



MEDIUM-TERM EXPENDITURE FRAMEWORK

2026 – 2028

- ✓ Economic and Fiscal Update (EFU)
- ✓ Fiscal Strategy Paper (FSP)
- ✓ Budget Policy Statement (BPS)

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List of Abbreviations

BPP	Bureau on Public Procurement
BPR	Budget Performance Report
BRICS	Brazil, Russia, India, China, South-Africa
BWG	Budget Working Group
CBN	Central Bank of Nigeria
CRF	Consolidated Revenue Fund
DMO	Debt Management Office
EFU	Economic and Fiscal Update
ExCo	Executive Council
FAAC	Federation Accounts Allocation Committee
FRB	Fiscal Responsibility Board
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
HRM	Human Resource Management
IGR	Internally Generated Revenue
IMF	International Monetary Fund
MDAs	Ministry, Department and Agencies
MINT	Mexico, Indonesia, Nigeria and Turkey
MoBEP	Ministry of Budget & Economic Planning
MoF	Ministry of Finance
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
NBS	National Bureau of Statistics
NNPC	Nigerian National Petroleum Company
NYCSO	Network of Yobe Civil Society Organisation
PFM	Public Financial Management
PITA	Personal Income Tax Act
PMS	Premium Petroleum Spirit
SHoA	State House of Assembly
SDP	State Development Plan
VAT	Value Added Tax
WEO	World Economic Outlook
YBSG	Yobe State Government
YIRS	Yobe Internal Revenue Service
YOSERA	Yobe Socio-Economic Reform Agenda

Foreword

The Medium-Term Expenditure Framework (MTEF) serves as a vital tool for guiding the state's budgetary planning and fiscal management over a three-year period, covering the 2026–2028 fiscal years. The primary aim of this framework is to ensure that resource allocation is conducted in a strategic and prioritised manner, focusing on channelling funds toward the most critical areas of need. By aligning budgetary processes with the government's overarching economic policies, the MTEF helps to promote equitable distribution of public resources, ensuring that development goals are achieved across sectors. The government recognizes that a budget is not just a financial plan, but a key instrument for achieving broader economic objectives. It serves as a blueprint for implementing policies that are designed to promote economic growth, social development, and the well-being of the population. By carefully selecting and funding priority areas, the government can stimulate sectors that are most in need of investment, thereby addressing pressing social and economic challenges.

In line with the provisions of the Yobe State Fiscal Responsibility Law 2016, the preparation of the MTEF/FSP (Fiscal Strategy Paper) underscores the government's commitment to prudent financial management. This document encapsulates the strategic policy direction behind both revenue and expenditure estimates for the state. By offering detailed projections of revenue sources and expenditure requirements, it lays out fiscal targets that ensure consistency, transparency, and reliability in the state's fiscal outlook over the medium term. The projections within the MTEF are grounded in a realistic assessment of the economic environment, allowing the state to anticipate challenges and opportunities.

Preparation of this document is informed by an inclusive and consultative process, which has involved broad-based dialogue with core Public Financial Management (PFM) MDAs, alongside engagement with a wide range of stakeholders. This includes representatives from various sectors of the Yobe State economy, community leaders, and the general public, who contribute through civil society organizations such as the Network of Yobe State Civil Society Organizations. Their participation ensures that the MTEF reflects the needs, concerns, and aspirations of the public, making it a truly inclusive planning tool. This broad-based dialogue enriches the fiscal planning process, promoting accountability, public trust, and social inclusion.

It is my ardent hope that this document not only provides a robust framework for the 2026–2028 budget cycle but also strengthens fiscal discipline and enhances the government's capacity to allocate resources more effectively. By fostering an atmosphere of collaboration and transparency, the MTEF will support sustainable economic growth, improve the delivery of essential public services, and ultimately raise the standard of living for the people of Yobe State.

Hon. Muhammad Garba Gagiyo
Honourable Commissioner
Ministry of Budget and Economic Planning

Acknowledgement

It is with humility and gratitude to the Almighty Allah (SWT) that we present the State's Medium Term Expenditure Framework (MTEF) for the period 2026 – 2028, accomplished under His guidance and protection. We gratefully acknowledge the significant support and contributions from numerous National and International Development Partners, especially in the realm of Public Finance Management reforms.

The Ministry of Budget and Economic Planning extends its appreciation to PERL-ARC and the Nigerian Governors' Forum for their support through the SFTAS Program, which provided templates for the Economic and Fiscal Update, Fiscal Strategy Paper, and Budget Policy Statement (EFU, FSP, and BPS), as well as intensive training for the Budget Working Group (BWG). We also recognize the continuous assistance from the Nigerian Governors' Forum in producing our publications, including annual budgets and quarterly budget performance reports.

I would like to express my heartfelt appreciation to the State Budget Working Group (BWG), whose members were drawn from Public Financial Management institutions. Their tireless efforts, including the adoption of the draft Macro-Economic Assumptions used by the Federal Government, were instrumental in producing this document.

Finally, my sincere gratitude goes to the Chairman of the House Committee on Finance Appropriation, Honourable Commissioners of the Ministry of Budget and Finance, the Executive Chairmen of the Fiscal Responsibility Board and Internal Revenue Service, and the entire staff of the Budget Ministry for their invaluable contributions to the successful production of this document.

Hamidu Isa Babi
Permanent Secretary
Ministry of Budget & Economic Planning

Executive Summary

The Yobe State Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP), and Budget Policy Statement (BPS) for the 2026–2028 period presents a consolidated framework to guide fiscal policy, budget planning, and resource allocation in alignment with the State’s development priorities.

The document is structured into three interconnected components:

- The EFU provides a comprehensive analysis of past fiscal performance and macroeconomic trends at global, national, and sub-national levels. It reviews key indicators such as inflation, exchange rate volatility, oil prices, statutory allocations, and internally generated revenue (IGR). The backward-looking review of Yobe State’s budget performance from 2019 to 2024 reveals mixed results—marked by improvements in IGR mobilisation but persistent underperformance in capital budget execution.
- The FSP outlines the State’s fiscal objectives and targets for the medium term. It presents realistic revenue and expenditure projections based on prevailing economic conditions and updated macroeconomic assumptions. The strategy emphasises fiscal prudence, improved efficiency in public spending, enhanced revenue generation, and sustainable debt management. The FSP also introduces key fiscal risks and mitigation strategies to strengthen resilience against shocks.
- The BPS translates these strategies into sectoral priorities, indicating expenditure ceilings for Ministries, Departments, and Agencies (MDAs) and aligning resource allocations with the Yobe State Development Plan and Medium-Term Sector Strategies (MTSS). Priority sectors include education, health, agriculture, infrastructure, social protection, and resilience-building initiatives.

The medium-term outlook is cautiously optimistic. Despite prevailing challenges—such as insecurity, climate shocks, and inflationary pressures—Yobe State remains committed to deepening reforms in Public Financial Management (PFM), promoting inclusive budgeting, and fostering partnerships for sustainable development. The estimated GDP of Yobe State, as of 2021, stood at ₦1.09 trillion (US\$2.7 billion), representing about 0.42% of Nigeria’s national GDP. However, recent PPP-adjusted estimates suggest a higher value of US\$8.3 billion, highlighting the latent potential of the State’s largely agrarian economy.

Key Strategic Priorities for 2026–2028:

- Consolidate IGR reforms by strengthening the Yobe State Internal Revenue Service and modernising revenue systems.
- Improve expenditure efficiency and ensure alignment with costed MTSS and sector strategies.
- Maintain fiscal discipline and limit borrowing to capital projects with measurable social and economic returns.
- Enhance citizen engagement through inclusive budget dialogues and transparent reporting.
- Expand investment in human capital and resilience to climate and conflict-induced shocks.

The EFU–FSP–BPS document will serve as a critical tool to ensure budget credibility, fiscal sustainability, and developmental impact. It offers a guiding framework for the preparation of the 2026 budget and provides a roadmap for stronger alignment between policy, planning, and budgeting across the medium term.

1 Introduction and Background

1.A Introduction

1. The Medium-Term Expenditure Framework (MTEF) is a critical tool in Yobe State's budgetary reform process, enabling multi-year fiscal planning and resource allocation in line with the government's strategic priorities. Comprising three key components—the Economic and Fiscal Update (EFU), the Fiscal Strategy Paper (FSP), and the Budget Policy Statement (BPS)—the MTEF provides a coherent framework that links planning, policymaking, and budgeting.
2. Yobe State adopted the MTEF process in 2015, institutionalising it through the enactment of the Fiscal Responsibility Law and Public Financial Management (PFM) Law. This 11th rolling edition of the document covers the 2026–2028 fiscal period and forms the foundation of the state's annual budget cycle.
3. As highlighted by the World Bank, the MTEF bridges the traditional disconnect between policy formulation, planning, and budgeting. It employs a top-down and bottom-up approach. The top-down process determines the overall resource envelope and sets expenditure ceilings based on macro-fiscal projections and government priorities. The bottom-up process involves MDAs reviewing policies and estimating the cost of ongoing and proposed programmes, matched to their sectoral allocations.
4. The MTEF enhances budget credibility, supports fiscal discipline, and encourages strategic investments in infrastructure, human capital, and revenue generation. It sets the stage for citizen-centred governance, ensuring that projects and programmes are responsive to the needs of the people. Realistic macroeconomic assumptions—on inflation, GDP growth, oil prices, exchange rates, and more—are integral to developing accurate revenue forecasts and guiding budget realism.

1.A.1 Budget Process

5. The annual budget process in Yobe State is initiated by the Ministry of Budget and Economic Planning (MoBEP) with convening of BWG meetings, followed by the issuance of a Budget Call Circular (BCC). The BCC provides clear instructions and ceilings to MDAs for preparing their budget proposals, aligning them with the MTEF and the State Development Plan (SDP). It includes:
 - The Economic and Fiscal Outlook.
 - Aggregate budget ceilings.
 - Government priorities and policy directions.
 - Guidelines for deriving proposals from sector strategies and the SDP.
 - Sector ceilings for personnel, overheads, and capital.
 - Templates for submission.
 - Instructions on personnel and recurrent budgeting.
 - Timelines for submission and bilateral discussions.

6. Budget proposals must be drawn from costed Medium-Term Sector Strategies (MTSS) to ensure policy alignment and funding predictability. After receiving submissions, MoBEP consolidates them into a first draft budget and organises bilateral budget discussions with MDAs and other PFM stakeholders.
7. Subsequently, a second draft is presented to the Executive Council for review and approval, followed by a third draft submitted to the State House of Assembly (SHoA). The legislature reviews the draft through committee hearings where MDAs defend their proposals. The budget undergoes three readings before its passage and the signing of the Appropriation and Finance Bill by the Governor.
8. Once signed into law, the final detailed and simplified citizens’ versions are published by MoBEP. Cash planning is then undertaken by the Treasury and MoBEP in consultation with MDAs, forecasting inflows and outflows to maintain liquidity and ensure timely financing of expenditures.
9. In-year and end-of-year reports—including quarterly Budget Performance Reports (BPR), debt statements, procurement reports, and capital project updates—are prepared by MoBEP, the Office of the Accountant-General, and relevant agencies. After the fiscal year ends, the Accountant-General prepares the Financial Statements, including:
 - Statement of Assets and Liabilities.
 - Statement of Income and Expenditure.
 - Statement of Consolidated Revenue Fund.
 - Statement of Capital Development Fund.
10. Monitoring and Evaluation (M&E) functions, both central and sectoral, are embedded within the budget process to ensure accountability and performance tracking. Each sector is expected to produce an Annual Sector Performance Report, which feeds into planning and budgeting for the next cycle.

