KANO STATE GOVERNMENT OF NIGERIA

MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

To Cover Period: 2024 – 2026

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List of Abbreviations

AG	Accountant-General
KSIRS	Kano State Internal Revenue Services
BRINCS	Brazil, Russia, India, Nigeria, China, South Africa
CBN	Central Bank of Nigeria
CPIA	Country Policy and Institutional Assessment
DMD	Debt Management Department
EFU	Economic and Fiscal Update
ExCo	Executive Council
FAAC	Federal Allocation Accounts Committee
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
IGR	Internally Generated Revenue
IMF	International Monetary Fund
KnSG	Kano State Government
MDAs	Ministry, Department and Agencies
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
NBS	National Bureau of Statistics
NNPC	Nigerian National Petroleum Company
NPC	National Planning Commission
OAG	Office of the Accountant General
PFM	Public Financial Management
PIB	Petroleum Industry Bill
PITA	Personal Income Tax Act
PMS	Petroleum Motor Spirit
KSHoA	Kano State House of Assembly
VAT	Value Added Tax
WEO	World Economic Outlook
DPB	Due Process Bureau
OSAuG	Office of The State Auditor General
KnSBS	Kano State Bureau of Statistics
CSOs	Civil Society Organisation
KSDP	Kano State Development Plan

Acknowledgements/Foreword/Executive Summary

We wish to appreciate the PERL – ARC - FCDO for providing technical support to the State on the preparation of Medium Term Expenditure Framework (MTEF) for the period 2024 -2026. This has indeed tremendously improved the capacity of the participants in the preparation process. The same gratitude goes to the Kano State Government for seeking the support and providing an enabling environment for the participation of the State in the work through session. The State also acknowledge the improvement that the updated capacity will add to the improvement in the budget preparation process and that it will eventually result in the preparation of realistic and implementable budget in line with the policy priority in the medium-term period of 2024-2026. The State is also indebted to members of the Technical Working Group for the commitment towards ensuring timely completion and presentation of the document to the State House assembly in line with the Public Financial Management Law (PFM),2020 to effectively guide the preparation of 2024 budget and provide basis for a three-year medium-term planning. The State will also appreciate extension of similar capacity building to members of the legislative assembly for effective and efficient service delivery. Finally, our appreciation goes to Ministry's Staffs led the process of impacting knowledge on the process of (MTEF) preparation in line with the International best practice and looking forward to further capacity building for sustainable improvement on the preparation and implementation of budget to achieve the vision of the State and to also contribute to achieving the vision of the country.

Honorable Musa Suleiman Shanono
Commissioner
Ministry of Planning and Budget

1 Introduction and Background

1.A Introduction

The Medium Term Expenditure Framework (MTEF) provides economic and fiscal analyses which form the basis for budget planning process. It is aimed primarily at policy makers and decision takers in Kano State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.

On the other hand, Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) are key elements in Medium Term Expenditure Framework (MTEF) and annual budget process, and as such, they determine the resources available to fund Government projects and programmes from a fiscally sustainable perspective.

Kano State Government decided to adopt the preparation of the MTEF for the first time in 2013 as part of the movement toward a comprehensive Public Financial Management process. This is the eleventh (11) rolling iteration of the document and covers the period 2024-2026.

1.A.1 Objectives

The MTEF documents strengthen top down budgeting in line with the requirements of fiscal responsibility legislation. The document assists State in achieving the following objectives:

i. To Ensure overall and proper linkage between policy, planning and budgeting;
ii. To improve fiscal policy formulation and implementation by instituting a medium term budget framework as part of the regular economic management process;
iii. To improve budget allocations that reflects the State policy priorities and development needs of the State;
iv. To provide robust medium term expenditure programmes of selected critical MDAs;
v. Ensuring budget execution through more predictable cash releases, thereby guaranteeing more effective service delivery;
vi. Reducing deviation between budgeted and executed levels of expenditures; and
vii. To improve cash management.

1.A.2 Budget Process

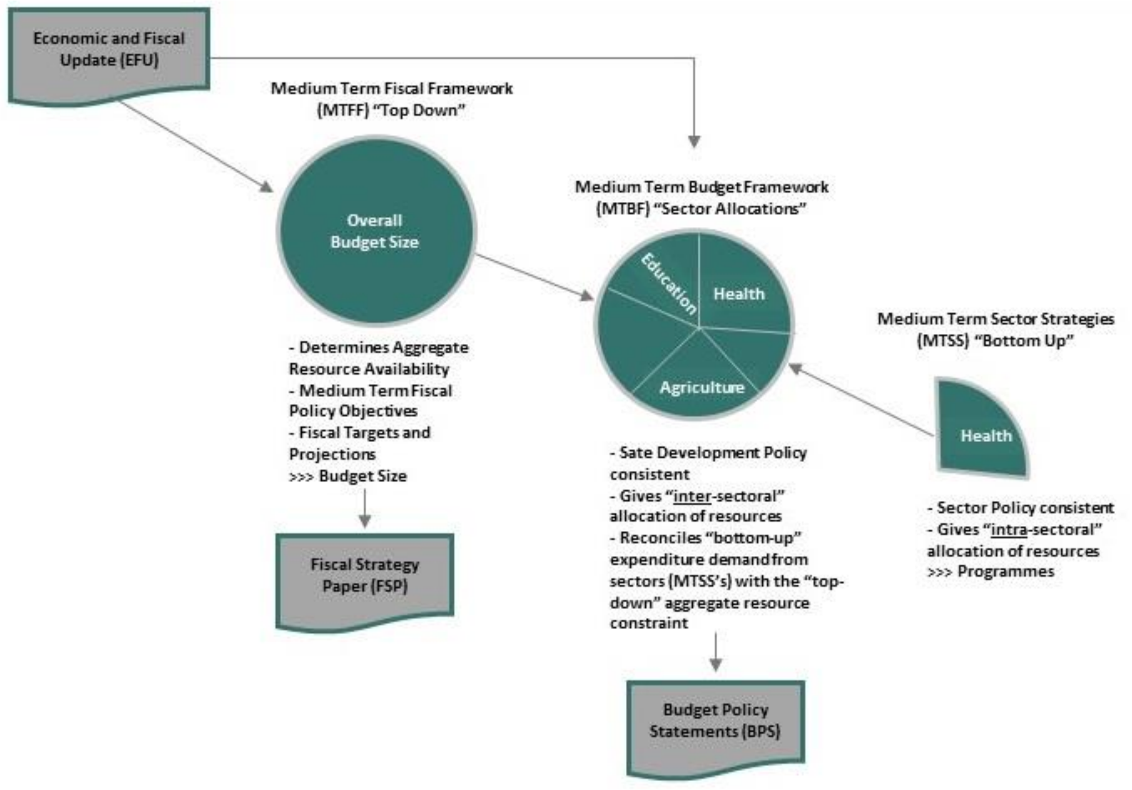
2. The budget process describes the budget cycle in a fiscal year. Its conception is informed by the MTEF process which has three components namely:

i. Medium Term Fiscal Framework (MTFF);
ii. Medium Term Budget Framework (MTBF);
iii. Medium Term Sector Strategies (MTSS). – at present, only Nine sectors have sector strategies (Education, Health, Agriculture, Infrastructure, Commerce and Industry, Environment, Women Youth & People with special Needs, Water Supply & Transport are being developed).

It commences with the conception through preparation, execution, control, monitoring and evaluation and goes back again to conception for the ensuing year's budget.

The MTEF process is summarised in the diagram below:

Figure 1: MTEF Process



1.A.3 Summary of Document Content

3. In accordance with international best practice in budgeting, the production of a Medium Term Expenditure Framework (MTEF) is the first step in the budget preparation cycle for Kano State Government (KnSG) for the period 2024 - 2026. The purpose of this document is three-fold:

   The purpose of this document is three-fold:

   i. To provide a backwards looking summary of key economic and fiscal trends that will affect the public expenditure in the future - Economic and Fiscal Update;
   ii. To set out medium term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTFF; and
   iii. Provide indicative sector envelopes for the period 20xx-20xx which constitute the MTBF.

   - The MTEF is presented in Section 2 of this document. The MTEF provides economic and fiscal analysis in order to inform the budget planning process. It is aimed primarily at budget policy makers and decision takers in the Kano State Government. The MTEF also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:
   - Overview of Global, National and State Economic Performance;
   - Overview of the Petroleum Sector;
   - Trends in budget performance over the last six years.

4. The MTEF is a key element in the KNSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund the Government's growth and poverty reduction programme from a fiscally sustainable perspective.

1.A.4 Preparation and Audience

5. The purpose of this document is to provide an informed basis for the 2024-2026 budget preparation cycle for all of the key Stakeholders, specifically:

- Executive Council (ExCo);
- Kano State House of Assembly (KSHoA);
- Ministry of Planning and Budget (MoPB);
- Ministry of Finance (MoF);
- Due Process Bureau (DPB)
- Kano State Bureau of Statistics (KnSBS);
- Office of the State Auditor General (OSAG);
- Local Government Auditor General,
- Kano Internal Revenue Services (KIRS);
- All Government Ministries, Departments and Agencies (MDA's); and
- Civil Society Organisations,
- Partners, Academia,
- Traditional Leaders and
- People with Special Needs

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

1.B Background

Legislative Framework for PFM in Kano State - This refers to the legal instruments which govern the administration of PFM in Kano State. Such instruments include:

- Constitution of Federal Republic of Nigeria 1999 (as amended); Section 120 and 121
- Kano State Public Financial Management Law (2020);
- Kano State Financial Instructions (as revised);
- Annual Appropriation Laws
- Kano State Stores Regulations (as revised);
- Kano State Civil Service Rules (as revised);
- Treasury Circulars;
- Kano State Debt Management Law (2021)
- Kano State Audit Law (2021)
- Kano State Procurement Law (2021)
- Revenue Administration Law no.2 2010; and
- Personal Income Tax Act (PITA) 2004 LFN (as amended).
- MDAs Revenue Harmonization Law 2016
- Local Government Harmonize Rates & Levies Law 2015
- Kano Audited Account Report 2021
- State Executive Council Approvals;
- Legislative Framework for PFM in Kano State –

1.B.1 Institutional Framework for PFM in Kano state –

This refers to the physical arrangement through which all PFM Process are being carried out. This process depends on whether the financial item is either revenue or expenditure. On the revenue side, the framework in this dimension provides the roles of the following institutions:

- **Kano Internal Revenue Services (KIRS)** - It is the main revenue collecting Agency on behalf of the State Government. It was established by legislative act;
- Other Revenue collecting MDAs; and
- **Office of the Accountant General.** This Office collects not only those revenues primarily subsumed by the KIRS and other revenue collecting agencies, but also all accrued revenues from Federation Accounts and Capital receipts as may be from time to time. The Office of the Accountant General is an integral Division of Ministry of Finance which has five Departments headed by substantive Directors.
- On the expenditure side, the institutional framework in respect of expenditure emanates from the provisions of the approved Budget for the year under review. This budget document derives its source from four streams namely:
- Policy pronouncements by the Government;
- Proposals from Ministries, Departments and Agencies of the State Government
- Citizens' Demand through Town Hall meeting Conducted in the State
- Public inputs through SHoA (conducted through Public hearing and representations); and SHoA resolution
- Kano State Development Plan III (KSDP).

The commitment in the budget is actualized through the issuance of Warrants to State Accountant-General (AG) initiated by MoPB, certified by Ministry of Justice and approved by the Executive Governor to carry out the mandate. The Warrant itself could be General or provisional. This instrument authorizes the AG to commence spending of public Funds within the stipulation of the approved legislative Budget of the year.

All MDAs serve as springboard for the implementation of the Budget provisions. In compliance with the Financial Instructions, relevant circulars and provisions, as well as other relative directives that from time to time are ushered in by the State Executive Council.

The legislative arm of the Government also exercises oversight functions to ensure compliance with the contents of the approved Budget document as well as adherence to all available guiding rules and statute.

The OSAG on the other hand, and on behalf of the State legislative arm keeps track of all financial transactions of the Government and render appropriate comments and qualification.

Another important institutional framework in the circle of financial management in the State also includes Due Process Office. This institution plays a significant role in ensuring compliance with the existing Monetary & Fiscal Policies by every Government establishment. It ensures adherence with the best practice: as well as monitors the execution of all capital projects.

Overview of Budget Calendar

6. Indicative Budget Calendar for Kano State Government is presented below:

Table 1: Budget Calendar

KANO STATE INTEGRATED PLANNING AND BUDGET CALENDER- 2023															
S/N	**Planning and budgeting activities**	**Month**												**Responsible parties**	**STATUS**
		Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**		
		2023													
1	Press Briefing on 2023 Approved Budget by the Hon. Comm.													MoPB	
2	Preparation and production of citizens Budget (2023)													MoPB	
3	Updating and validation of 2023 Appropriation Law													MoPB	
4	Printing of 2023 budget Document													MoPB	
5	Transforming to Electronic Public Financial Management Process in the State (SIFMIS)													MoPB	
6	Budget Profile and Cash flow													MOPB	
7	Full year 2022 budget performance													MoPB/MoF/ MDAs	
8	First quarter 2023 Budget performance report													MoPB	
9	First Quarter 2023 M&E Report													MoPB	
10	First Quarter Matual Accountability Meeting													FCDO/MoPB	
11	Workshop on learning event/sharing experience On M & E Implementation													MOPB/PERL	
12	Review of Policy Statement of incoming Administration													FCDO/MoPB	
13	Second quarter 2023 Budget performance report														

KANO STATE INTEGRATED PLANNING AND BUDGET CALENDER- 2023															
S/N	**Planning and budgeting activities**	**Month**												**Responsible parties**	**STATUS**
		Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**		
14	Development of MTSS of Remaining 2 Sectors and Review of the existing 9 sectos													MoPB	
15	MTRS Session													MOPB/KIRS/MOF	
16	MTDS Review													MOPB/KIRS/MOF	
17	Preparation and production of 2024 - 2026 MTEF document Technical Session													MoPB	
18	Sensitization workshop on MTEF document with State stakeholders													MoPB	
19	Preparation and circulation of 2024 budget call circular including Medium Term (3 year), sector ceilings allocation													MOPB	
20	Collection of citizen input from 5 emirate into the 2024 budget proposals													MOPB	
21	2023 Supplementary Budget/Amendement exercises													MoPB	
22	Intractive meeting between MOPB and State House of Assembly on budget amendement Year 2023													MOPB/SHOA	
23	2024 -2026 EFU-FSP-BPS draft presentation to the ExCo													MOPB	
24	Submission of 2024 - 2026 EFU-FSP-BPS to Chairman Appropriation Committee State House of Assembly.													MOPB	
25	Third Quarter 2023 M&E Report													MOPB	
26	Consolidation of MDAs budget proposal (Zero Draft)													MoPB	

KANO STATE INTEGRATED PLANNING AND BUDGET CALENDER- 2023															
S/N	**Planning and budgeting activities**	**Month**												**Responsible parties**	**STATUS**
		Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**		
27	Consolidation workshop on MDA's 2024 Budget proposal with EFU-FSP-BPS (Budget Summit)													MOPB	
28	Bilateral Budget Discussion with MDAs on 2024 budget Proposal and other stakeholders.													MoPB	
29	Submission of draft 2023 budget proposal to EXCO													MoPB	
30	Review of ExCo Draft Budget proposal													MOPB	
31	Presentation of the 2024 budget proposal to State House of Assembly													H E	
32	2024 Budget scrutiny by House of Assembly and MDAs													SHoA/MDAs	
33	Public hearing by the KnSHoA on 2024 Appropriation Bill with all Stakeholders													SHoA	
34	Intractive Meeting between House Committee 0n Appropriation and MoPB on 2024 Budget													SHoA/MOPB	
35	Passage of 2024 Budget into law by the KnSHoA													SHoA	
36	Signing of 2024 appropriation law/General warrant													H E	

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Global Economy

1. The International Monetary Fund's (IMF's) July 2023 World Economic Outlook (WEO) Update[1], provides that global growth is projected to fall from 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024 on an annual average basis. Compared with projections in the April 2023 WEO, growth has been upgraded by 0.2 percentage point for 2023, with no change for 2024. The forecast for 2023–24 remains well below the historical (2000–19) annual average of 3.8 percent. It is also below the historical average across broad income groups, in overall Gross Domestic Product (GDP) as well as per capita GDP terms.

