasioned by

industrial scale oil theft, and inadequacies in the tax administration system.

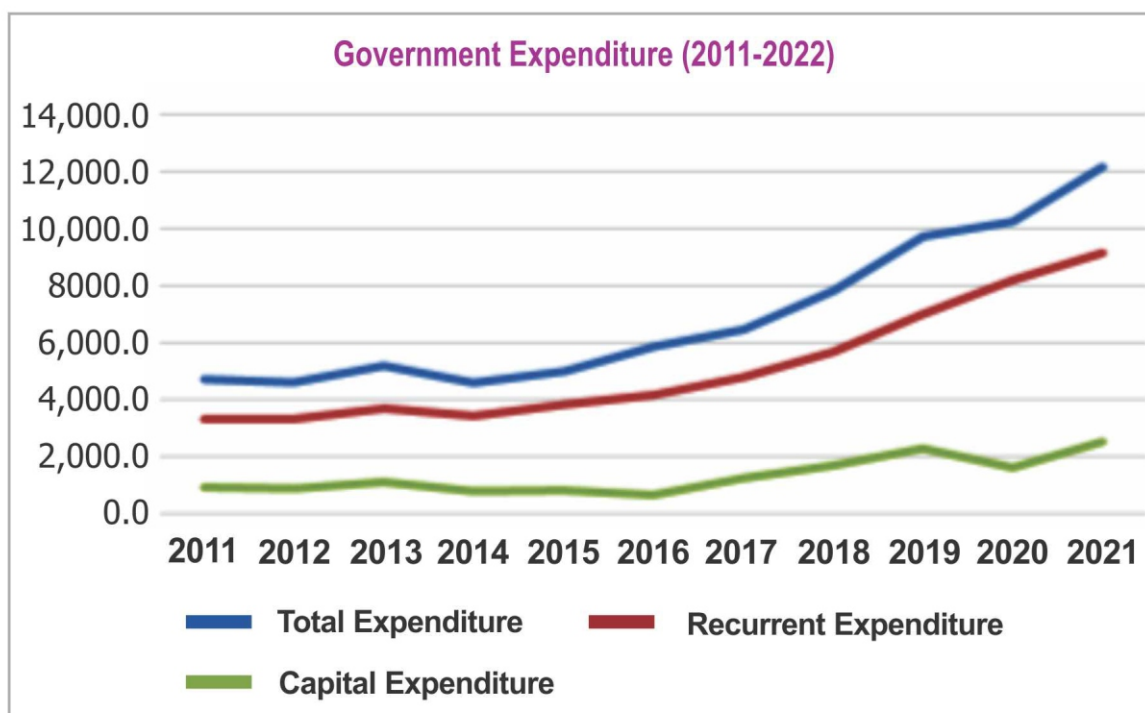
Nigeria's tax to GDP ratio was recently revised to 10.86% from the 5 - 6% estimates where it had hovered for about a decade. This is due largely to the consistent growth in non-oil revenue since 2015 and the inclusion of federal and sub-national revenue items that had previously been left out of the computation. Further improvement is expected as the reforms take deeper root. Tighter fiscal prudence measures with emphasis on achieving value for money, process automation and efficiency are also being implemented. These measures are expected to optimize tax revenues and remittances by Government owned enterprises. Institutional reforms to automate the revenue collection functions, implement tax harmonization to eliminate multiple taxation and improve voluntary compliance are also being implemented.

### **3.2 Federal Government Expenditure**

Government expenditure remains a potent predictor of growth and development. Government channels spending to areas of priority with a view to enhancing and promoting inclusive growth. Recent growth in government expenditure is attributable to the Federal Government's expansive investment in critical infrastructures and ambitious social protection scheme through the Social Investment Programme (SIP). Expansionary fiscal measures have been employed to spur economic activities by putting more money into the hands of consumers and businesses as a key part of government's policy response to accelerate recovery in the wake of two successive economic recessions.



**Figure 9: Government Expenditure (2011-2022)**

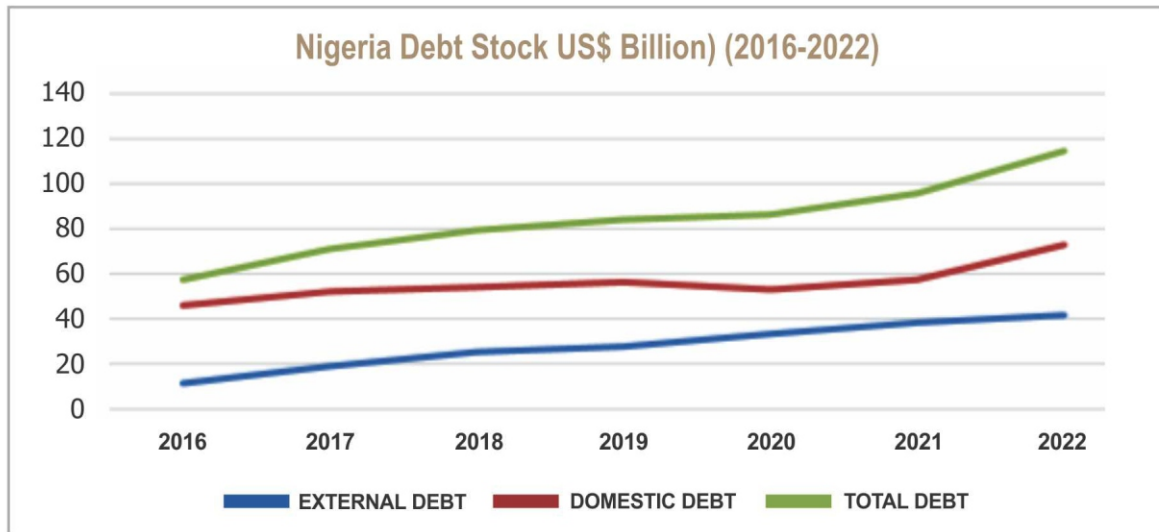


Social Investment Programmes, like the Conditional Cash Transfer (CCT), are targeted at alleviating poverty amongst the most vulnerable demography, thereby promoting a more inclusive growth. The significant rise in nominal public expenditure without a corresponding increase in domestic revenue has however resulted in burgeoning budget deficits and public debt stock.

### 3.3 Public Debt

There has been a significant increase in public debt over the years. The rising debt levels are attributable to the need for finance budget deficits in the wake of inadequate revenues, especially oil revenues. Sustainable debt management is a key priority of fiscal authorities in Nigeria. Borrowing activities, debt servicing, and debt sustainability are managed and monitored by the Debt Management Office (DMO) with the primary objective of ensuring that Nigeria's debt remains sustainable and does not pose a significant risk to the country's economy.

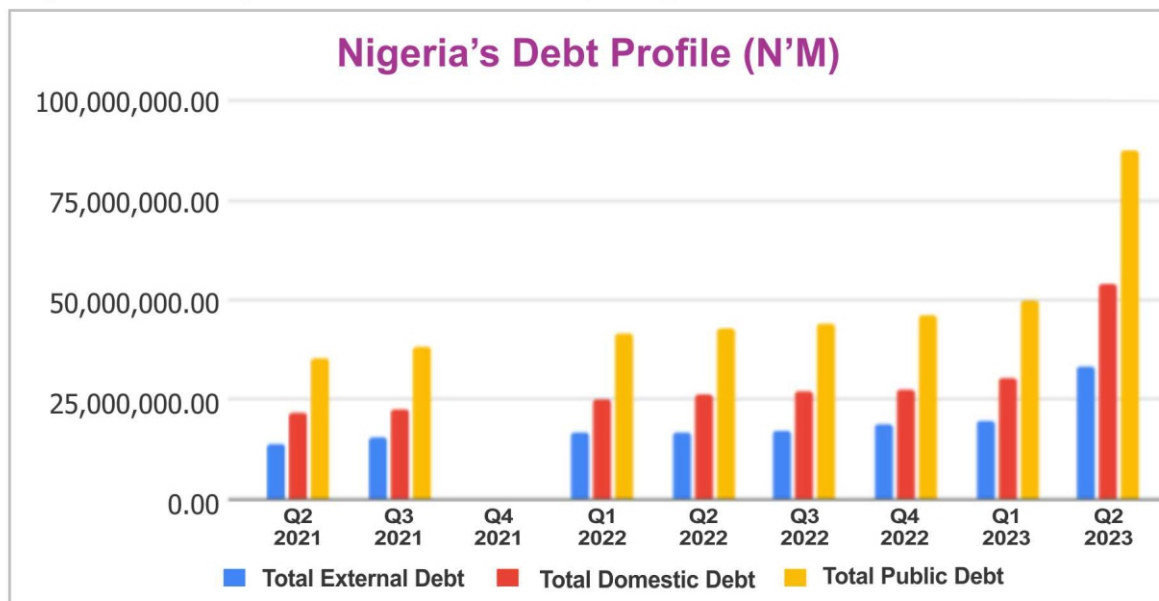
**Figure 10: Nigeria Debt Stock US\$ Billion (2016-2022)**



Source: Debt Management Office

Nigeria's public debt profile as at June 2023 stood at N 87.38 trillion (\$113.42 billion). This figure includes both domestic (incl. Securitized CBN Ways and Means advances) and external debt. The debt composition is skewed more towards domestic debt of N54.13 trillion (\$70.26 billion), while external debt amounted to N33.25 trillion (\$43.16 billion).

**Figure 11: Nigeria's Debt Profile (N'm)**



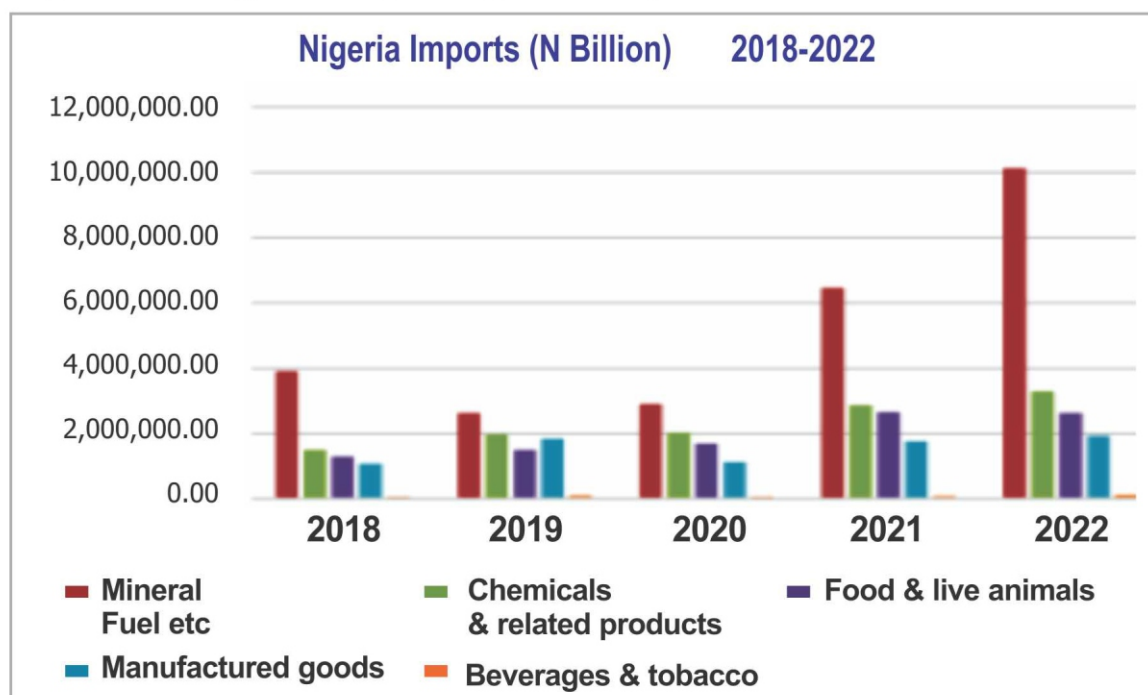
Source: Debt Management Office

The sustainability of public debt remains a significant concern, as high debt servicing costs and limited fiscal space constrain the government's ability to invest in critical sectors such as healthcare, education, and infrastructure.

## 4.0 EXTERNAL SECTOR

Trade Foreign trade stood at N12.74 trillion in Q2 2023, total exports stood at N7.02 trillion and total imports amounted to N5.73 trillion. Total imports increased by 2.99% compared to the value recorded in the first quarter of 2023 (N5.56 trillion) but declined by 10.37% when compared to the value recorded in the corresponding quarter of 2022 (N6.39 trillion).

**Figure 12: Nigeria Imports (N Billion) 2018-2022**



Source: National Bureau of Statistics

Top five countries of origin of imports to Nigeria in Q2 2023 were China, United States, Belgium, India and Netherlands. With import valued at N1.27 trillion representing 22.17%) China is the largest country of origin for Nigerian imports.



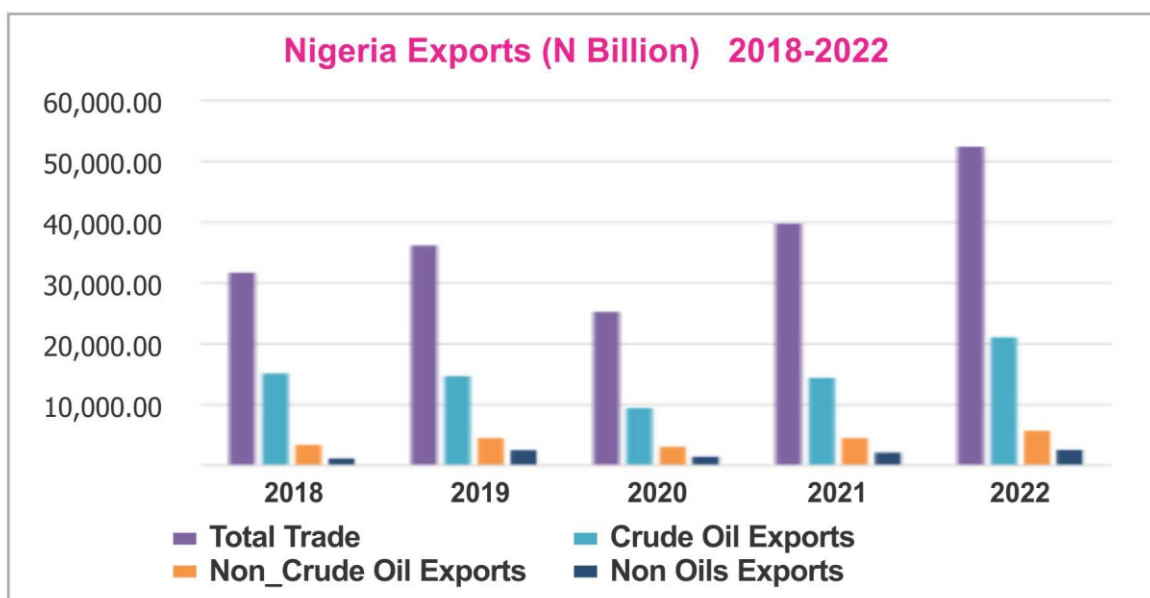
The values of imports from the top five countries amounted to N3.44 trillion representing a share of 60.05% of total imports. Premium Motor Spirit import accounted for 21.5% (N1.23 trillion). Other imports included used Vehicles, and Automotive Gas oil (AGO).

Total exports increased by 8.15% when compared to the amount recorded in the first quarter of 2023 (N6.49 trillion) but declined by 5.20% compared to the corresponding quarter in 2022 (N7,400.89 billion).

The top five export destinations in Q2, 2023 were Netherlands with N788.85 billion representing 11.24% of total exports, United States of America with N718.63 billion, Indonesia with N550.18 billion, France with N540.73 billion and Spain with N504.45 billion. Altogether, exports to the top five countries amounted to 44.23% of the total value of exports.

The largest export product was 'Petroleum oils and oils obtained from bituminous minerals, crude' valued at N5.59 trillion representing 79.63%. Others were Liquefied Natural Gas (LNG), liquefied' billion and Urea.

**Figure 13: Nigeria Exports (N Billion) 2018-2022**



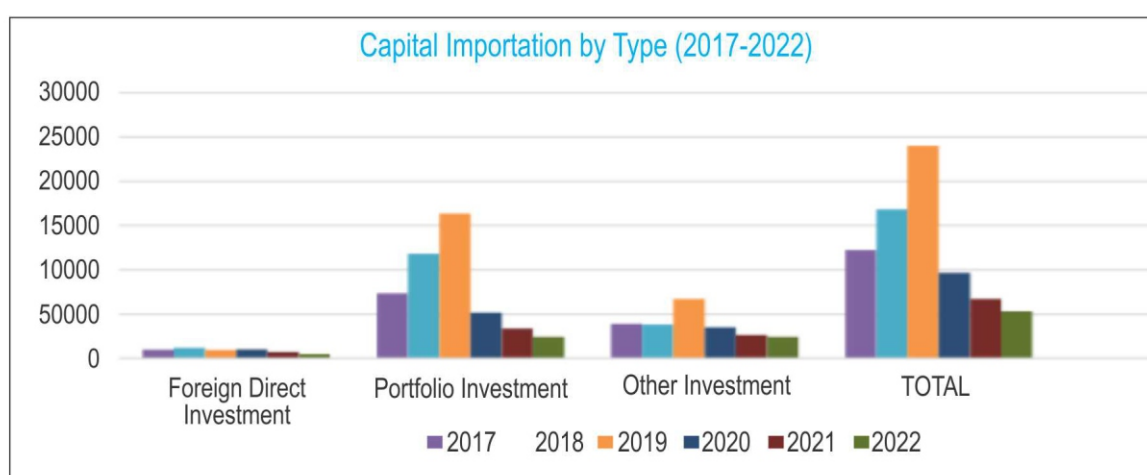
Source: National Bureau of Statistics

## 4.1 Capital Importation

There has been a steady decline in Nigeria's capital importation for three consecutive years, from an annual level of \$16.812 billion in 2018 to a paltry \$5.32 billion in 2022. Quarterly data also showed capital importation declined by 51.51% from \$2.187 billion recorded in Q4 2021 to \$1.06 billion in Q4 2022. Trade credits, Loans, Currency deposits represent the largest component of capital importation in 2022 accounting for 65.17% (\$691.23 million) of total capital imported in Q4 2022. This was followed by Portfolio Investment with 26.89% (\$285.26 million) and Foreign Direct Investment (FDI) with 7.94% (\$84.23 million).

Government is implementing various policy reforms to attract capital inflows. These include the ease of doing business initiatives, improvements in the regulatory environment, and efforts to diversify the economy away from oil dependency. These reforms aim to create a more investor-friendly climate and enhance the attractiveness of Nigeria as an investment destination but the desired effects are yet to materialize.