1.A.2 Summary of Document Content

11. This Medium-Term Expenditure Framework (MTEF) document for Yobe State sets out the strategic fiscal and economic direction for the 2026–2028 period. It consolidates three key components: the Economic and Fiscal Update (EFU), the Fiscal Strategy Paper (FSP), and the Budget Policy Statement (BPS). These components collectively serve to inform the state’s annual budget process and long-term development planning.

Economic and Fiscal Update (EFU):

12. This section presents an analytical overview of recent trends in the global, national, and state economies. It includes a backward-looking assessment of Yobe State’s fiscal performance from 2019 to 2024, identifying key macroeconomic indicators, revenue and expenditure patterns, and debt trends. The EFU also highlights external and internal factors—such as inflation, FAAC dependence, and IGR volatility—that influence the state’s fiscal space and policy decisions.

Fiscal Strategy Paper (FSP):

13. The FSP outlines the macroeconomic framework and fiscal policy priorities of the government. It sets medium-term targets for revenue generation, public expenditure, and debt management. It also articulates strategies to enhance fiscal sustainability, reduce budget deficits, and increase efficiency in public spending. The FSP provides a detailed three-year fiscal outlook, including revenue forecasts, expenditure ceilings, and fiscal risk assessments.

Budget Policy Statement (BPS):

14. This component translates fiscal strategies into specific policy directions for budget preparation and resource allocation across sectors. It defines expenditure priorities and indicative sectoral ceilings for the 2026–2028 fiscal period. The BPS aligns budgetary allocations with the state’s development agenda, focusing on key sectors such as education, healthcare, infrastructure, and social protection.
15. Overall, the document is designed to:
- Anchor the budget process in sound macroeconomic assumptions and realistic revenue projections.
 - Promote fiscal discipline, transparency, and accountability.
 - Guide Ministries, Departments, and Agencies (MDAs) in aligning their budgets with state priorities.
 - Enhance citizens’ participation in fiscal governance.
16. The MTEF aims to strengthen the credibility of the budget, ensure efficient allocation of resources, and support sustainable development in Yobe State

1.A.3 Preparation and Audience

17. The document is prepared by Ministry of Budget and Economic Planning, following a resolution of members of the Budget Working Group (BWG), in the first two halves of the year, being the second step in the annual budget preparation process after Sector Performance Review (SPR).
18. This document tends to provide basic information on the 2026-2028 MTEF, yet another milestone in the annual budget preparation cycle for all the key stakeholders, specifically:
- i. The State House of Assembly (SHoA);
 - ii. The State Executive Council (ExCo);
 - iii. All Government Ministries, Departments and Agencies (MDA's);
 - iv. Network of Yobe Civil Society Organisation (NYCSO).

1.B Background

1.B.1 Legislative and Institutional Arrangement for PFM

19. Public Financial Management (PFM) in Yobe State is governed by a combination of constitutional provisions, national legislation, and state-specific laws. At the core is the 1999 Constitution of the Federal Republic of Nigeria (as amended), which provides the overarching legal framework for all tiers of government.

20. Complementing the Constitution are various PFM-related laws and regulations, including:
 - The Finance (Control and Management) Act 1990 – originally enacted in 1958 and adapted by States following the creation of new administrative structures.
 - The Fiscal Responsibility Act 2007, which prompted states to enact similar laws to promote fiscal transparency and discipline.
 - The Public Procurement Act 2007.
 - The Allocation of Revenue (Federation Account) Acts of 1982 and 2002.
 - The Personal Income Tax Act 2011, alongside other tax laws (e.g. Capital Gains Tax Act, Companies Income Tax Act, VAT Act, Stamp Duties Act).
 - The Debt Management Office (Establishment) Act 2003.
 - The Finance Acts of 2020, 2021, and subsequent years.
 - The Financial Regulations (Revised 2009) and Financial Instructions for State Governments.
 - The Financial Memoranda for Local Governments.

21. Yobe State has adapted these national frameworks into state-specific laws to reflect its local governance context. The Fiscal Responsibility Law and PFM Law of Yobe State are pivotal for establishing transparency, accountability, and fiscal sustainability. The institutional architecture supporting PFM in Yobe State includes:
 - Ministry of Finance and Economic Development: Lead agency for financial management.
 - Ministry of Budget and Economic Planning (MoBEP): Apex institution for planning and budgeting.
 - Office of the State Auditor General: Provides independent audit of public accounts.
 - Office of the Accountant-General: Manages treasury operations, accounting, and financial reporting.
 - Yobe State Internal Revenue Service (YIRS): Oversees IGR mobilisation and sets targets for revenue-generating MDAs.
 - Fiscal Responsibility Board (FRB): Ensures transparency, compliance, and prudent use of public funds.
 - Yobe State Bureau of Statistics: Provides data for planning and performance monitoring.
 - Network of Yobe Civil Society Organisations (NYCSO): Ensures citizen participation, feedback, and accountability in budgeting.

22. Together, these institutions form a coordinated PFM system that supports efficient budget formulation, execution, monitoring, and reporting.

1.B.2 Overview of Budget Calendar

23. The Yobe State Budget Calendar is a structured and time-bound roadmap that guides the entire annual budget cycle—from sector performance reviews to budget approval and implementation. It spans from March to December, ensuring transparency, consistency, and timely delivery of the state’s fiscal plans.
24. Key Stages of the Budget Calendar include:
1. Annual Sector Performance Review (March–May): - Sectors assess past performance to inform future planning. MoBEP provides coordination and support.
 2. Preparation of EFU-FSP-BPS Document (May–June): - The Budget Working Group (BWG), coordinated by MoBEP, drafts the EFU-FSP-BPS, laying the groundwork for the Medium-Term Fiscal Framework and policy direction.
 3. Review and Roll-over of Medium-Term Sector Strategies (June): MTSS documents are updated to align with the new fiscal outlook and government priorities.
 4. Executive Council Approval of EFU-FSP-BPS (July): The draft is submitted to the Executive Council (ExCo) for review and endorsement.
 5. Stakeholder Consultations and Citizens’ Engagement (July): MoBEP, in collaboration with CSOs, conducts zonal dialogues to gather citizen input and promote inclusive budgeting.
 6. Submission to the State House of Assembly (SHoA) (August): The EFU-FSP-BPS is submitted for legislative oversight and transparency.
 7. Issuance of Budget Call Circular (August): MoBEP releases guidelines and sector ceilings to MDAs for preparing 2026 budget proposals.
 8. Submission of MDA Budget Proposals (September–October): MDAs prepare and submit their budgets based on the BCC and MTSS.
 9. Budget Bilateral Discussions (October): MoBEP holds detailed discussions with MDAs to review submissions and ensure alignment with fiscal strategy.
 10. Consolidation of MDA Proposals and Draft Budget (November): - MoBEP compiles a consolidated draft for Executive Council approval.
 11. Executive Council Approval of Draft Budget (November): - The consolidated draft is reviewed and approved for legislative submission.
 12. Presentation to SHoA by the Governor (November): - The Governor presents the Appropriation Bill to the legislature.
 13. Budget Defence and Approval by SHoA (November–December): - MDAs defend their proposals before the Appropriation Committee; the bill goes through three legislative readings.
 14. Governor’s Assent (December): - The budget is signed into law, enabling implementation from January 1st.
25. This structured calendar ensures that budget formulation is transparent, inclusive, and aligned with Yobe State’s development priorities.

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Global Economy

26. The global economy has continued its path to recovery amid persistent inflationary pressures and geopolitical tensions. According to the International Monetary Fund (IMF) World Economic Outlook (April 2024), global real GDP growth is projected at 3.1% in 2024, with moderate improvements to 3.2% in 2025 and 3.3% in 2026. However, this outlook remains fragile due to a combination of high borrowing costs, lingering supply chain disruptions, and escalating conflicts in the Middle East and Eastern Europe (IMF, 2024).
27. Global inflation, though gradually easing, remains above pre-pandemic levels. IMF projections indicate that headline inflation will decline from 6.8% in 2023 to 5.9% in 2024, with further moderation to 4.5% in 2025, as monetary tightening persists across major economies. However, tight labour markets in the United States and several European countries continue to elevate core inflation, complicating monetary policy decisions (IMF WEO, April 2024).
28. Commodity prices remain volatile. Brent crude oil has stabilized between \$78 and \$85 per barrel in 2024, though risks remain due to OPEC+ production adjustments and tensions in the Middle East (OPEC Monthly Oil Market Report, June 2024). Global food prices, while off their 2022 peaks, remain above historical averages owing to climate-related disruptions (FAO Food Price Index, May 2024).
29. Tighter global financial conditions have increased the cost of capital for developing economies, raising debt sustainability concerns. Emerging markets face mounting risks of exchange rate volatility and capital flow reversals—especially those with high external financing needs (World Bank Global Economic Prospects, June 2024).

2.A.2 Sub-Saharan African Economy

30. Sub-Saharan Africa (SSA) continues to grapple with the effects of overlapping shocks—including the COVID-19 pandemic, Russia’s invasion of Ukraine, and rising global interest rates—which have impeded economic recovery. According to the IMF (WEO, April 2024), SSA’s real GDP growth is projected at 3.8% in 2024, up from 3.4% in 2023, driven by strong performance in non-resource-rich economies, particularly in East Africa.
31. 41. The region’s medium-term outlook is cautiously optimistic, with growth forecast at 4.0% in 2025 and 4.2% in 2026, supported by resilient agricultural output, infrastructure investments, and modest recovery in global demand. Nonetheless, large economies such as South Africa and Nigeria continue to face energy supply bottlenecks and structural inefficiencies (IMF Regional Economic Outlook, April 2024).

32. 42. Inflation, though moderating, remains elevated across much of the region due to depreciating currencies and food price shocks. IMF estimates suggest regional inflation will average 12.5% in 2024, declining to 9.3% in 2025, contingent on sustained monetary tightening and easing external pressures.
33. 43. Fiscal vulnerabilities persist. Public debt has remained high, averaging 57% of GDP in 2024, following pandemic-related spending increases. Rising debt servicing costs—exacerbated by higher global interest rates—are constraining investments in social and infrastructure sectors (World Bank Debt Report, 2024).
34. 44. SSA’s external sector is showing modest recovery, aided by improved remittance inflows, rising tourism receipts, and favorable commodity prices. However, sovereign access to international capital markets remains constrained, with many economies facing heightened debt distress risks (IMF, 2024).
35. 45. Sustained recovery will require concerted efforts to enhance domestic resource mobilization, invest in climate-resilient infrastructure, and strengthen regional integration to reduce external vulnerabilities (AfDB African Economic Outlook, 2024).