2. Advanced economies continue to drive the decline in growth from 2022 to 2023, with weaker manufacturing, as well as unique factors, offsetting stronger services activity. In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions. On a year-over-year basis, global growth bottomed out in the fourth quarter of 2022. However, in some major economies, it is not expected to bottom out before the second half of 2023.

3. World trade growth is expected to decline from 5.2 percent in 2022 to 2.0 percent in 2023, before rising to 3.7 percent in 2024, well below the 2000–19 average of 4.9 percent. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of United States (US) dollar appreciation—which slows trade owing to the widespread invoicing of products in US dollars—and rising trade barriers.

4. These forecasts are based on a number of assumptions, including those regarding fuel and nonfuel commodity prices and interest rates. Oil prices rose by 39 percent in 2022 and are projected to fall by about 21 percent in 2023, reflecting the slowdown in global economic activity. Assumptions regarding global interest rates have been revised upward, reflecting actual and signalled policy tightening by major central banks since April 2023. The Federal Reserve and Bank of England are now expected to raise rates by more than assumed in the April 2023 WEO—to a peak of about 5.6 percent in the case of the Federal Reserve—before reducing them in 2024. The European Central Bank is assumed to raise its policy rate to a peak of 3¾ percent in 2023 and to ease gradually in 2024. Moreover, with near-term inflation expectations falling, real interest rates are likely to stay up even after nominal rates start to fall.

5. For advanced economies, the growth slowdown projected for 2023 remains significant: from 2.7 percent in 2022 to 1.5 percent in 2023, with a 0.2 percentage point upward revision from the April 2023 WEO. About 93 percent of advanced economies are projected to have lower growth in 2023, and growth in 2024 among this group of economies is projected to remain at 1.4 percent.

6. For emerging market and developing economies, growth is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent 2024, with modest revisions of 0.1 percentage point for 2023 and –0.1 percentage point for 2024. However, this stable average masks divergences, with about 61 percent of the economies in this group growing faster in 2023.

7. In sub-Saharan Africa, growth is projected to decline to 3.5 percent in 2023 before picking up to 4.1 percent in 2024. Growth in Nigeria in 2023 and 2024 is projected to gradually decline, in line with April projections, reflecting security issues in the oil sector. In South Africa, growth is expected to decline to 0.3 percent in 2023, with the decline reflecting power shortages, although the forecast has been revised upward by 0.2 percentage point since the April 2023 WEO, on account of resilience in services activity in the first quarter.

8. Global headline inflation is set to fall from an annual average of 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024, broadly as projected in April, but above pre-pandemic (2017–19) levels of about 3.5 percent. About three-quarters of the world's economies are expected to see lower annual average headline inflation in 2023. Monetary policy tightening is expected to gradually dampen

[1] World Economic Outlook Update, July 2023: Near-Term Resilience, Persistent Challenges (imf.org)

inflation, but a central driver of the disinflation projected for 2023 is declining international commodity prices. Differences in the pace of disinflation across countries reflect such factors as different exposures to movements in commodity prices and currencies and different degrees of economic overheating. The forecast for 2023 is revised down by 0.2 percentage point, largely on account of subdued inflation in China. The forecast for 2024 has been revised upward by 0.3 percentage point, with the upgrade reflecting higher-than-expected core inflation.

9. Core inflation is generally declining more gradually. Globally, it is set to decline from an annual average of 6.5 percent in 2022 to 6.0 percent in 2023 and 4.7 percent in 2024. It is proving more persistent than projected, mainly for advanced economies, for which forecasts have been revised upward by 0.3 percentage point for 2023 and by 0.4 percentage point for 2024 compared with the April 2023 WEO. Global core inflation is revised down by 0.2 percentage point in 2023, reflecting lower-than-expected core inflation in China, and up by 0.4 percentage point in 2024. On an annual average basis, about half of economies are expected to see no decline in core inflation in 2023, although on a fourth quarter-over-fourth-quarter basis, about 88 percent of economies for which quarterly data are available are projected to see a decline. Overall, inflation is projected to remain above target in 2023 in 96 percent of economies with inflation targets and in 89 percent of those economies in 2024.

10. The balance of risks to global growth remains tilted downward, but adverse risks have receded since the publication of the April 2023 WEO. The resolution of US debt ceiling tensions has reduced the risk of disruptive rises in interest rates for sovereign debt, which would have increased pressure on countries already struggling with increased borrowing costs. The quick and strong action authorities took to contain banking sector turbulence in the United States and Switzerland succeeded in reducing the risk of an immediate and broader crisis.

11. More favourable outcomes for global growth than in the baseline forecast have become increasingly plausible. Core inflation could fall faster than expected—from greater-than-expected pass-through of lower energy prices and a compression of profit margins to absorb cost increases, among other possible causes—and declining job vacancies could play a strong role in easing labor markets, which would reduce the likelihood of unemployment having to rise to curb inflation. Developments along these lines would then reduce the need for monetary policy tightening and allow a softer landing.

12. Scope exists for more favorable surprises to domestic demand around the world, as in the first quarter of 2023. In numerous economies, consumers have not yet drained the stock of excess savings they accumulated during the pandemic; this could further sustain the recent strength in consumption. Stronger policy support in China than currently envisaged—particularly through means-tested transfers to households—could further sustain recovery and generate positive global spillovers. Such developments, however, would increase inflation pressure and necessitate a tighter monetary policy stance.

13. Despite the recent growth surprises, plausible risks continue to be skewed to the downside. Tight labour markets and pass-through from past exchange rate depreciation could push up inflation and risk de-anchoring longer-term inflation expectations in a number of economies. The institutional setup of wage setting in some countries could amplify inflation pressures on wages. Moreover, El Niño could bring more extreme temperature increases than expected, exacerbate drought conditions, and raise commodity prices. The war in Ukraine could intensify, further raising food, fuel, and fertilizer prices. The recent suspension of the Black Sea Grain Initiative is a concern in this regard. Such adverse supply shocks might affect countries asymmetrically, implying different dynamics for core inflation and inflation expectations, a divergence in policy responses, and further currency movements.

14. Financial markets have adjusted their expectations of monetary policy tightening upward since April but still expect less tightening than policymakers have signalled, raising the risk that unfavourable inflation data releases could—as in the first quarter of 2023—trigger a sudden rise in expectations regarding interest rates and falling asset prices. Such movements could further tighten financial conditions and put stress on banks and nonbank financial institutions whose balance sheets remain vulnerable to interest rate risk, especially those highly exposed to commercial real estate. Contagion effects are possible, and a flight to safety, with an attendant appreciation of reserve currencies, would trigger negative ripple effects for global trade and growth.

15. The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in Table 2 and Table 3 below.

16. Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

Table 2 Real GDP Growth – Selected Economies

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

Source: IMF's World Economic Outlook, April 2023

Table 3 Inflation – Selected Economies

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

Source: IMF's World Economic Outlook, April 2023

2.A.2 Africa

17. The African Economic Outlook, 2022[2] provides that African economies remain resilient amidst multiple shocks with average growth projected to stabilize at 4.1 percent in 2023–24, higher than the estimated 3.8 percent in 2022 Africa's growth in real GDP was estimated at 3.8 percent in 2022, down from 4.8 percent in 2021 but above the global average of 3.4 percent. The growth slowdown was attributed mainly to the tightening global financial conditions, and supply chain disruptions exacerbated by Russia's invasion of Ukraine, subduing global growth. Growth was also impaired by the residual effects of the COVID-19 pandemic and the growing impact of climate change and extreme weather events. While the deceleration was broad-based, with 31 of the 54 African countries posting weaker growth rates in 2022 relative to 2021, the continent performed better than most world regions in 2022, with the continent's resilience projected to put five of the six pre-pandemic top performing economies—Benin, Côte d'Ivoire, Ethiopia, Rwanda, and Tanzania—back in the league of the world's 10 fastest-growing economies in 2023–24.

18. Growth is projected to rebound to 4 percent in 2023 and consolidate at 4.3 percent in 2024, underpinning Africa's continued resilience to shocks. The forecast for 2023 has been maintained as predicted in the January 2023 edition of Africa's Macroeconomic Performance and Outlook (MEO) published by the African Development Bank Group. However, due to expected slight improvements in medium-term global and regional economic conditions—mainly underpinned by China's re-opening and slower pace of interest rate adjustments—the forecast for 2024 has been revised up by 0.4 percentage points relative to the January 2023 MEO projection. Despite this, climate change, elevated global inflation, and persistent fragilities in supply chains will remain on the watchlist as potential factors for possible slowdowns of growth in the continent.

19. Growth in West Africa, despite macroeconomic challenges in some of the region's large economies, is projected to rise from an estimated 3.8 percent in 2022 to 3.9 percent in 2023 and 4.2 percent in 2024. This favourable outlook reflects higher growth in the region's small economies. Of the nine countries with projected growth rates of 5 percent or higher in 2023, eight are small economies, accounting for 15 percent of the region's GDP and 22 percent of the projected growth.

20. Growth in tourism-dependent economies is projected to decline from an estimated 8.4 percent in 2022 to 4.9 percent in 2023 and 4.4 percent in 2024, reflecting an abating base effect and growth slowdowns in important tourist source markets, especially Europe and North America.

21. Despite the decline, oil prices have remained above the five-year trend, boosting growth in oil-exporting countries since the recession at the peak of COVID-19. Growth in this group, estimated at 4.0 percent in 2022, is projected to strengthen to an average of 4.2 percent in 2023 and 2024. The oil output effect, notably in Libya and Nigeria, could also shore up economic growth as production improves following efforts to tackle insecurity.

22. Growth in other resource-intensive economies is, however, projected to decline from an estimated 3.0 percent in 2022 to 2.4 percent in 2023, with a recovery to 3.5 percent in 2024. The growth deceleration in 2023 is largely attributed to limited diversification and the lower prices of key commodities, notably minerals, amid weak global growth.

23. Non-resource-intensive economies, largely countries with more diversified economic structures, are likely to sustain their resilience. Average growth for the group is projected to accelerate to 5.0 percent in 2023 and 5.6 percent in 2024 from an estimated 4.4 percent in

    2022. This group recovered the strongest from the effects of COVID-19. The projected higher growth underscores the importance of economic diversification to weather the effects of exogenous shocks.

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

2.A.3 Nigerian Economy[3]

24. The challenging global economic context has put pressure on Nigeria's economy. However, domestic policies play the major role in determining Nigeria's economic performance and resilience to further external shocks. The previous mix of fiscal, monetary, and exchange rate policies, including the naira redesign program, did not deliver the desired improvements in growth, inflation, and economic resilience. The new government has recognized the need to chart a new course and has already made a start on critical reforms, such as the elimination of the petrol subsidy and foreign exchange (FX) harmonization.

25. With the petrol subsidy (PMS Under Recovery) removal, the government is projected to achieve fiscal savings of approximately N2 trillion in 2023, equivalent to 0.9 percent of GDP. These savings are expected to reach over N11 trillion by the end of 2025. However, the nature of the causal relationship between fuel price and key macroeconomic variables in Nigeria is such that if appropriate mitigation strategies are not well crafted, the removal of subsidy will likely have negative ripple effects on aggregate output and employment.

26. **Real GDP** - Nigeria's Gross Domestic Products (GDP) growth remained weak and fragile as it slowed to 2.31 percent in the first quarter of 2023, from 3.5 percent in the fourth quarter of 2022. This growth rate declined from 3.11 percent recorded in the first quarter of 2022, and 3.52 percent in the fourth quarter of 2022. The reduction in growth is attributed to the adverse effects of the cash crunch experienced during the quarter, as well as the elections.

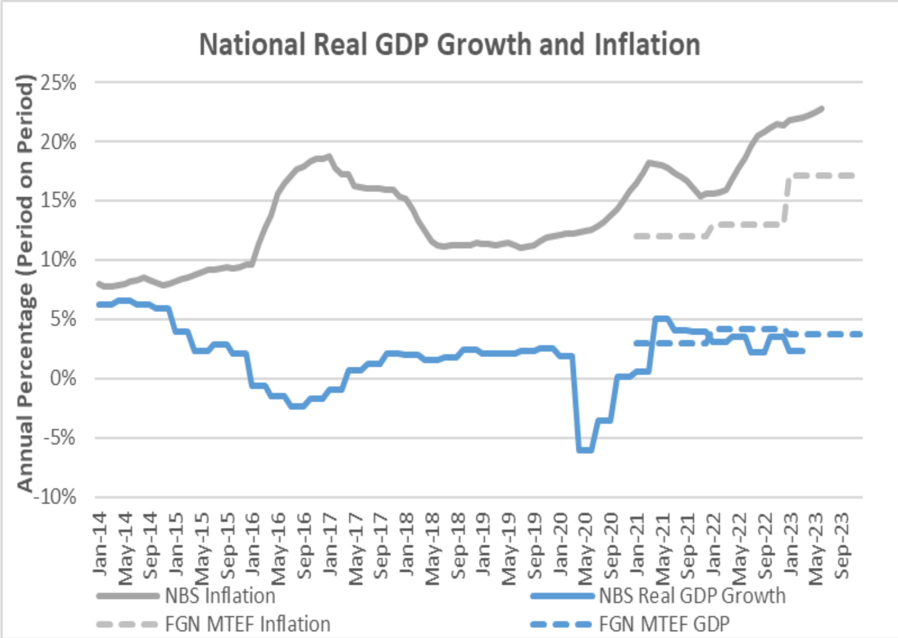
27. The performance of the GDP in the first quarter of 2023 was driven mainly by the services sector, which recorded a growth of 4.35 percent and contributed 57.29 percent to the aggregate GDP. The agriculture sector grew by -0.90 percent, lower than the growth of 3.16 percent recorded in the first quarter of 2022. Although the growth of the industry sector improved to 0.31 percent relative to 6.81 percent recorded in the first quarter of 2022, agriculture, and the industry sectors contributed less to the aggregate GDP in the quarter under review compared to the first quarter of 2022.

28. **Inflation (CPI)** - Inflation has increased consecutively for the last 17 months, from 15.60 percent in January 2022 to 22.79 percent in June 2023. Dynamics in commodity prices, which are being exacerbated by the conflict in Ukraine, are causing inflations pressures globally. Also, the devaluation of the Naira has impacts (some positive, some negative) as does the removal of the Fuel Subsidy.

29. The national quarterly real GDP growth and year on year inflation rates from January 2014 and June 2023 are shown in Figure 2 below.

[3] Sources: IMF WEO, July 2023, NBS Reports, CBN Reports, NNPC Reports, OPEC Reports and US Energy Information Administration Reports.

Figure 2: Real GDP Growth and Inflation



Data Sources and Trends:

- Economy returned to growth in Q3 2020 after six months of recession. However, after a strong bounce back, growth has slowed.
- Real GDP growth in 2022 Q1 was 2.31%.
- Inflation counties to increase as a result increases in global commodity prices, expansionary monetary policy (to fund the FGN budget deficit) and most recently the devaluation of the naira and removal of the fuel subsidy. Reached high of 22.79% in June 2023.

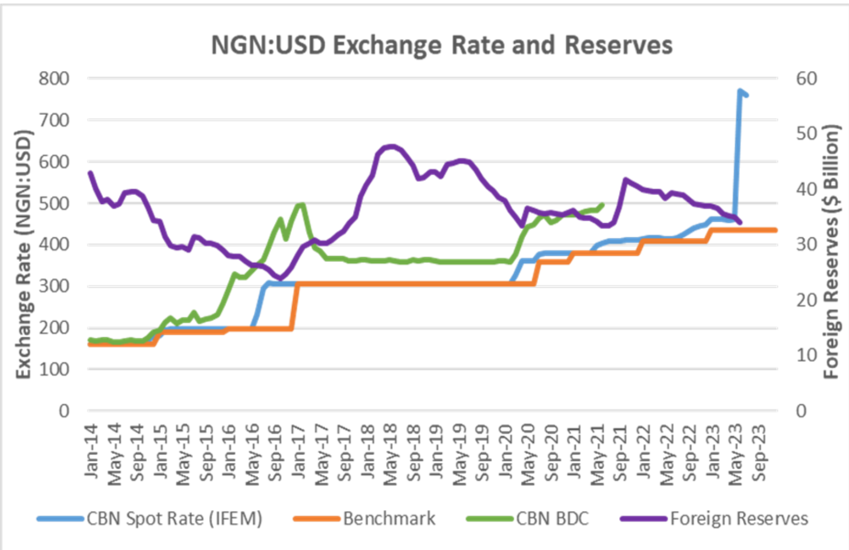
30. **Foreign Exchange Rate** – the Naira devalued against the dollar from NGN415:1$ in May 2022 to N750 by July 2023 as a result of the implementation of a floating exchange rate. Foreign Reserves have been falling over the last 21 months, reaching $33.95 billion as at the end of July 2023.