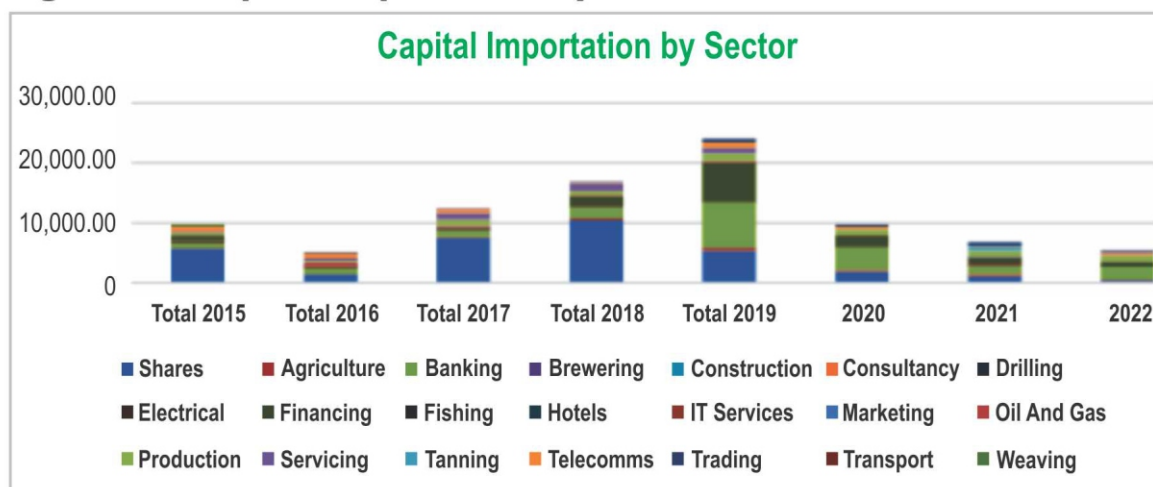
**Figure 14: Capital Importation by Type (2017-2022)**



*Source: National Bureau of Statistics*

Foreign capital inflow to the domestic economy was adversely affected by the relative attractiveness of securities in the international financial market, particularly in the United States.

**Figure 15: Capital Importation by Sector**



Source: National Bureau of Statistics

Foreign Portfolio Investment (FPI) was the largest amount of capital importation by type, US\$3.39 billion; this is however 34.1% lower compared to US\$5.14 billion recorded in 2020. Foreign direct investment in Nigeria was a paltry US\$698.78 million, 32% lower than the US\$1.03 billion recorded in the preceding year.

## 5.0 FEDERAL GOVERNMENT - 2024-2026 MEDIUM-TERM FISCAL FRAMEWORK (MTFF)

### 5.1 Federation Account Revenues

The projected fiscal outcomes in the medium term show improved revenue inflows into the federation account, attributable to the removal of petrol subsidy, exchange rate liberalization and increased collection of non-oil taxes.

The net amount accruable to the Federation Account is projected at N24.54 trillion. This is 106.9% higher than the 2023 projection. N20.70 trillion is projected to flow into the Main Pool, while N3.66 trillion and N174.24 billion are projected to accrue to the VAT Pool and EMTL, respectively, in 2024. Total oil revenues will be N13.82 trillion, about 56.3% of total Federation Account receipts and



66.8% of Main Pool receipts. Other components of the Federation Account revenues include Corporate Tax of N3.04 trillion, Customs Revenue of N2.65 trillion, Special Levies of N511.88 billion, NLNG Dividend of N667.95 billion, and revenues from Solid Minerals of N9.39 billion.

In 2024, the share of the Federal Government from the Main Federation Account Pool will be N10.90 trillion, while the States and Local governments are projected to get N5.53 trillion and N4.26 trillion, respectively. The revenue shares from the VAT Pool and EMTL are projected to be N549.46 billion and N26.14 billion, respectively, for the Federal Government, N1.83 trillion and N87.12 billion for the States, and N1.28 trillion and N60.98 billion for the Local governments, respectively.

Consumption in nominal terms is projected to increase to N163.23 trillion in 2024 and N218.59 trillion in 2026 substantially due to expected increase in wages and cash transfers to households to mitigate the negative impact on their real income as caused by petrol subsidy removal.

Import of goods is projected to increase to N32.45 trillion in 2024 and gradually to N34.51 billion in 2026 due mainly to the effects of depreciation of the domestic currency and imported inflation. Imports will remain high over the medium term due to the weak import substitution capacity occasioned by inefficient domestic production relative to more efficient foreign producers. The real economy is experiencing sustained inflationary pressures, worsened by high energy costs, and a depreciating Naira.

In the face of persistent inflation, economic growth during the medium term will continue to be adversely impacted because of the effort to keep monetary policy tight to help prevent higher inflation from becoming entrenched. Inflationary pressure is projected to continue at 21.4% in 2024. A slight reduction in inflation pressure is

anticipated from 2025 and 2026 due to the lag effect of tight monetary policy on demand for goods and services, expected lower deficit financing and reduction in supply-side constraints occasioned by a drastic reduction in domestic insecurity, improved infrastructure, and generally better operating environment for businesses.

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**Table 2: Federation Account  
Main Pool, VAT and EMTL Revenues (2024 – 2026)**

FISCAL ITEMS	2023 Budget Approved By NASS	2024 Proposal	2025	2026
Budget Oil Production Volume Net Incremental Oil Production for Repayment Arrears (mbpd)	1.69	1.78	1.90	1.81
Projected Budget Benchmark Price (US\$ per barrel)	75.00	73.96	73.76	69.90
Average Exchange Risk (N/US\$)	435.57	700.00	665.61	669.79
<b>NET FEDERATION ACCOUNT (MAIN POOL)</b>	<b>9,030,523,378,089</b>	<b>20,802,700,283,521</b>	<b>21,581,041,103,669</b>	<b>22,060,538,427,963</b>
Transfer to Police Trust Fund (0.5% of Fed. Acct)	45,152,641,890	104,013,501,418	107,905,205,518	110,302,692,190
<b>NET FEDERATION ACCOUNT (MAIN POOL) after 0.5% transfer to Police Trust Fund</b>	<b>8,985,375,736,198</b>	<b>20,698,686,782,103</b>	<b>21,473,135,898,151</b>	<b>21,950,235,745,773</b>
Net Oil Revenue after Costs, Deductions & Derivation	4,597,197,314,933	13,818,908,074,426	14,085,896,195,516	14,596,522,539,407
Net Solid Minerals Revenue after Derivation	7,514,013,071	9,392,516,339	11,740,645,424	11,740,645,424
NLNG Dividend	153,732,619,872	667,553,460,000	665,529,780,683	56,556,853,267
Net Corporate Tax Distributable	1,924,288,830,489	3,036,242,280,088	3,386,214,588,759	3,789,865,089,597
Net Customs Revenue Distributable	1,957,924,806,341	2,654,709,885,826	2,796,944,689,293	2,951,204,331,322
Net Special Levies Distributable	344,718,151,493	511,880,565,423	526,809,998,476	544,346,286,757
<b>NET FEDERATION ACCOUNT (VAT POOL)</b>				
<b>NET FEDERATION ACCOUNT - VAT Pool (after CuC and Transfer to NIDC and NPTF)</b>	<b>2,736,375,247,640</b>	<b>1,663,095,695,937</b>	<b>4,263,746,611,082</b>	<b>4,905,607,614,917</b>
<b>FEDERATION ACCOUNT (EMTL)</b>	<b>137,032,655,344</b>	<b>175,111,289,611</b>	<b>195,124,908,924</b>	<b>215,014,086,445</b>
Transfer to Police Trust Fund (0.5% of Fed. Acct) fro, EMTL	689,163,277	875,556,448	975,624,545	1,075,070,432
Net Electronic Money Transfer Levy after transfer to NPTF	136,347,492,067	174,235,733,163	194,149,284,379	213,939,016,013
<b>DISTRIBUTION</b>				
<b>Distribution - Federation Account (Main Pool, VAT Pool and EMTL)</b>	<b>11,858,098,475,906</b>	<b>24,536,018,211,203</b>	<b>25,931,031,793,612</b>	<b>27,069,782,376,703</b>
<b>Main Pool</b>	<b>8,985,375,736,198</b>	<b>20,698,686,782,103</b>	<b>21,473,135,898,151</b>	<b>21,950,235,745,773</b>
FGN's Share of Federation Account (52.68%)	4,733,495,937,829	10,904,068,196,812	11,312,047,991,146	11,563,384,190,873
States' Share of Federation Account (26.72%)	2,400,892,396,712	5,530,689,108,178	5,737,621,911,986	5,865,102,991,271
Local Govt.'s Share of Federation Account (20.60%)	1,850,987,401,657	4,263,929,477,113	4,423,465,995,019	4,521,748,563,629
<b>VAT Pool</b>	<b>2,736,375,247,640</b>	<b>3,663,095,695,937</b>	<b>4,263,746,611,082</b>	<b>4,905,607,614,917</b>
FGN's Share of VAT Pool Account (15%)	410,456,287,146	549,464,354,390	639,561,991,662	735,841,142,238
States' Share of VAT Pool Account (50%)	1,368,187,623,820	1,831,547,847,968	2,131,873,305,541	2,452,803,807,458
Local Govt.'s Share of VAT Pool Account (35%)	957,731,336,674	1,282,083,493,578	1,492,311,313,879	1,716,962,665,221
<b>Electronic Money Transfer Levy (EMTL)</b>	<b>136,347,492,067</b>	<b>174,235,733,163</b>	<b>194,149,284,379</b>	<b>213,939,016,013</b>
FGN's Share (15%)	20,452,123,810	26,135,359,974	29,122,192,657	32,090,852,402
States' Share (50%)	68,173,746,034	87,117,866,581	97,074,642,190	106,969,508,007
Local Govt.'s Share (35%)	47,721,622,224	60,982,506,607	67,952,249,533	74,878,655,605

## 5.2 FGN Revenue

The 2024 FGN Revenue is projected at N16.96 trillion (N5.91 trillion or 54% more than the 2023 Budget). Of the aggregate revenue available to fund the 2024 Budget, N6.95 trillion or 41% is projected to come from oil-related sources. The balance of N10.01 trillion is to be earned from non-oil sources. The FGN share of non-oil tax is projected at N3.52 trillion compared to N2.43 trillion in 2023, while its share of Minerals and Mining revenues is N4.56 billion in 2024 from N3.64 billion in 2023. The projection for Independent Revenue has been moderated to N1.91 trillion, down



from N3.17 trillion, while the projection for Grants and Donor funded projects is N639.92 billion.

More dividends from the Bank of Industry, Development Bank of Nigeria, Galaxy Backbone, and Bank of Agriculture have been recognized in the 2024 projections, bringing the projection to N316.68 billion compared to N81.79 billion in 2023. The projected sum of other revenues, including FGN's share of Oil Price Royalty, Education Tax, Electronic Money Transfer Levy, and Drawdowns from Special Accounts, is N736.04 billion.

**Table 3: Overview of the Revenue Framework**

FISCAL ITEMS		2023 Budget Approved By NASS	2024 Proposal	2025	2026
<b>AMOUNT AVAILABLE FOR FGN BUDGET (excluding GOEs retained revenue)</b>		<b>8,625,998,338,101</b>	<b>14,097,920,521,036</b>	<b>14,293,896,683,564</b>	<b>14,797,955,265,578</b>
a	Share of Oil Revenue	2,229,640,697,742	6,702,170,416,097	6,831,659,654,825	7,079,323,431,612
b	Dividends	81,786,706,353	334,797,174,557	333,143,692,366	37,459,538,065
	NLNG	74,560,320,638	323,763,428,100	322,781,943,631	27,430,073,835
	Bank of Industry	7,226,385,750	5,534,053,940	4,695,537,160	3,552,526,680
	Development Bank of Nigeria		2,920,000,000	2,520,000,000	2,790,000,000
	Bank of Agriculture		2,429,692,517	2,966,431,575	1,487,137,554
	Galaxy Backbone		150,000,000	100,000,000	200,000,000
c	Share of Minerals & Mining	3,644,296,339	4,555,370,424	5,694,213,031	5,694,213,031
d	Share of Non-Oil Taxes	2,433,154,452,006	3,521,207,272,130	3,851,259,624,665	4,220,211,684,311
	Share of CIT	933,280,082,787	1,472,577,505,843	1,642,314,075,548	1,838,084,568,454
	Share of VAT	383,092,534,670	512,833,397,431	596,924,525,551	586,785,066,088
	Share of Customs	949,593,531,075	1,287,534,294,826	1,356,518,174,307	1,431,334,100,591
	Share of Federation Acct. Levies	167,183,303,474	248,252,074,230	255,502,849,251	264,007,949,077
e	Share of Electronic Money Transfer Levy (formerly called Stamp Duty)	19,088,648,889	24393,002,643	27,180,899,813	29,951,462,242
f	Share of Oil Price Royalty	13,366,750,326	21,400,442,583	17,513,224,501	162,800,944,613
g	Revenue from GOEs	3,873,416,174,946	4,069,565,246,556	4,387,477,031,247	4,745,915,124,664
h	GOEs Operating Surplus (80% of Which is captured in Independent Revenue)	(1,454,304,201,187)	(1,208,484,776,894)	(1,381,028,451,271)	(7,561,706,089,473)
i	Independent Revenue	3,169,072,692,545	1,907,775,748,763	2,092,245,206,405	2,226,756,631,719
j	Draw-down from Special Levies Accounts	300,000,000,000	300,000,000,000	300,000,000,000	300,000,000,000
k	Signature Books/Renewals/Early Renewals	57,048,776,004	251,455,481,172	83,455,481,178	
l	Domestic Recoveries + Assets + Fines	27,898,500,000			
m	Grant and Donor Funding	43,028,488,073	639,923,474,400	338,087,750,215	297,290,993,426
n	Education Tax (TETFUND)	248,268,329,787	390,242,138,267	413,656,666,563	438,476,066,557
<b>AMOUNT AVAILABLE FOR FGN BUDGET (including GOEs)</b>		<b>11,045,110,311,560</b>	<b>16,959,000,990,693</b>	<b>17,300,345,263,540</b>	<b>17,952,164,300,769</b>

### 5.3 FGN Expenditure

### 5.4 Aggregate Expenditure

The FGN's 2024 aggregate expenditure is estimated at N26.01 trillion. This includes the provision of N2.73 trillion for GOEs'

expenditures and grants/donor-funded projects amounting to N639.92 billion. This is higher than the corresponding 2023 FGN aggregate expenditure estimate of N22.65 trillion (which includes the N819.54 billion supplementary provision) by 14.8% (or about N3.36 trillion).

The 2024 expenditure estimate includes statutory transfers of N1.30 trillion and non-debt recurrent expenditure of N10.26 trillion (including N200 billion for the recurrent component of the Special Intervention Programme). The provisions of N8.25 trillion and N243 billion have been made for Debt Service and Sinking Fund to retire maturing bonds issued to local contractors/creditors, respectively, in the 2024 budgeted expenditure. A total of N6.78 trillion (inclusive of N1.02 trillion for GOEs) is provided for personnel and pension costs, an increase of N904.49 billion or 15% over the 2023 provision. This is 40% of the projected aggregate revenues for 2024.

The provision for Statutory transfer includes N114.80 billion (representing 1% of the consolidated revenue fund) earmarked for the Basic Health Care Provision Fund (BHCPF) and N117.67 billion for the North-East Development Commission (NEDC). In addition, N137.21 billion has been set aside in the service-wide votes for GAVI/Routine Immunization.

The aggregate amount available for capital expenditures in the 2024 budget is N6.87 trillion. This represents 26% of total expenditure and is about 5% less than the 2023 provision of N7.27 trillion. The 2024 provision comprises N2.31 trillion for MDAs, N855.70 billion for capital supplementation, N908.09 billion for capital component of statutory transfers, N7 billion for Family Home Fund, N820.91 billion capital budget of GOEs, N639.92 billion for donor/grant funded expenditures and N941.19 billion funded by project-tied multilateral/bilateral loans. Other provisions, including TETFUND capital and transfer to the Nigeria Sovereign Investment Authority (NSIA), amount to N392.13 billion.



**Table 4: Overview of the Expenditure Framework**

FISCAL ITEMS	2023 Budget Approved By NASS + Supplementary	2024 Proposal	2025	2026
<b>STATUTORY TRANSFER</b>	<b>967,456,010,536</b>	<b>1,296,546,596,947</b>	<b>1,274,474,245,026</b>	<b>1,309,442,061,183</b>
<b>DEBT SERVICE</b>	<b>6,309,870,967,327</b>	<b>8,247,298,455,073</b>	<b>10,060,930,623,529</b>	<b>11,611,911,778,541</b>
<b>SINKING FUND</b>	<b>247,726,644,470</b>	<b>243,662,151,758</b>	<b>240,151,732,268</b>	<b>300,000,000,000</b>
<b>RECURRENT (NON-DEBT)</b>	<b>8,329,370,195,637</b>	<b>10,256,794,611,173</b>	<b>9,513,917,222,455</b>	<b>9,823,891,748,823</b>
a Personnel Costs (MDAs)	4,103,591,137,536	4,492,668,968,008	4,582,522,347,368	4,674,172,794,316
b Personnel Costs (GOEs)	912,320,744,988	1,017,413,229,133	1,078,603,027,244	1,181,920,949,117
c Overhead (MDAs)	443,276,374,887	664,914,562,331	698,160,290,447	733,068,304,969
d Overheads (GOEs)	671,403,880,673	392,204,551,283	994,674,670,618	1,073,531,843,644
e Pensions, Gratuities & Retirees Benefits	854,812,179,406	1,265,131,274,415	827,862,188,757	827,862,188,757
f Other Service Wide Votes (including GAVI/Immunization)	1,066,550,461,658	1,639,949,919,085	1,046,411,864,693	1,046,411,864,693
g Presidential Amnesty Programme	65,000,000,000	65,000,000,000	65,000,000,000	65,000,000,000
h TETFUND - Recurrent	12,413,416,489	19,512,106,913	20,682,833,328	21,923,803,328
<b>SPECIAL INTERVENTIONS (Recurrent)</b>	<b>200,000,000,000</b>	<b>2,000,000,000</b>	<b>200,000,000,000</b>	<b>200,000,000,000</b>
<b>AGGREGATE CAPITAL EXPENDITURE</b>	<b>7,265,383,311,198</b>	<b>6,871,009,784,478</b>	<b>7,310,632,751,783</b>	<b>7,334,502,334,672</b>
a Capital Supplementation	1,384,105,508,000	855,700,746,339	855,700,746,339	855,700,746,339
b Capital Expenditure in Statutory Transfers	473,116,443,962	908,089,990,854	883,862,848,843	917,253,037,855
c Special Intervention Programme (Capital) - Family Home Fund	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
d Amount Available for MDAs Capital Expenditure	2,502,124,677,119	2,306,069,846,227	2,335,514,645,399	2,460,768,822,197
e GOEs Capital Expenditure	835,387,348,099	820,908,398,928	804,070,709,084	809,686,754,648
f TETFUND Capital Expenditure	235,854,913,298	370,730,031,353	392,973,833,235	416,552,263,229
g Grants and Donor Funded Projects	43,028,488,073	639,923,474,400	338,087,750,215	297,290,993,426
h Multi-lateral/Bi-lateral Project-tied loans	1,771,404,182,322	941,186,853,893	1,675,908,994,167	1,407,448,772,365
i FGN Share of Oil Price Royalty Transferred to NSIA	13,366,750,326	21,400,442,583	17,513,224,501	162,800,944,613
<b>Capital Expenditure (Exclusive of Transfers)</b>	<b>6,792,271,867,235</b>	<b>5,962,919,793,624</b>	<b>6,426,769,902,939</b>	<b>6,417,249,296,817</b>
<b>TOTAL FGN BUDGET (Excluding GOEs &amp; Project-tied Loans)</b>	<b>18,456,209,529,125</b>	<b>22,335,508,572,432</b>	<b>22,962,986,325,105</b>	<b>24,959,906,565,590</b>
<b>TOTAL FGN BUDGET (Including GOEs &amp; Project-tied Loans)</b>	<b>22,646,725,685,206</b>	<b>26,007,221,608,575</b>	<b>27,516,243,726,217</b>	<b>29,452,494,885,364</b>

## 5.5 Fiscal Deficit and Deficit Financing

The budget deficit is projected to be N9.05 trillion in 2024, down from N11.60 trillion budgeted in 2023. This represents about 53% of total FGN revenues and 3.83% of the estimated GDP. The high projected level of fiscal deficit in 2024 is partly attributable to the proposed salary review of Federal workers across board, increased pension obligations resulting from payments into the Redemption Fund, Pension Protection Fund, an increase in pensions in line with the new minimum wage, and higher debt service cost. At 3.83%, the projected level of deficit is higher than the 3% threshold stipulated in the Fiscal Responsibility Act (FRA), 2007, but significantly lower than the 2023 level of 5.18%. The goal of the administration is to bring the deficit under 3% of GDP within the medium term. The deficit will largely be financed by domestic borrowings, considering the narrow window for external financing.