2.A.3 Nigerian Economy

Macroeconomic

36. Nigeria’s macroeconomic environment remains challenging, characterized by high inflation, exchange rate volatility, and fiscal strain. According to the National Bureau of Statistics (NBS), real GDP grew by 2.98% in Q1 2024, driven primarily by services and agriculture. The IMF (April 2024) projects a full-year GDP growth of 3.3%, rising to 3.6% in 2025, supported by ongoing reforms, improvements in oil production, and a rebound in the non-oil economy.
37. Inflationary pressures remain acute. As reported by NBS, headline inflation reached 33.95% in May 2024, the highest in over two decades. This surge is attributed to fuel subsidy removal, exchange rate pass-through, and food price spikes. Food inflation alone hit 40.66%, exacerbating household hardship. In response, the Central Bank of Nigeria (CBN) raised the Monetary Policy Rate (MPR) to 26.25% in May 2024 to contain inflation (CBN Monetary Policy Communiqué, May 2024).
38. The naira has depreciated sharply following the unification of the official and parallel exchange rates in mid-2023. As of June 2024, the naira trades at approximately ₦1,470/USD in the official market—down from about ₦770/USD a year prior. While the reform aimed at transparency and investor confidence, it has increased import costs and contributed to inflationary pressure (FMDQ & CBN Exchange Rate Data, June 2024).
39. Oil production has made modest gains, reaching 1.49 million barrels per day (including condensates) in Q2 2024, driven by improved security and investment climate in the Niger

Delta. However, Nigeria continues to fall short of its OPEC quota due to persistent operational and security challenges (OPEC MOMR, June 2024).

40. On the fiscal side, federal revenue has improved due to higher oil prices and reforms to enhance tax collection. However, expenditure pressures—especially from rising interest payments and social transfers—are widening the fiscal deficit. Public debt stood at ₦97.3 trillion (47.6% of GDP) as of March 2024, up from ₦87.9 trillion in December 2023, driven by exchange rate effects and new domestic borrowings (Debt Management Office, Q1 2024).
41. To restore macroeconomic stability, Nigeria must intensify fiscal consolidation, broaden non-oil revenue, and strengthen governance and structural reform. Social protection remains essential to shield the vulnerable during adjustment, while efforts to reform energy pricing, infrastructure, and the business environment should be sustained (World Bank Nigeria Development Update, June 2024).

2.A.4 Yobe State Economy

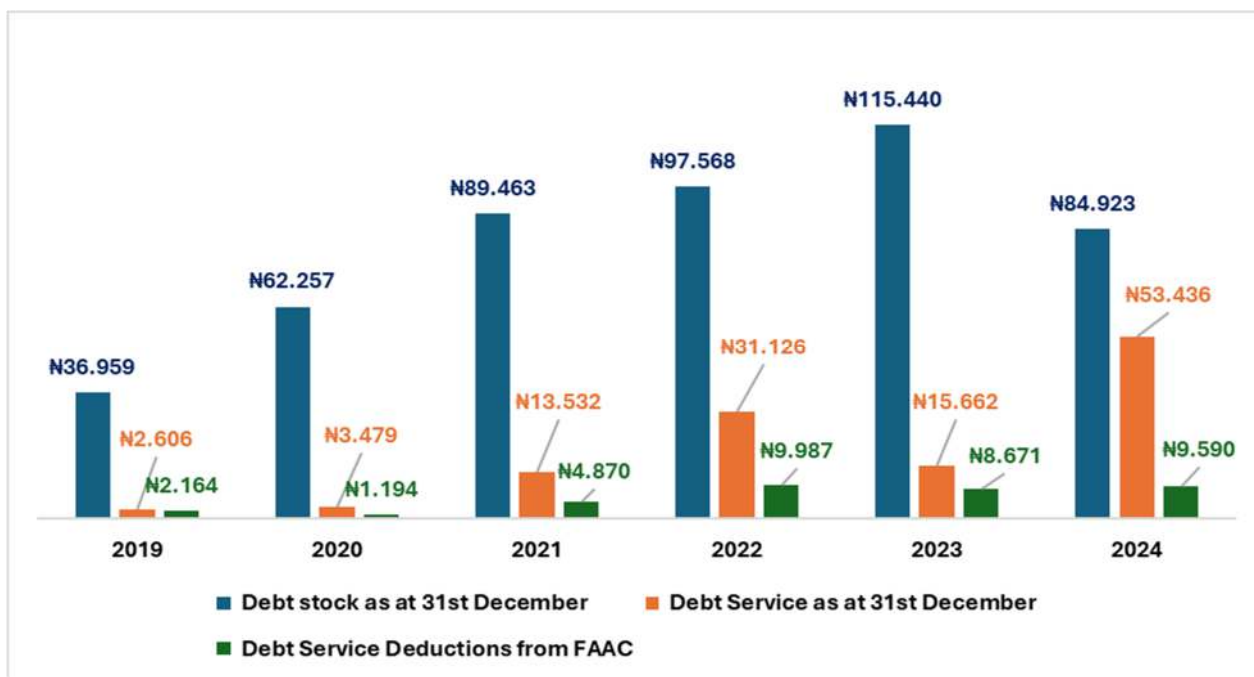
42. Yobe State’s economy is predominantly agrarian, with agriculture serving as the mainstay of livelihoods and employment for a large proportion of the population. Crop farming, livestock production, and fisheries contribute significantly to household incomes and local economic activity. The State’s comparative advantage lies in the production of grains such as millet, sorghum, maize, sesame, cowpea, groundnuts, and livestock products including cattle, sheep, goats, and poultry.
43. Despite the vast agricultural potential, Yobe’s economy remains largely informal and underdeveloped, characterised by low productivity, subsistence-level outputs, limited access to markets, and inadequate agro-processing infrastructure. The State is also vulnerable to climate-related shocks—such as droughts, floods, and desertification—that affect agricultural output and rural livelihoods.
44. Over the years, insecurity linked to insurgency and farmer-herder conflicts has disrupted economic activities, particularly in the northern and eastern zones of the State. This has led to internal displacement, restricted market access, and reduced private sector confidence. Nevertheless, ongoing recovery efforts and investments in peacebuilding and resilience are gradually restoring economic activity.
45. Yobe State contributes modestly to Nigeria’s GDP due to its limited industrial base and a relatively small urban economy. However, the State possesses significant untapped potential in solid minerals such as gypsum, limestone, kaolin, and granite. If effectively harnessed, these resources could diversify the economy and generate employment opportunities.
46. Trade and services are concentrated in urban centres such as Damaturu, Potiskum, Nguru, and Gashua, which function as commercial hubs connecting the State with neighbouring

states and the Niger Republic. Potiskum, in particular, is noted for its vibrant cattle market, one of the largest in sub-Saharan Africa.

- 47. The government remains a major driver of economic activity in the State, through public investment in infrastructure, social services, and employment. Consequently, fiscal decisions, budget execution, and public sector reforms have significant implications for the overall health of the State’s economy.

Fiscal Performance Trend (2019-2024)

- 48. Yobe State's fiscal performance from 2019 to 2024 has been characterized by gradual improvements in revenue generation, alongside increasing expenditure. Revenue sources such as Statutory Allocations, VAT, and Internally Generated Revenue (IGR) have shown positive trends, reflecting the state government's efforts to enhance its revenue base. Notably, VAT and IGR have experienced substantial growth, with VAT revenues nearly doubling from ₦ 11.08 billion in 2019 to ₦ 30.90 billion in 2023. IGR has also seen impressive growth, with projections indicating a continued upward trajectory.
- 49. However, this period has also seen a significant rise in capital receipts, particularly in 2023 and 2024, corresponding to major capital investments in infrastructure. While these investments are crucial for long-term economic growth, they have also contributed to a substantial increase in the state's public debt.



- 50. Total debt stock grew astronomically over the past six years from ₦36.959 billion to ₦84.923 billion with an annual growth rate of 1.8% in 2019, 68.4% in 2020, 43.7% in 2021, 9.1% in 2022, 18.3% in 2023 and -26.44% in 2024 respectively. The highest recorded was in the years 2020 and 2021 portraying the effect of the COVID-19 pandemic on the

economy due to lockdowns. Consequently, public debt servicing costs have escalated, posing a challenge to the state's fiscal sustainability. The rising costs of personnel and overheads further strain the state's finances, necessitating a careful balance between meeting immediate operational needs and maintaining fiscal discipline.

Economic Outlook for 2026-2028

51. The economic forecast for Yobe State from 2026 to 2028 presents a mixed outlook, reflecting both opportunities and challenges. The state is expected to continue its efforts to diversify its revenue base, with significant emphasis on boosting Internally Generated Revenue (IGR) and enhancing VAT collections.
52. Projections indicate that IGR could reach ₦41.04 billion by 2028, a nearly fourfold increase from 2024 levels. This growth is likely driven by improved tax administration, broader economic activities, and increased compliance with tax regulations. Similarly, VAT revenues are projected to continue their upward trend, potentially exceeding ₦46 billion by 2028. This reflects the state's growing economic activities and a more robust consumer base, supported by ongoing investments in infrastructure and public services.
53. Despite these positive revenue projections, Yobe State will face significant challenges related to its expenditure commitments. The cost of public debt servicing is expected to peak in 2024 at ₦110.95 billion, before stabilising at lower levels in subsequent years. This peak corresponds to the anticipated completion of major capital projects and a shift towards managing existing debt rather than incurring new liabilities. While this stabilisation is a positive development, the high debt burden will continue to exert pressure on the state's finances, limiting its ability to allocate funds to other critical areas.
54. Personnel costs are projected to rise steadily, reaching ₦71.004 billion by 2028. This increase reflects the state's commitment to maintaining a stable workforce, essential for delivering public services, particularly in education and healthcare. However, the growing wage bill will require careful management to avoid crowding out other essential expenditures.
55. For Yobe State to achieve sustainable economic growth and fiscal stability, several strategic measures will be crucial. First, the state must intensify efforts to diversify its revenue base, particularly by expanding IGR through enhanced tax collection mechanisms, broadening the tax base, and promoting economic activities that generate higher taxable income. Strengthening the business environment to attract investments in sectors like agriculture, commerce, and services will be vital in this regard.
56. Second, managing the rising public debt is imperative. The state should focus on reducing its debt burden by exploring refinancing options, improving debt management practices, and prioritizing projects that offer high returns on investment. This will ensure that debt servicing does not consume an excessive portion of the budget, allowing more resources to be allocated to critical areas such as education, healthcare, and infrastructure development.

57. Lastly, the state government should continue to invest in human capital development, recognizing that a well-educated and healthy workforce is essential for long-term economic growth. This includes ensuring that budgetary allocations to the education and health sectors are not only sufficient but also effectively utilized to deliver tangible improvements in service delivery.