31. In 2022, arbitrage opportunities witnessed significant increase, weakening the convergence of foreign exchange windows. This is partly attributed to the ripples of economic downturn since the Russia–Ukraine conflict. Also, the fall in foreign reserve potentially condenses the policy options available to the Central bank of Nigeria (CBN) in controlling monetary aggregates.

32. **The NGN: USD exchange rate**, which is a key crude oil revenue parameter, for the period January 2014 to August 2023, along with the benchmarks assumed in the Federal Government budgets over the same period and foreign reserves, are shown in below.

33. The NGN: USD exchange rate (Import and Export Rate) is currently (1st August 2023) N 775.355. The end of the fixed exchange rate regime is likely to bring about more fluctuations in the rate. FGN adjusted 2023 budget was based on a rate of N750 to the USD.

Figure 3 NGN: USD Exchange Rate and Foreign Reserves

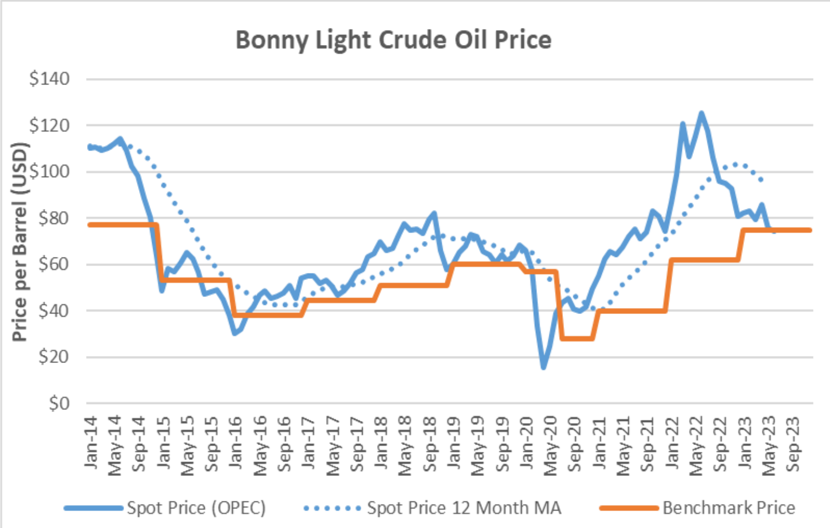


Data Sources and Trends:

- Data from Federal Budget documents and CBN.
- Foreign reserves continue to decline, reaching $33.95 billion as at the end of July.
- After relative stability in the rate of N400-550 to USD from mid-2021, the Naira was allowed to free float in June 2023, causing an immediate devaluation to around N750 to the USD.

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

Figure 4 Crude Oil Price



Data Sources and Trends:

- Data from Federal Budget documents and OPEC monthly reports.
- Prices spiked in 2022 following the Russian invasion of Ukraine, reaching a high of $125.22 in June 2022.
- Significant drop off in 2023 – average price over the first six months of the year was $80.04
- Price in June 2023 was $74.18, which is below the benchmark price of $75.

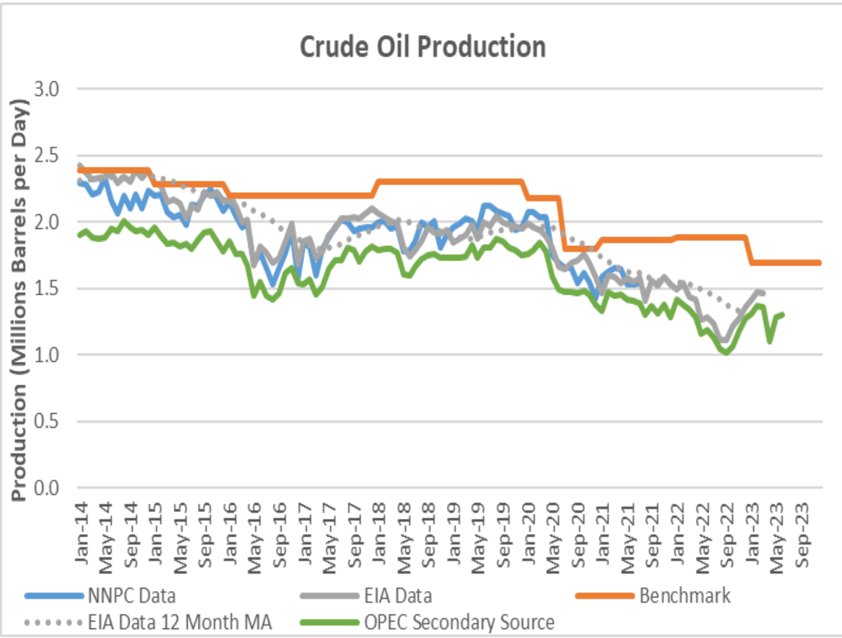
35. In its July 2023 Short-Term Energy Outlook (STEO), the US Energy Information Administration (EIA) is forecasting an average price of $83.51 per barrel for Brent Crude in 2024, which would imply a price of $86.33 for Bonny Light.

36. In its April 2023 WEO, IMF is slightly more cautious, forecasting a basket price of $73.13 in 2023 and $68.90 in 2024 which translates to $75.06 for 2023 and $70.71 in 2024 for Bonny Light.

37. **Crude Oil production** continues to lag below the longer-term average of 2.0 Million Barrels per Day (MBPD). Production (including condensates) has averaged 1.45 MBPD over the first five months of 2023 according to figures published by the Nigerian Upstream Petroleum Regulatory Commission (NURPC). The FGN assumption is that production will average 1.72 MBDP in the second half of 2023 – this seems ambitious and might be considered a target rather than a balanced estimate (i.e. with equal potential for over or under-achievement).

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

Figure 5 Crude Oil Production



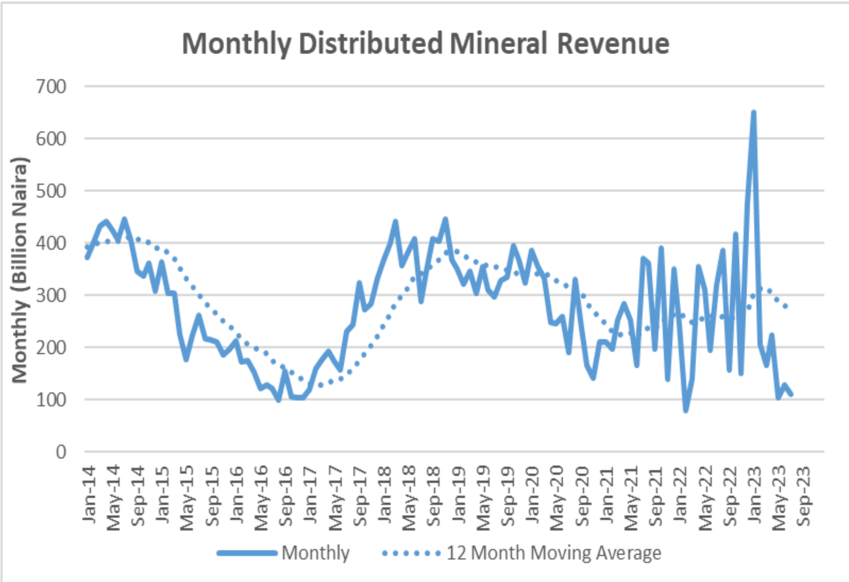
Data Sources and Trends:

- Production has steadily declined over the last eight years.
- NNPC Data is out of date (latest publication is from July 2022)
- Crude Oil production (including condensates) continued to fall below capacity and below the FGN benchmark of 1.69 MBDP.
- Production in first half of 2023 averaged 1.452 MBPD in the first half of 2023.

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

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

Figure 6 Distributed Mineral Revenues



Data Sources and Trends:

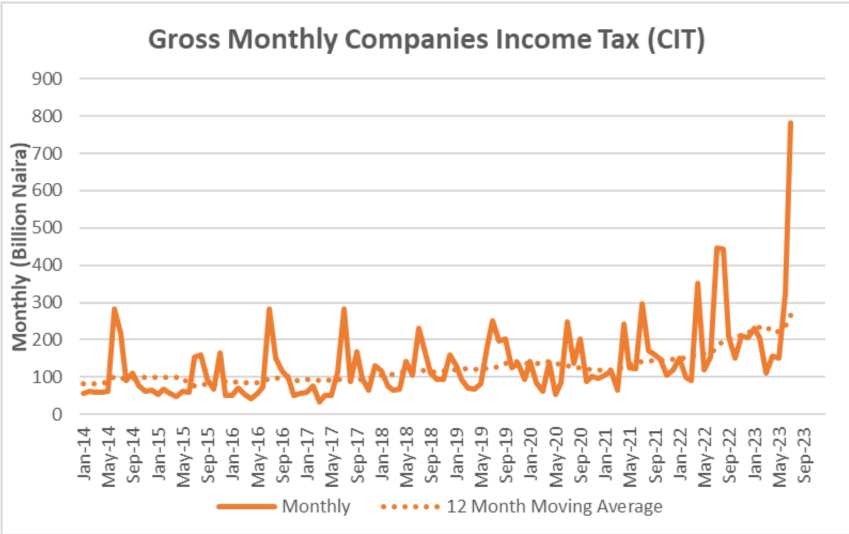
- Data from FAAC summary sheets (OAGF).
- Significant dips in 2015-2016 and 2020 due to crude oil price crash.
- Increased volatility of distributable mineral revenue due to changes in the way NNPC remits, and price fluctuations.
- Derivation Refunds and PMS Under Recovery has weighed significantly on the level of distributable mineral revenue over the last two years.

41. The impact of the Fuel Subsidy and derivation refunds mean the benefits of the crude oil price spike in 2022 (as a result of the conflict in the Ukraine) have not resulted in any marked increase in distributable mineral revenues. The change in status of NNPC, specifically the manner in which it remits to FAAC, has also brought about increased volatility in distributable mineral revenues. The removal of the subsidy, the devaluation of the Naira and eventual conclusion of the derivation refunds should bring about a significant nominal increase in distributable mineral revenues in 2024.

42. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2014 to May 2022 inclusive are shown in

43. Figure 7 below. The graph also includes 12 month moving average.

Figure 7 CIT Revenues



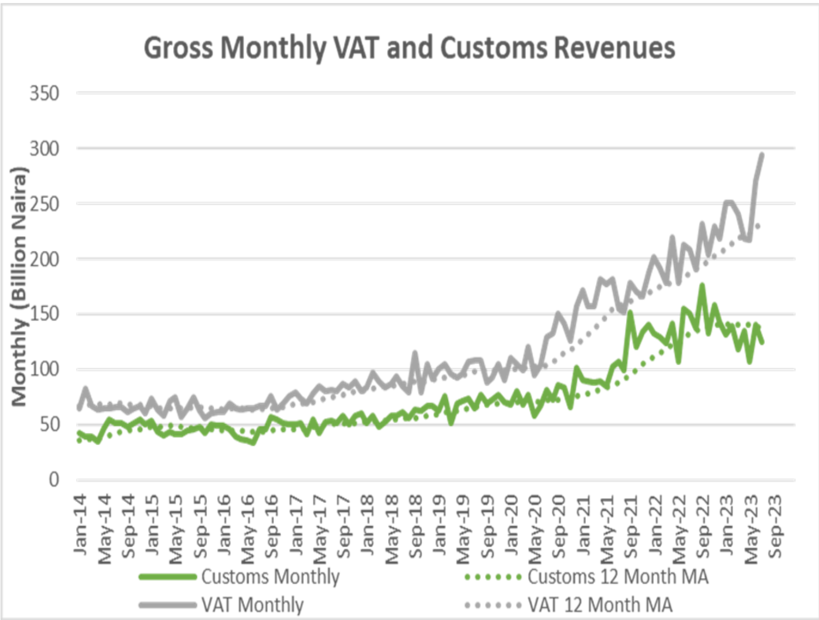
Data Sources and Trends:

- Data from FAAC summary sheets (OAGF).
- Huge spike in collections in June 2023 (albeit a significant proportion of this was retained as Excess Revenues
- After a fall in collections in 2020 (related to the economic issues caused by COVID-19), growth has picked up again (23.7% in 2021 and 48.10% in 2022).
- 2022 full year figure was N2.641 trillion.

44. The graph shows the annual spike in distributions (collections from the previous month) that is in line with the annual tax returns and payment cycle in FIRS. This generally happens in July because June collections, the month many companies file their return, are distributed in July. June 2023 collection were a record N781 billion, albeit a significant portion of this was deducted from FAAC as excess revenue. This record collection in June has helped the 12-month average more than double in the last two years.

45. Customs and Excise duties (NCS), which is distributed as part of Statutory Allocation, and Value Added Tax (VAT) which is distributed in its own right for the period January 2014 to May 2022 are shown in Figure 8 below.

Figure 8 NCS and VAT Revenues



Data Sources and Trends:

- Data from FAAC summary sheets (OAGF) and online FAAC summary sheets (www.oagf.gov.ng)
- VAT continues to grow, based on inflation and macroeconomic growth.
- Monthly collections reach record high of N293 billion in June 2023. Average for the first 6 months of 2023 was N248 billion.
- Customs revenues have plateaued in 2023, averaging N128 billion per month, which is lower than the N140 billion per month in 2022.

46. VAT shows a clear upward trend since late-2015. This is to be expected as the general price level rose quite significantly over the same period, which should transfer straight into additional VAT (for VAT-able items). Given the increase in VAT from 5% to 7.5%, in the 2020 Finance Act, there have been significant upward trend in VAT over the last three year months from August 2020. There is still a level

of monthly volatility that makes it slightly difficult to forecast. However, with the economy returning to positive real growth and inflation staying slightly above 20% for some time, it is anticipated that VAT will continue to grow in nominal terms.

47. Exchange rate controls import policy and devaluing Naira may have affected some Customs receipts historically, and they have not experienced anywhere near the level of growth that has been observed in CIT and VAT over the last two years. However, there are still some short-term volatility and Federal Revenue reforms should increase collections in the medium term, but the timing of impact remains uncertain. The free float of the Naira may help increase imports and related duties going forward.

2.A.3 Kano State Economy

MACRO ECONOMIC INDICA TORS FOR KANO

Kano is a richly endowed state, with vast, yet untapped potentials. It has an established commercial base with long history of contact with Europe, North, Central and West Africa and the Middle East. Kano is the commercial and investment hub of Northern Nigeria, with a GDP of approximately US$13 billion. The economy is driven largely by Services with 70% contribution to GDP, followed by Agriculture [17.9%] and light manufacturing [12.1%]. The Services Sector has expanded rapidly since 2013, growing at an average rate of 17% pa, followed by agriculture at 10% and light industry at 9%.

The Kano economy is characterized by widespread informality, with more that 1.8 million micro enterprises, across all economic activities, employing over 2 million people. This is equivalent to 44% of the State's economically active population.

The Kano economy is driven largely by commerce, manufacturing and subsistence agriculture – the dominant activity, with up to 70% of the population engaged directly or indirectly. The informal sector is strong and diverse, with numerous MSMEs across all economic activities and contributing approximately 60 – 70% of output and employment. The State has historically been a major commercial and manufacturing centre in the West African sub region even before the incorporation of the country into the European System of global commerce. It has been a major entry port and southern hub of the trans Saharan trade route for centuries.

KANINVEST, is mandated to, among others issues, encourage, promote, coordinate and support investment activities in Kano State.