**Table 5: Deficit, Financing and Critical Ratio**

FISCAL ITEMS	2023 Budget Approved By NASS + Supplementary	2024 Proposal	2025	2026
<b>TOTAL FGN BUDGET (Including GOEs &amp; Project-tied Loans)</b>	22,646,725,685,206	26,007,221,608,575	27,516,214,726,217	29,462,494,885,364
Total Fiscal Deficit (Including Project-tied Loans)	(11,601,615,373,346)	(9,048,220,617,877)	(10,215,898,462,677)	(11,450,330,584,594)
GDP	225,507,296,343,920	236,305,190,724,943	262,413,705,561,062	292,523,682,667,292
DEFICIT/GDP (Including Project-tied Loans)	(5.14%)	(3.85%)	(3.89%)	(3.92%)
<b>TOTAL FGN EXPENDITURE</b>	22,646,725,685,206	26,007,221,608,575	27,516,243,726,217	29,462,494,885,364
Total Non-Debt Expenditure	16,089,128,073,410	17,516,261,001,744	17,215,161,370,420	17,550,583,106,823
Capital Expenditure as % of Non-Debt Expenditure	45%	38%	42%	42%
Capital Expenditure as % of Total FGN Expenditure	32%	26%	27%	25%
Capital Expenditure (Inclusive of Transfers but exclusive of GOEs Capital and Project-tied loans) as % of FGN Expenditure	21%	20%	18%	17%
Recurrent Expenditure as % of total FGN Exp (Incl GOEs + Project-tied Loans)	68%	74%	73%	75%
Debt Service to Revenue Ratio (Incl GOEs + Project-tied Loans)	57%	49%	58%	65%
Deficit as % of FGN Revenue (Incl GOEs + Project-tied Loans)	105%	53%	59%	64%
<b>ADDITIONAL FINANCING</b>				
a. Privatization Proceeds	206,182,616,701	298,486,421,740	37,500,000	
b. Multi-lateral/Bi-lateral Project-tied Loans	1,771,404,182,322	941,186,853,893	1,675,908,994,167	1,407,448,772,365
c. New Borrowing	9,624,028,574,324	7,808,547,342,244	8,539,951,968,511	10,072,881,812,229
Domestic Borrowing	7,863,130,274,022	6,040,937,020,465	6,415,515,078,747	8,940,432,042,472
Foreign Borrowing	1,760,898,327,302	1,767,610,321,779	2,124,436,889,754	1,132,449,789,757
<b>Sub-Total</b>	<b>11,601,615,373,346</b>	<b>9,048,220,617,877</b>	<b>10,215,898,462,677</b>	<b>11,490,330,584,594</b>

## 6.0 AKWA IBOM STATE- SUBNATIONAL (DOMESTIC) ECONOMY

Akwa Ibom Gross Domestic Product (GDP), for the period 2013 – 2017 was recently published by the National Bureau of Statistics. The state GDP stood at N4,122,218.04 million in 2013, rose slightly to N4,434,197.63 in 2014, but declined in 2015 and 2016, thereafter it increased to N5,142,862.45 million in 2017. The state GDP grew on the average by 7.5 percent between 2013 and 2014, but contracted by 1.6 percent between 2015 and 2016. The state economy recovered in 2017 and recorded GDP of N5,142,862.45 million, representing a remarkable growth compared to 2016.

The share of the various sectors in the state GDP is presented in Tables 6 and 7. The agriculture sector contributed on the average

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**Table 6: Akwa Ibom State: GDP Share by Oil & Non-oil, 2013-2017 (%)**

Sector	2013	2014	2015	2016	2017
Oil	67.3	68.5	52.6	48.8	59.8
Non-oil	32.7	31.5	47.4	51.2	40.2
Broad Classification					
Sector	2013	2014	2015	2016	2017
Agric.	14.6	12.8	20.9	22.6	16.0
Industry	71.2	72.6	58.0	53.9	65.4
Services	14.3	14.7	21.1	23.5	18.6

Source: National Bureau of Statistics, Abuja

Nigeria's share of manufacturing (a major component in industry) in GDP over the period 2007 -2018 was about 10%. At the state level, the share of manufacturing in GDP was a paltry 2.03% in 2013, 2.75% in 2015, and about 4% in 2017. It follows, therefore, that the state is yet to catch up with modern industrialization.

The service sub-sector is of low quality, basic and not linked to the manufacturing sub-sector. Hence the state government's industrialization policy should be pursued with renewed vigor. It is industrialization that would create the required linkages, generate employment and ensure sustained generation of revenue for the state. Industrialization will be fostered through expanding the value chain in agriculture, and crude oil, and fostering inter-sectoral linkages with petrochemical, pharmaceutical and other sub-sectors as summarized in the ARSE AGENDA of the present administration in the State.



Based on the existing structure of the GDP, its identified shortcomings notwithstanding, Government policy in the State will be directed at agriculture, real estate (housing construction), education and health (human capital), construction and transport to facilitate rapid industrialization that will bring about sustainable economic growth and development.

**Table 7: Akwa Ibom State: Sectorial Shares in GDP, 2013-2017 (%)**

SECTOR	2013	2014	2015	2016	2017
Agriculture	14.55	12.77	20.89	22.62	16.00
Mining and Quarrying	67.29	68.57	52.69	48.85	59.84
Manufacturing	2.03	2.16	2.75	2.89	3.92
Electricity, Gas, Steam and Air Conditioning Supply	-	0.19	0.27	0.27	0.21
Water Supply, Sewerage, Waste Management and Remediation	0.05	0.07	0.12	0.15	0.12
Construction	1.77	1.56	2.17	1.74	1.30
Trade	3.45	4.23	4.16	4.72	3.74
Accommodation and Food Services	0.31	0.36	0.51	0.53	0.44
Transportation and Storage	0.15	0.29	0.56	0.52	0.47
Information and Communication	5.31	5.72	9.09	10.14	0.09
Arts, Entertainment and Recreation	0.08	0.09	0.11	0.14	0.09
Financial and Insurance	0.64	0.64	0.94	1.16	0.75
Real Estate	1.01	0.95	1	0.82	0.96
Professional, Scientific and Technical Services	0.35	0.34	0.47	0.78	2.44
Administrative & Support Services	0.01	0.01	0.01	0.02	0.01
Public Administration	1.58	0.65	2.12	2.42	1.58
Education	0.58	0.58	0.82	0.81	0.60
Human Health and Social Services	0.46	0.46	0.7	0.74	0.47
Other Services	0.37	0.35	0.51	0.68	0.58

## 6.1 Fiscal Operations- Historical Perspective

Understanding the fiscal profile of the state is key to learn analysis of the implications of COVID-19 on the State economy and other concomitant issues. Tables 8 and 9 present the revenue and expenditure of the state between 2007 and 2018. Total revenue rose from N147.26 billion in 2007 to N428.37 billion in 2013, representing a whopping 190.7 percentage increase, and thereafter declined by 30.6 per cent to N297.13 billion in 2018. During the same period, statutory allocation fluctuated within wide margins, while internally generated revenue sustained a positive trend.



The 13.0 percent oil derivation increased substantially between 2012 and 2014, but declined in the subsequent years. It is incontrovertible that statutory allocation is driven by the international price of crude oil and by extension oil revenue, which is often allocated to States based on an approved formula.

**Table 8: Akwa Ibom State of Nigeria:  
Revenue and Expenditure Profile, 2007-2020**

Year	Total Revenue (N'Billion)	Total Expenditure (N'Billion)	Overall Balance (N'Billion)	Internal Revenue (N'Billion)	Recurrent Expenditure (N'Billion)	Primary Balance (N'Billion)
2007	147.26	143.15	4.11	12.63	37.58	-24.95
2008	243.04	188.67	54.37	12.09	34.16	-22.07
2009	204.43	223.2	-18.77	12.11	37.01	-24.9
2010	246.43	252.03	-5.6	12.08	40.46	-28.38
2011	304.18	294.56	9.62	16.55	51.93	-35.38
2012	357.47	370.1	-12.63	17.06	88.23	-71.17
2013	428.37	398.43	29.94	18.01	133.8	-115.79
2014	325.49	346.09	-20.6	18.72	151.52	-132.8
2015	212.91	235.84	-22.93	18.73	121.42	-102.69
2016	190.99	190.08	0.91	16.29	98.52	-82.23
2017	239.34	229.97	9.37	19.51	112.88	-93.37
2018	297.13	298.75	-1.62	28.21	130.58	-102.37
2019	361.63	324.91	36.71	35.50	127.80	-91.58
2020	247.43	220.90	26.53	30.61	129.44	-98.84

The total revenue from the State was markedly lower than total expenditures in most of the years. Again, the internally generated revenue was less than recurrent expenditures between 2007 and 2018. The implication of this is that the State cannot pay personal emoluments and other overheads without relying on the Federation Account Allocation (FAA).

The available data indicate that with the exception of 2011, 2016, and 2017, the overall balance was in deficit while the primary balance, defined as internally generated revenue less recurrent expenditures, was in deficit throughout the period 2007 – 2018. This connotes fiscal non-sustainability.

**Table 9: Revenue Sources, 2007-2020:  
Akwa Ibom State Revenue Profile and Dependence on  
Federal Allocation**

Year	Total Revenue	IGR	Excess Crude	13% Derivation	Statutory Allocation	Miscellaneous	IGR/ Total Revenue (%)	Excess Crude/ Total Revenue (%)	13% Derivation/ Total Revenue (%)	Statutory Allocation Total Revenue (%)	Dependence on the Federal Govt
2007	147.26	12.63	22.94	81.9	20.5	9.29	8.58	15.58	55.62	13.92	85.11
2008	243.04	12.09	91.17	98.02	25.47	16.29	4.97	37.51	40.33	10.48	88.32
2009	204.43	12.11	61.27	71.3	18.13	41.62	5.92	29.97	34.88	8.87	73.72
2010	246.43	12.09	60.74	107.79	25.28	40.53	4.91	24.65	43.74	10.26	78.65
2011	304.18	16.55	61.38	129.62	33.19	63.44	5.44	20.18	42.61	10.91	73.70
2012	357.43	17.06	41.2	150.94	34.51	113.72	4.77	11.53	42.23	9.66	63.41
2013	428.37	18.01	20.54	180.79	38.92	170.11	4.20	4.79	42.20	9.009	56.08
2014	325.5	18.72	14.57	183.06	38.69	70.46	5.75	4.48	56.24	11.89	72.60
2015	212.91	18.73	3.85	116.69	28.3	45.34	8.80	1.81	54.81	13.29	69.91
2016	190.99	16.29	11.94	63.31	20.5	78.95	8.53	6.25	33.15	10.73	50.13
2017	239.34	19.51	40.14	93.27	28.75	57.67	8.15	16.77	38.97	12.01	67.75
2018	297.13	28.21	13.73	149.06	42.75	63.38	9.49	4.62	50.17	14.39	69.18
2019	361.63	35.5	NA	70.8	172.94	NA	9.82	NA	19.58	47.82	-
2020	247.43	30.61	NA	94.8	125.15	NA	12.37	NA	38.31	50.58	-

Like most sub-national governments in Nigeria, the State is Federation Account Allocation dependent with average dependency ratio of 71.0% between 2007 and 2018. On the other hand, internally generated revenue as a ratio of total revenue increased marginally from 8.58%, in 2007, to 9.49%, in 2018. The main source of growth in the internally generated revenue was the PAYE tax. This component could increase substantially with increased employment. Also, enhanced GDP would enhance the IGR in the State.

The undue reliance on statutory allocation from the centre is not robust for the state economy. Over 85.0% of Nigeria's revenue and foreign exchange earnings is inextricably linked to crude oil exports. It is risky to finance development from a volatile revenue source; – the country has no control over neither the price nor the output. Thus, revenue from this source should essentially be classified as a windfall that should be deployed to priority projects with perceptible forward and backward linkages. Sub-sectors including chemical, pharmaceutical and agriculture, should form the lynchpin of the State development agenda in the pursuit of diversification of the economy.



It is imperative that the state reduces its dependence on the allocation from Federation Accounts since the latter relies almost entirely on oil revenue.

## **6.2 Akwa Ibom State Economy... Stylized Facts on Challenges**

- Unemployment continues to pose a serious challenge.
- Rising cost of food prices though halted, through state government intervention by directly selling food stuffs to the public, with inflation figure now below the national average, still remains a threat.
- Access to credit by small and medium business ventures are still inadequate. But with the current government programs of providing loans and grants to MSMEs, the prognoses look good in the medium term.
- Majority of businesses in the State have not reached the pre-Covid-19 production capacity but this is being addressed by the Social Investment Programs (SIPs) and Cash Transfer programs initiated by both the Federal and the State governments, e.g, the AK-CARES.
- The consumption level of the economy measured by per capita expenditure of most households has further reduced and below N2,000,000 in a year, thereby posting a low incentive for businesses expansion. This is attributable in part to low per capita income and high level of unemployment.
- Although road networks in Akwa Ibom State both rural and urban recorded some improvement, there is still a wide gap to achieving 100 % coverage.
- Weak private sector and concomitant over- dependent on State Government Expenditure.



### 6.3 Akwa Ibom State Update on 2023 Budget Implementation (January – May)

**Table 10: Revenue Performance of 2023 Budget (JANUARY - MAY)**

DETAILS	APPROVED PROVISION 2023 N	ACTUAL (JAN-MAY,2023) (UNAUDITED) N	BALANCE OF PROVISION 2023 N	REMARKS
Revenue Internal Sources	47,849,617,600.00	24,352,278,048.38	23,497,339,551.62	
Retained Revenue of Parastatals	-	-	-	
Sub-Total(Internally Generated Revenue)	47,849,617,600.00	24,352,278,048.38	23,497,339,551.62	
Statutory Revenue	51,000,000,000.00	14,901,930,420.83	36,098,069,579.17	
Derivation Revenue	200,000,000,000.00	116,119,483,339.74	83,880,516,660.26	
13% Derivation Revenue Arrears	70,000,000,000.00	-	70,000,000,000.00	
Exchange gain, Augmentation and Others	40,000,000,000.00	21,719,639,244.10	18,280,360,755.90	
Value Added Tax(VAT)	30,000,000,000.00	13,216,732,524.99	16,783,267,475.01	
Excess Crude	10,000,000,000.00	-	10,000,000,000.00	
Electronic Money Transfer Levy	12,000,000,000.00	1,936,166,752.59	10,063,833,247.41	
Total(Recurrent Revenue)	460,849,617,600.00	192,246,230,330.63	268,603,387,269.37	
Less				
a) Personnel Costs	80,050,072,410.00	22,505,450,279.45	57,544,622,130.55	
b) Overhead Costs	157,954,444,720.00	36,055,513,760.12	121,898,930,959.88	
c) Social contribution and Social Benefits(Pensions & Gratuity)	31,500,000,000.00	8,877,173,531.18	22,622,826,468.82	
d) Grant, Contributions and Subsidies	1,500,000,000.00	227,462,300.00	1,272,537,700.00	
e) Public Debt Services	73,000,000,000.00	28,723,079,596.59	44,276,920,403.41	
Total(Recurrent Expenditure)	344,004,517,130.00	96,388,679,467.34	247,615,837,662.66	
Recurrent Surplus(Transfer from Consolidated Revenue Fund)	116,845,100,470.00	95,857,550,863.29	20,987,549,606.71	
Opening Balance	40,000,000,000.00	55,464,183,000.00	(15,464,183,000.00)	

Direct Credit Substitute/Discounting Facility	130,103,382,400.00	-	130,103,382,400.00	
External Bank Loan	4,000,000,000.00	-	4,000,000,000.00	
Grants	23,047,000,000.00	3,058,213,072.00	19,988,786,928.00	
Ecological Funds	5,000,000,000.00	200,874,511.67	4,799,125,488.34	
Investment Income	-	-	-	
Reimbursement from Federal Government on Roads	5,000,000,000.00	-	5,000,000,000.00	
Other exceptional income	30,000,000,000.00	-	30,000,000,000.00	
Stabilization Account	2,000,000,000.00	-	2,000,000,000.00	
Refunds from Federal Government/Federation Account	-	-	-	
<b>Total(Capital Receipts)</b>	<b>355,995,482,870.00</b>	<b>154,580,821,446.96</b>	<b>201,414,661,423.05</b>	
<b>Total(Capital Expenditure)</b>	<b>355,995,482,870.00</b>	<b>95,567,933,894.16</b>	<b>260,427,548,975.84</b>	
<b>BUDGET SIZE/TOTAL EXPENDITURE</b>	<b>700,000,000,000.00</b>	<b>191,956,613,361.50</b>	<b>508,043,386,638.50</b>	

## 7.0 MEDIUM-TERM MACROECONOMIC FRAMEWORK: PARAMETERS AND TARGETS FOR 2024-2026

### 7.1 Macroeconomic Projections

The key parameters driving the medium-term revenue and expenditure framework are presented in the Table below.

**Table 11: Key Parameters and other Macroeconomic Projections**

Description	2023	2023 Revised Forecast (as at July 2023)	2024	2025	2026
Oil Price Benchmark (US\$/b)	75.0	75.0	73.96	73.76	69.90
Oil Production (mbpd)	1.69	1.72	1.78	1.80	1.81
Exchange Rate (N/\$)	435.57	700.00	700.00	665.61	669.79
Inflation (%)	17.16	17.16	21.40	20.30	18.60
Non-Oil GDP (N'bn)	214,049.5	214,049.5	223,989.2	249,188.0	278,251.7
Oil GDP (N'bn)	11,457.8	11,457.8	12,316.0	13,225.7	14,272.0
Nominal GDP (N'bn)	225,507	225,507	236,305.2	262,413.7	292,523.7
GDP Growth Rate (%)	3.75	3.75	3.76	4.22	4.78
Imports	24,385.6	24,385.6	32,453.5	33,401.3	34,515.4
Nominal Consumption (N'bn)	121,933.1	121,933.1	163,227.8	189,992.8	218,594.2

**Source:** Ministry of Finance, Budget & National Planning, NNPC; BOF; NBS

The assumptions underlying the 2024-2026 Medium-Term Expenditure Framework indicate that economic growth rate over the next three years would be higher than the modest rates recorded since the end of the recession in 2020. Accordingly, economic growth is projected to increase to 3.76%, 4.22% and 4.78% in 2024, 2025 and 2026, respectively, mainly due to strong political will which is geared towards actualizing the ARISE AGENDA and also implementing the necessary reforms. Most of the growth in real GDP during the period will be driven by the anticipated increase in domestic oil refining capacity, telecommunications, crop production, slight growth in investment and employment, with the bulk of projected growth coming from the non-oil sector.