Expenditure Profile

58. Yobe State's expenditure profile is diverse, encompassing recurrent and capital expenditures that together define the fiscal priorities and constraints of the state. The composition of these expenditures has evolved over the years, reflecting paradigm shifts in policy focus, economic pressures, and developmental needs. From 2019 to 2024, and looking ahead to the 2026-2028 forecast, a few key components stand out: personnel costs, overheads, social contributions, public debt service, grants and subsidies, and capital expenditure.
59. Personnel costs are one of the largest components of Yobe State's recurrent expenditure. From ₦22.87 billion in 2019, these costs have risen steadily, projected to reach ₦71.004 billion by 2028. This increase reflects both wage adjustments and the expansion of the workforce, particularly in essential public services like education and healthcare. As these sectors are critical for human capital development, the rising personnel costs underline the state's commitment to maintaining and improving service delivery. However, this also presents a challenge, as the growing wage bill could limit the state's fiscal flexibility unless managed carefully.
60. Overhead costs have also seen a significant upward trend, from ₦17.24 billion in 2019 to a projected ₦73.32 billion in 2028. These costs cover the day-to-day operational expenses of the government, including utilities, maintenance, and administrative costs. The rise in overheads is partly due to inflationary pressures and the expansion of government activities. Efficient management of overheads is crucial, as excessive increases could reduce the funds available for capital investment and other priority areas.
61. Expenditures on social contributions and benefits, which include pensions, gratuities, and other social welfare programs, have also been rising. From ₦4.51 billion in 2019, these costs are expected to reach ₦17.62 billion by 2028. This category of spending is vital for social stability and welfare, ensuring that retirees and vulnerable populations receive the necessary support. However, the rapid growth in these expenditures will require careful fiscal planning to ensure sustainability, especially given the pressures from other expenditure categories.
62. Public debt service has become a major component of Yobe State's expenditure, particularly due to the large capital investments made in recent years. Debt service costs spiked significantly, reaching ₦110.95 billion in 2024, before stabilizing at around ₦13.75 billion by 2028. This sharp increase is linked to the repayment schedules of loans taken for

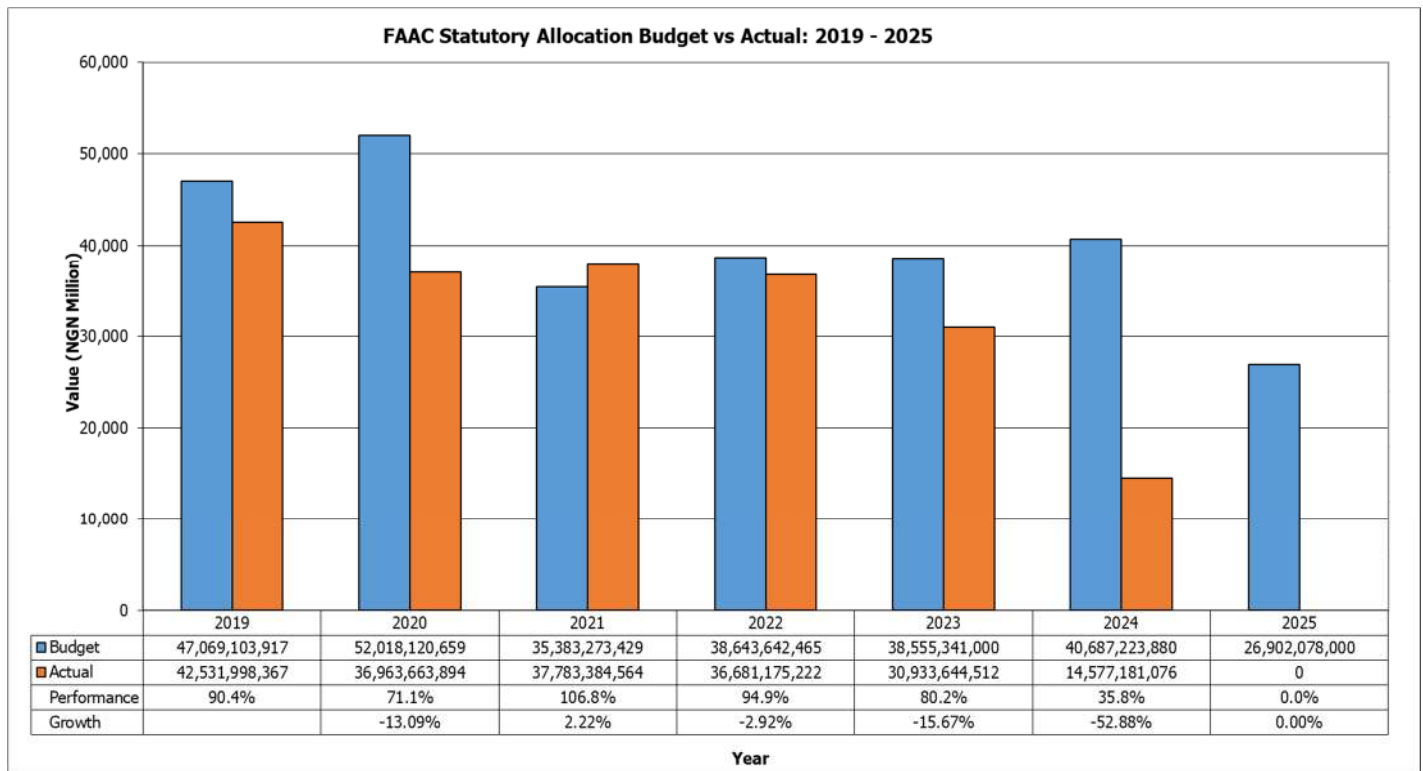
infrastructure projects. Managing this debt burden will be critical to prevent it from crowding out other essential expenditures, particularly in recurrent and capital spending.

63. Advances, Grants, contributions, and subsidies are another important area of expenditure. These include financial support to local governments, development agencies, and various state-led initiatives. Expenditure in this category is expected to rise from ₦3.14 billion in 2019 to ₦31.54 billion by 2028. This growth underscores the state's efforts to promote economic development and support local initiatives, although it also necessitates careful monitoring to ensure that funds are effectively utilized.
64. Capital expenditure is a crucial driver of long-term economic growth, funding infrastructure projects like roads, schools, hospitals, and utilities. Yobe State's capital expenditure has seen significant fluctuations, particularly peaking at ₦127.65 billion in 2024, reflecting the state's focus on completing major infrastructure projects. These expenditures are expected to normalize at ₦114.5 billion by 2028, as the state transitions from high-investment phases to maintaining and optimizing existing infrastructure.
65. The high levels of capital spending are necessary for economic development but also contribute to the state's rising debt levels. Therefore, these investments must yield significant returns in terms of economic growth, job creation, and improved public services. Additionally, the efficiency and impact of capital projects need to be closely monitored to ensure that they contribute to the state's broader developmental goals.
66. Balancing these expenditure categories will be key to maintaining fiscal sustainability. As personnel costs and debt servicing obligations rise, the state must find ways to optimize overheads and ensure that capital expenditures deliver the intended economic benefits. The rising costs of social contributions and public debt service highlight the need for robust financial management strategies, including potential reforms in pension administration and debt refinancing options.
67. Furthermore, the state must continue to pursue revenue diversification to ensure that the increasing expenditure demands can be met without compromising fiscal stability. Strengthening IGR and other revenue streams will provide the necessary fiscal space to accommodate these rising costs and invest in key developmental areas. However, the rising costs across these categories, particularly in personnel, overhead and debt servicing, pose challenges that require careful management.
68. By balancing these expenditures with efforts to boost revenue and ensure the effective use of funds, the State can continue on a path of sustainable development, meeting the needs of its citizens while maintaining fiscal responsibility.

2.B Fiscal Update
2.B.1 Historic Trends
Revenue;

69. Concerning revenue, the document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2019-2024 (six-year historic) and 2024 approved budget.

Figure 1: Statutory Allocation

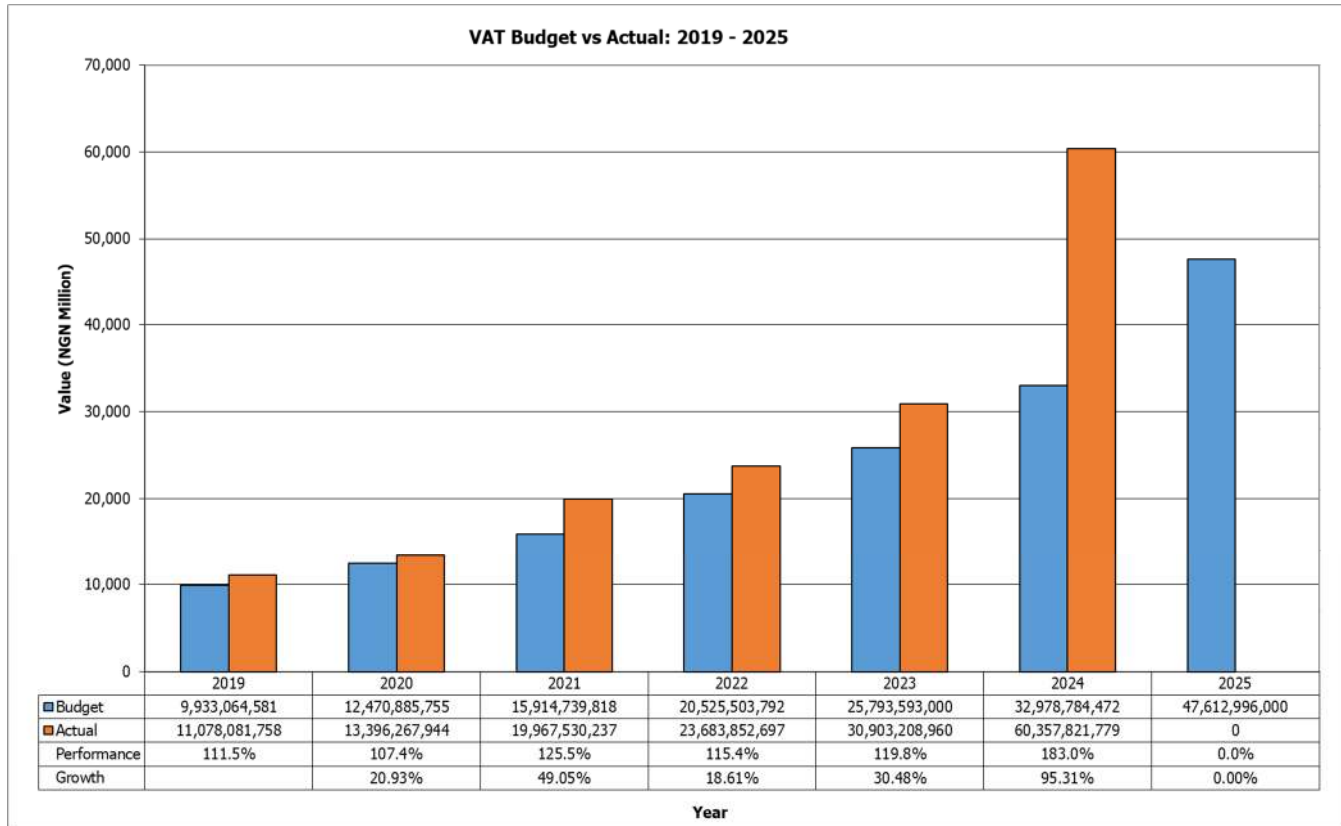


70. Statutory Allocation constitutes all Federal Transfers excluding Value Added Tax (VAT) and other Federal Accounts Transfers. Statutory Allocation is mainly Crude Oil and Gas proceeds, Company Income Tax (CIT) and Customs and Excise Duty (C&E). Thus, the Statutory Allocation is based on the collection of both 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.