Agriculture 61% Commerce 19%

Transport 08%

Mining 03%

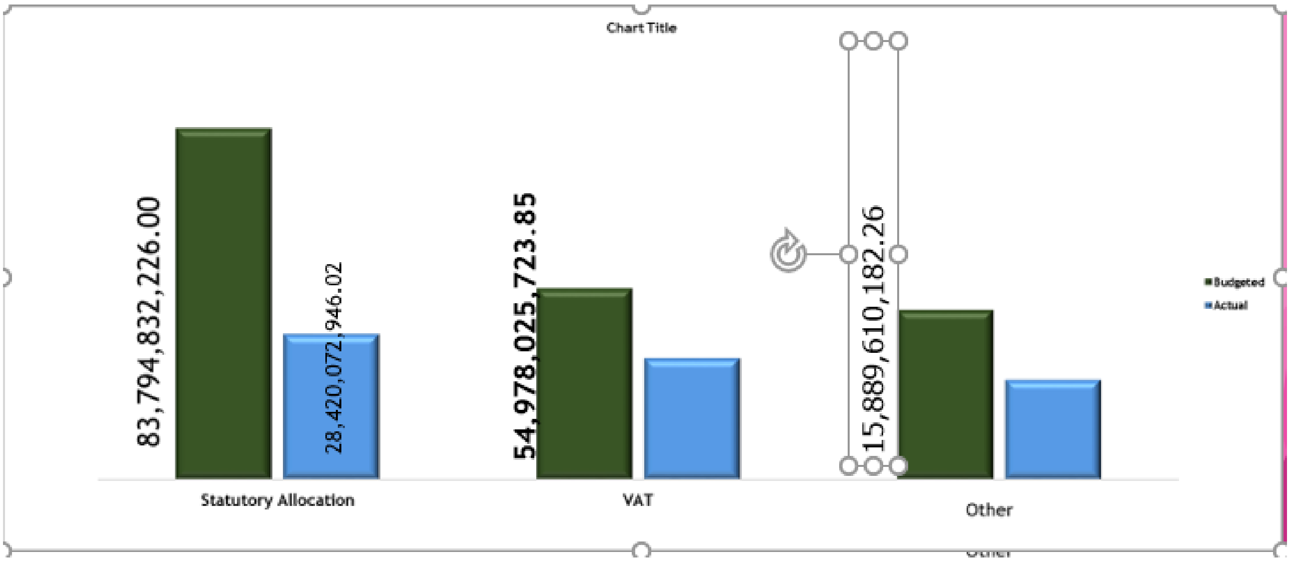
source: http://kanostate.gov.ng/economy/

Kano depends largely on statutory allocation from Federation Account. In 2022, 87% of the total State revenue derived from the federation account, while the remaining 13% was derived from the internally generated revenue. Government has taken strategies to restructure administrative set up of revenue generating agencies especially the Board of Internal Revenue. These includes: the harmonization of taxes of both State and Local Governments; expansion of revenue base to informal sector and centralization of revenue account.

2.B Fiscal Update

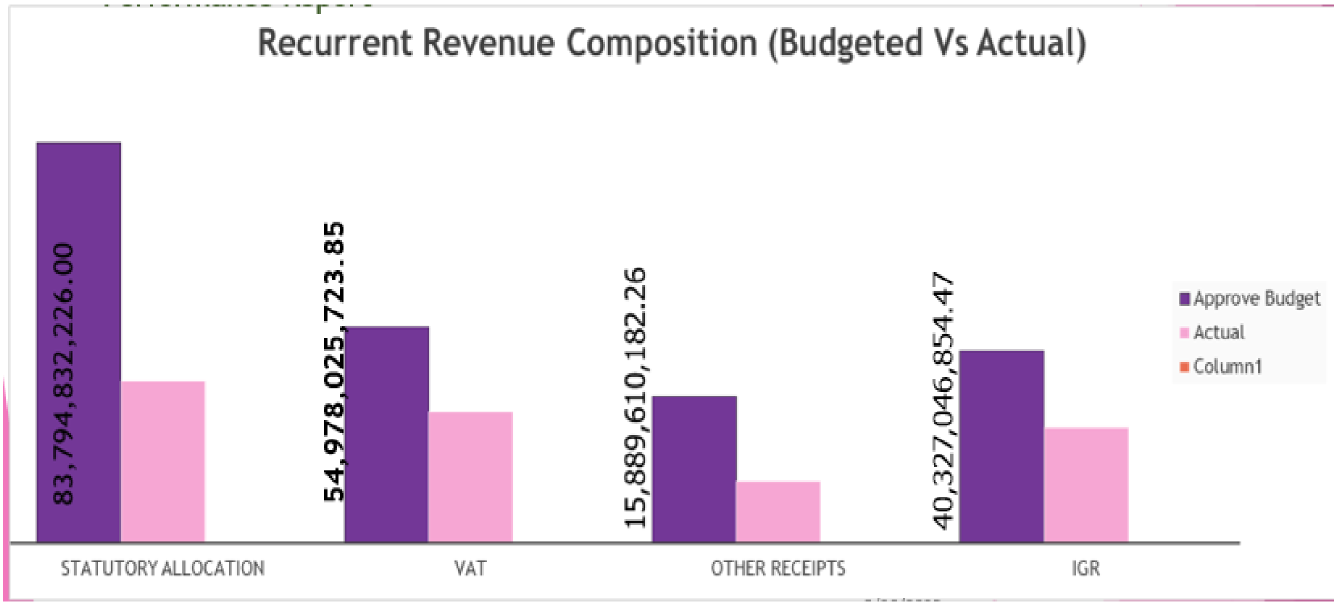
The half year performance of 2023 Budget shows that the total actual collection from the Federation Account Allocation Committee (FAAC) which consists of Statutory Allocation, VAT, and other Receipts was stood at Sixty One Billion, One Hundred and Thirty Eight Million, Five Hundred and Sixty Thousand , Four Hundred and Twenty Four Naira Only (**N61,138,560,424.00**) from January to June against Budget Estimate of One Hundred and Fifty Four Billion, Six Hundred and Sixty Two Million, Four Hundred And Sixty Eight Million, One Hundred and Thirty Two Naira, Eleven Kobo only. **(N154,662,468,132.11**) representing **40.0%** achievement.

ITEMS	2023 APPROVED BUDGET N	2023 ACTUAL JAN - JUNE N	% PERFORMANCE
Statutory Allocation	83,794,832,226.00	28,420,072,946.02	33.91%
Value Added Tax	**54,978,025,723.85**	24,454,001,122.40	**44.48%**
Other Receipts	15,889,610,182.26	8,264,486,355.58	52.01%
Total	***154,662,468,132.11***	***61,138,560,424.00***	**40.00%**

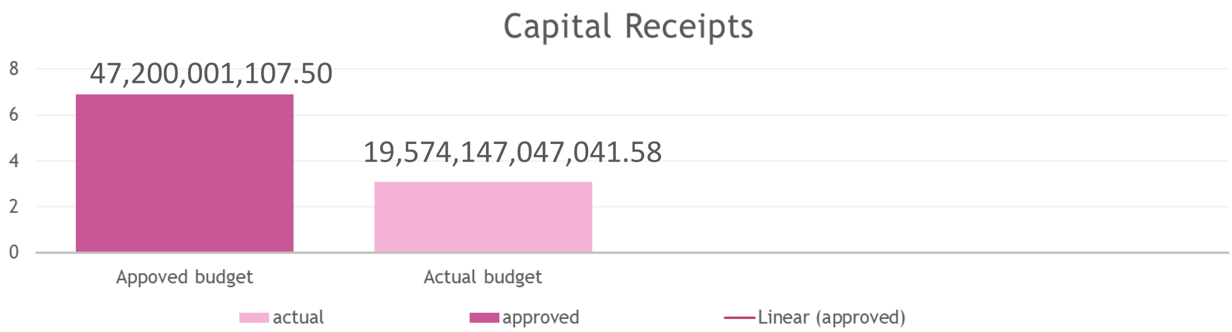


On the Part of Internally Generated Revenue (IGR), the collection is to the tune of Sixteen Billion nine hundred and Forty Seven million Seventy Six thousand six hundred and twenty eight naira Forty Seven kobo only (N 16,947,076,628.47) was collected for the period under review, against the Year approved Budget Target of Forty Billion, Three Hundred and Twenty Seven Million, Forty Six Thousand, Eight Hundred and Fifty Four Naira Forty Seven kobo Only (N 40,327,046,854.47) which indicated 42% performance/achievement.

The total Recurrent Revenue (FAAC + IGR) collected for the half year period stood at Seventy-Eight Billion, Eighty-Five Million, Six Hundred and Thirty-Seven Thousand, Fifty-Two Naira, Forty-Seven Kobo only (**N** 78,085,637,052.47) out of the approved Budget Target of One Hundred and Ninety-Four Billion, Nine Hundred and Eighty-Nine Million, Five Hundred and Fourteen Thousand, Nine Hundred Eighty-Six Naira, Fifty-Eight Kobo Only. (N194,989,514,986.58**)** showing **40%** performance.



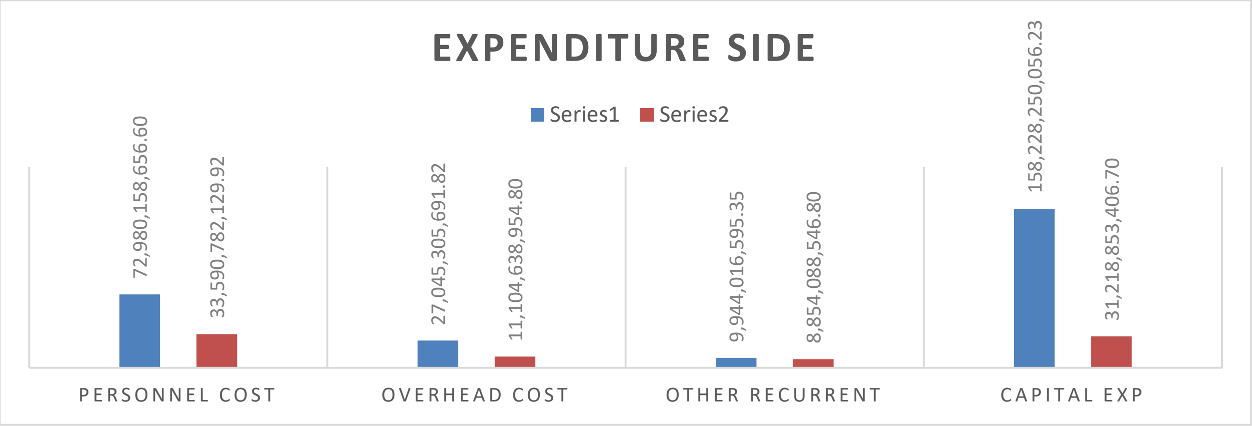
However, on the part of capital receipts comprising Grants, loans and contributions which are funds earmarked to finance capital projects, the actual draw down for the period of Jan.-June stood at Nineteen Billion, Five Hundred and Seventy Four million, one Hundred and Fourty Seven Thousand, Fourty Seven Naira, Fifty Eight Kobo Only (**N19,574,147,041.58**). These excluding treasury balance, however, the Total approved 2023 Capital receipt is stood at Fourty Seven Billion, Two hundred Million, One Thousand, One Hundred and Seven Naira, Fifty Kobo Only (**N** N**47,200,001,107.50**) representing 41.47% performance.



2023 HALF YEAR EXPENDITURE PERFORMANCE

Below table is the expenditure budget component half performance compared with approved budget which comprising personnel cost, overhead cost and capital

S/N	ITEMS	2023 APPROVED BUDGET	2023 ACTUAL JAN - JUNE	(%) Performance
1	Personnel Cost	72,980,158,656.60	33,590,782,129.92	46.02%
2	Overhead Cost	27,045,305,691.82	11,104,638,954.80	41.05%
3	Other Recurrent	9,944,016,595.35	8,854,088,546.80	89.03%
4	Capital Exp	158,228,250,056.23	31,218,853,406.70	19.73%
Total		**268,197,731,000**	**84,768,363,038.22**	**31.61**


EXPENDITURE SIDE
Series1
Series2
72,980,158,656.60
33,590,782,129.92
27,045,305,691.82
11,104,638,954.80
9,944,016,595.35
8,854,088,546.80
158,228,250,056.23
31,218,853,406.70
PERSONNEL COST
OVERHEAD COST
OTHER RECURRENT
CAPITAL EXP

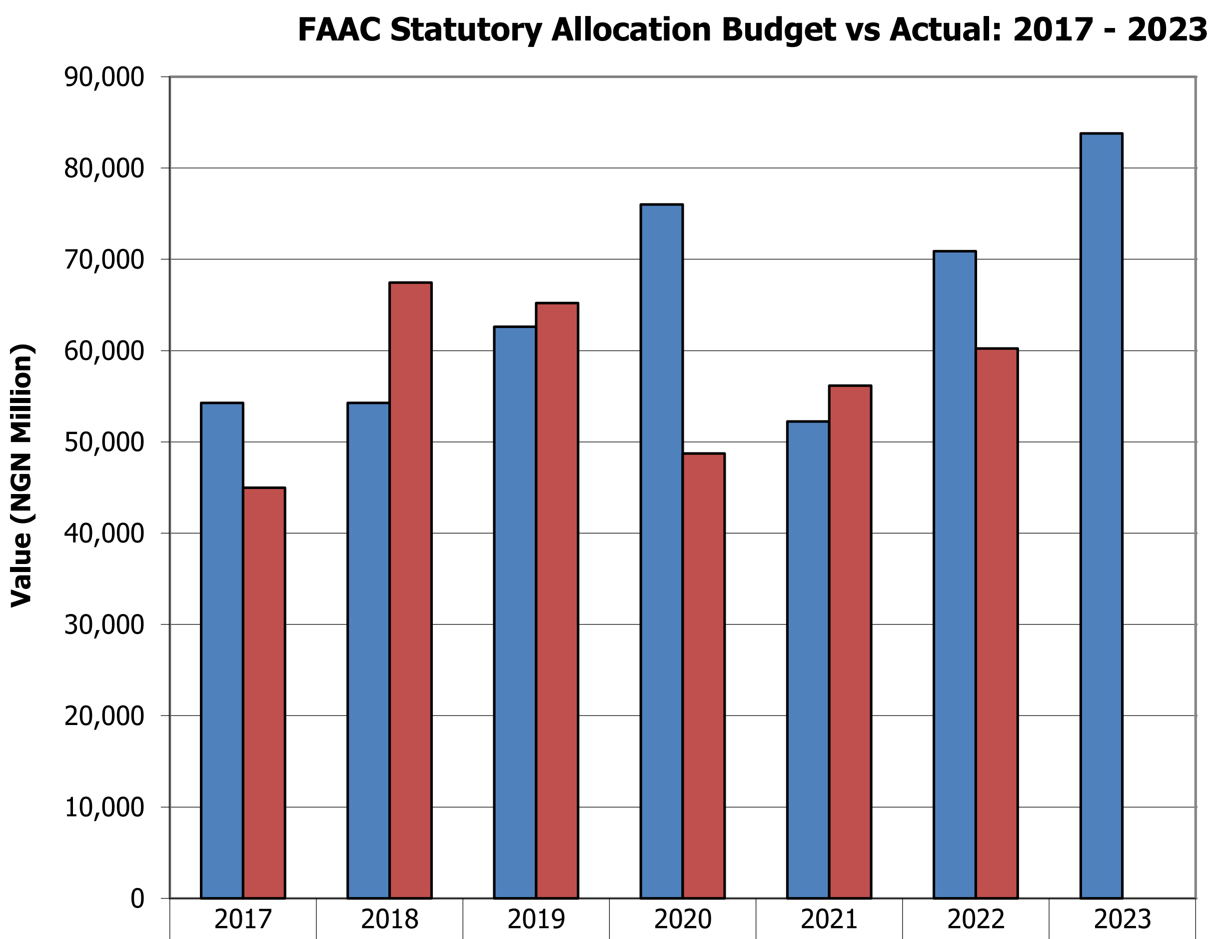
2.B.1 Historic Trends

The figures actuals used in the Fiscal Update below are based on Final Accounts and audited the accounts.