## 7.2 Akwa Ibom State 2024 – 2026 Medium Term Expenditure Framework (MTEF)/Fiscal Strategy Paper (FSP)

### OVERVIEW OF THE 2024 – 2026 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

**Table 12: Revenue Framework**

ITEM	2023	2024	2025	2026
<b>Opening Balance</b>	<b>40,000,000,000</b>	<b>60,000,000,000</b>	<b>70,000,000,000</b>	<b>70,000,000,000</b>
<b>Recurrent Revenue</b>				
<b>Statutory Allocation</b>	51,000,000,000.00	60,000,000,000	60,000,000,000	70,000,000,000
<b>Derivation</b>	200,000,000,000.00	290,000,000,000	245,000,000,000	300,000,000,000
<b>VAT</b>	30,000,000,000.00	50,000,000,000	40,000,000,000	57,000,000,000
<b>IGR</b>	50,000,000,000.00	70,000,000,000	62,000,000,000	73,000,000,000
<b>Excess crude/other Revenue</b>	162,000,000,000.00	121,500,000,000	120,000,000,000	145,000,000,000
<b>Grants</b>	18,000,000,000.00	23,000,000,000	25,000,000,000	25,000,000,000
<b>Loans</b>	172,000,000,000.00	185,000,000,000	190,000,000,000	160,000,000,000
<b>Other Capital Receipts</b>	187,000,000,000.00	857,000,000,000	45,000,000,000	38,000,000,000
<b>Total Revenue</b>	<b>860,000,000,000.00</b>	<b>878,000,000,000</b>	<b>857,000,000,000</b>	<b>954,000,000,000</b>



### 7.3 Stylized Facts

- The State Internally Generated Revenue is likely to be influenced by high inflation, growing unemployment and dwindling businesses due to high cost of doing business, coupled with the spilled-over effect of Russia-Ukraine impasse. However, Government's investment in agriculture and cottage industries will foster a glimpse of hope.
- Most businesses in the Tourism, Sports and Hospitality subsectors are yet to recover fully from the previous lockdowns to curb the spread of COVID-19.
- There is high dependency ratio in majority of Households as a result of loss of jobs, incomes and bread winners.

Derivation Revenue to States might reduce somewhat as a result of prolong and persistent armed conflict e.g., the Armed Bandits, Boko Haram armed group, and the IPOB, and most importantly, the dwindling crude oil production due to lethargy experienced by multinational companies in the Nigeria's oil sector following the above obvious reasons.

**Table 13: Expenditure Framework**

Item		2024	2025	2026
<b>Personnel Cost</b>	80,000,000,000	90,000,000,000	135,000,000,000	140,000,000,000
<b>Social Contributions and Social Benefits</b>	31,500,000,000	50,000,000,000	50,000,000,000	52,000,000,000
<b>Overheads</b>	157,954,444,720	150,000,000,000	37,149,824,420	36,999,352,910
<b>Grants, Contributions and Subsidies</b>	1,500,000,000	1,500,000,000	2,000,000,000	2,000,000,000
<b>Public Debt Service</b>	73,000,000,000	85,000,000,000	85,000,000,000	85,000,000,000
<b>Capital Expenditure</b>	455,995,482,870	501,500,000,000	495,000,000,000	4495,000,000,000
<b>Total Expenditure</b>	<b>860,000,000,000</b>	<b>878,000,000,000</b>	<b>857,000,000,000</b>	<b>954,000,000,000</b>

- Limiting the acquisition of Loans to the funding of capital expenditure projects.
- Long term target of funding all recurrent expenditure through revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation);
- Priority given to completion of ongoing capital projects with accommodation of critical new projects; and
- Preference for long term borrowing.

## 8.4 Indicative Three Year Fiscal Framework

The Indicative Three-year Fiscal Framework for the period 2024-2026, with 2023 as an immediate reference point is presented in the table below.

### Akwa Ibom State Medium Term Fiscal Framework

**Table 15: Fiscal Framework**

	2024	2025	2026
<b>Recurrent Revenue</b>			
Statutory Allocation	60,000,000,000	70,000,000,000	70,000,000,000
Derivation	290,000,000,000	295,000,000,000	300,000,000,000
VAT	50,000,000,000	55,000,000,000	57,000,000,000
IGR	70,000,000,000	72,000,000,000	73,000,000,000
Excess Crude/other Revenue	121,500,000,000	120,000,000,000	145,400,000,000
<b>Total recurrent Revenue</b>	<b>591,500,000,000</b>	<b>857,090,000,000</b>	<b>954,146,411,000</b>
<b>Recurrent Expenditure</b>	<b>376,500,000,000</b>	<b>362,000,000,000</b>	<b>459,000,000,000</b>
Personnel Cost	90,000,000,000	135,000,000,000	140,000,000,000
Social contribution and Social Benefit	50,000,000,000	50,000,000,000	52,000,000,000
Overheads	150,000,000,000	175,000,000,000	180,000,000,000
Grants, contributions and Subsidies	1,500,000,000	2,000,000,000	2,000,000,000
Public Debt Service	85,000,000,000	85,000,000,000	85,000,000,000
<b>CAPITAL RECEIPTS</b>			
Opening Balance	60,000,000,000	70,000,000,000	70,000,000,000
Transfer to Capital Account	220,000,000,000	270,000,000,000	190,000,000,000
Grants	23,000,000,000	25,000,000,000	25,000,000,000
Other Capital Receipts	25,000,000,000	45,000,000,000	46,000,000,000
<b>Total Capital Receipts</b>	<b>287,500,000,000</b>	<b>325,000,000,000</b>	<b>327,000,000,000</b>
Financing (Loans)	185,000,000,000	190,000,000,000	160,000,000,000
<b>Total Capital Expenditure</b>	<b>501,500,000,000</b>	<b>495,000,000,000</b>	<b>497,000,000,000</b>
Discretionary Funds	451,500,000,000	465,000,000,000	467,000,000,000



<b>Non-Discretionary Funds</b>	40,000,000,000	30,000,000,000	30,000,000,000
<b>RESERVE</b>			
<b>Planning Reserve</b>	10,000,000,000	20,000,000,000	20,000,000,000
<b>Contingency Reserve (Provided elsewhere-State AG Office)</b>	3,000,000,000	3,000,000,000	3,000,000,000
<b>Total Reserve</b>	23,000,000,000	23,000,000,000	23,000,000,000
<b>Total Revenue (Including Opening Balance)</b>	878,000,000,000	808,000,000,000	834,220,000,000
<b>Total Expenditure (including contingency reserve)</b>	<b>878,000,000,000</b>	<b>857,000,000,000</b>	<b>954,000,000,000</b>
<b>Closing Balance</b>			
<b>Ratios</b>			
<b>Growth in Recurrent Revenue</b>	23%	5.95%	2.06%
<b>Growth in Recurrent Expenditure</b>	6.8%	3.9%	2.68%
<b>Capital Expenditure Ratio</b>	57.1%	52.55%	51.99%
<b>Deficit (financing) to total expenditure</b>	19.36%	18.05%	17.78%
<b>Deficit (financing) to GDP Ratio</b>	NA	NA	NA

## 8.4 Assumptions

1. **Statutory Allocation** – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macroeconomic framework (National) and the mineral assumptions explained in this document.
2. **Derivation** – the estimation for Derivation is based on elasticity forecast using the macroeconomic assumptions explained above.
3. **VAT** – is also based on elasticity forecast using national Real GDP and Inflation data as the explanatory variables for VAT growth.
4. **Other FAAC transfers** –are based on the actual receipts for 2021, 2022 and January to May 2023
5. **Internally Generated Revenue (IGR)** – own percentage adopting the growth rate provided in Akwa Ibom State Fiscal Objectives and Targets in earlier paragraphs above.



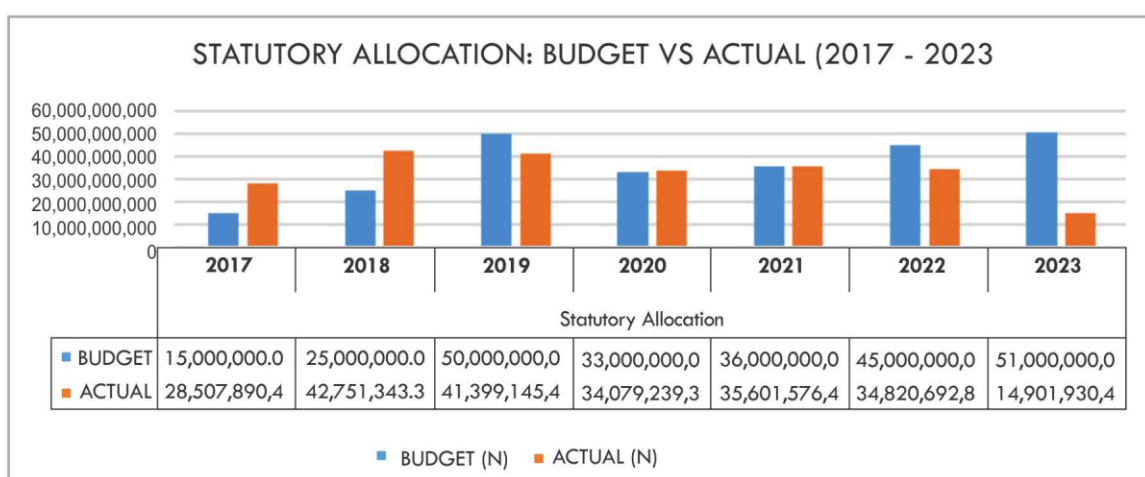
6. **Grant** - External grants are based on signed grant agreements with the World Bank Programmes, (SFTAS and others), UNICEF, USAID, UNDP and others.
7. **Other Capital Receipts** – are based on expected exceptional incomes, ecological fund from FGN and investment incomes.
8. **Financing (Net Loans)** – based on signed agreement with World Bank for NEWMAP, RAMP, ANRIN as well as commercial bank short term loans.
9. **Personnel** – 5% growth annually, there are prospects for increases in, 2024, 2025 and 2026.
10. **Overheads** –5% growth annually.
11. **Social Contribution and Social Benefit** – own percentage on the assumption that pension and gratuity will increase annually by 5%.
12. **Grants and Contribution**– 2.5% annually based on three years moving average growth rate 2020 – 2022.
13. **Public Debt Service** – calculation based on the memorandum with the creditors.
14. **Capital Expenditure** – essentially calculated as a residual from the recurrent account plus capital receipts.

## 9.0 FISCAL UPDATE - HISTORIC TRENDS

### 9.1 Revenue Side

On the revenue side, the document looks at Statutory Allocation, Value Added Tax (VAT), IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2017-2022 (six year historic) and 2023 budget.

**Figure 16: Statutory Allocation (Bar Chart)**



**9.2 Statutory Allocation** is a transfer from the Federal Allocation Accounts Committee (FAAC) and is based on the collection of mineral (largely Oil) and non-mineral revenues (companies' income tax, customs and excise) at the national level, which is then shared between the three tiers of government using sharing ratios.

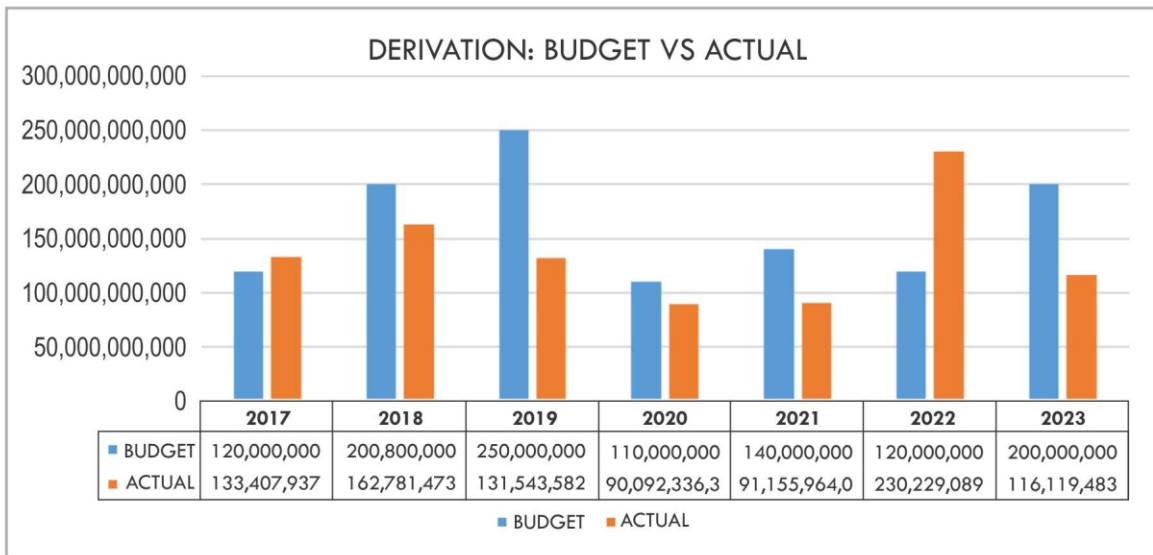
**9.3 Actual receipts** have decreased in 2017 compared to 2016 and also in 2020. 2020 actual receipt declined largely due to the effect of Covid 19 pandemic on global oil price and low production levels. There was a marginal increase in actual receipt in 2021 as economies began to rebound.

**9.4 Budgeting** has been completely inaccurate within period with the exception of 2017, 2018. The projections of 2020 and 2021 were near perfect. That of 2020 was as a result of revised Covid-19 responsive budget.

When looking forwards, it is important to consider that crude prices have risen significantly over the course of 2022 compared to 2021, the current price (\$103 in June 2022). This is occasioned by the impact of the war between Russia and Ukraine which has led to global energy shortages and a spike in crude oil prices. In 2022, between January and May, actual collection stands at about 29% of the budgeted figure.

In preparing the 2022 Budget and MTEF (2023-2025), the following macroeconomic indices were to be adopted: the current NAFEX rate of N415 per dollar, Crude oil production expectations of **1.6** MBPD in 2023, **1.7** MBPD in 2024 and **1.8** MBPD in 2025. Crude oil price is estimated at \$75 per barrel for 2023 and \$68 per barrel for 2024 and \$60 in 2025 in accordance with the figures provided in draft FGN FSP 2023-2025.

**Figure 17: Derivation (Bar Chart)**



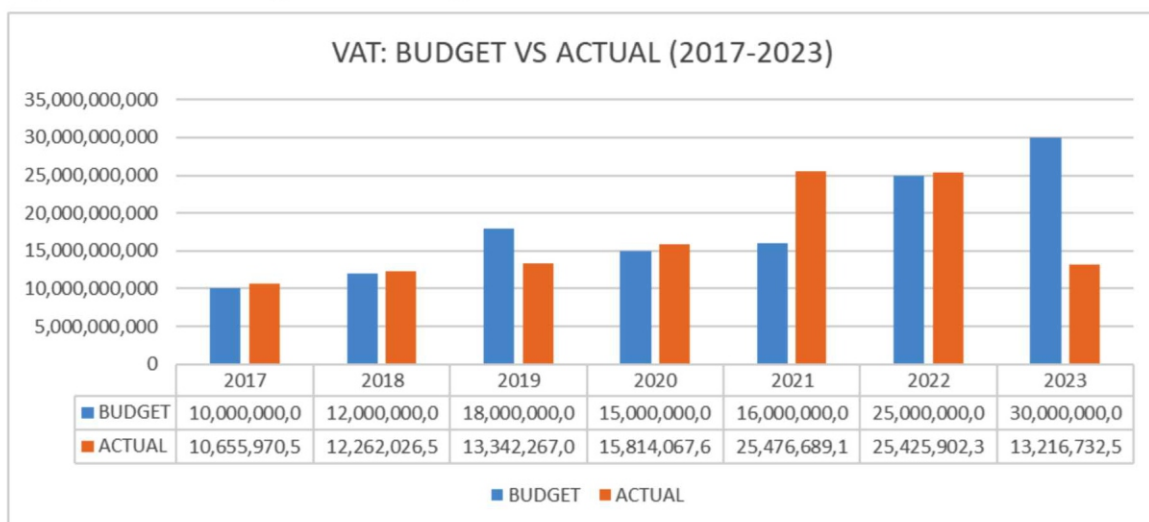
**9.5 The Derivation Revenue** is revenue derived from natural resources oil. 13 % of the revenue is shared to the states from which it is obtained, in consonance with the principle of derivation. From the data above, budgeting for this revenue within this period has been inaccurate. However, in 2017 the actual derivation receipt



was a bit higher than projected. Whereas in 2020 as a result of result of revised Covid 19 responsive budget, the actual derivation revenue was a bit closer to the budgeted figure. In 2021 the budgeted figure was higher than the actual receipt by over N48bn. The 2022 actual collection between January and May is about N58.7bn showing a 48.9% performance or collection. With this, we could believe that before the end of the year, actual collection will near perfect or even higher than the budgeted figure.

Future forecasts should take into consideration the possible implications of the oil prices and volume of production on derivation revenue, however, 22.25 % of the National Derivation has always been observed as a share of the Akwa Ibom derivation.

**Figure 18: VAT (Bar Chart)**



**9.6 VAT**, is an ad valorem tax on most goods and services at a current rate of 7.5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government on a monthly basis – partially based on set ratios, and partially based on the amount of VAT a particular State generates. States receive 50% of the total VAT collections nationally, from which Akwa Ibom gets around 4% of the States' allocation. Akwa Ibom benefited from a re-basing of the VAT allocations in late 2014.

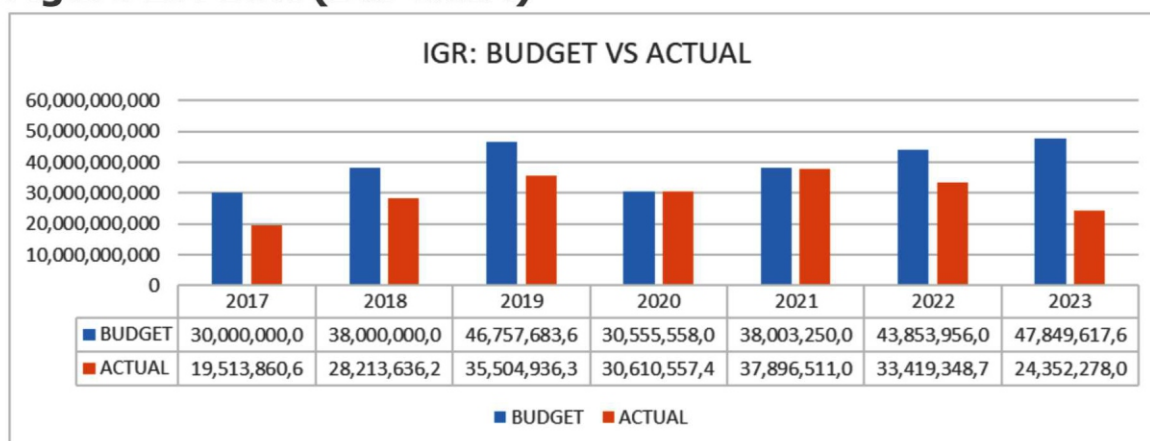
**VAT receipts** have increased year-on-year since 2016 largely due to the nominal growth in economic activities in Nigeria. The Akwa Ibom total State receipts in 2016 was N8.8BN compared to N10.7 in 2017, N12.2bn in 2018, N13.3bn in 2019 etc. Akwa Ibom State has experienced significant growth in her VAT receipt since 2016.