71. The actual statutory allocation received was much higher than the budgeted in 2019 and 2021, 90% in 2019, 71% in 2020, 95% in 2022, 80% in 2023 and 36% in 2024. Statutory allocation has declined over the past three years, from ₦37.783 billion in 2021 to ₦14.577 billion in 2024. In 2025, it was projected to increase to ₦26.902 billion,

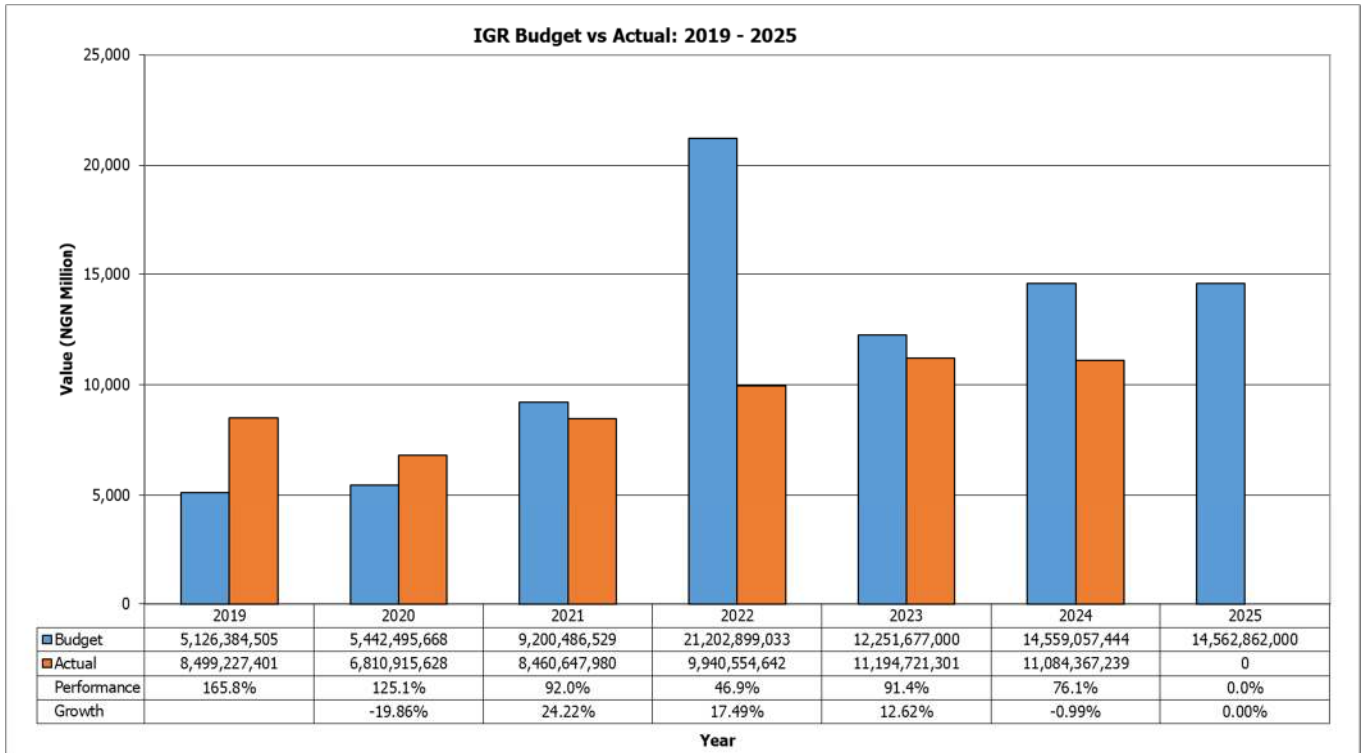
72. Nevertheless, looking at the trends, the state received ₦22.38 billion during the periods January – June 2025, representing 83% performance. This trend however signalled a further increase in the statutory allocation to less than what was budgeted in 2025. Due to this higher-than-expected trend, ₦54.12 billion was earmarked for the 2026 fiscal.

Figure 2: VAT



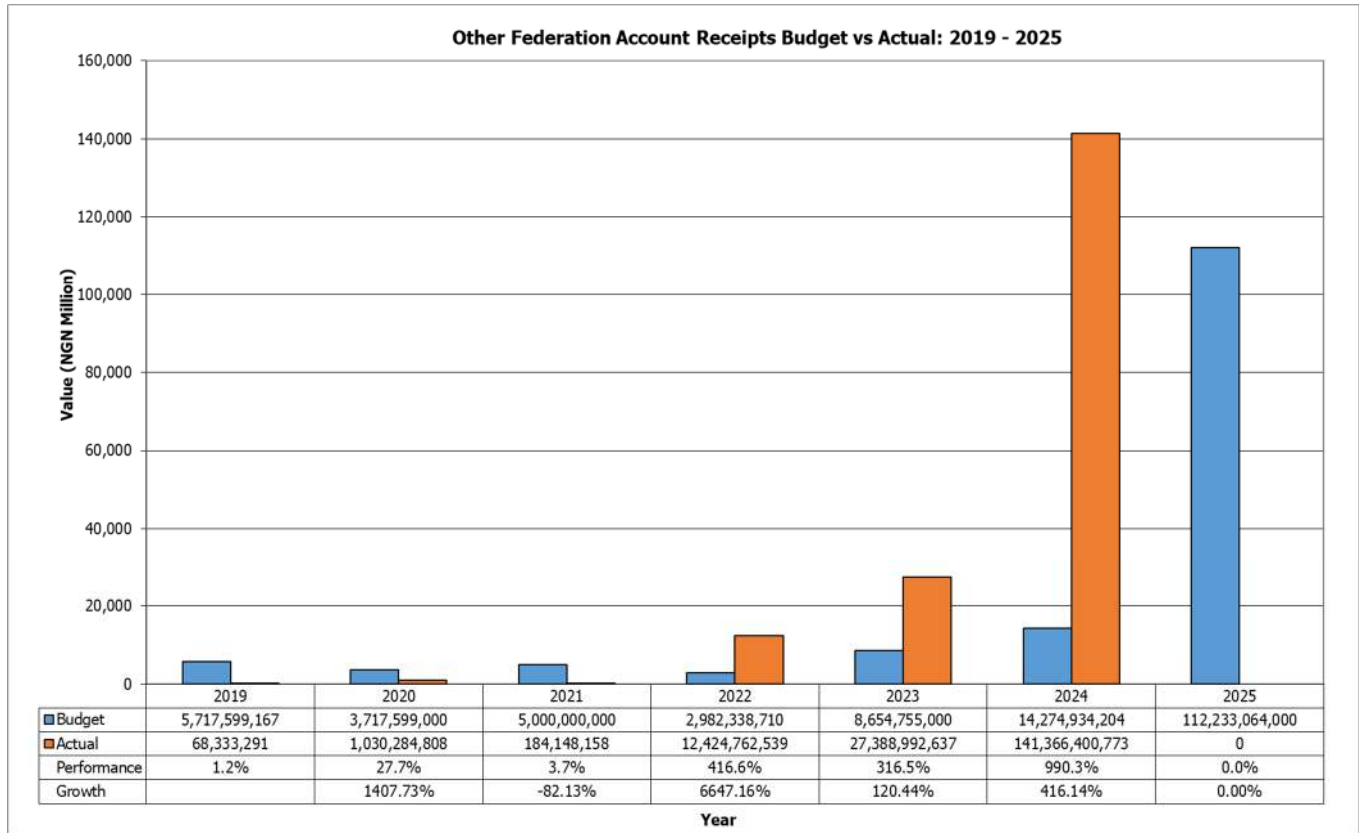
73. In Yobe State VAT has been contributing an average annual percentage of 127% to overall revenue performance over the past few years. The trend of VAT received by Yobe State during the period under review saw an increase astronomically, where over and above the budget was achieved, with an annual growth rate increasing from 20.9% in 2020 to 95.3% in 2024.
74. This upsurge might relate to the rising costs of goods and services, largely due general fall in purchase power of naira value in the foreign exchange market coupled with fuel subsidy removal, creating the hyperinflationary economy in the country.
75. Within the first half of the 2025 fiscal year i.e., January to June, the sum of ₦30.967 billion was received as VAT, representing 65% performance, and contributing about 9.8% of the total revenue received (excluding opening balance), an average of ₦6.193 billion monthly. Furthermore, ₦47.613 billion was projected in the 2025 fiscal year, however, looking at the performance trends, VAT has been underestimated over the past few years, and the performance is expected to reach about ₦74 billion before the year runs out.
76. In 2026, VAT is projected at ₦80.819 billion, reflecting an increase of 58.91% over the 2025 performance, indicating an annual growth rate of 44.4% against the 2025 budget. VAT is projected to grow from ₦84.86 billion in 2027 to about ₦89.10 billion in 2028.

Figure 3: IGR



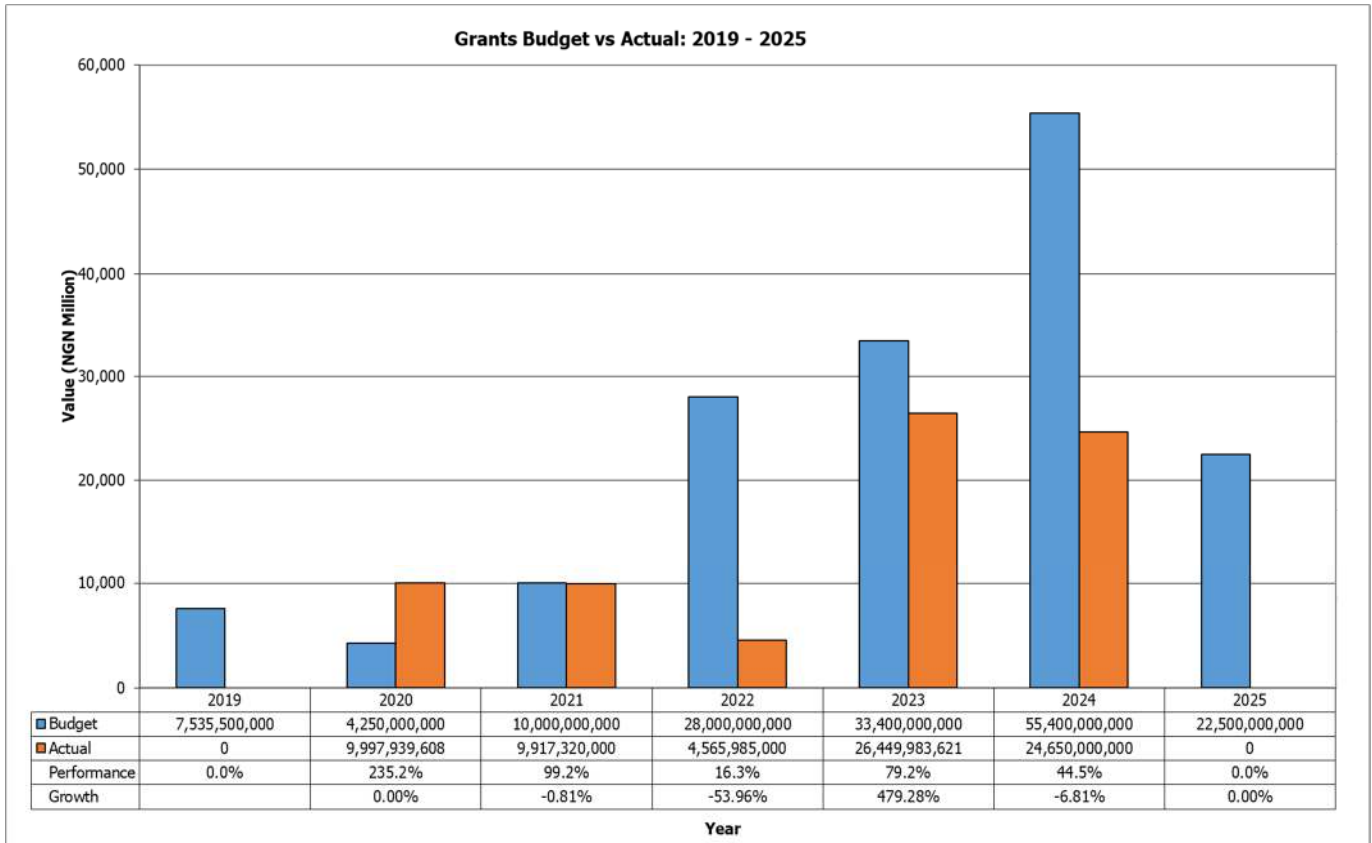
77. These are the independent sources of government revenue generated from tax revenues including Pay-As-You-Earn, stamp duty, withholding tax, direct assessment tax, property tax, and non-tax revenues comprising of licences, fees, fines, sales, earnings, rent on government buildings, rent on land, repayments, investment income, interest-earn and reimbursements.
78. IGR has been growing in a steady pace with an average annual growth of 7%. Despite this growth, IGR has contributed a meagre portion of the overall revenue performance over the past six years, ranging from 165.8% in 2019 to 76.1% in 2024. The IGR growth showed fluctuations within the periods under consideration, it shows a considerable fall in 2022. The highest growth was recorded between 2019 to 2020 but later dropped to 92% in 2021 and 46.9% in 2022. These performances in 2019 and 2020 were impressive as the highest figures recorded in the history of the State.
79. However, available data indicate that from January to June 2025 the sum of ₦6.554 billion was received, representing 45% performance, contributing only 2% of the overall revenue generated, an average monthly performance of ₦1.311 billion. Furthermore, using a 5-year Moving Average (x-outliers) the sum of ₦16.183 billion is anticipated for the 2026 fiscal year, Thus, very rigorous fiscal strategy efforts need to be intensified in this regard.