Revenue Side

On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2017-2023 (six years historic) and 2024 budget.

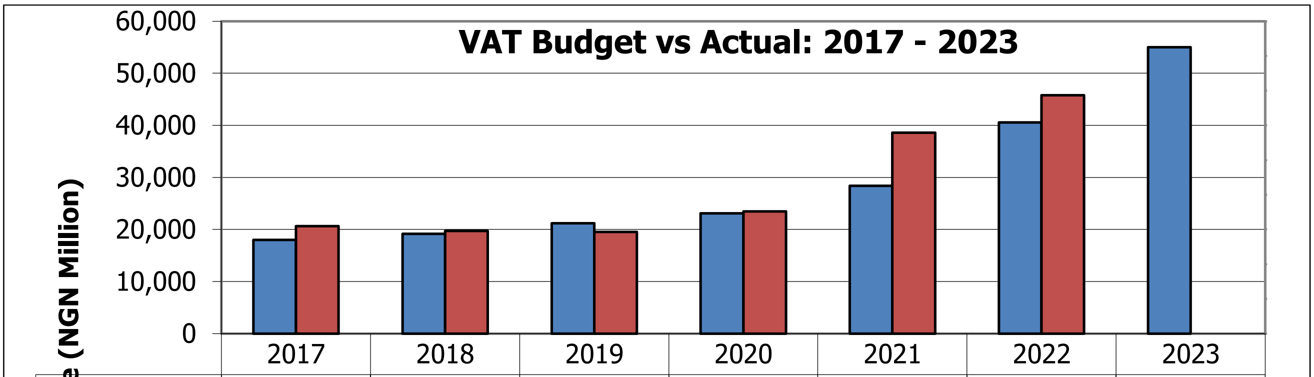
Figure 9: Statutory Allocation



	2017	2018	2019	2020	2021	2022	2023
Budget	54,279,572,	54,279,173,	62,625,549,	76,000,000,	52,250,000,	70,890,828,	83,794,832,
Actual	44,975,233,	67,446,282,	65,223,557,	48,718,708,	56,166,515,	60,214,943,	0
Performance	82.9%	124.3%	104.1%	64.1%	107.5%	84.9%	0.0%
Growth		49.96%	-3.30%	-25.31%	15.29%	7.21%	0.00%

Statutory Allocation is monthly receipts from the federation account being shared between the three tiers of government - federal, state and local governments. It is based on receipts from the mineral sector and also from non-mineral sources (Companies Income Tax and Customs and Excise duties). The table above indicates that throughout the period under reference, budgetary provisions were higher than actual receipts, except for the years 2017, 2020 and 2021

Figure 10: VAT



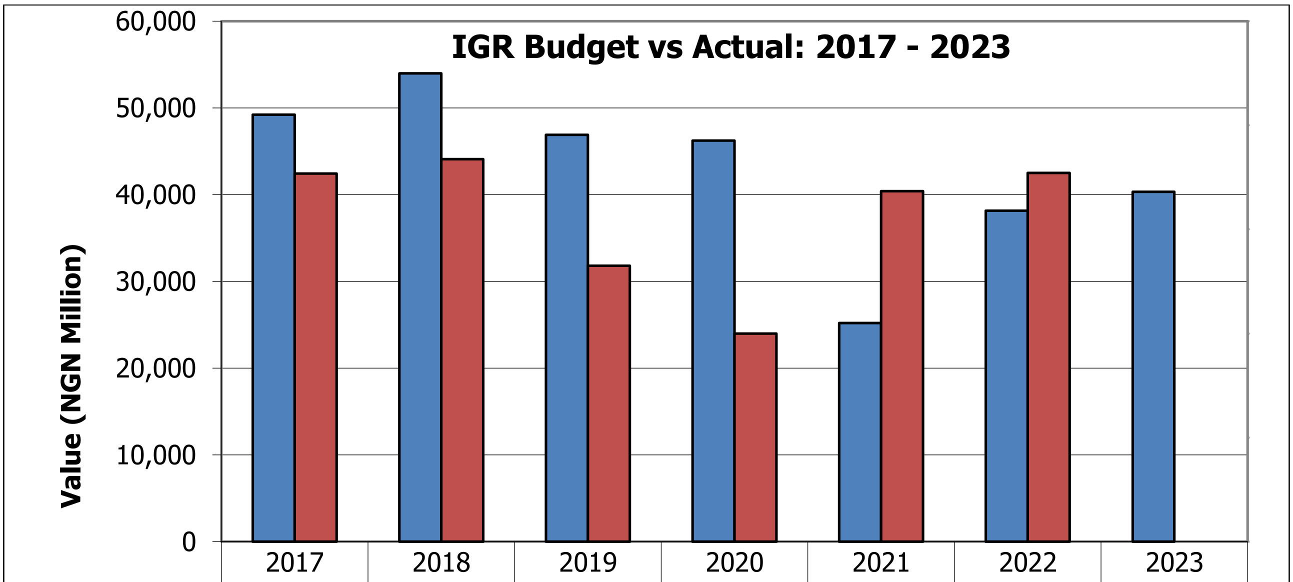
	2017	2018	2019	2020	2021	2022	2023
Budget	18,000,000,	19,189,991,	21,189,819,	23,100,000,	28,401,874,	40,556,575,	54,978,025,
Actual	20,667,704,	19,702,931,	19,531,504,	23,454,081,	38,586,912,	45,809,734,	0
Performance	114.8%	102.7%	92.2%	101.5%	135.9%	113.0%	0.0%
Growth		-4.67%	-0.87%	20.08%	64.52%	18.72%	0.00%

VAT is an ad-valorem tax applied to sales of almost all goods and services within the Nigerian economy. It is applied at a rate of 7.5%. VAT is collected by Federal Inland Revenue Service (FIRS) and distributed across the three tiers of government – states share 50% of the total VAT receipts. The distribution to each state is based on a set of criteria slightly different to those used for Statutory Allocation.

Generally, over the years' actual receipts figures were higher than projected due to increasing of business activities in the state.

7. INTERNALLY GENERATED REVENUE

Figure 11: IGR



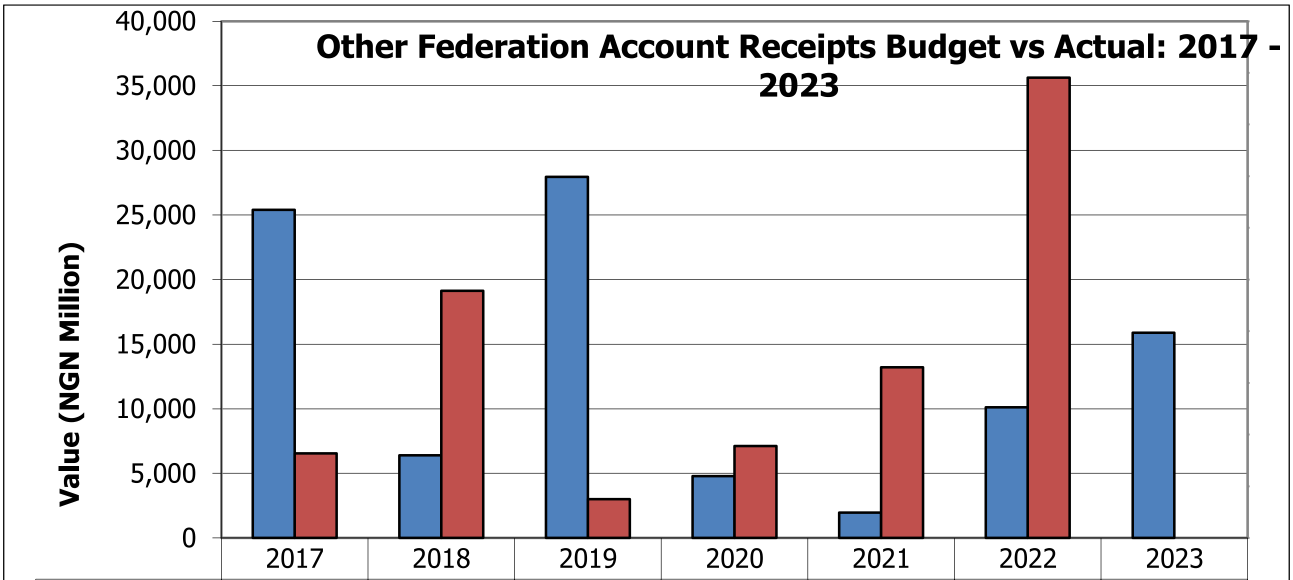
	2017	2018	2019	2020	2021	2022	2023
Budget	49,234,952,	53,977,623,	46,901,030,	46,246,000,	25,217,159,	38,152,447,	40,327,046,
Actual	42,419,811,	44,107,375,	31,795,339,	24,000,000,	40,401,652,	42,509,912,	0
Performance	86.2%	81.7%	67.8%	51.9%	160.2%	111.4%	0.0%
Growth		3.98%	-27.91%	-24.52%	68.34%	5.22%	0.00%

State IGR is a revenue collection from statutory taxes and MDA revenues within Kano State. The major sources are personal income tax; development levy; road taxes; stamp duties; interests and penalties; fees (e.g., tenders and contract registration), fines; levies; rates; and licensing.

From the table above the budgeted and actual revenues generated can be deduced. In 2017 and 2018 IGR increased by 3.48 and 3.98 %. Respectively. a decline of revenue collection to the -7.97%, - 22.11% in 2019, 2020.

- Good governance; when the administrators utilize funds well, the citizens are encouraged to pay the taxes and other revenues;
- Implementation of key government reforms related to IGR;
- Political will - non-interference of the political class in the revenue administration in the state;
- Public sensitisation and enlightenment on the importance of regular tax payments; Re-structuring of State Board of Internal Revenue (SBIR)

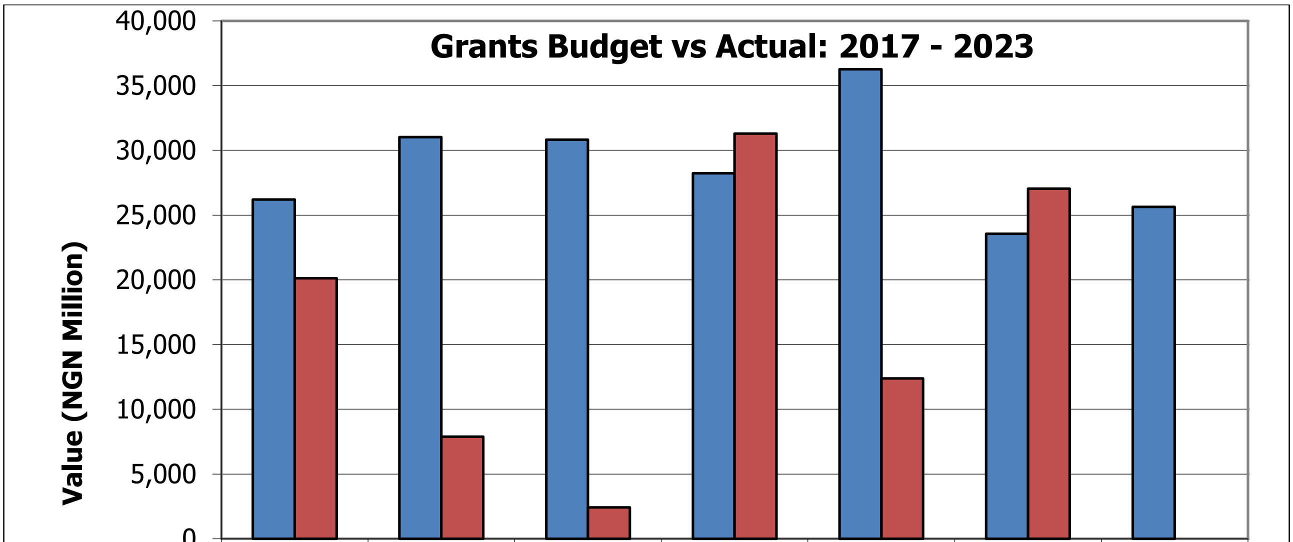
Figure 12: Excess Crude



	2017	2018	2019	2020	2021	2022	2023
Budget	25,410,532,	6,410,532,0	27,946,269,	4,800,000,0	1,969,326,5	10,126,367,	15,889,610,
Actual	6,559,256,5	19,127,736,	2,995,666,0	7,126,366,9	13,220,645,	35,628,590,	0
Performance	25.8%	298.4%	10.7%	148.5%	671.3%	351.8%	0.0%
Growth		191.61%	-84.34%	137.89%	85.52%	169.49%	0.00%

8. This is also a Federation Allocation Account Committees component where it shares with three tiers of government resulted from exceed crude, NNPC Surplus, Exchange rate Gain etc which captured and share it as unforeseen or projected surplus.

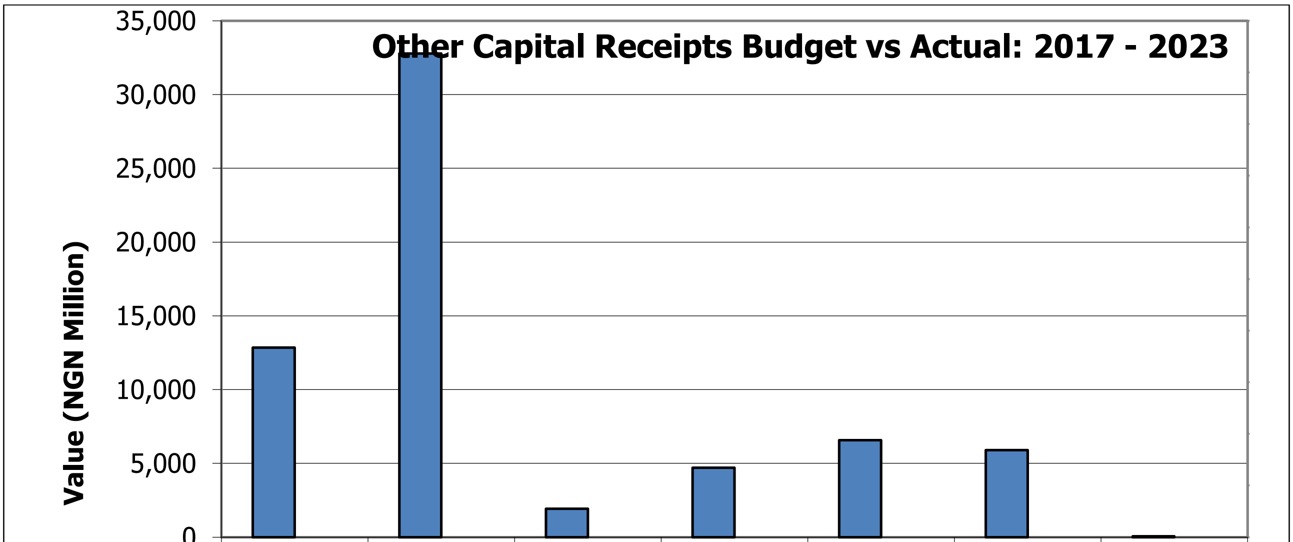
Figure 13: Grants



	2017	2018	2019	2020	2021	2022	2023
Budget	26,202,301,	31,015,583,	30,835,612,	28,239,884,	36,263,166,	23,560,166,	25,623,729,
Actual	20,129,927,	7,873,727,4	2,421,499,2	31,289,884,	12,382,947,	27,031,419,	0
Performance	76.8%	25.4%	7.9%	110.8%	34.1%	114.7%	0.0%
Growth		-60.89%	-69.25%	1192.17%	-60.43%	118.30%	0.00%

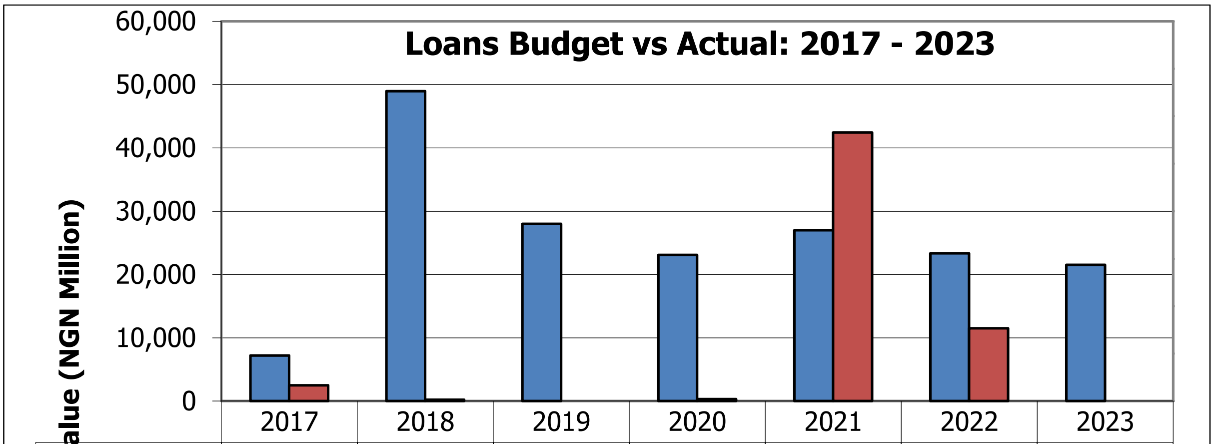
9. Grants are receipts either in cash or kind into the government coffers from multilateral, bilateral and individual sources. Multilateral sources include receipts from agencies such as; United Nations (UN), European Union (EU), while bilateral sources cover receipts from sources like; British Department for International Development (DFID), The United States Agency for International Development (USAID), Japan International Cooperation Agency (JICA) Korean International Cooperation Agency (KOICA) etc. The individual grants are mainly from private agencies such as; Ford Foundation, Dangote Foundation, Bill Gates & Melinda Foundation etc.