Performance relative to budget (i.e. budget accuracy) has been good – not more than 10% above or below over the period.

In 2017, 2018, 2020 and 2021 the actual figures were higher than the budgeted figures whereas the budgeted figures were higher than the actual figures in 2016 and 2019. The State's receipts of VAT in 2022 between January and May is about N10.9bn showing a 43.8% actual collection.

Forecasts should take into consideration the possible influence of the economic activities in Nigeria mostly in the non-oil sector. However, the Akwa Ibom share of the National VAT has usually been observed to be about 2.3%.

**Figure 19: IGR (Bar chart)**



**9.7 Internally Generated Revenue** is revenue collected within Akwa Ibom State. Relative to other sources of revenue, the personal income tax (PAYE represents the highest contributor to IGR). Other sources of revenue include fines, levies, fees etc.

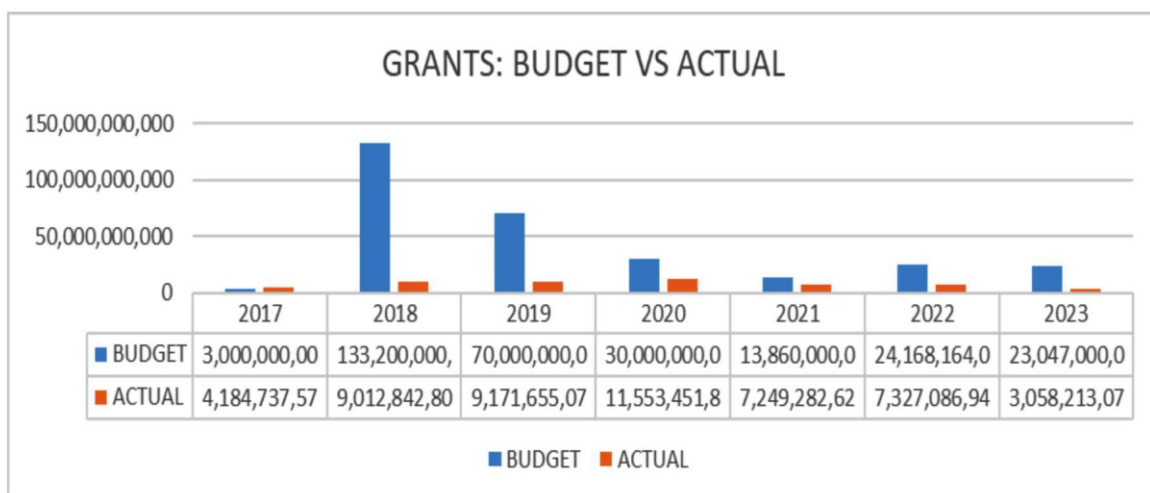
**IGR** has grown at a steady pace year-on-year since 2017 to 2019.

The growth has largely been due to reforms in tax Administration, mostly automation of some tax collection processes. However, in 2020 there was a slight decline in gross IGR compared to that of 2019 as a result of effect of Covid19 pandemic including lock down in economic activities within the State. Also within the year there was Covid19 responsive tax relief granted to taxpayers in certain sectors of the State economy. There was nonetheless some marginal increase in IGR in 2021 as the national and sub-national economies began to recover after the global pandemic. While, actual collections in 2022 within the period of assessment (January-May) show 27.4%.

Although IGR has grown at a steady pace year on year since 2017, it has been observed that the budgeted figures have been too high from the actuals except for 2020 which there was a revised Covid-19 responsive Budget.

The new Tax Administration Law 2016 has brought a huge increase in IGR which were never realized. With the new consolidated tax code in place; prohibition of Contractors from collecting Personal Income Tax and the planned Property enumeration for Property taxation, the IGR collection the State will increase significantly in the coming years.

**Figure 20: Grants (Bar Chart)**



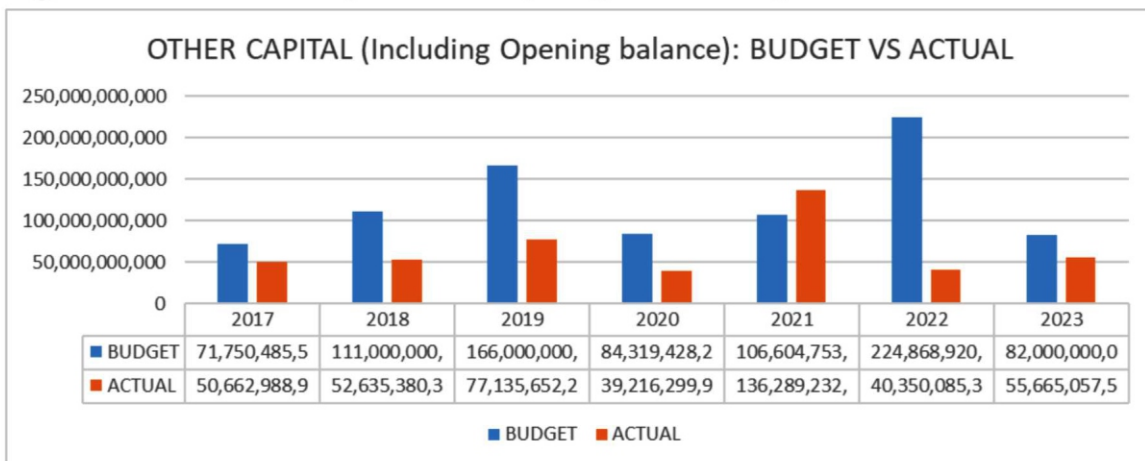


**9.8 Grants** are receipts from federal government and local governments such as Federal Government UBE, SDGs Conditional Grants Scheme, as well as grants from the International Development Partners (including UK - Department for International Development (DFID), European Union (EU) and United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), World Bank assisted SFTAS grant, USAID. Akwa Ibom has proactively included as much grant expenditure “on-budget” as possible, even if the funds don't travel through the state treasury.

Aside 2017, actual receipts have improved since 2016, growing steadily until 2021 when it declined by more than 37%. Budgeted figures within the period have been outrageous compared to the actuals. But for 2022, there has been no actual collection of grant from January till date.

Grant estimates going forward should be consistent with signed agreements, any “blue-sky” should be specifically linked to the implementation of specific projects.

**Figure 21: Other Capital Receipts (Bar Chart)**



Historically, other capital receipts have related to sale of state assets (mostly housing) and also income from state assets. It also takes into account rebate from Federal Government for roads and

other maintenance costs incurred by the state. Actual receipts have been consistently lower than budgeted figures for the period averaging about 45% of the budgeted figures, exception of 2021 where actual collection was higher than the budgeted figure. But in 2022, actual collection between January and May shows a 34.6% of the total budgeted figure. This shown that, total actual collection at the end of the year might be near perfect. Forecast should be on actual figures for a more realistic budget.

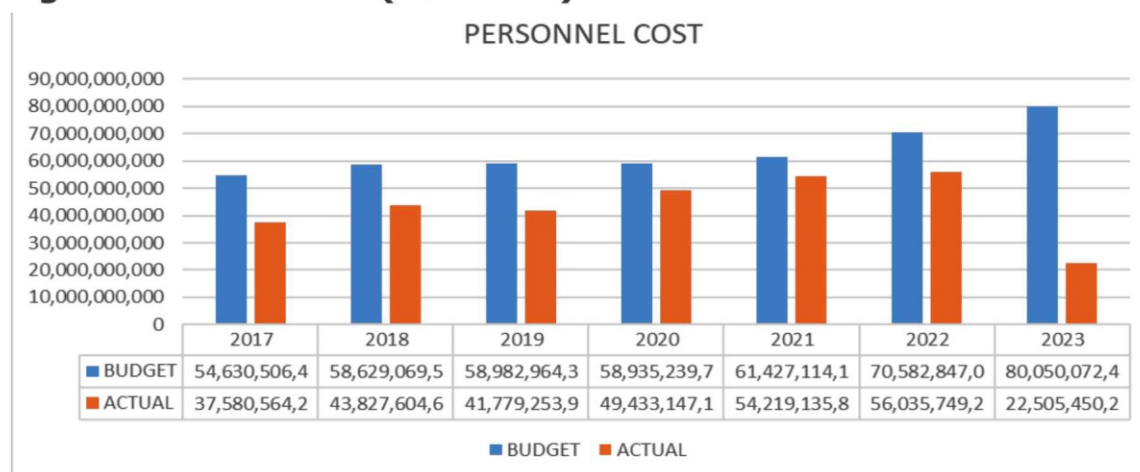
Besides some short-term borrowing from banking facilities, financing has come in the form of various World Bank programmes (FADAMA, CSDP, NEWMAP, N-CARES, Health and Education sector support) plus a drawn down from any expected internal bond floating.

The poor performance in 2016, 2017, 2018 and 2020 was based on anticipated internal loans that were never eventually received. But in 2021 the actual collection was a bit near perfect. 2022 actual collection for the period of assessment has shown 40.13% draw down.

## 9.9 Expenditure Side

On the expenditure side, the document looks at Personnel, Overheads and Capital Expenditure – budget versus actual for the period 2016-2021 (six years) and 2022 budget.

**Figure 22: Personnel (Bar Chart)**

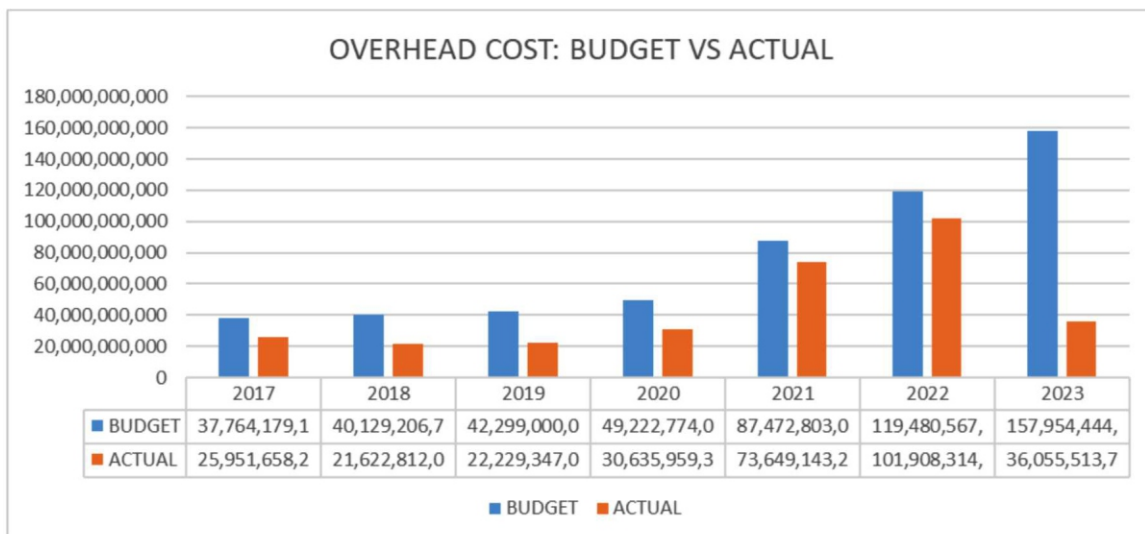


Personnel expenditure includes salaries, allowances and pensions costs of the state, most of which are disbursed directly by Head of Service. Personnel costs have rose significantly since 2020 largely due to the increase in national minimum wage which the State subsequently adopted.

Actual expenditure has not been close to budget in all years. This was as a result of miss-estimation of the impact of the recruitment drive on total personnel costs.

Actual expenditure performance has increased steadily from 62.03% in 2016 to 88.27% in 2021, with an average growth of about 10% year-on- year.

**Figure 23: Overheads (Bar Chart)**



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

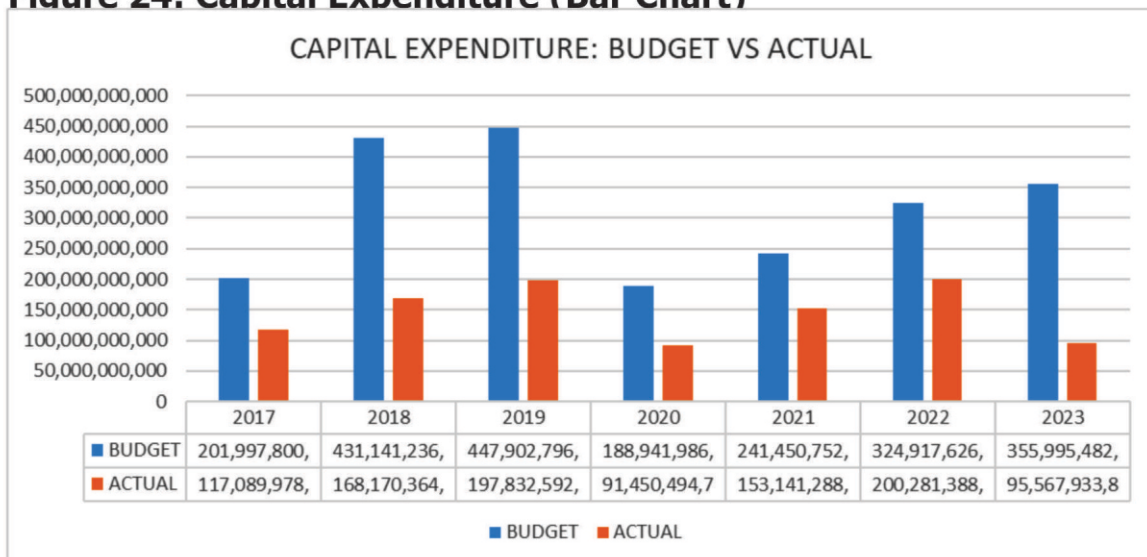
The performance of Overhead expenditure within the period has been 46.21% in 2016, 68.72% in 2017, 53.88% in 2018, 52.55% in 2019 and 62.55% in 2020 and 38.88% in 2021, while 2022 actual expenditure shows a 16.99% between January and May. Due to



increased cost of running government, especially with respect to maintenance of many government offices, overhead expenditure was expected to increase steadily over the period however; it dropped in 2018 and 2019 as a result of diminishing resource envelop.

Going forwards, budgeted figures for overhead expenditure should be reduced and some items of the expenditure must be brought under control.

**Figure 24: Capital Expenditure (Bar Chart)**



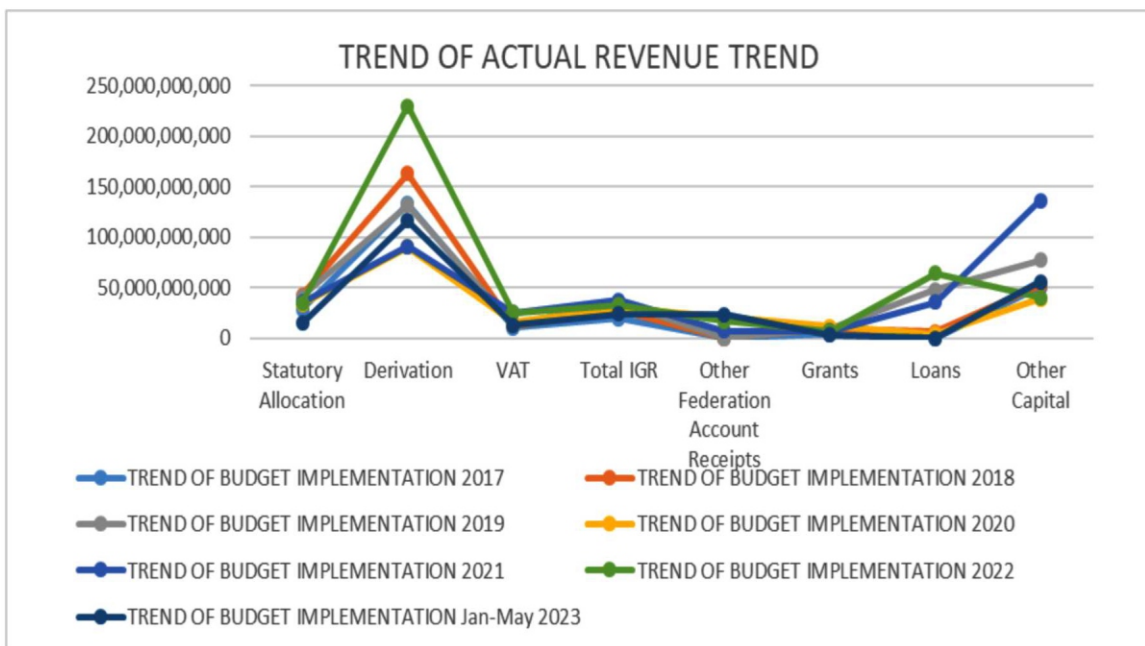
Capital expenditure refers to projects that generate state assets (e.g. roads, schools, hospitals).

Capital Expenditure has grown year-on-year since 2016 based on the increased revenues available from the mineral sector via Statutory Allocation and Excess Crude. However, it reduced significantly in 2020 as a result of dwindling revenues occasioned by the substantial decrease in Oil prices due to Covid 19 effect. Actual capital expenditure in 2022 from January to May stands at N67.93bn which shows 20.9% performance.

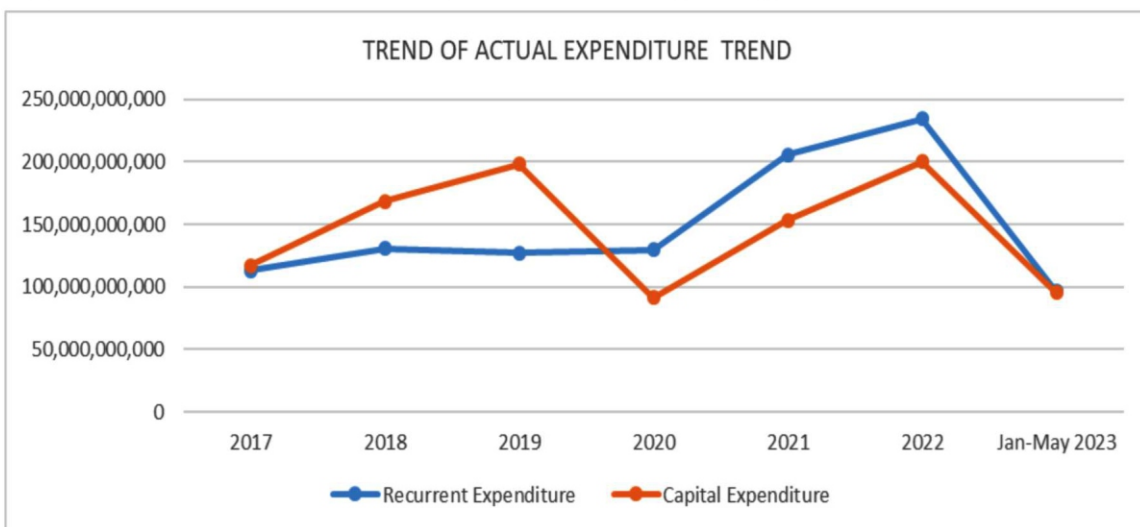
Prudent forecasting of revenue to enhance Capital development

fund and tight control on recurrent expenditure will help to increase the level of capital expenditure and also improve performance against budget going forwards. This is important as the state should look to avoid wasted effort in preparing detailed capital expenditure submissions if they cannot, ultimately, be resource-backed. Deliberate reduction of recurrent expenditure will help to improve capital expenditure performance against budgeted.