Figure 4: Other Federation Account Receipts



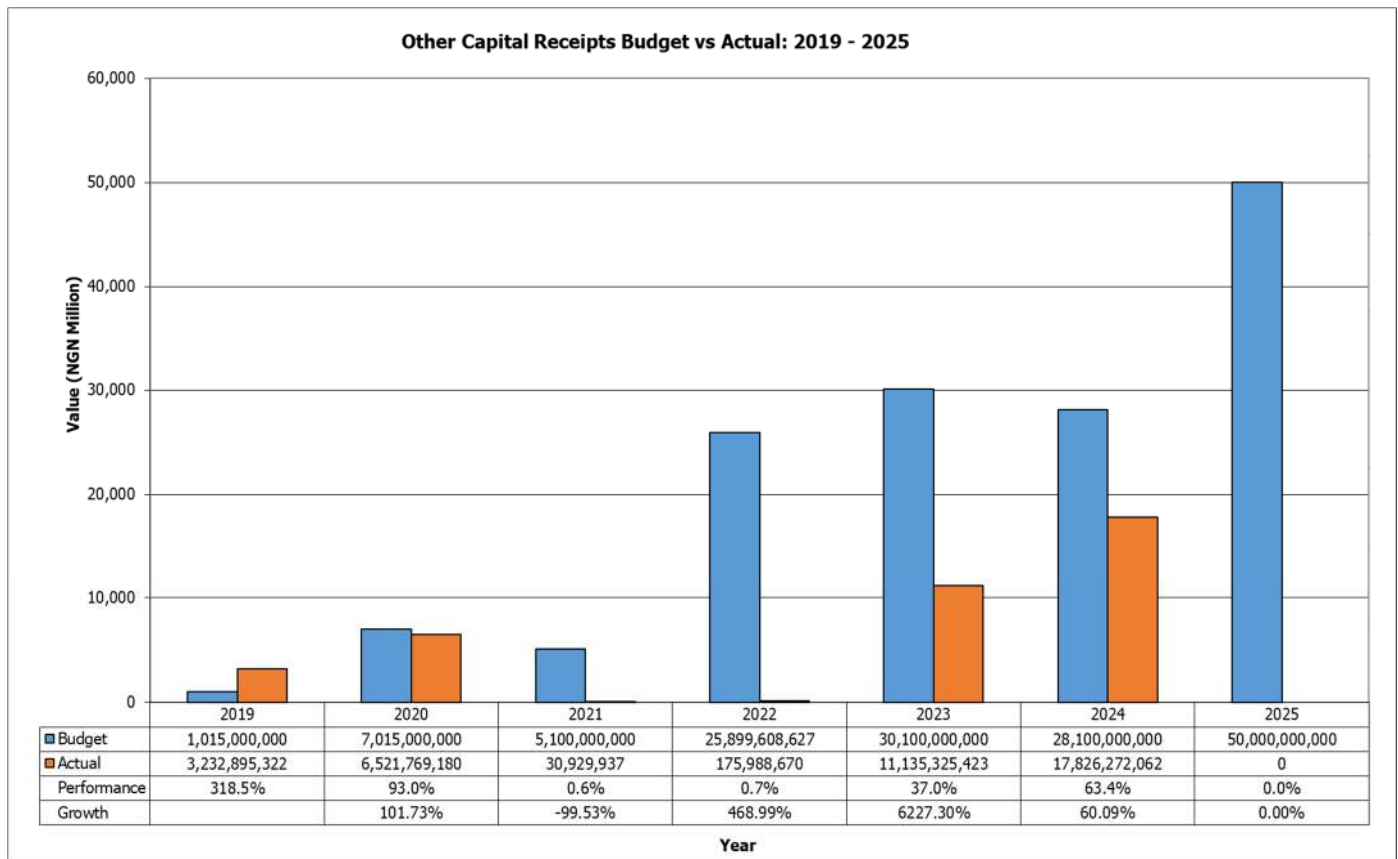
80. Other Federation Account Revenues derived from FAAC Special Allocation including excess crude, exchange rate, ecological fund, electronic money transfer, excess bank charges, exchange gain, among other sources accruable to the state and disburse through the federation accounts.
81. Receipts from other federation accounts are not stable, it keeps fluctuating over the years, performing far below average, 1.2% in 2019, jumping up to 27.7% in 2020, later dropping to 3.7% in 2021. Overperformance was recorded between 2022 to 2024. This however showcased its unpredictable nature, because it is at the discretion of the Federal Government and the State has no clear data to make at least near-accurate projections.
82. This required a performance-based approach in forecasting, which must be done with caution considering the underlying phenomenon. In the 2025 fiscal year, the sum of ₦112.233 billion was earmarked, as of the second quarter performance, the sum of ₦38.263 billion was received, representing 34% performance, ₦82.763 billion was earmarked for 2026 fiscal year, it is expected to grow back to ₦112.233 billion in 2028.

Figure 5: Grants



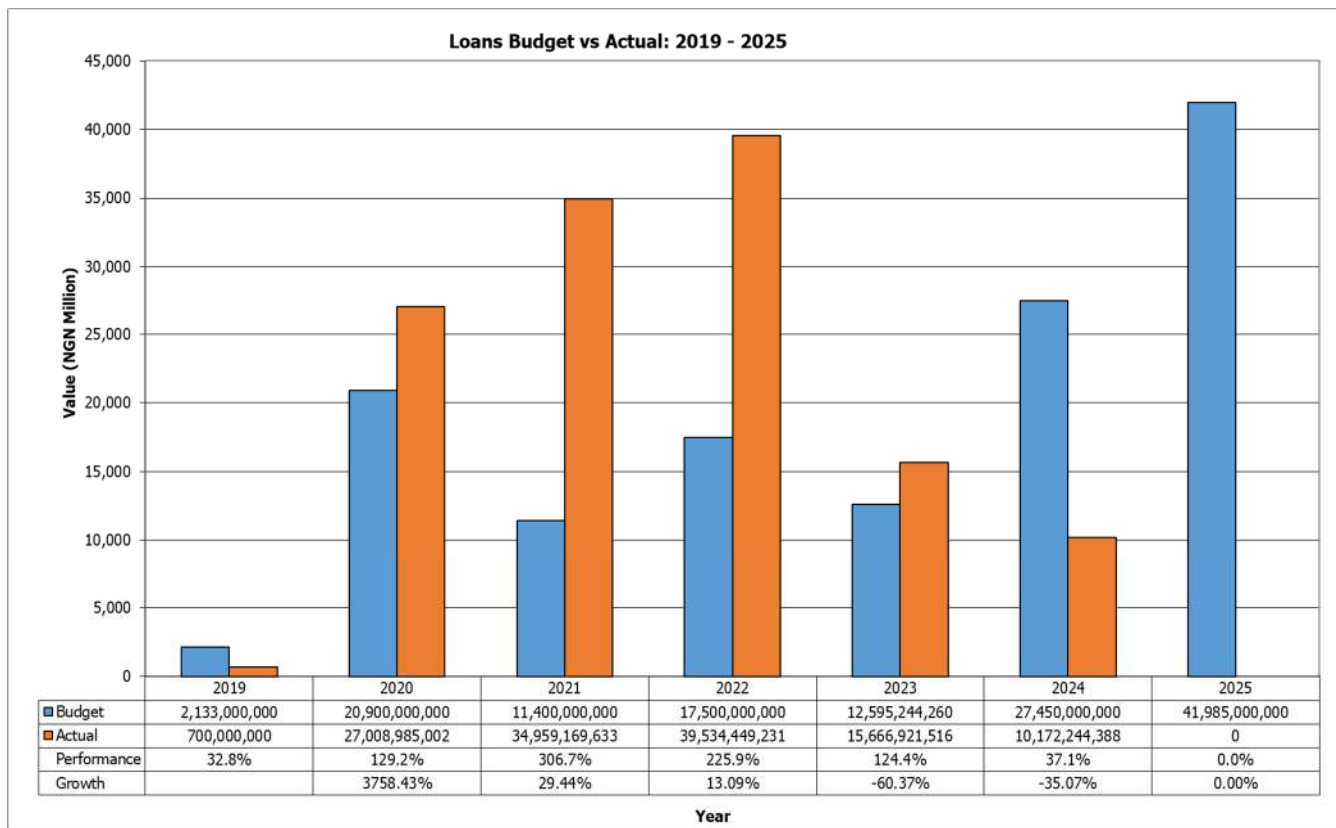
83. Access to grants, both domestic and foreign, has been a major challenge in providing realistic data that will enable the State to budget and forecast further. This is mainly attributed to funds coming in directly from donor partners to implementing agencies without the full knowledge of the Office of the Accountant General of the State. Other reasons for poor performance include delays in the negotiations with Implementing Partners, untimely payment of counterpart funds and other requirements from the State Government.
84. The performance over the past few years is not favourable, the forecast is affected by unforeseen circumstances. The receipts come from within and outside the country i.e., the World Bank, EU, among other partners. However, some token amounts were realised in 2019, 2020, 2021, 2022, 2023 and 2024 translating into 14.6%, 235.2%, 99.2%, 16.3%, 79.2%, and 44.5% performance.
85. Furthermore, the sum ₦30 billion was received in 2025 fiscal year, translating to 26% performance. For an optimum performance, a serious consultation and follow up with the concerned partners need to be intensified before the year runs out and kickstart early before the commencement of 2026 fiscal year.

Figure 6: Other Capital Receipts



86. Other capital receipts usually comprise of refund on the expenses incurred by the state government on the Federal roads and other projects, proceed from sales of government properties, disposal of government’s unserviceable fixed assets among other sources.
87. Though Other Capital Receipts has been consistently budgeted, performance is not favourable over the past years, except for 2019 and 2020, translating into 318.5% and 93% performance, largely due to government commitments to reforms. This however affects the overall performances and credibility of the budget documents in its entirety. Government needs to intensify efforts to help secure the receipts timely.