Figure 14: Other Capital Receipts



Year	2017	2018	2019	2020	2021	2022	2023
Budget	12,850,000,	32,788,447,	1,925,000,0	4,709,375,4	6,572,098,1	5,892,450,0	45,182,039
Actual	0	0	0	0	0	0	0
Performance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Growth		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Other capital receipts include Miscellaneous and Treasury Opening balance. These are specifically refunds from Federal Government (for example for construction / maintenance of federal roads) and sales of government property. Figure 15: Loans/Financing



	2017	2018	2019	2020	2021	2022	2023
Budget	7,190,528,	48,947,500	28,017,500	23,112,500	27,000,000	23,368,333	21,531,090
Actual	2,477,590,	204,705,00	0	328,264,51	42,425,000	11,500,662	0
Performance	34.5%	0.4%	0.0%	1.4%	157.1%	49.2%	0.0%
Growth		-91.74%	-100.00%	0.00%	12824.03%	-72.89%	0.00%

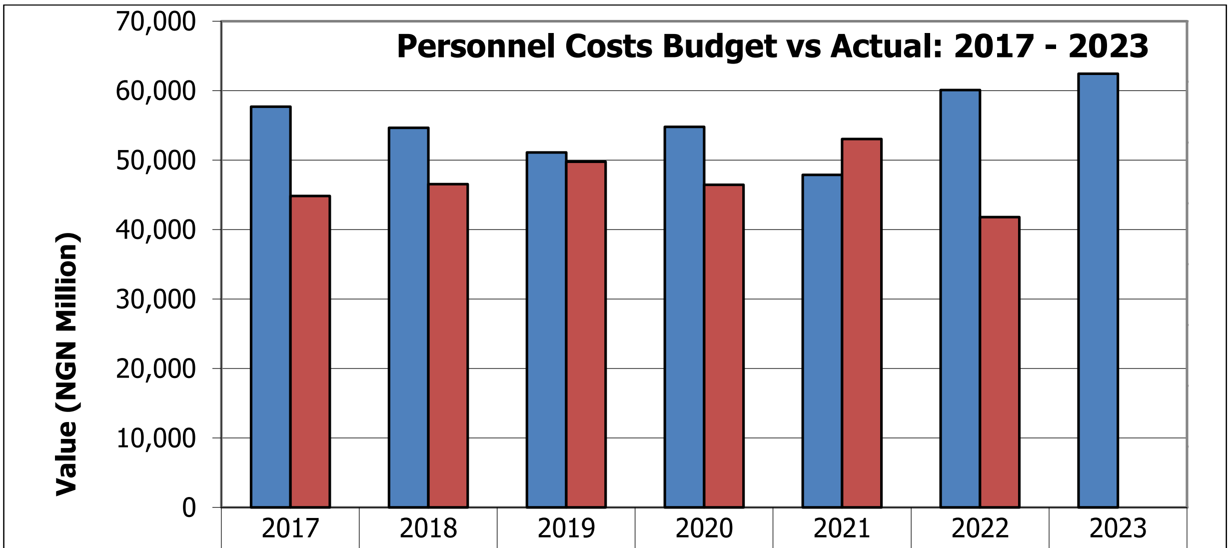
10.

The main sources of loans are both from external and internal sources. However, the internal debt which constitutes contractor's liabilities is not included in figures provided. It use it to bridging financial gap as the case may arise.

Expenditure Side

11. On the expenditure side, the document looks at Personnel, Overheads and Capital Expenditure – budget versus actual for the period 20xx-20xx (six years) and 20xx budget.

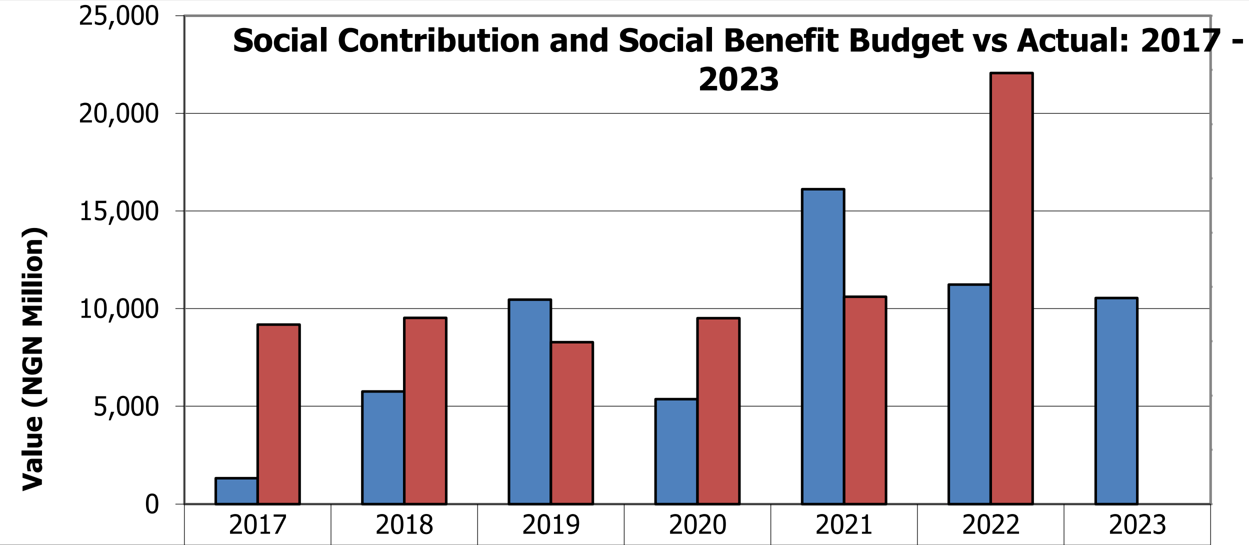
Figure 16: Personnel



	2017	2018	2019	2020	2021	2022	2023
Budget	57,687,010	54,632,500	51,088,168	54,769,399	47,851,451	60,079,017	62,438,676
Actual	44,832,560	46,536,354	49,774,453	46,453,589	53,030,245	41,807,208	0
Performance	77.72%	85.18%	97.43%	84.82%	110.82%	69.59%	0.00%
Growth		3.80%	6.96%	-6.67%	14.16%	-21.16%	0.00%

12.

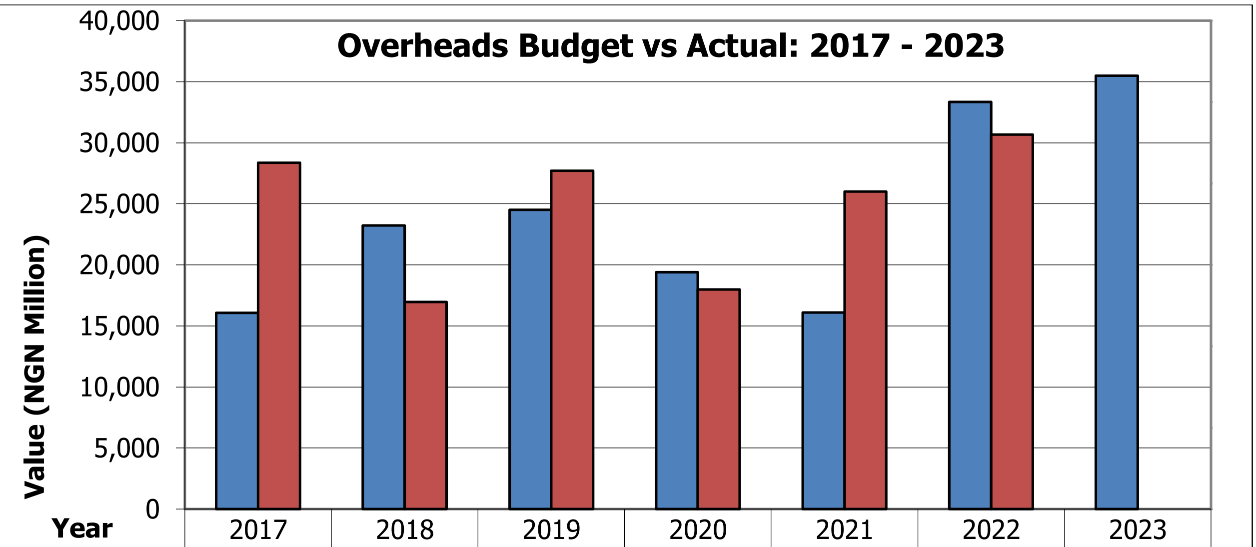
Figure 17: Social Contributions and Social Benefits



	2017	2018	2019	2020	2021	2022	2023
Budget	1,314,522,8	5,756,235,1	10,463,841,	5,360,012,7	16,119,998,	11,226,264,	10,541,481,
Actual	9,182,572,6	9,531,542,4	8,287,252,8	9,514,590,5	10,606,049,	22,058,703,	0
Performance	698.55%	165.59%	79.20%	177.51%	65.79%	196.49%	0.00%
Growth		3.80%	-13.05%	14.81%	11.47%	107.98%	0.00%

Personnel costs comprise of salaries, allowances and social contribution of civil servants and political appointees of KnSG. From 2017 to 2022 It is expected that personnel expenditure will continue to be on the increase in the future as a result of massive investment in establishing higher educational institutions and completion of other capital projects that will require additional manpower.

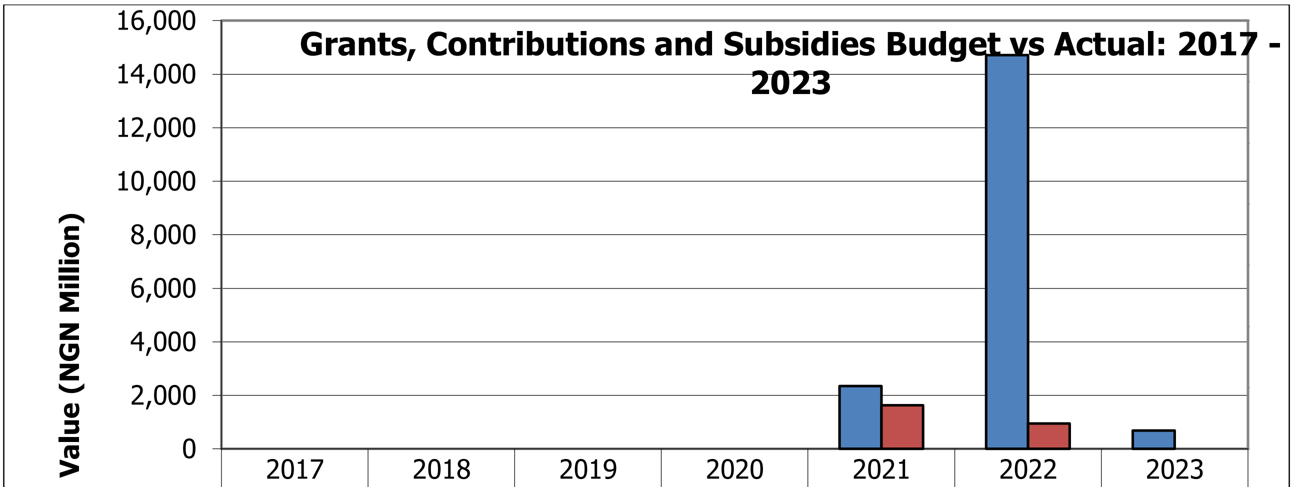
Figure 18: Overheads



Year	2017	2018	2019	2020	2021	2022	2023
Budget	16,069,637,	23,231,366,	24,498,825,	19,405,086,	16,089,500,	33,342,437,	35,497,494,
Actual	28,363,826,	16,965,581,	27,708,992,	17,993,468,	26,012,750,	30,672,397,	0
Performance	176.51%	73.03%	113.10%	92.73%	161.68%	91.99%	0.00%
Growth		-40.19%	63.32%	-35.06%	44.57%	17.91%	0.00%

13.

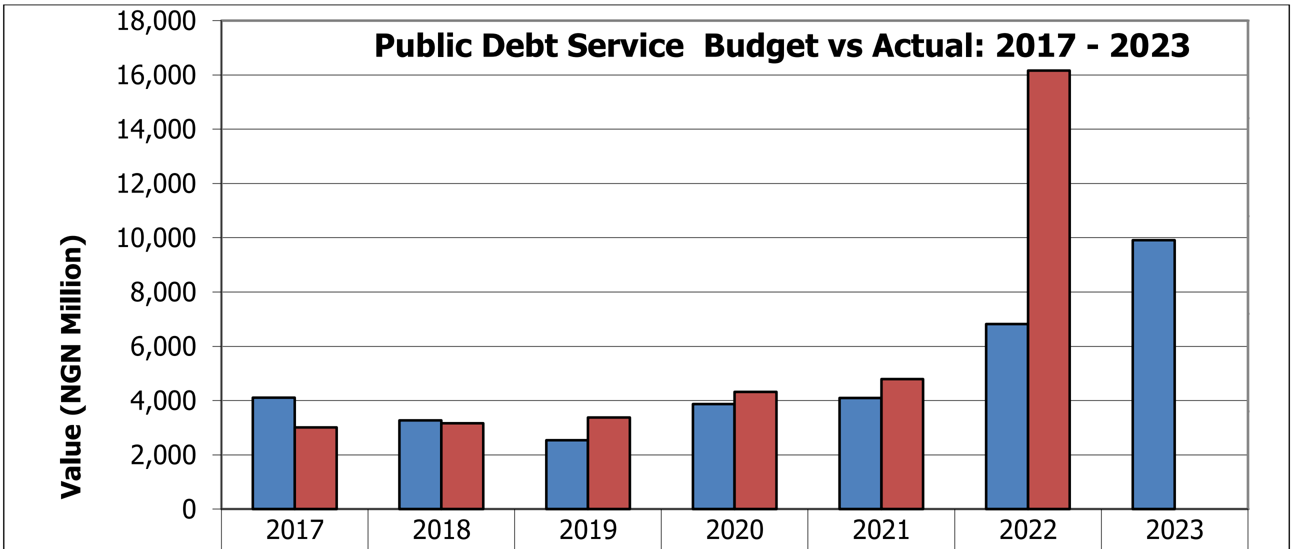
Figure 19: Grants, Contributions, Subsidies, Transfers

14. 