**Figure 25: Akwa Ibom State Revenue Trend (Fiscal)**



**Figure 26: Akwa Ibom State Expenditure Trend(Fiscal)**



## Sectoral Expenditure (Budget Vs. Actual)

**Table 16: Personnel Expenditure**

NO	SECTOR	2018 BUDGET	2018 ACTUAL	2019 BUDGET	2019 ACTUAL	2020 BUDGET	2020 ACTUAL
	<b>ADMINISTRATION SECTOR</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1	Government House	1,002,284,980	657,309,720	1,093,959,070	652,223,889	1,090,425,490	815,222,831
2	Office of the Secretary to the State Government	312,746,020	255,823,742	284,961,280	250,243,318	306,827,710	306,311,782
3	State House of Assembly	632,691,820	562,256,056	855,779,810	461,894,284	872,945,030	542,657,166
4	Ministry of Information & Strategy	1,209,657,250	864,063,120	1,210,167,120	803,622,591	1,207,249,220	925,790,309
5	Office of the Head of Service	3,834,434,090	418,415,550	3,792,900,850	316,699,136	3,700,091,370	511,222,682
6	Office of the Auditor General (Local Government)	190,557,180	148,806,482	208,285,000	151,982,880	224,797,140	183,342,277
7	Office of the Auditor General (State)	195,607,140	183,494,161	195,835,900	165,085,027	203,933,370	195,384,261
8	Akwa Ibom State Civil Service Commission	112,562,610	112,186,967	126,743,400	112,397,171	136,726,850	136,639,727
9	Local Government Service Commission	113,026,590	90,576,444	116,010,690	87,373,998	115,134,720	109,927,650
10	Akwa Ibom State Independent Electoral Commission	228,318,040	179,532,182	233,567,200	198,205,592	228,485,850	203,963,136
11	Ministry of Special Duties	0	0	77,117,140	76,892,170	121,047,470	113,020,240
12	<b>ECONOMIC SECTOR</b>						
13	Ministry of Agriculture	1,385,880,120	1,302,027,286	1,403,964,270	1,179,631,908	1,445,130,130	1,376,685,130
14	Ministry of Finance	42,172,866,310	1,373,736,245	46,614,794,790	1,752,513,424	24,064,936,680	2,326,874,937
15	Ministry of Trade & Investment	741,942,060	678,408,303	749,696,080	708,744,704	834,888,040	806,615,994
16	Ministry of Labour & Manpower Planning	88,793,270	27,083,645	0	0	76,416,110	56,327,320
17	Ministry of Transport & Solid Minerals	708,942,010	582,025,401	674,156,530	545,177,067	724,821,040	652,952,190
18	Ministry of Power & Petroleum Development	0	0	0	0	0	0
19	Ministry of Works & Fire Service	975,753,270	645,122,854	939,101,440	629,838,789	919,122,850	771,352,990
20	Ministry of Culture & Tourism	348,205,790	324,675,559	379,949,600	306,244,465	398,933,050	368,687,240
21	Akwa Ibom State Fiscal Responsibility Board	0	0	0	0	0	0
22	Ministry of Housing	268,701,280	268,577,872	233,463,080	168,337,043	193,177,720	193,093,722
23	Ministry of Environment & Minerals Resources	397,444,380	375,211,360	397,544,740	323,395,772	400,433,680	400,420,345
24	Ministry of Lands & Water Resources	904,607,480	756,054,072	919,695,400	786,034,636	1,001,965,520	923,910,722
25	Ministry of Economic Development	176,808,470	176,571,285	215,529,350	168,686,620	196,599,850	154,294,962
26	Ministry of Science & Technology	217,926,500	161,596,003	204,301,410	148,642,715	197,129,690	197,098,996



27	<b>LAW &amp; JUSTICE SECTOR</b>	0	0	0	0	0	0
28	Akwa Ibom State Judiciary	3,704,305,920	2,361,340,475	3,872,320,510	2,151,142,166	3,859,746,390	2,572,189,098
29	Ministry of Justice	539,330,930	462,614,033	569,083,810	479,872,895	730,722,730	725,514,268
30	<b>SOCIAL SECTOR</b>						
31	Ministry of Women Affairs & Social Welfare	200,264,540	190,030,983	219,509,840	170,762,980	237,757,330	213,920,858
32	Ministry of Education	29,273,868,070	20,012,159,054	24,250,945,180	20,170,593,123	27,723,000,780	23,461,879,068
33	Ministry of Health	7,769,473,390	7,023,331,305	7,922,377,150	5,536,026,507	7,788,694,770	6,424,239,224
34	Ministry of Youth & Sports	731,072,950	706,178,079	808,327,500	678,967,236	884,807,900	646,795,366
35	Ministry of Rural Development & Cooperative	318,193,930	283,203,653	291,533,980	261,379,201	310,437,030	310,188,985
36	Ministry of Local Government & Chieftaincy Affairs	132,932,100	126,944,682	144,745,050	119,746,813	148,409,700	148,089,789
37	<b>REGIONAL SECTOR</b>						
38	Uyo Capital City Development Authority	79,871,050	64,678,890	76,597,150	53,656,505	90,444,510	59,765,497
39	<b>TOTAL</b>	<b>98,969,069,540</b>	<b>41,374,035,463</b>	<b>99,082,964,320</b>	<b>39,616,014,625</b>	<b>80,435,239,720</b>	<b>46,834,378,762</b>

NO	SECTOR	2021 BUDGET	2021 ACTUAL	PERFORMANCE	AVERAGE BUDGET	AVERAGE ACTUAL	2022 BUDGET	2022%
	<b>ADMINISTRATION SECTOR</b>							
1	Government House	1,155,703,420	886,891,428	76.74%	1.88%	1.64%	1,329,734,330	1.46%
2	Office of the Secretary to the State Government	386,466,470	334,368,208	86.52%	0.63%	0.62%	423,141,410	0.46%
3	State House of Assembly	730,682,620	588,142,718	80.49%	1.19%	1.08%	894,155,080	0.98%
4	Ministry of Information & Strategy	1,560,516,010	960,722,728	61.56%	2.54%	1.77%	1,278,442,680	1.40%
5	Office of the Head of Service	4,379,404,480	3,740,935,172	85.42%	7.13%	6.90%	3,339,022,740	3.67%
6	Office of the Auditor General (Local Government)	220,518,650	190,036,020	86.18%	0.36%	0.35%	249,314,050	0.27%
7	Office of the Auditor General (State)	293,520,780	212,519,346	72.40%	0.48%	0.39%	305,032,360	0.33%
8	Akwa Ibom State Civil Service Commission	169,285,950	157,613,833	93.11%	0.28%	0.29%	237,730,000	0.26%
9	Local Government Service Commission	138,159,970	118,986,918	86.12%	0.22%	0.22%	236,179,250	0.26%
10	Akwa Ibom State Independent Electoral Commission	269,028,470	251,130,352	93.35%	0.44%	0.46%	345,702,070	0.38%
11	Ministry of Special Duties	138,948,230	122,506,824	88.17%	0.23%	0.23%	176,107,270	0.19%
12	<b>ECONOMIC SECTOR</b>							
13	Ministry of Agriculture	1,549,947,430	1,485,699,466	95.85%	2.52%	2.74%	1,779,427,350	1.95%
14	Ministry of Finance	7,277,473,220	5,001,452,795	68.73%	11.85%	9.22%	26,089,824,810	28.64%
15	Ministry of Trade & Investment	873,073,210	856,874,377	98.14%	1.42%	1.58%	992,764,720	1.09%

16	Ministry of Labour & Manpower Planning	397,789,530	69,550,644	17.48%	0.65%	0.13%	126,864,580	0.14%
17	Ministry of Transport & Solid Minerals	699,161,310	600,266,261	85.86%	1.14%	1.11%	836,592,270	0.92%
18	Ministry of Power & Petroleum Development	0	0		0.00%	0.00%	158,402,520	0.17%
19	Ministry of Works & Fire Service	900,125,450	754,952,351	83.87%	1.47%	1.39%	1,032,048,480	1.13%
20	Ministry of Culture & Tourism	423,278,580	398,423,458	94.13%	0.69%	0.73%	504,175,740	0.55%
21	Akwa Ibom State Fiscal Responsibility Board	0	0		0.00%	0.00%	0	0.00%
22	Ministry of Housing	263,677,580	215,947,203	81.90%	0.43%	0.40%	247,635,310	0.27%
23	Ministry of Environment & Minerals Resources	463,825,060	462,326,694	99.68%	0.76%	0.85%	537,603,770	0.59%
24	Ministry of Lands & Water Resources	945,335,340	1,068,723,045	113.05%	1.54%	1.97%	1,306,592,560	1.43%
25	Ministry of Economic Development	178,677,320	165,216,867	92.47%	0.29%	0.30%	239,061,930	0.26%
26	Ministry of Science & Technology	1,536,360,220	180,393,972	11.74%	2.50%	0.33%	250,674,950	0.28%
27	<b>LAW &amp; JUSTICE SECTOR</b>							
28	Akwa Ibom State Judiciary	3,888,613,010	2,895,322,865	74.46%	6.33%	5.34%	4,170,999,270	4.58%
29	Ministry of Justice	136,710,970	719,244,887	526.11%	0.22%	1.33%	859,580,440	0.94%
30	<b>SOCIAL SECTOR</b>							
31	Ministry of Women Affairs & Social Welfare	251,017,760	222,364,309	88.59%	0.41%	0.41%	327,815,670	0.36%
32	Ministry of Education	24,862,286,660	23,401,972,730	94.13%	40.47%	43.16%	31,660,708,200	34.76%
33	Ministry of Health	5,771,423,860	6,847,969,466	118.65%	9.40%	12.63%	9,421,392,080	10.34%
34	Ministry of Youth & Sports	931,456,250	738,715,506	79.31%	1.52%	1.36%	947,515,340	1.04%
35	Ministry of Rural Development & Cooperative	355,537,860	335,073,814	94.24%	0.58%	0.62%	422,182,990	0.46%
36	Ministry of Local Government & Chieftaincy Affairs	207,691,130	174,355,549	83.95%	0.34%	0.32%	221,557,710	0.24%
37	<b>REGIONAL SECTOR</b>							
38	Uyo Capital City Development Authority	71,417,390	60,436,013	84.62%	0.12%	0.11%	134,865,140	0.15%
39	<b>TOTAL</b>	<b>61,427,114,190</b>	<b>54,219,135,819</b>	<b>88.27%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>91,082,847,070</b>	<b>100.00%</b>

### Table 17: Overhead Expenditure

NO	SECTOR	2018 BUDGET	2018 ACTUAL	2019 BUDGET	2019 ACTUAL	2020 BUDGET	2020 ACTUAL
	<b>ADMINISTRATION SECTOR</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1	Government House	7,851,010,000	5,038,285,650	7,872,510,000	4,220,441,553	6,436,170,000	3,847,864,350
2	Office of the Secretary to the State Government	1,414,800,000	1,071,863,650	1,384,900,000	670,857,608	1,478,450,000	600,686,055
3	State House of Assembly	4,091,230,000	1,736,159,840	4,563,700,000	1,861,006,690	3,603,200,000	1,873,492,364
4	Ministry of Information & Strategy	1,277,470,000	29,728,000	1,291,470,000	38,540,000	1,208,310,000	23,509,000
5	Office of the Head of Service	400,000,000	130,287,933	304,850,000	87,268,250	236,350,000	13,652,600
6	Office of the Auditor General (Local Government)	34,600,000	6,000,000	34,600,000	8,460,000	17,600,000	2,000,000
7	Office of the Auditor General (State)	81,760,000	71,020,472	81,760,000	70,386,500	81,760,000	64,387,790
8	Akwa Ibom State Civil Service Commission	93,220,000	33,882,500	93,220,000	50,570,000	68,820,000	24,000,000
9	Local Government Service Commission	125,490,000	19,130,000	125,490,000	24,373,500	64,040,000	5,481,500
10	Akwa Ibom State Independent Electoral Commission	111,310,000	11,261,000	111,310,000	18,000,000	53,310,000	2,000,000
11	Ministry of Special Duties	0	0	86,590,000	26,590,900	41,590,000	6,000,000
12	<b>ECONOMIC SECTOR</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
13	Ministry of Agriculture	346,660,000	29,753,940	346,660,000	49,646,040	204,540,000	8,154,500
14	Ministry of Finance	91,902,106,730	2,592,245,516	100,760,860,000	3,338,105,977	70,375,700,000	3,776,614,284
15	Ministry of Trade & Investment	306,930,000	154,857,000	306,930,000	69,400,000	230,430,000	83,050,000
16	Ministry of Labour & Manpower Planning	63,070,000	13,621,750	0	0	28,260,000	2,000,000
17	Ministry of Transport & Solid Minerals	410,950,000	160,260,800	410,950,000	252,490,001	328,640,000	177,368,038
18	Ministry of Power & Petroleum Development	0	0	0	0	0	0
19	Ministry of Works & Fire Service	293,850,000	20,300,700	293,850,000	32,144,300	662,090,000	406,000,000
20	Ministry of Culture & Tourism	140,980,000	9,299,998	140,980,000	13,930,000	75,980,000	5,250,000
21	Akwa Ibom State Fiscal Responsibility Board	0	0	0	0	0	0
22	Ministry of Housing	91,700,000	33,369,900	84,000,000	24,809,170	2,645,120,000	2,643,540,000
23	Ministry of Environment & Minerals Resources	109,760,000	9,000,000	109,760,000	12,809,000	661,100,000	43,001,600
24	Ministry of Lands & Water Resources	527,290,000	58,145,000	538,290,000	23,440,000	387,894,000	4,860,000



25	Ministry of Economic Development	132,180,000	24,620,000	146,180,000	47,572,455	88,660,000	46,000,000
26	Ministry of Science & Technology	79,220,000	9,650,100	79,220,000	13,168,000	26,720,000	3,000,000
27	<b>LAW &amp; JUSTICE SECTOR</b>						
28	Akwa Ibom State Judiciary	1,068,500,000	1,032,970,094	1,068,500,000	1,026,786,920	1,045,500,000	931,222,705
29	Ministry of Justice	302,550,000	125,168,466	302,550,000	40,177,716	789,550,000	511,463,350
30	<b>SOCIAL SECTOR</b>						
31	Ministry of Women Affairs & Social Welfare	122,140,000	14,565,000	122,140,000	17,400,000	63,520,000	3,000,000
32	Ministry of Education	3,648,590,000	986,434,351	3,648,590,000	877,207,726	3,400,570,000	378,389,478
33	Ministry of Health	545,100,000	229,615,900	725,100,000	89,472,650	1,944,850,000	167,525,000
34	Ministry of Youth & Sports	266,140,000	31,810,000	226,140,000	23,607,000	149,540,000	6,000,000
35	Ministry of Rural Development & Cooperative	513,630,000	13,534,450	513,630,000	17,780,000	53,290,000	4,000,000
36	Ministry of Local Government & Chieftaincy Affairs	112,770,000	6,750,000	112,770,000	11,250,000	59,720,000	2,500,000
37	<b>REGIONAL SECTOR</b>						
38	Uyo Capital City Development Authority	104,200,000	0	111,500,000	0	111,500,000	0
	<b>TOTAL</b>	<b>116,569,206,730</b>	<b>13,703,592,010</b>	<b>125,999,000,000</b>	<b>13,057,691,956</b>	<b>96,622,774,000</b>	<b>15,666,012,614</b>

NO	SECTOR	2021 BUDGET	2021 ACTUAL	PERFORMANCE	AVERAGE BUDGET	AVERAGE ACTUAL	2022 BUDGET	2022%
	<b>ADMINISTRATION SECTOR</b>	0	0	0.00%	0.00%	0.00%	0	0.00%
1	Government House	24,098,440,000	12,760,245,086	52.95%	15.71%	37.52%	29,944,335,800	17.52%
2	Office of the Secretary to the State Government	2,571,450,000	1,918,322,185	74.60%	1.68%	5.64%	3,835,450,000	2.24%
3	State House of Assembly	5,632,700,000	2,529,477,809	44.91%	3.67%	7.44%	7,200,007,200	4.21%
4	Ministry of Information & Strategy	527,380,000	137,800,000	26.13%	0.34%	0.41%	2,134,280,000	1.25%
5	Office of the Head of Service	931,746,000	791,718,128	84.97%	0.61%	2.33%	2,487,996,700	1.46%
6	Office of the Auditor General (Local Government)	178,600,000	30,000,000	16.80%	0.12%	0.09%	206,600,000	0.12%
7	Office of the Auditor General (State)	559,960,000	145,480,339	25.98%	0.37%	0.43%	621,760,000	0.36%
8	Akwa Ibom State Civil Service Commission	202,820,000	64,500,000	31.80%	0.13%	0.19%	246,820,000	0.14%
9	Local Government Service Commission	98,040,000	10,000,000	10.20%	0.06%	0.03%	115,040,000	0.07%
10	Akwa Ibom State Independent Electoral Commission	357,930,000	42,000,000	11.73%	0.23%	0.12%	357,930,000	0.21%
11	Ministry of Special Duties	731,590,000	325,000,000	44.42%	0.48%	0.96%	3,246,490,000	1.90%