Figure 7: Loans/Financing

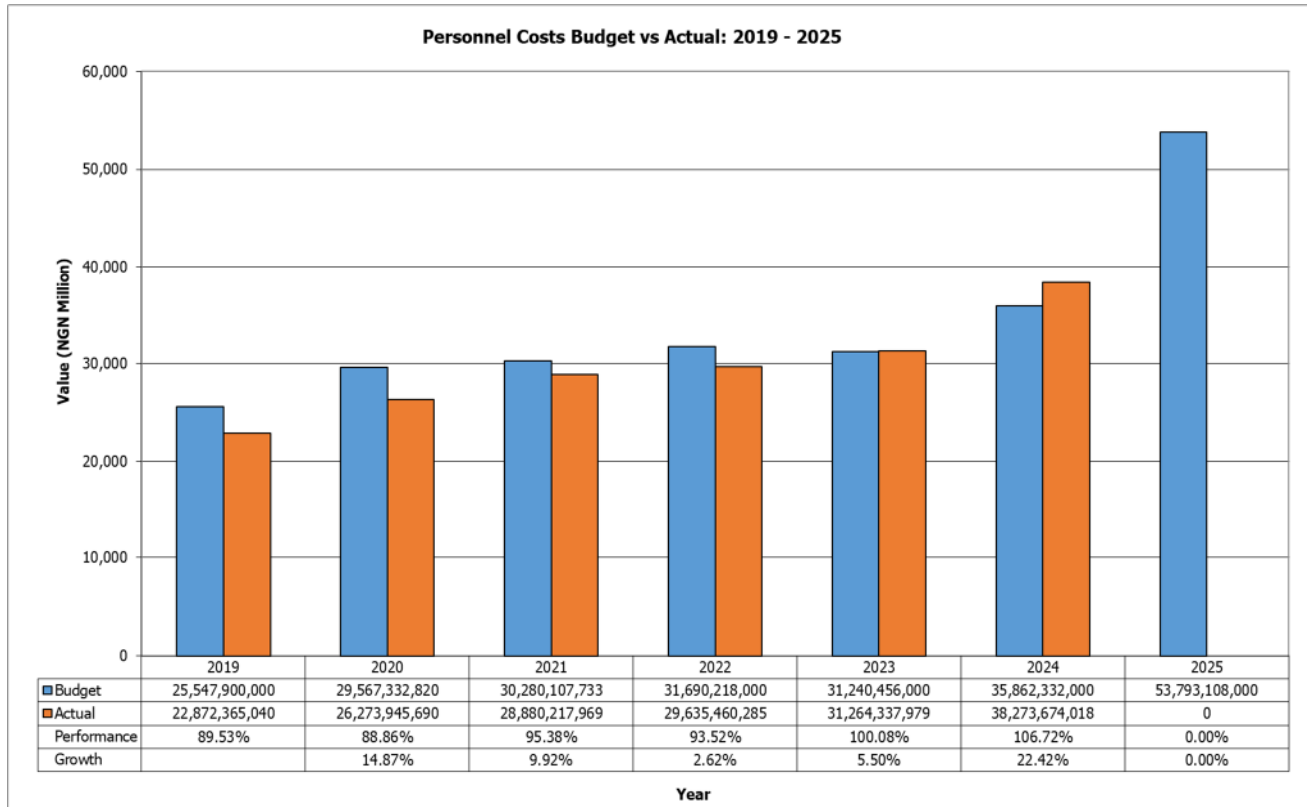


88. Loans include Internal and External Loans. Internal Loans comprise Capital Market receipts and Commercial Bank Loans, Central Bank of Nigeria, such as Bailout Facility Principal, Budget Support Facility, Family Home Finance, Contract Financing, CBN COVID-19 Facility, and Commercial Bank Loan, which are mostly deducted at source. External Loans are the obligations of Public Debt Services. This also includes contingent liabilities made up of Pension and Gratuity Dues, as well as outstanding contractors' liabilities as at 31st December 2024.
89. Compared against the original budget, loan facilities and other deficit financing, except for the 2019 fiscal year, recorded an appreciable performance over the past six years, where the drawdowns are much higher than anticipated, performing up to 306.7% in 2021, 225.9% in 2022,
90. This more-than-expected performance in loans signalled the state's inability to generate revenue internally other than loans, to finance some of its developmental, priority projects and programmes, rather than succumb to loans, which is detrimental in the near future when it comes to servicing the debts.

Expenditure;

91. On the expenditure side, the document looks at Consolidated Revenue Fund (CRF) charges, Personnel, Overheads and Capital Expenditure – budget versus actual for the period 2019-2024 (six years) and 2025 budget.

Figure 8: Personnel Cost

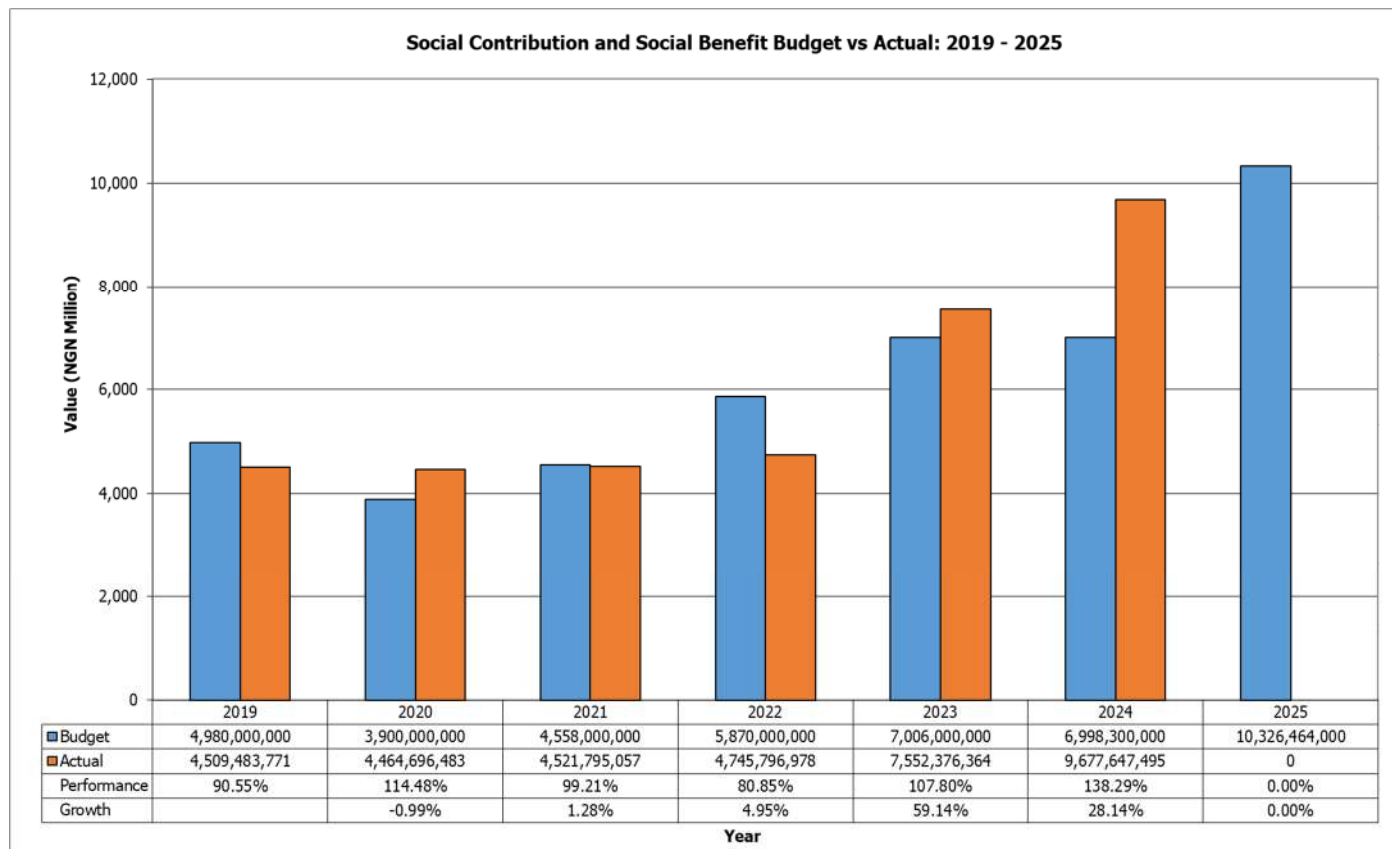


92. Personnel cost consists of personnel emoluments for civil servants and salaries of public office holders. It is the vote where Chief Executives of State Parastatals, Chief Judges and Grand Kadis, Auditor-Generals, Executive Chairmen, Executive Secretaries, Board Members of Commissions, Boards and Parastatals, etc, are being paid.

93. Over the years, personnel performance was commendable, where over 90% was achieved with an average performance of ₦29.528 billion, and the average growth rate of 11.1% within the past six years. This further reaffirmed the Yobe State Government’s commitment to human capital development through prompt payment of salaries. This is worthy of commendation, because there are no salary arrears left, which haven’t been cleared; other states do have cases of uncleared salary arrears of about 2 to 3 years.

94. A sum of ₦53.793 billion was earmarked for the 2025 fiscal year, within the second quarter, ₦23.518 billion has been expended, translating to 43.72% performance. Personnel Costs is expected to grow over the next three-year period, from ₦64.403 billion in 2026 to ₦71.004 billion in 2028, reflecting adjustments in wages and recruitment in essential sectors, taking into cognisance the purported minimum wage increase.