	2017	2018	2019	2020	2021	2022	2023
Budget	0	0	0	0	2,352,296,6	14,717,616,	692,918,240
Actual	0	0	0	0	1,633,869,0	955,924,211	0
Performance	0.00%	0.00%	0.00%	0.00%	69.46%	6.50%	0.00%
Growth		0.00%	0.00%	0.00%	0.00%	-41.49%	0.00%

Add Text

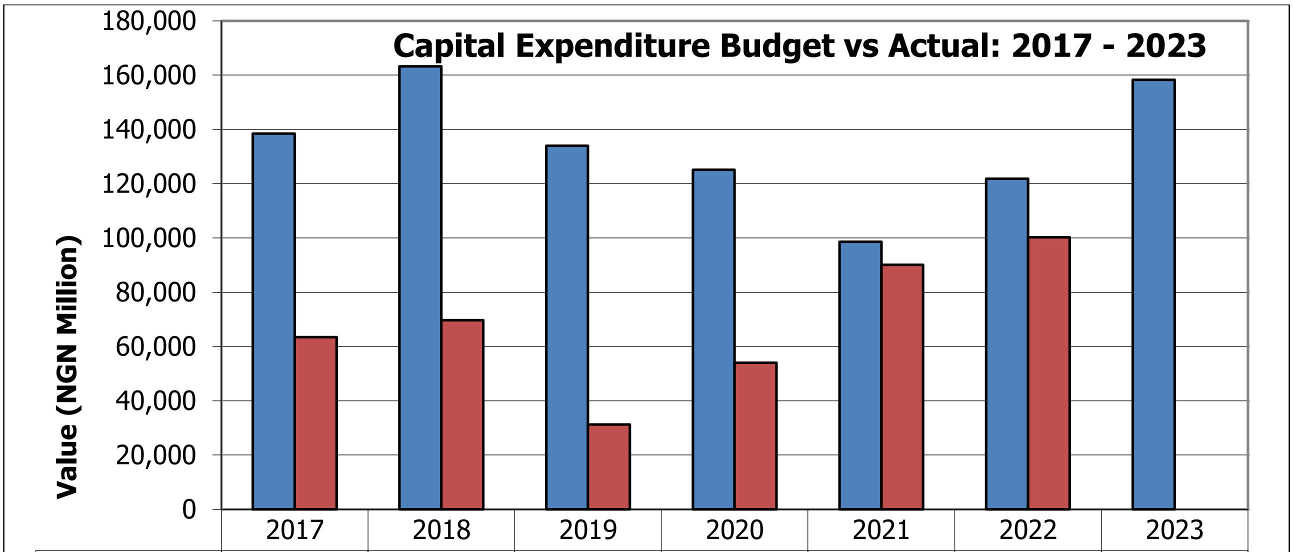
Figure 20: Public Debt Service

15. 

	2017	2018	2019	2020	2021	2022	2023
Budget	4,103,675,0	3,275,000,0	2,534,918,0	3,870,650,9	4,100,000,0	6,819,805,2	9,913,157,3
Actual	3,015,675,1	3,163,097,0	3,372,524,0	4,320,014,0	4,793,475,0	16,163,634,	0
Performance	73.49%	96.58%	133.04%	111.61%	116.91%	237.01%	0.00%
Growth		4.89%	6.62%	28.09%	10.96%	237.20%	0.00%

Overhead cost comprises running cost of the MDAs, Public Debt Charges, Grants, Contribution and Subsidies. is expenditure of monthly releases to MDAs (including subventions to Parastatals) to cover every day running costs and the cost of maintaining assets.

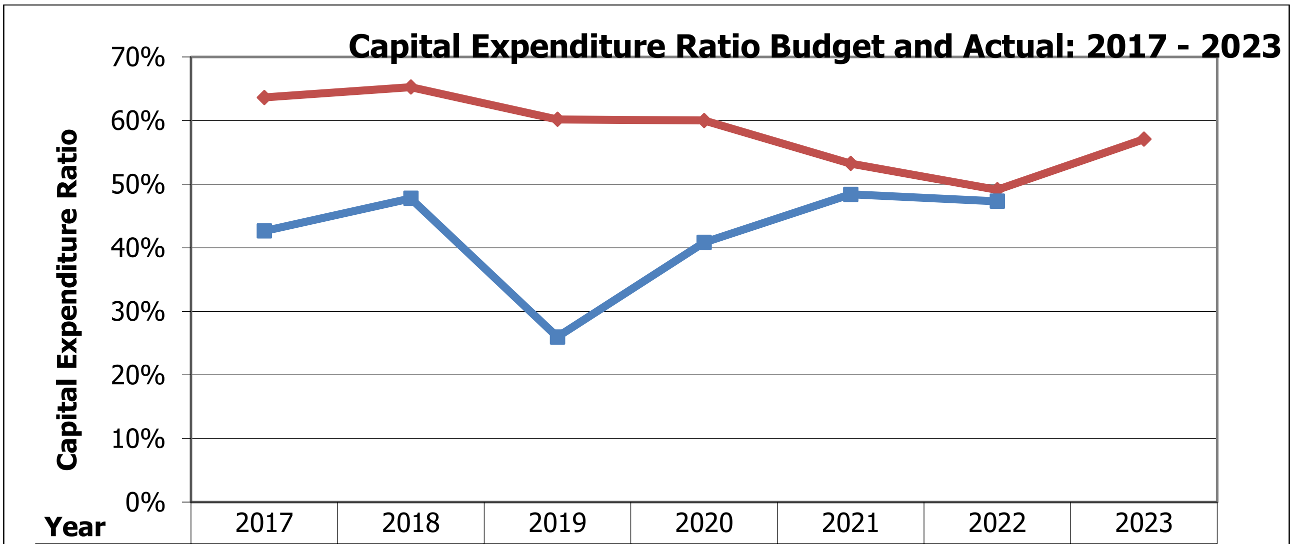
Figure 21: Capital Expenditure



	2017	2018	2019	2020	2021	2022	2023
Budget	138,475,21	163,182,43	133,920,14	125,174,72	98,549,898	121,855,89	158,228,25
Actual	63,437,493	69,664,552	31,289,962	53,990,794	90,047,132	100,218,79	0
Performance	45.81%	42.69%	23.36%	43.13%	91.37%	82.24%	0.00%
Growth		9.82%	-55.08%	72.55%	66.78%	11.30%	0.00%

16\. Add Text

Figure 22: Recurrent: Capital Expenditure Ratio



Year	2017	2018	2019	2020	2021	2022	2023
Budget	64%	65%	60%	60%	53%	49%	57%
Actual	43%	48%	26%	41%	48%	47%	

The table above presents the trend in capital expenditure ratio from 2017 to 2022 - the budgeted vs actual. The ratio of capital expenditure budget when compared to actual capital expenditure performance has been consistently lower (ranging from 56% below to 25%). It is instructive to note that, the highest performance was in 2017 with 56% in 2016 at 28% and 2019 with 25% respectively, while the lowest was in 2019 with 25% which was as result of change of government and review of the entire budget to align with administration's priorities and aspirations.

2.B.2 Debt Position

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

Table 4: Debt Position as at 31st December 2022

Kano State Debt burden indicators, 2022-2031

	Threshold	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Debt as % of SGDP	25	3.27	2.81	2.37	2.55	2.61	2.48	2.47	2.43	2.27	2.10
Debt as % of Revenue	200	87.25	90.57	75.63	91.14	97.63	96.98	101.76	105.17	103.40	96.26
Debt Service as % of Revenue	40	13.79	14.24	14.05	6.91	8.61	11.07	13.23	15.83	16.86	16.46
Personnel Cost as % of Revenue	60	37.86	34.02	31.88	38.83	38.74	38.74	38.80	38.83	38.85	37.87
Debt Service as a share of Gross FAAC Allocation	nil	19.79	20.40	22.88	11.20	13.90	17.82	21.27	25.39	26.99	25.62
Interest as a share of Revenue	nil	1.86	2.40	2.85	3.39	4.68	5.51	5.93	6.88	6.99	6.47
External Debt Service as a share of Revenue	nil	0.69	0.78	0.78	0.84	0.91	0.98	0.91	0.92	1.03	1.09
Gross Financing Needs as a share of SGDP	nil	0.40	0.22	0.23	0.56	0.48	0.32	0.47	0.46	0.34	0.31
Overall Balance as a share of SGDP	nil	-0.52	-0.23	-0.39	-0.44	-0.42	-0.40	-0.46	-0.45	-0.38	-0.27
Primary Balance as a share of SGDP	nil	-0.45	-0.15	-0.30	-0.34	-0.29	-0.26	-0.31	-0.29	-0.22	-0.13
Revenue as a share of SGDP	nil	3.75	3.10	3.13	2.79	2.68	2.55	2.43	2.31	2.19	2.18
Expenditures as a share of SGDP	nil	4.26	3.33	3.52	3.23	3.09	2.95	2.89	2.76	2.57	2.45

Borrowing Options

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Domestic Financing (NGN' Million)										
Commercial Bank Loans 1 <> 5 years	0.0	3,652.0	0.0	7,701.3	7,000.0	7,146.0	4,167.3	7,586.6	7,272.9	6,885.9
Commercial Bank Loans - 6 years >	11,600.0	2,539.0	7,813.1	0.0	12,161.4	0.0	11,015.7	12,395.2	11,273.3	9,919.6
State Bonds - 1 <> 5 years)	0.0	0.0	0.0	0.0	0.0	9,209.9	0.0	0.0	0.0	0.0
State Bonds - 6 years >	0.0	0.0	0.0	13,000.0	0.0	0.0	15,000.0	0.0	0.0	0.0
Other Domestic Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External Financing (US$' Million)										
External Financing - Concessional Loans (e.g., WB, AfDB)	0.0	12.1	0.0	19.0	15.8	0.0	0.0	29.3	0.0	14.8
External Financing - Bilateral Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.4	0.0
Other External Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Gross Borrowing Requirements	**11,600.0**	**11,191.0**	**7,813.1**	**28,563.8**	**25,693.0**	**16,355.9**	**30,183.0**	**32,099.1**	**24,472.7**	**22,900.5**

3 Fiscal Strategy Paper

3.A Macroeconomic Framework The figures provide underlying macro-economic framework for the Kano State Medium Term Fiscal Framework. The table below shows the National Macroeconomic indicators forecast which are also applicable to Kano State.

The Macroeconomic framework reflects mineral sector benchmarks (production, price and NGN: USD exchange rate) that are in line with the latest actuals. Real GDP growth and Inflation (CPI) are mineral sector performance, while the national real GDP and inflation figures are consistent with the IMF World Economic Outlook.

Indicative Three Year Fiscal Framework
The indicative three-year fiscal framework for the period 2024 -2026 is presented in the table below.
Table 9: Kano State Medium Term Fiscal Framework

Return to Main Menu

Macro-Economic Framework

Item	2024	2025	2026
National Inflation	20.00%	15.50%	15.20%
National Real GDP Growth	3.00%	3.00%	3.00%
Oil Production Benchmark (MBPD)	1.6000	1.7000	1.8000
Oil Price Benchmark	$65.00	$65.00	$65.00
NGN:USD Exchange Rate	750	700	700
Other Assumptions			
Mineral Ratio	25%	30%	30%

Fiscal Framework			
Item	**2024**	**2025**	**2026**
Opening Balance			
-			
Recurrent Revenue			
Statutory Allocation	144,849,880,491	175,140,665,337	201,002,067,291
VAT	76,638,367,543	98,519,273,225	123,681,279,902
IGR	43,179,868,542	47,482,910,068	53,411,808,205
Excess Crude / Other Revenue	46,317,167,000	47,706,682,010	49,137,882,470
Total Recurrent Revenue	**310,985,283,576**	**368,849,530,640**	**427,233,037,869**
Recurrent Expenditure			
Personnel Costs	59,784,307,694	62,175,680,001	64,040,950,401
Social Contribution and Social Benefit	25,941,034,919	26,978,676,316	28,057,823,368
Overheads	34,460,438,825	35,838,856,378	37,272,410,633
Grants, Contributions and Subsidies	1,615,511,916	1,696,287,512	1,764,139,013
Public Debt Service	11,607,507,749	11,731,819,396	11,669,663,573
Total	**133,408,801,103**	**138,421,319,604**	**142,804,986,988**
Transfer to Capital Account	**177,576,482,473**	**230,428,211,037**	**284,428,050,881**
Capital Receipts			
Grants	12,948,947,162	7,124,922,858	7,035,212,984
Total	**12,948,947,162**	**7,124,922,858**	**7,035,212,984**
Reserves			
Contingency Reserve	9,329,558,507	11,065,485,919	12,816,991,136
Planning Reserve	10,842,075,985	12,431,406,695	14,860,663,193
Total Reserves	**20,171,634,492**	**23,496,892,614**	**27,677,654,329**
Capital Expenditure	**196,669,885,203**	**225,131,241,280**	**269,535,609,536**
Discretional Funds	157,404,847,981	206,931,318,423	256,750,396,552
Non-Discretional Funds	39,265,037,223	18,199,922,858	12,785,212,984
Financing (Loans)	26,316,090,061	11,075,000,000	5,750,000,000
Total Revenue (Including Opening Balance)	**350,250,320,798**	**387,049,453,498**	**440,018,250,853**
Total Expenditure (including Contingency Reserve)	**350,250,320,798**	**387,049,453,498**	**440,018,250,853**

Ratios			
Growth in Recurrent Revenue	7.18%	18.61%	15.83%
Growth in Recurrent Expenditure	16.56%	3.76%	3.17%
Capital Expenditure Ratio	59.25%	61.38%	64.63%
Deficit (Financing) to Total Expenditure	7.51%	2.86%	1.31%
Deficit (Financing) to GDP Ratio	NA	NA	NA

3.B.1 Assumptions

Statutory Allocation – is based on governor's forum using the assumptions in the macroeconomic framework above and historical data on mineral and non-mineral revenue flows.

VAT – is based on the lowest of the moving averages and governor's forum – in this case the 4Year weighted moving average.

Other Federation Account Receipts – This figure has been used for the 2022 - 2024 an estimate comprises of NNPC refund, Exchange rate gains, Ecological fund etc.

Internally Generated Revenue (IGR) – The key issue with IGR, as identified in figure 9: IGR above is whether the 2022 figure was a "one-off" drop and the IGR will return to the 2016 trend in 2020 and beyond. It is assumed that this will be the case. This assumption is based on the following:

- Mapping of informal sector resulting in broadened tax base;
- Passage of MDAs revenue harmonisation law creating collection and administration efficiencies and blocking leakages, and reduction in multiple taxation;
- Re-structuring of the Kano Internal Revenue Service resulting for efficiencies,
- The resolve of the new national administration to conquer the security challenges for improved business environment and economic activities;
- Policy of the present administration to shift tax burden to the wealthy individuals.
- Introduction of new land use levies and charges;
- Review of Kano state revenue administration law
- Waver to the tax payers due to

It is assumed that with the implementation of the above reform the future revenue collection will improve by reaching target level and growing by 5% annually. All subsequent years' collection should be properly monitored regularly to assess whether the target will be achievable.

Grants – This indicated that the grant collection trend is far below the budgeted figure there is a need to review the subsequent year budget forecast.

Capital Receipt - Capital Receipt for both scenarios was based on projection of 2022 approved budget, however the Ministry is taking in to account of actual performance of the capital receipts in 2020 as a base year for 2022 budget projection to be considered by the Council deliberation and resolution. **Consolidated Revenue Fund Charges – CRF** constitute pension contribution, Public Debt Charges, Office of the Auditor General State, House of Assembly, of the Auditor General Local Govt, Judiciary etc. The 2021 provision are 7.7 billion own value projection.