12	<b>ECONOMIC SECTOR</b>	0	0	0.00%	0.00%	0.00%	0	0.00%
13	Ministry of Agriculture	1,665,530,000	7,710,000	0.46%	1.09%	0.02%	2,409,530,000	1.41%
14	Ministry of Finance	87,121,340,000	5,529,097,464	6.35%	56.80%	16.26%	71,292,380,000	41.72%
15	Ministry of Trade & Investment	2,005,930,000	211,900,000	10.56%	1.31%	0.62%	3,087,330,000	1.81%
16	Ministry of Labour & Manpower Planning	394,760,000	61,500,000	15.58%	0.26%	0.18%	1,196,000,000	0.70%
17	Ministry of Transport & Solid Minerals	498,640,000	193,994,000	38.90%	0.33%	0.57%	1,073,640,000	0.63%
18	Ministry of Power & Petroleum Development	0	0	0.00%	0.00%	0.00%	327,000,000	0.19%
19	Ministry of Works & Fire Service	1,109,590,000	599,000,000	53.98%	0.72%	1.76%	2,959,790,000	1.73%
20	Ministry of Culture & Tourism	353,980,000	620,015,100	175.16%	0.23%	1.82%	1,339,480,000	0.78%
21	Akwa Ibom State Fiscal Responsibility Board	77,000,000	14,000,000	18.18%	0.05%	0.04%	88,750,000	0.05%
22	Ministry of Housing	2,925,120,000	3,121,500,000	106.71%	1.91%	9.18%	5,249,120,000	3.07%
23	Ministry of Environment & Minerals Resources	902,550,000	452,500,000	50.14%	0.59%	1.33%	3,374,000,000	1.97%
24	Ministry of Lands & Water Resources	1,844,376,900	600,045,000	32.53%	1.20%	1.76%	3,337,540,590	1.95%
25	Ministry of Economic Development	3,743,973,260	276,077,237	7.37%	2.44%	0.81%	4,485,345,000	2.62%
26	Ministry of Science & Technology	191,220,000	3,786,000	1.98%	0.12%	0.01%	182,080,000	0.11%
27	<b>LAW &amp; JUSTICE SECTOR</b>	0	0	0.00%	0.00%	0.00%	0	0.00%
28	Akwa Ibom State Judiciary	1,656,250,000	1,332,802,950	80.47%	1.08%	3.92%	1,893,250,000	1.11%
29	Ministry of Justice	1,067,550,000	563,600,070	52.79%	0.70%	1.66%	1,505,150,000	0.88%
30	<b>SOCIAL SECTOR</b>	0	0	0.00%	0.00%	0.00%	0	0.00%
31	Ministry of Women Affairs & Social Welfare	1,783,520,000	199,300,000	11.17%	1.16%	0.59%	3,095,220,000	1.81%
32	Ministry of Education	5,902,716,900	1,175,581,000	19.92%	3.85%	3.46%	7,209,751,900	4.22%
33	Ministry of Health	1,895,350,000	62,888,000	3.32%	1.24%	0.18%	3,128,150,000	1.83%
34	Ministry of Youth & Sports	1,754,540,000	95,713,480	5.46%	1.14%	0.28%	2,508,700,000	1.47%
35	Ministry of Rural Development & Cooperative	114,290,000	15,000,000	13.12%	0.07%	0.04%	154,290,000	0.09%
36	Ministry of Local Government & Chieftaincy Affairs	313,420,000	118,040,000	37.66%	0.20%	0.35%	398,660,000	0.23%
37	<b>REGIONAL SECTOR</b>	0	0	0.00%	0.00%	0.00%	0	0.00%
38	Uyo Capital City Development Authority	160,500,000	3,000,000	1.87%	0.10%	0.01%	188,700,000	0.11%
	<b>TOTAL</b>	<b>153,372,803,060</b>	<b>34,011,593,848</b>	<b>22.18%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>170,880,567,190</b>	<b>100.00%</b>

### Table 18: Capital Expenditure

NO	SECTOR	2018 BUDGET	2018 ACTUAL	2019 BUDGET	2019 ACTUAL	2020 BUDGET	2020 ACTUAL
	<b>ADMINISTRATION SECTOR</b>						
1	Government House	26,681,243,000	24,551,150,850	33,892,821,000	22,989,964,000	19,512,593,100	12,203,235,100
2	Office of the Secretary to the State Government	5,691,000,000	5,569,327,100	11,000,000,000	0	7,350,000,000	4,335,420,400
3	State House of Assembly	3,133,420,000	381,000,000	7,047,243,000	1,093,500,000	2,061,300,000	492,221,400
4	Ministry of Information & Strategy	1,886,300,000	1,885,600,000	2,150,680,000	1,512,521,000	1,742,430,000	300,000,000
5	Office of the Head of Service	1,377,000,000	726,793,852	1,593,505,150	450,454,420	1,212,541,900	219,345,000
6	Office of the Auditor General (Local Government)	300,000,000	0	350,000,000	0	200,000,000	0
7	Office of the Auditor General (State)	500,000,000	0	500,000,000	0	500,000,000	0
8	Akwa Ibom State Civil Service Commission	170,000,000	20,400,000	187,000,000	25,600,000	200,000,000	34,145,000
9	Local Government Service Commission	234,000,000	0	647,500,000	0	115,000,000	25,000,000
10	Akwa Ibom State Independent Electoral Commission	856,890,000	0	747,600,000	33,000,000	1,172,350,000	435,410,000
11	Ministry of Special Duties	0	0	39,494,500,000	18,582,607,541	19,672,026,890	11,288,539,866
	<b>ECONOMIC SECTOR</b>						
12							
13	Ministry of Agriculture	19,313,715,000	4,639,158,698	13,163,950,000	3,668,816,975	7,061,000,000	3,254,314,302
14	Ministry of Finance	48,135,177,420	11,838,538,231	79,649,022,000	53,095,850,035	29,911,939,730	20,395,844,896
15	Ministry of Trade & Investment	6,800,000,000	164,154,091	6,591,000,000	2,363,258,606	3,908,000,000	2,221,000,000
16	Ministry of Labour & Manpower Planning	612,000,000	89,000,000	0	0	396,500,000	55,000,000
17	Ministry of Transport & Solid Minerals	2,000,000,000	0	2,000,000,000	50,000,000	670,000,000	0
18	Ministry of Power & Petroleum Development	0	0	0	0	0	0
19	Ministry of Works & Fire Service	197,432,247,000	84,869,767,770	154,911,407,290	65,408,241,865	57,468,489,660	30,077,076,764
20	Ministry of Culture & Tourism	6,984,000,000	909,200,000	2,377,500,000	1,045,098,000	751,000,000	22,000,000
21	Akwa Ibom State Fiscal Responsibility Board	0	0	0	0	0	0
22	Ministry of Housing	42,353,000,000	10,127,589,421	5,225,750,000	1,000,000,000	1,550,000,000	718,000,000
23	Ministry of Environment & Minerals Resources	2,838,000,000	910,800,000	5,388,070,000	255,000,000	1,855,000,000	75,450,000
24	Ministry of Lands & Water Resources	8,667,790,000	605,634,444	10,053,200,000	918,195,000	3,766,000,000	512,000,000
25	Ministry of Economic Development	11,723,500,000	9,193,742,802	12,354,000,000	3,568,056,551	7,549,000,000	580,532,000



26	Minsitry of Scicence & Technology	1,650,033,000	52,215,000	2,800,000,000	49,255,000	540,000,000	47,000,000
27	<b>LAW &amp; JUSTICE SECTOR</b>						
28	Akwa Ibom State Judiciary	4,056,000,000	431,038,350	6,980,000,000	2,405,400,000	2,475,000,000	85,000,000
29	Ministry of Justice	2,416,500,000	1,065,250,000	3,069,000,000	805,000,000	545,000,000	177,500,000
30	<b>SOCIAL SECTOR</b>						
31	Ministry of Wemen Affairs & Social Welfare	1,575,000,000	1,038,181,766	1,860,000,000	532,500,000	1,300,000,000	180,000,000
32	Ministry of Education	14,801,921,000	1,727,177,000	15,566,138,000	2,229,990,500	4,310,000,000	1,066,865,000
33	Ministry of Health	12,210,500,000	3,486,889,200	18,020,910,000	4,134,717,500	7,522,815,000	2,273,295,000
34	Ministry of Youth & Sports	4,263,500,000	3,319,700,000	7,195,000,000	371,000,000	2,381,000,000	122,500,000
35	Ministry of Rural Development & Cooperative	1,529,500,000	375,055,439	1,963,000,000	49,500,000	400,000,000	31,500,000
36	Ministry of Local Government & Chieftaincy Affairs	809,000,000	100,000,000	974,000,000	667,000,000	723,000,000	107,300,000
37	<b>REGIONAL SECTOR</b>						
38	Uyo Capital City Development Authority	140,000,000	43,000,000	150,000,000	20,000,000	120,000,000	0
	<b>TOTAL</b>	<b>431,141,236,420</b>	<b>168,120,364,014</b>	<b>447,902,796,440</b>	<b>187,324,526,993</b>	<b>188,941,986,280</b>	<b>91,335,494,728</b>

NO	SECTOR	2021 BUDGET	2021 ACTUAL	2021 PERFORMANCE	2021 AVERAGE BUDGET	2021 AVERAGE ACTUAL	2022 BUDGET	2022%
	<b>ADMINISTRATION SECTOR</b>							
1	Goveremnt House	12,753,330,200	6,108,590,000	47.90%	5.28%	3.64%	12,987,112,800	4.00%
2	Office of the Secretary to the State Government	8,769,450,000	6,172,388,000	70.39%	3.63%	3.68%	17,674,700,000	5.44%
3	State House of Assembly	5,826,500,000	385,000,000	6.61%	2.41%	0.23%	5,846,192,800	1.80%
4	Ministry of Information & Strategy	956,930,000	392,320,000	41.00%	0.40%	0.23%	911,930,000	0.28%
5	Office of the Head of Service	660,499,370	51,237,500	7.76%	0.27%	0.03%	744,921,000	0.23%
6	Office of the Audtor General (Local Government)	0	0		0.00%	0.00%	45,000,000	0.01%
7	Office of the Audtor General (State)	130,000,000	0	0.00%	0.05%	0.00%	585,064,000	0.18%
8	Akwa Ibom State Civil Service Commission	44,000,000	0	0.00%	0.02%	0.00%	44,000,000	0.01%
9	Local Government Service Commission	81,000,000	0	0.00%	0.03%	0.00%	103,500,000	0.03%
10	Akwa Ibom State Independent Electoral Commission	401,050,000	0	0.00%	0.17%	0.00%	339,799,480	0.10%
11	Ministry of Special Duties	33,381,218,500	26,360,232,786	78.97%	13.83%	15.71%	37,055,614,000	11.40%

12	<b>ECONOMIC SECTOR</b>	0	0		0.00%	0.00%	0	0.00%
13	Ministry of Agriculture	6,830,500,000	4,133,407,057	60.51%	2.83%	2.46%	10,365,766,000	3.19%
14	Ministry of Finance	42,405,565,200	31,067,077,272	73.26%	17.56%	18.52%	16,498,148,000	5.08%
15	Ministry of Trade & Investment	6,383,000,000	315,000,000	4.93%	2.64%	0.19%	5,932,590,000	1.83%
16	Ministry of Labour & Manpower Planning	323,000,000	260,000,000	80.50%	0.13%	0.15%	323,000,000	0.10%
17	Ministry of Transport & Solid Minerals	402,000,000	20,000,000	4.98%	0.17%	0.01%	1,510,000,000	0.46%
18	Ministry of Power & Petroleum Development	0	0		0.00%	0.00%	5,769,000,000	1.78%
19	Ministry of Works & Fire Service	84,770,958,270	87,168,895,684	102.83%	35.11%	51.96%	163,016,141,580	50.17%
20	Ministry of Culture & Tourism	471,300,000	30,000,000	6.37%	0.20%	0.02%	466,800,000	0.14%
21	Akwa Ibom State Fiscal Responsibility Board	32,500,000	0	0.00%	0.01%	0.00%	32,000,000	0.01%
22	Ministry of Housing	5,520,000,000	1,889,800,000	34.24%	2.29%	1.13%	4,583,000,000	1.41%
23	Ministry of Environment & Minerals Resources	1,861,352,710	30,000,000	1.61%	0.77%	0.02%	4,208,107,830	1.30%
24	Ministry of Lands & Water Resources	2,490,000,400	300,000,000	12.05%	1.03%	0.18%	3,917,763,930	1.21%
25	Ministry of Economic Development	11,099,000,000	40,000,000	0.36%	4.60%	0.02%	4,695,610,000	1.45%
26	Ministry of Science & Technology	405,000,000	1,889,000	0.47%	0.17%	0.00%	407,000,000	0.13%
27	<b>LAW &amp; JUSTICE SECTOR</b>							
28	Akwa Ibom State Judiciary	1,670,450,000	307,000,000	18.38%	0.69%	0.18%	1,648,900,000	0.51%
29	Ministry of Justice	312,000,000	50,000,000	16.03%	0.13%	0.03%	288,000,000	0.09%
30	<b>SOCIAL SECTOR</b>							
31	Ministry of Women Affairs & Social Welfare	533,000,000	180,000,000	33.77%	0.22%	0.11%	664,000,000	0.20%
32	Ministry of Education	2,475,848,100	476,481,464	19.25%	1.03%	0.28%	7,651,905,370	2.36%
33	Ministry of Health	7,651,000,000	1,841,441,000	24.07%	3.17%	1.10%	11,807,000,000	3.63%
34	Ministry of Youth & Sports	1,521,000,000	20,000,000	1.31%	0.63%	0.01%	3,153,000,000	0.97%
35	Ministry of Rural Development & Cooperative	765,000,000	171,000,000	22.35%	0.32%	0.10%	1,415,000,000	0.44%
36	Ministry of Local Government & Chieftaincy Affairs	434,300,000	0	0.00%	0.18%	0.00%	137,060,000	0.04%
37	<b>REGIONAL SECTOR</b>							
38	Uyo Capital City Development Authority	90,000,000	0	0.00%	0.04%	0.00%	90,000,000	0.03%
	<b>TOTAL</b>	<b>241,450,752,750</b>	<b>167,771,759,763</b>	<b>69.48%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>324,917,626,790</b>	<b>100.00%</b>

**Table 19: SECTORAL SUMMARY FOR 2024 CAPITAL  
2024 Sub-Sectors Summary (Capital)**

SECTORS	SUB-SECTORS	AMOUNT	%
<b>ECONOMIC</b>	Agriculture	20,524,000,000	3.0860
	Housing	35,440,000,000	1.4695
	Manufacturing/Craft/Commerce	8,202,000,000	8.7172
	Power & Petroleum	7,510,312,000	1.7142
	Cooperative & Tourism	963,424,000	0.2198
	Road and Transport	256,265,000,000	50.9070
	Lands/Water/Sanitation	2,165,416,000	0.5613
	<b>Total Economic Sector</b>	<b>331,315,000,000</b>	<b>66.6723</b>
	<b>SOCIAL</b>	Education	33,093,000,000
Health		15,608,000,000	3.5389
Social Development		10,857,000,000	2.4774
Rural Community Development		1,896,000,000	0.4232
<b>Total Social Sector</b>		<b>61,454,000,000</b>	<b>8.7425</b>
<b>URBAN &amp; REGIONAL DEV.</b>	Urban & Regional Planning	128,800,000	0.0294
	<b>Total</b>	<b>100,000,000</b>	<b>0.0294</b>
<b>LAW &amp; JUSTICE</b>	Judiciary	3,000,000,000	0.5832
<b>ADMINISTRATION</b>	Governance	105,013,216,000	23.9624
	<b>GRAND TOTAL</b>	<b>340,250,000,000</b>	<b>100.0000</b>



**Table 20: SECTORAL CAPITAL BUDGET ESTIMATES  
SUMMARY FOR 2024 CAPITAL ESTIMATES**

S/N	Sector	Amount	%
1	Economic	331,315,000,00	66.000
2	Social	61,454,000,000	12.396
3	Urban & Regional Development	128,800,000,000	0026
4	Law & Justice	3,000,000,000	0.599
5	Administration	105,103,000,000	20.979
	<b>Total</b>	<b>501,001,,000,000</b>	<b>100.0000</b>

## 10.0 AKWA IBOM STATE DEBT PROFILE

Table 16 illustrates the total projected public debt profile of Akwa Ibom State from 2023 to 2026, showcasing both the absolute debt figures in billions of Naira and the corresponding debt-to-GDP ratios. The data reveals anticipated substantial increase in total public debt over the specified period, indicating a rising trend in debt accumulation. From 2023 to 2026, the total public debt climbs sharply from 229.70 billion Naira to 841.69 billion Naira. This escalation suggests a significant expansion of the State's borrowing activities, potentially driven by financing needs for infrastructure development, social programmes, or budget deficits. Furthermore, the debt-to-GDP ratio demonstrates a parallel surge, indicating the proportion of debt relative to the State's economic output. The ratio rises notably from 2.62% in 2023 to 20.02% in 2026, reflecting an increasing burden of debt relative to the State's GDP. Such a trend warrants attention as higher debt-to-GDP ratios can signal heightened fiscal vulnerabilities, potentially impacting economic stability and sustainability.

**Table 21: Akwa Ibom State:  
Total Public Debt Profile, 2023-2026**

YEAR	Debt (N'billion)	Total Public Debt/GDP
<b>2023</b>	<b>229.70</b>	<b>2.62</b>
<b>2024</b>	<b>411.82</b>	<b>5.34</b>
<b>2025</b>	<b>627.56</b>	<b>10.51</b>
<b>2026</b>	<b>841.69</b>	<b>20.02</b>

*Source: Debt Management Office (DMO) Annual Report and Statement of Accounts*

### 10.1 Domestic Debt/SGDP Ratio

Table 16a. provides insights into Akwa Ibom State's estimated domestic debt profile from 2023 to 2026, featuring both the absolute debt figures in billions of Naira and the corresponding debt-to-GDP ratios. A critical examination of the data reveals a

pronounced increase in domestic debt over the specified period, with the debt figures escalating from 210.72 billion Naira in 2023 to 739.45 billion Naira in 2026. This surge reflects the State's growing reliance on domestic borrowing to finance its expenditures, potentially indicating challenges in revenue generation or fiscal management.

Simultaneously, the debt-to-GDP ratio demonstrates an upward trajectory, climbing from 2.40% in 2023 to 5.92% in 2026. This escalation underscores the expanding burden of domestic debt relative to the State's economic output, suggesting a potential strain on fiscal sustainability and macroeconomic stability. The increasing debt-to-GDP ratio implies a higher level of indebtedness relative to the State's economic capacity, posing risks such as reduced fiscal space for investment and vulnerability to external shocks. Thus, policymakers may need to adopt measures to enhance revenue mobilization, contain expenditure, and improve debt management practices to mitigate these risks and ensure long-term economic resilience.

**Table 21a: Akwa Ibom State: Domestic Debt Profile, 2023-2026**

	<b>Debt (N'billion)</b>	<b>Debt Ratio/GDP</b>
<b>2023</b>	<b>210.72</b>	<b>2.40</b>
<b>2024</b>	<b>393.37</b>	<b>3.80</b>
<b>2025</b>	<b>609.64</b>	<b>5.43</b>
<b>2026</b>	<b>739.45</b>	<b>5.92</b>

*Source: Debt Management Office (DMO) Annual Report and Statement of Accounts*

## **10.2 External Debt/SGDP Ratio**

The data in the table 16b sheds light on the projected domestic debt trajectory of Akwa Ibom State over the period spanning 2023 to 2026. It delineates both the absolute amount of debt, denoted in billions of Naira, and the debt-to-GDP ratio, providing a comprehensive view of the state's fiscal health. Noteworthy is the



marginal decline in total debt observed from 18.98 billion Naira in 2023 to 17.93 billion Naira in 2025.

However, the subsequent surge in 2026 to 102.24 billion Naira is striking and potentially concerning. This stark increase is mirrored in the debt ratio to GDP, which dips to 0.16 in 2025 but then skyrockets to 0.82 in 2026. Such a dramatic rise underscores the state's escalating debt burden relative to its economic output, warranting careful scrutiny and proactive measures to mitigate financial risks and ensure sustainable economic management.

**Table 21b: Akwa Ibom State: External Debt Profile, 2023-2026**

	<b>Debt (N'billion)</b>	<b>Debt Ratio/GDP</b>
<b>2023</b>	<b>18.98</b>	<b>0.22</b>
<b>2024</b>	<b>18.45</b>	<b>0.18</b>
<b>2025</b>	<b>17.93</b>	<b>0.16</b>
<b>2026</b>	<b>102.24</b>	<b>0.82</b>

*Source: Debt Management Office (DMO) Annual Report and Statement of Accounts*

### **10.3 Debt Position**

Table 17 offers a comprehensive overview of Akwa Ibom State Government's consolidated debt position, furnishing essential metrics for informed decision-making within the Medium-Term Expenditure Framework (MTEF). Spanning from 2023 to 2026, the table delves into critical debt indicators and sustainability measures.

These metrics not only illuminate the state's fiscal health but also provide invaluable insights into its debt management strategies and broader economic sustainability goals. As such, they play a pivotal role in shaping effective fiscal policies and ensuring the long-term financial stability of Akwa Ibom State.

The Debt Stock/Revenue metric serves as a barometer for the state's fiscal health, demonstrating the relationship between its

total debt and revenue. The gradual rise from 47.47 in 2023 to 125.55 in 2026 portrays an alarming trend of heightened reliance on debt financing in proportion to revenue. This escalating ratio signals a concerning shift towards increased borrowing to fund expenditures, potentially straining the state's financial resources and raising sustainability concerns in the long term.

The Debt Service/GDP ratio elucidates the share of the state's GDP dedicated to servicing its debt commitments. With a continuous ascent, reaching 1.32 by 2026, this metric signals a mounting burden of debt servicing on the economy. The upward trajectory suggests that an expanding portion of the state's economic output is absorbed by debt repayments, potentially constraining resources available for investment, infrastructure, and other developmental priorities. This trend underscores the importance of prudent debt management strategies to safeguard economic stability.

The Interest/GDP metric unveils the fraction of GDP absorbed by interest payments on debt, exemplifying financial strain. Its substantial surge, climbing from 0.18 in 2023 to 0.77 by 2026, underscores an intensified burden on economic resources from interest expenditures. This escalation implies that an increasing chunk of the state's economic output is diverted towards servicing interest, potentially impeding growth opportunities and straining fiscal flexibility. Such a trend accentuates the imperative for effective debt management strategies to alleviate economic pressure and foster sustainable development.

The Interest/Revenue ratio delineates the proportion of total revenue earmarked for servicing interest obligations, portraying financial obligations. With a steady increase, reaching 14.37 by 2026, this trend highlights a mounting share of revenue directed towards debt servicing. Such escalation signifies a shrinking allocation for vital expenditures beyond debt obligations, potentially hindering investments in crucial sectors like



infrastructure, healthcare, and education. This trajectory accentuates the necessity for strategic financial planning to balance debt servicing with other essential outlays for sustainable development.

The Personal Cost/Revenue metric embodies the portion of revenue allocated to personnel expenses, reflecting workforce expenditure dynamics. Although exhibiting stability, it registers a gradual uptick throughout the period, suggesting persistent pressures on personnel costs. This moderate increase underscores ongoing challenges in managing and maintaining a competent workforce within budgetary constraints. The sustained rise underscores the importance of efficient human resource management practices and strategic resource allocation to ensure workforce sustainability while optimizing fiscal resources for other essential expenditures.

The Total Debt/IGR ratio illuminates the total debt juxtaposed with internally generated revenue (IGR), a key indicator of financial health. The substantial surge from 480.04 in 2023 to 1,153 by 2026 underscores a pronounced escalation in the debt burden relative to the state's capacity for revenue generation. This stark increase signals a growing disparity between debt levels and revenue streams, raising concerns about the sustainability of debt servicing and the overall fiscal resilience of Akwa Ibom State.

Domestic Debt Service/IGR refers to the ratio indicating the percentage of internally generated revenue (IGR) that is allocated towards servicing domestic debt obligations. A declining trend in this ratio suggests that there is a decreasing proportion of internally generated revenue being utilized for the purpose of servicing domestic debt. This decline indicates a relative reduction in the portion of revenue earmarked for meeting domestic debt obligations, potentially signaling improvements in fiscal management or shifts in budget priorities.



External Debt Service/Gross FAAC denotes the proportion of gross revenue allocated by the Federation Account Allocation Committee (FAAC) to service external debt obligations. An increasing trend in this metric indicates a growing portion of FAAC revenue being directed towards servicing external debt, reflecting escalating external debt service obligations. Such a trend suggests potential strains on fiscal resources and underscores the importance of monitoring debt levels and implementing prudent debt management strategies to safeguard fiscal sustainability.

The Total Public Debt/Total Revenue ratio illuminates the extent of the debt burden relative to the total revenue generated. The significant surge from 47.47 in 2023 to 291.05 in 2026 underscores a mounting strain on revenue attributable to escalating debt obligations. This sharp increase signals a worrisome trend, highlighting the challenges posed by the expanding debt burden on the government's capacity to generate revenue, emphasizing the urgent need for effective debt management strategies to mitigate fiscal risks.

In summary, the table illustrates a worrisome trend of escalating debt burden, amplified debt servicing commitments, and potentially precarious debt dynamics for Akwa Ibom State. These findings underscore the urgency for implementing prudent fiscal management practices and strategic debt restructuring initiatives within the Medium-Term Expenditure Framework (MTEF). Such measures are imperative to safeguard the state's long-term financial stability and sustainability. Addressing the growing debt burden requires a multifaceted approach, including enhancing revenue generation, controlling expenditure, and exploring avenues for debt refinancing or restructuring. By proactively managing its fiscal affairs and adopting a comprehensive debt management strategy aligned with the MTEF framework, Akwa Ibom State can mitigate the risks associated with its mounting debt levels and pave the way for a more resilient and prosperous economic future.

<b>TABLE 22: SELECTED DEBT INDICATORS &amp; SUSTAINABILITY</b>				
	2023	2024	2025	2026
<b>Debt Stock/Revenue</b>	47.47	66.48	95.52	125.55
<b>Debt Service/ GDP</b>	0.65	0.53	0.82	1.32
<b>Interest/ GDP</b>	0.18	0.18	0.54	0.77
<b>INTEREST /REVENUE</b>	3.30	2.92	9.25	14.37
<b>PERSONAL COST /REVENUE</b>	16.54	17.76	20.55	20.88
<b>TOTAL DEBT/IGR</b>	480.04	588.31	871.61	1,153
<b>DOMESTIC DEBT SERVICE/IGR</b>	230.24	149.51	138.10	129.38
<b>EXTERNAL DEBT SERVICE/GROSS FAAC</b>	2.85	2.10	6.40	9.64
<b>TOTAL PUBLIC DEBT/TOTAL REVENUE</b>	47.47	94.14	171.71	291.05

The State's solvency and liquidity ratios present a mixed picture. While some projected ratios meet international standards, others, notably the Domestic Debt Service/IGR ratio, fall well beyond acceptable limits. This discrepancy primarily stems from a low Internally Generated Revenue (IGR), with limited prospects for significant short to medium-term improvements to match the mounting expenditure pressures facing the State.

#### **10.4 Downside Fiscal Risks**

The forecast presented above have some downsize risks including:

**Table 23: Fiscal Risks**

RISK	LIKELIHOOD	IMPACT	MITIGATION
<p><b>Dependency on Oil Prices:</b> Akwa Ibom's economy is heavily reliant on oil revenue. Any fluctuations in global oil prices could significantly impact revenue projections, leading to budget shortfalls.</p>	<p>High</p>	<p>High</p>	<p><b>Diversification of Revenue Sources:</b> Reduce dependence on oil revenue by diversifying the economy. This could involve promoting sectors such as agriculture, tourism, manufacturing, and services. By developing these sectors, the state can create alternative revenue streams that are less susceptible to oil price fluctuations.</p>
<p><b>Economic Downturn:</b> Unforeseen economic downturns, whether locally or globally, could reduce government revenues from taxes and other sources, affecting the state's ability to fund its projects.</p>	<p>Medium</p>	<p>Medium</p>	<p><b>Creation of a Stabilization Fund:</b> Establish a stabilization fund to cushion the impact of oil price fluctuations and economic downturns. This fund can be built during periods of high revenue and used during times of revenue shortfall to maintain budget stability and continue funding essential projects.</p>



			<p><b>Prudent Fiscal Management:</b> Implement prudent <b>fiscal</b> management practices, including effective budgeting, expenditure control, and revenue management. This involves ensuring that expenditures are aligned with revenue projections and avoiding excessive spending during periods of economic boom.</p>
<p><b>Political Instability</b> <b>Political unrest or uncertainty could disrupt governance and economic activities, leading to delays or cancellations of fiscal projects.</b></p>	Medium	High	<p><b>Political Stability Promotion:</b> Work towards promoting political stability and good governance to minimize the risk of political unrest or uncertainty. This can be achieved through transparent and accountable governance practices, dialogue with stakeholders, and conflict resolution mechanisms.</p>

<p><b>Environmental Challenges:</b> Akwa Ibom State is vulnerable to environmental issues such as coastal erosion, flooding, and pollution. These can disrupt infrastructure and economic activities, impacting fiscal projections.</p>	<p><b>High</b></p>	<p><b>High</b></p>	<p><b>Diversification of Investments:</b> Diversify investments to minimize exposure to economic and political risks. The state can invest in a diversified portfolio of assets, both domestically and internationally, to spread risk and generate additional income streams.</p>
<p><b>Infrastructure Bottlenecks:</b> Implementation of fiscal projects may face delays or cost overruns due to bureaucratic hurdles, inadequate planning, or issues with project management.</p>	<p><b>Low</b></p>	<p><b>low</b></p>	<p><b>Resilient Infrastructure Planning:</b> Enhance resilience to environmental challenges by incorporating climate change adaptation measures into infrastructure planning and development. This may involve building infrastructure that can withstand environmental hazards such as coastal erosion and flooding, as well as implementing pollution control measures.</p>

<p><b>Debt Burden:</b> Overreliance on borrowing to finance projects could lead to a high debt burden, making it challenging to meet debt service obligations in the future, especially if revenue projections fall short.</p>	<p><b>High</b></p>	<p><b>High</b></p>	<p><b>Strategies:</b> Implement prudent debt management strategies to ensure that borrowing is sustainable and aligned with the state's fiscal capacity. This includes monitoring debt levels, prioritizing projects with high economic returns, and negotiating favorable terms with lenders to minimize debt servicing costs.</p>
<p><b>External Shocks:</b> External factors like global economic crises, pandemics, or geopolitical tensions could negatively impact Akwa Ibom's economy and fiscal outlook.</p>	<p><b>High</b></p>	<p><b>Medium</b></p>	<p><b>Risk Assessment and Contingency Planning:</b> Conduct regular risk assessments to identify potential external shocks and develop contingency plans to mitigate their impact. This involves scenario planning, stress testing, and building resilience to withstand unforeseen events such as global economic crises, pandemics, or geopolitical tensions.</p>



By implementing these strategies, the Akwa Ibom State Government can effectively reduce its vulnerability to fluctuations in oil prices, economic downturns, political unrest, environmental hazards, infrastructure delays, debt accumulation, and external economic shocks. This proactive approach will fortify the state's fiscal stability and resilience, ensuring sustained revenue generation, prudent financial management, and timely project execution. Ultimately, it will bolster Akwa Ibom's ability to weather uncertainties and maintain its economic strength in the face of challenges.

## **11.0 AKWA IBOM STATE MEDIUM TERM OBJECTIVES, POLICIES AND STRATEGIES**

### **11.1 Macroeconomic Policy Objectives**

Government's Economic Policy shall include:

- i. Ensuring macroeconomic stability and pursuing sustainable growth pathways.
- ii. Stimulating active private sector participation and inclusive economic growth;
- iii. Creating adequate production employment and preserving jobs;
- iv. Promoting poverty reduction and equity to empower the vulnerable sect.
- v. Promoting local capabilities in manufacturing, sports and tourism.
- vi. Extensive supply of electricity to include every household and businesses.

### **11.2 Medium Term State Development Objectives**

- i. Establishing a strong and virile foundation for sustainable diversification;
- ii. Investment in the critical sectors including Aviation, Seaport, and Roads;
- iii. Strengthening security of lives and property;
- iv. Promotion of good governance and strengthening of institutions;
- v. Massive investment in education and health; and
- vi. Enhancement of Human welfare through targeted intervention.
- Vii Integration of private sector in the production process, as a core principle to drive production and growth.
- viii. Strategic investment in power and solid minerals.

## **12.0 SOME ACUMEN INTO 2024 BUDGET**

### **12.1 Policy Thrust**

The policy thrust for 2024 Budget focus will on the five (5) thematic areas of government flagship programme, the ARISE AGENDA and this include; Agriculture, Rural Development, Infrastructure maintenance and Advancement, Security and Educational Advancement. However, the Main Thrust of the 2024 Budget will be on Infrastructure, Tourism and Human Welfare. That notwithstanding, Government will take all necessary steps to consolidate and sustain the gains of the immediate past administration particularly in the area of Road and Air Infrastructure.

### **12.2 The Policy Objectives of the 2024 Budget**

The policy objectives for the year 2024 Budget shall include:

- i. Shield the State's economy against both external and domestic shocks by stimulating the economy and creating opportunities for gainful employment of its citizenry through Industrialization, Agriculture including Air infrastructure.
- ii. Sustained increase growth through Rapid Industrialization and Job creating Infrastructural Investments in Roads, Sports, Tourism, Renewable energy, Communication Technologies, Aviation and Sea Infrastructure.
- iii. Continued support for Small and Medium Scale Enterprise (SMEs) as the engine of economic growth and development to encourage local capability in manufacturing and the use of our locally made products for domestic use and exports and aspire to stimulate our internal economic dynamics in order to increase transaction levels.
- iv. Create Jobs using labor intensive methods in key areas such as Agriculture, Housing, and Ministerial Direct Labor Intervention etc.
- v. Ameliorate poverty and extend maximum coverage to the

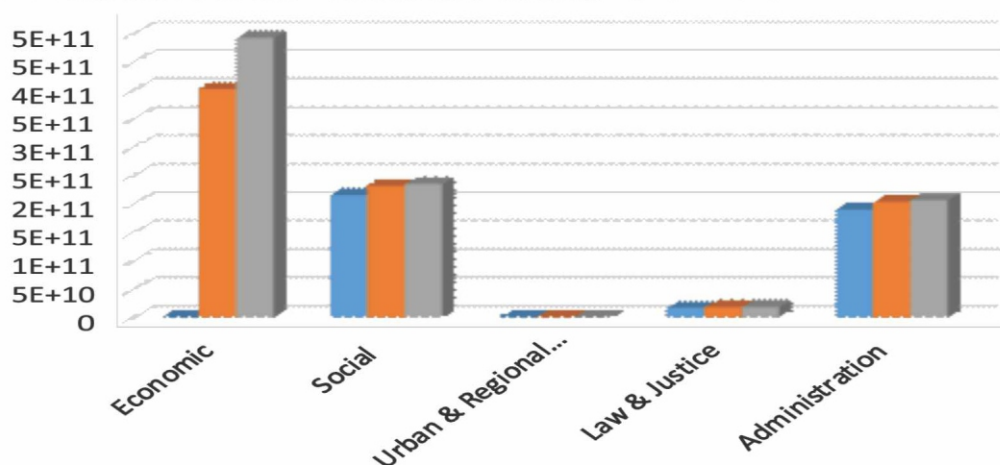


- poor and other vulnerable groups in our society including women, youth and people living with disabilities through pro-poor spending.
- vi. Economy Diversification to create more wealth, sustainable employment and food sufficiency.
  - vii. Health and environmental safety to maintain a healthy population and also mitigate the adverse effect of climate change.
  - viii. Pursue morally, culturally and technologically-based education to ensure that our human capital competes with their counterparts in other parts of the world.
  - ix. De-radicalization programme to prevent violent extremism among our young people.

**Table 24: Indicative Sector Expenditure Ceilings 2024 – 2026**

S/N	SECTOR	2024	%	2025	%	2026	%
1.	Economic	454,452,800,000	51.76	402,579,200,000	46.98	492,825,600,000	51.66
2.	Social	215,812,400,000	24.58	231,543,600,000	27.01	234,984,800,000	24.63
3.	Urban & Regional Development	526,800,000	0.06	565,200,000	0.07	573,600,000	0.06
4.	Law & Justice	17,208,800,000	1.96	18,463,200,000	2.15	18,737,600,000	1.96
5	Administration	189,999,200,000	21.64	203,848,800,000	23.79	206,878,400,000	21.69
	<b>Total</b>	<b>878,000,000,000</b>	<b>100.00</b>	<b>857,000,000,000</b>	<b>100.00</b>	<b>954,000,000,000</b>	<b>100.00</b>

**Figure 27: Indicative Sector Expenditure Ceilings 2024 – 2026**



## SECTORS

ADMINISTRATION SECTOR		ECONOMIC SECTOR	LAW AND JUSTICE SECTOR	REGIONAL SECTOR	SOCIAL SECTOR
1	Akwa Ibom Investment Corporation	AKS Road Maint. & Other Infrastructure Agency	AKS Centre for Alt. Dispute Resolution	Uyo Capital City Development Authority	AKS Env. Protection & Waste Mgt. Agency
2	AKS Audit Service Commission	Ak Hotels & Tourism Board	AKS Judiciary		AKS primary HealthCare Dev. Agency
3	AKS Civil Service Commission	AK Budget Office	Judiciary Service Commission		AKWA IBOM STATE HEALTH INSURANCE AGENCY
4	AKS House of Assembly	AKS Council for Arts & Culture	Law Reform Commission		Hospital Mgt Board
5	State Independent Electoral Commission	Fiscal Responsibility Board	Ministry of Justice		Local Government Pension Board
6	Life Enhancement Agency	AKs Internal Revenue Service			Local Government Service Commission
7	Bureau of Political and Social Re-orientation	AKS Rural Water Supply & Sanitation Agency			Ministry of Education
8	Bureau of Public Procurement	AKS Water Company Ltd			Ministry of Environment
9	Bureau of Technical Matters & Due Process	Land Use & Allocation Commission			Ministry of Health
10	Christian Pilgrim Welfare Board	Ministry of Power			MINISTRY OF INTERNAL SECURITY AND WATERWAYS
11	Department of Establishment	Ministry of Agriculture and Rural Development			Ministry of Local Govt. & Chieftaincy Affairs
12	Ethical and Attitudinal Re-orientation Commission	Ministry of Culture & Tourism			Ministry of women Affairs & Social Welfare
13	General Service Office	Ministry of Econ Dev.			Ministry of Youth Development & Sports
14	Government House	Ministry of Finance			State Secondary Education Board
15	House of Assembly Service Commission	Ministry of Housing			State Technical School Board
16	Liaison Office, Abuja	Min. of Labour & Manpower Planning			Universal Basic Education Board
17	Liaison Office, Lagos	Ministry of Lands			
18	Ministry of Information	Ministry of Science & Technology			
19	Ministry of Special Duties	Ministry of Trade and Investment			
20	Office of the Auditor Gen. (Local)	Ministry of Transport			
21	Office of the Auditor Gen. (State)	Ministry of Water Resources and Sanitation			
22	Office of the Deputy Governor	Ministry of Works & Fire Service			
23	Office of the Head of Civil Service	Office of the Accountant Gen.			
24	Office of Secretary to the State Government	Office of the Surveyor General			
25	State Agency for the Control of AIDs	Debt Mgt. Office			
26		Ibom Airport Development Company			

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