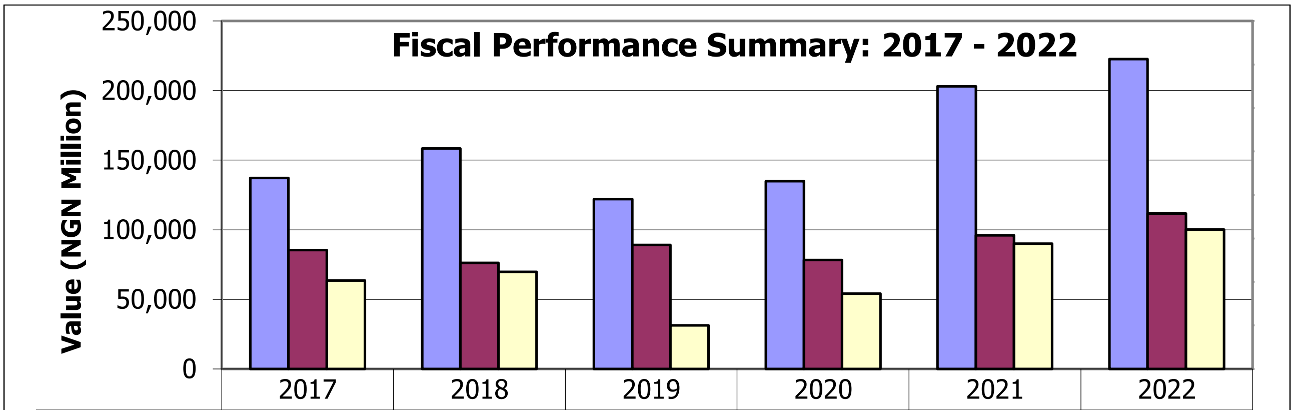
Personnel –There is slight change in personnel cost as it will be conferred with 2022 based on actual expenditure out turn of 2023 half year.

Overheads – The drop in overheads in 2022 was a result of likely to reduced revenues (IGR and Federal Transfers). The forecasts for 2024 – 2026 assume that the overhead expenditure will remain as that of 2022, and then it will grow at 5% annually thereafter. This should be considered within the context of the new administration's policy priorities, and also first and second quarter performance figures for 2023 should also be used to guide.

Capital expenditure by sector – Educational sector has the largest allocation of followed by infrastructure sector then Health sector with the allocation of as well as Governance Sector with and water sector with the allocation of 7.36%

2.B.3 Fiscal Trends

Based on the above envelope, plus actual figures for 2017-2022 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below.



	2017	2018	2019	2020	2021	2022
Revenue	137,229,524,	158,462,757,	121,967,565,	134,917,305,	203,183,673,	222,695,260,
Rec. Exp.	85,394,634,6	76,196,575,6	89,143,222,2	78,281,662,4	96,076,389,6	111,657,867,
Cap. Exp.	63,437,493,3	69,664,552,1	31,289,962,0	53,990,794,9	90,047,132,7	100,218,790,
Performance	68.38%	58.33%	54.13%	63.42%	100.57%	85.42%
Growth		-2.00%	-17.43%	9.83%	40.71%	13.84%

3. D Fiscal Risks

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

Table 5: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Security situation countrywide could affect economic activity and oil production, resulting in risk to VAT and Statutory Allocation	Medium	High	The estimates for VAT and statutory allocation are not overly ambitious. In addition, clear prioritisation of projects in the capital budget is required. Increase IGR effort to decrease reliance on federal transfers and seeking alternative means of funding (grants, PPP etc.). Proactive engagement of relevant stakeholders to reduce negative effects of insecurity.
Likely fall in the oil price below the benchmark due to abrupt end of Russia - Ukraine war that result in unmet Statutory Allocation Projection.	Medium	High	The estimate for statutory should be less ambitious to guard against effects of global oil price fall. The State should reduce reliance on oil seek alternative sources funding budget.
Risk to price hike of selected Agricultural commodities such as wheat that Russia and Ukraine are responsible for 30% of global production.	Low	Medium	The State should encourage production of the commodities by providing required incentive for farmers to produce them.
Risks associated with debt financing	Low	Medium	Minimize borrowing and ensure that it is within the threshold set in the Debt Management Framework.
Mismanagement and inefficient use of financial resources	Medium	High	Strict adherence to existing and new institutional and legal/regulatory framework that will require more transparent and efficient use of financial resources.
Floods, Fulani herdsmen/ farmers crises and other natural disasters impact on economic activity and hence IGR tax base, causing increased overhead expenditure	Medium	Medium	Increased investment to increase climate resilience (flood control and irrigation), improved security situation, adaptation and awareness

Risk	Likelihood	Impact	Reaction
Prevalence of COVID–19 pandemic and its negative impact on the economy and the livelihood of the populace	Medium	Medium	In the short term, it is important to sensitize the populace on measures of containment of the pandemic and seek to progressively diversify the economy in order to reduce dependence on the federation Account.
Risks arising from Change in Government Policy which could result to shifts in expenditure priorities	Low	Low	The State should strictly adhere to the fiscal framework for effective implementation of government priority programmes and projects.
Security situation countrywide could affect economic activity and oil production, resulting in risk to VAT and Statutory Allocation	Medium	High	The estimates for VAT and statutory allocation are not overly ambitious. In addition, clear prioritisation of projects in the capital budget is required. Increased IGR effort to decrease reliance on federal transfers and seeking alternative means of funding (grants, PPP etc.). Proactive engagement of relevant stakeholders to reduce negative effects of insecurity.
Risks associated with debt financing	Low	Medium	Minimize borrowing and ensure that it is within the threshold set in the Debt Management Framework. The state anticipation of about N23,530,000,000.00 external loan from IDB as well as N15,000,000,000.00 commercial bank loan is a source of fiscal risk, especially if these fail to materialize.
Mismanagement and inefficient use of financial resources	Medium	High	Strict adherence to existing and new institutional and legal/regulatory framework that will require more transparent and efficient use of financial resources.

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

Policy Statement

The policy of the present administration states the following:

Policy Statements

- Improving quality of basic and post basic education
- Improving quality Health Care Delivery Services
- Reintroduction of empowerment institute to improve skill acquisition programs
- Empowerment program
- Agriculture and food security
- Water supply and sanitation
- Improving security, lives and properties of citizens

Objectives and Targets

The key targets / objectives for fiscal perspective are:

- Efficient and effective spending of state funds;
- Transition towards a 40:60 ratio of recurrent and capital budget allocation by taking into consideration the requirement to fund asset servicing and maintenance;
- Provide adequate funding and contingency for security;
- To continue with the policy of economizing on recurrent costs and making more money available for capital development projects;
- To continue cooperation with development partners, local and international, Nongovernmental Organisations (NGOs), Civil Society Organization (CSOs) and Public-Private Partnerships (PPP); and
- To continue investing on the gains made in the Governance Reform in the state.

Table 6: Sector Expenditure – Personnel - Budget Vs Actual

Personnel Expenditure by Sector							
No.	**Sector**	**2020 Budget**	**2020 Actual**	**2021 Budget**	**2021 Actual**	**2022 Budget**	**2022 Actual**
1	**AGRICULTURE**	1,728,897,000	1,885,944,368	1,776,908,000	2,074,535,188	1,818,253,067	2,382,095,000
2	**GOVERNANCE INSTITUTIONS**	5,069,029,952	5,797,297,980	2,529,058,500	7,259,791,737	6,721,498,199	7,554,899,000
3	**MANUFACTURING, INDUSTRIES, COMMERCE & TROURISM**	203,614,000	350,987,246	278,220,673	464,105,444	479,421,767	201,050,000
4	**ENVIRONMENT & SANITATION**	670,754,000	796,572,510	681,441,000	783,046,042	779,595,801	779,600,000
5	**EDUCATION**	26,046,920,132	27,756,375,509	21,606,815,086	30,265,956,132	27,691,798,085	34,301,833,000
6	**HEALTH**	13,682,709,455	13,502,439,157	13,547,239,486	14,990,947,643	13,953,843,697	15,249,788,000
7	**INFRASTRUCTURE**	1,021,710,604	1,519,518,751	832,907,000	1,059,732,536	1,097,046,522	1,854,720,000
8	**WATER**	958,806,950	734,204,286	1,029,036,021	1,111,806,638	414,614,094	543,958,000
9	**TRANSPORT**	30,374,000	952,841,355	30,374,000	1,170,090,762	1,145,338,449	1,439,195,000
10	**WOMEN, YOUTH & PEOPLE WITH SPECIAL NEEDS**	519,318,604	618,394,332	485,046,215	695,852,767	696,736,097	141,221,000
11	**SECURITY, JUSTICE & EMERGENCY**	4,837,264,812	2,053,604,266	5,054,405,448	3,760,429,940	5,280,871,951	4,580,622,000
	Total	**54,769,399,510**	**55,968,179,760**	**47,851,451,430**	**63,636,294,829**	**60,079,017,731**	**69,028,981,000**

Table 7: Sector Expenditure – Overhead - Budget Vs Actual

Overhead Expenditure by Sector							
No.	**Sector**	**2020 Budget**	**2020 Actual**	**2021 Budget**	**2021 Actual**	**2022 Budget**	**2022 Actual**
1	**AGRICULTURE**	68,880,177	466,926,391	55,463,287	143,578,414	32,155,500	13,382,000
2	**GOVERNANCE INSTITUTIONS**	12,676,512,433	11,737,024,832	10,287,452,295	25,987,131,059	12,124,838,295	32,219,915,500
3	**MANUFACTURING, INDUSTRIES, COMMERCE & TROURISM**	83,720,000	563,268,891	242,440,000	397,909,641	115,229,588	24,334,000
4	**ENVIRONMENT & SANITATION**	353,079,372	85,867,281	373,079,372	272,155,066	147,194,212	109,438,000
5	**EDUCATION**	4,318,094,313	1,184,855,827	3,410,405,319	2,635,965,979	4,099,350,273	1,659,799,000
6	**HEALTH**	1,257,424,000	819,746,134	730,794,000	658,031,207	1,062,360,173	693,558,000
7	**INFRASTRUCTURE**	750,200,000	1,410,601,072	463,670,000	395,856,574	489,417,208	333,033,000
8	**WATER**	533,023,586	1,125,196,725	277,755,862	197,014,792	138,639,031	3,219,000
9	**TRANSPORT**	80,000,000	142,580,000	76,000,000	36,794,648	303,607,544	234,843,000
10	**WOMEN, YOUTH & PEOPLE WITH SPECIAL NEEDS**	424,372,142	356,739,707	215,820,742	215,536,455	338,326,578	244,274,000
11	**SECURITY, JUSTICE & EMERGENCY**	2,414,189,967	100,661,798	2,304,818,997	1,500,120,970	1,637,238,329	1,610,541,000
	Total	**22,959,495,990**	**17,993,468,658**	**18,437,699,874**	**32,440,094,805**	**20,488,356,730**	**37,146,336,500**

Table 8: Sector Expenditure – Capital - Budget Vs Actual

Capital Expenditure by Sector							
No.	**Sector**	**2020 Budget**	**2020 Actual**	**2021 Budget**	**2021 Actual**	**2022 Budget**	**2022 Actual**
1	**AGRICULTURE**	4,080,217,825	227,083,000	8,823,938,922	8,112,909,177	8,149,801,480	17,882,940,000
1	**GOVERNANCE INSTITUTIONS**	14,199,976,416	1,083,915	24,710,318,479	5,274,054,385	9,431,325,321	3,778,567,000
1	**MANUFACTURING, INDUSTRIES, COMMERCE & TROURISM**	739,700,000	0	558,145,442	0	838,792,086	22,629,000
1	**ENVIRONMENT & SANITATION**	2,242,400,000	125,501,000	1,139,000,000	10,319,834	3,206,500,000	1,927,983,000
1	**EDUCATION**	18,580,828,450	6,625,981,000	11,168,509,347	6,080,858,478	18,973,238,697	16,808,951,000
1	**HEALTH**	16,349,727,592	9,606,236,000	16,442,191,478	7,196,505,334	19,404,882,448	9,041,945,000
1	**INFRASTRUCTURE**	40,143,460,310	29,004,513,001	16,018,263,000	56,580,917,833	37,725,047,520	40,792,127,000
1	**WATER**	18,679,646,345	6,363,152,000	13,757,282,102	6,027,167,659	13,038,893,657	4,588,587,000
1	**TRANSPORT**	4,604,600,000	2,012,245,000	3,277,600,000	0	1,370,550,000	0
1	**WOMEN, YOUTH & PEOPLE WITH SPECIAL NEEDS**	1,151,170,000	0	840,600,000	635,792,289	1,764,000,000	40,333,000
1	**SECURITY, JUSTICE & EMERGENCY**	4,403,000,000	25,000,000	1,814,050,000	128,607,763	7,952,865,934	5,334,728,000
	Total	**125,174,726,938**	**53,990,794,916**	**98,549,898,770**	**90,047,132,752**	**121,855,897,144**	**100,218,790,000**

KANO STATE

2024 SECTOR ALLOCATION

No.	Sector	%	Personnel Cost	%	Overhead	%	Capital	%	Grand Total
1	AGRICULTURE	3.01	2,580,332,813	0.28	159,445,489	5.00%	10,375,598,059	3.74	13,115,376,362
2	GOVERNANCE INSTITUTIONS	11.01	9,438,360,222	27.24	15,531,502,727	6.00%	12,450,717,671	10.68	37,420,580,620
3	MANUFACTURING, INDUSTRIES, COMMERCE & TROURISM	0.44	377,191,507	0.26	147,500,588	3.00%	6,225,358,836	1.93	6,750,050,931
4	ENVIRONMENT & SANITATION	1.25	1,071,566,783	1.04	593,983,848	3.41%	7,070,314,401	2.49	8,735,865,032
5	EDUCATION	49.11	42,099,715,757	17.71	10,097,072,367	18.81%	39,040,550,051	26.05	91,237,338,176
6	HEALTH	23.69	20,308,333,665	10.06	5,736,244,815	15.48%	32,124,653,327	16.61	58,169,231,807
7	INFRASTRUCTURE	1.82	1,560,201,236	2.15	1,223,288,880	21.00%	43,590,329,474	13.24	46,373,819,589
8	WATER	2.29	1,963,110,346	2.18	1,240,558,859	10.73%	22,260,582,987	7.27	25,464,252,192
9	TRANSPORT	0.05	42,862,671	0.32	185,185,923	6.88%	14,281,288,213	4.14	14,509,336,807
10	WOMEN, YOUTH & PEOPLE WITH SPECIAL NEEDS	0.30	257,176,028	2.20	1,255,100,290	3.58%	7,418,951,712	2.55	8,931,228,030
11	SECUTITY, JUSTICE & EMERGENCY	7.03	6,026,491,586	9.30	5,302,210,581	2.09%	4,331,635,616	4.47	15,660,337,783
	Public Debt Services			20.26	11,551,952,550		-	3.30	11,551,952,550
	Recurrent Contingencies			7.00	3,988,970,082		-	1.14	3,988,970,082
	Capital Planning Reserve					4%	8,341,980,840	2.38	8,341,980,840
	GRAND TOTAL	**100%**	**85,725,342,612.42**	**100.00**	**57,013,016,997.94**	**100%**	**207,511,961,187.92**	**100**	**350,250,320,798**

2.C Considerations for the Annual Budget Process

The following issues should be taken into consideration:

- Need to re-organise the sectors to reflect at least the issues identified by each sector.
- Main streaming community participation in programme design, implementation and reporting;
- Need to strengthen bilateral discussions between MoPB and MDA's for effectiveness and efficiency in budget execution.
- Revive and strengthen the State Economic Management Team and sector planning Team
- Ensure donor expenditure is captured in MDA budget submissions and reporting; Improved budget performance reporting and M&E systems;

3 Summary of Key Points and Recommendations

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

- This document, or an executive summary, once completed, should be presented to ExCo for approval and to the appropriation committee SHoA for consideration;
- There is need for harmonisation/standardisation of data between the institutions responsible for PFM;
- Advocacy activities need to be undertaken with Exco and SHoA of the importance of this document, and should be used as the basis for the 2023 annual budget.
- KnSG has budgeted capital expenditure ratios as high as 59% and recurrent expenditure ratio of 41% including Consolidated revenue fund charges (CRF)
- For sectors that have existing MTSSs, allocations should reflect the requirements of the sector. For sectors that do not yet have MTSSs, MoPB should support the preparation of MTSSs;
- The state should continue its efforts to boost IGR in order to fund additional capital expenditure and reduce reliance on federal transfers;
- The state should continue in it’s transition to IPSAS Accrual reporting standards and development of Unified Chart of Accounts (UCoA) consistent with national standards.
- Management and coordination of the reform needs to be strengthened;
- KnSG reporting system need to be strengthen with all relevant stakeholders for better understanding.
- It is very important that KnSG adheres to the Budget Calendar laid out in Section 1 in order to finalize and pass the 2023 Budget by 31st December 2022.