Figure 9: Social Contribution and Social Benefits

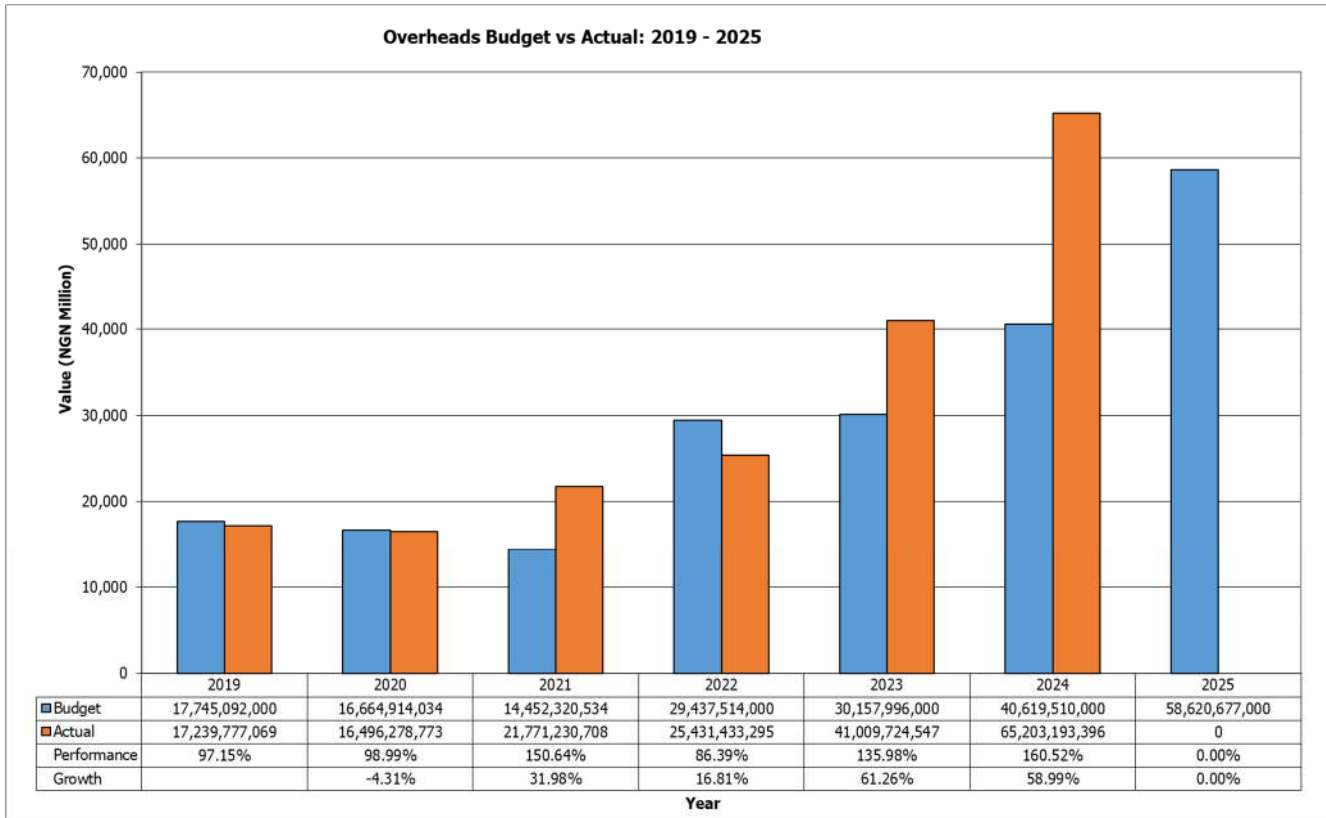


95. Social contribution and social benefit, which comprises allowances for casual labourers, severance pay for public office holders at the end of tenure of office, employers’ 3.25% and employees’ 1.75% contributions to contributory healthcare funds, pensions and gratuities, death benefits, etc. The performance in this section is not stable year-in-year-out due to its unpredictable nature, the government’s commitments and delays in realising the amounts due.

96. There has been a steady growth in social contribution and social benefit between 2019 to 2020, from 90.55% up to 114.48%. This trend, however, dropped from 80.85% in 2022. However, the government is doing everything humanly possible, despite dwindling revenue sources, by clearing the outstanding pension and gratuity arrears and making timely payments of pensions. This giant stride increases the performance to 138.29% in 2024. Nevertheless, despite these efforts, there are still some outstanding contingent liabilities worth over ₦4.327 billion uncleared as at 31st December 2024. In the year 2025, a sum of ₦10.326 billion was budgeted; of this amount, ₦4.506 billion has been accessed, translating to 43.63% performance.

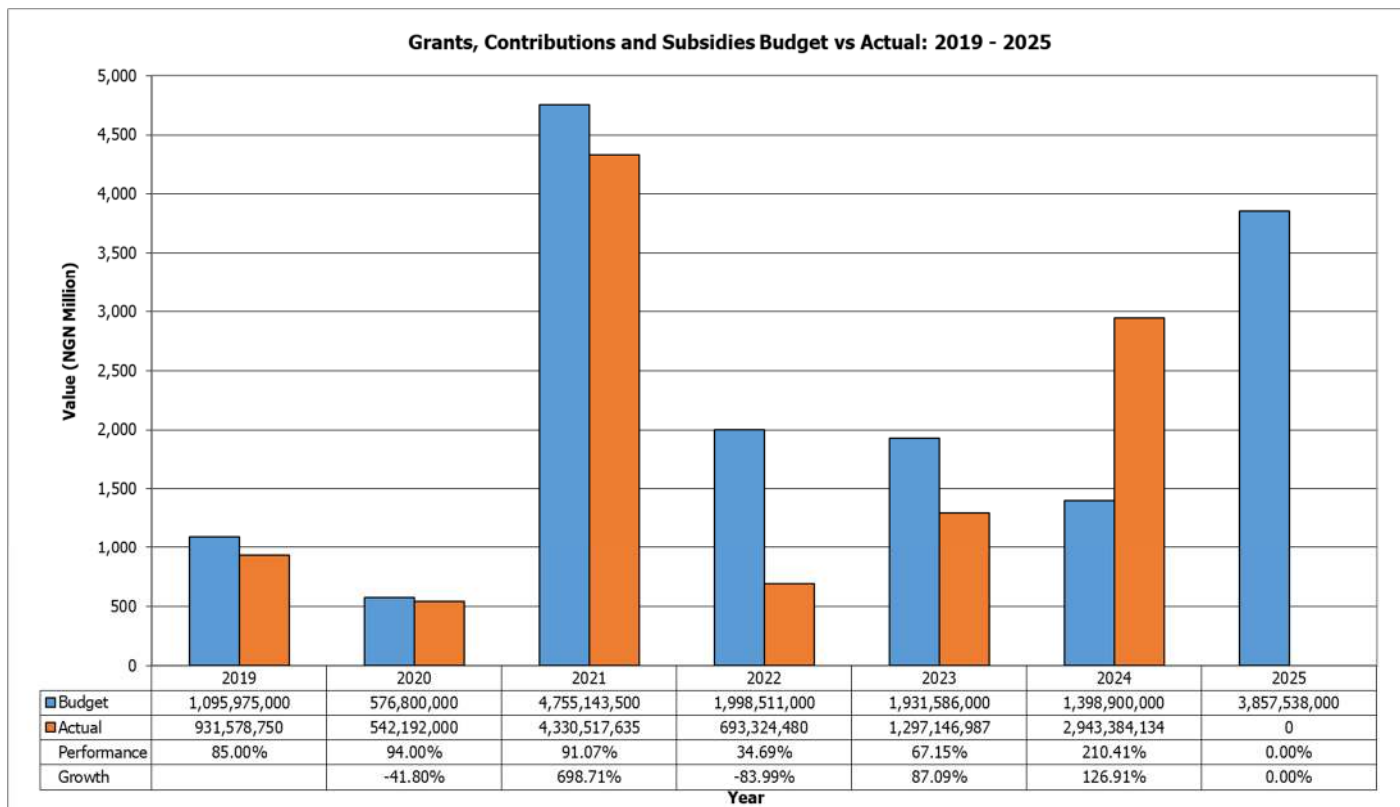
97. Expenditure on social contribution and social benefit is expected to grow over the next three years, from ₦12.388 billion in 2026 to ₦17.620 billion in 2028, with an annual growth rate of 20% between 2025 to 2026. This upsurge in social benefits expenditure correlates with the sudden exits of seasonal civil servants.

Figure 10: Overheads



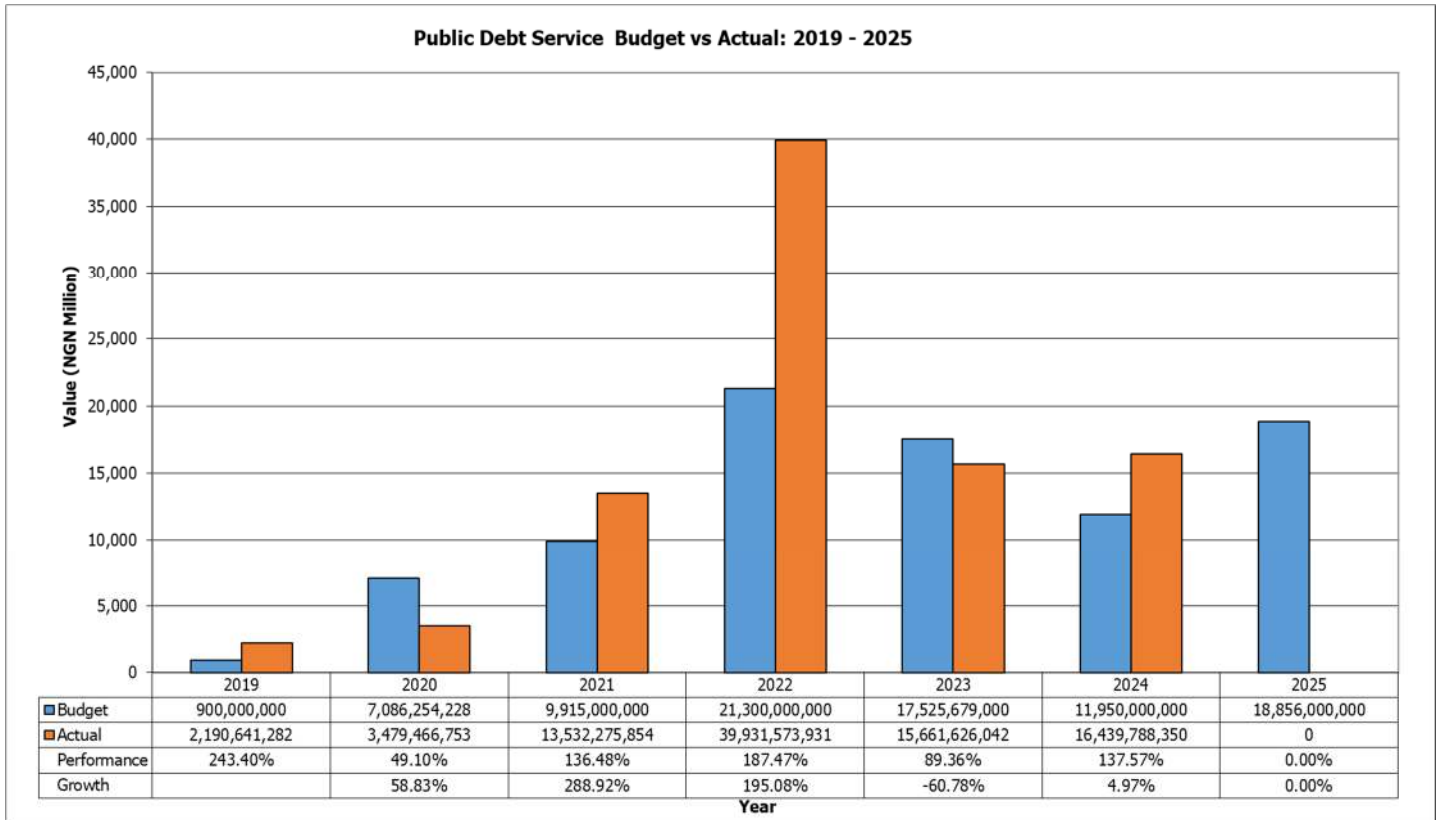
98. Overhead Costs, are the operating and maintenance expenses, incurs in the day-to-day running of the government activities, consisting of payment of utility bills (electricity, water and telephone bills), maintenance office and residential materials and supplies, motor vehicle, generating sets, provision of fuel and lubricants, school feeding programmes, procurement of working materials and essential drugs for healthcare facilities, schools, medical and laboratory reagents, sensitisations and awareness creation, monitoring and evaluation, staff career development, vulnerable groups, youth and women empowerment among others.
99. The operation and maintenance costs witnessed a remarkable achievement over the past few years, in terms of budget implementation, growing from 97.15% in 2019 to 150.64% in 2021. This dropped to 86.39% in 2022, later reached 160.52% in 2024. Over the periods January – June 2025, sum of ₦31.598 billion was expended, representing 54.30% performance.
100. Overhead cost is projected to grow over the next few years from ₦69.115 billion in 2026 reaching up to ₦73.324 billion in 2028. This upsurge in recurrent cost reflects a bad omen for the state, as large chunk of the budget will be expended on recurrent cost leaving the investment and developmental projects and programmes suffered the brunt,

Figure 11: Advances, Grants, Contributions, Subsidies



101. Advances, Grants, Contributions and Subsidies is made up furniture loans, motor vehicle advances, grants and contributions communities and NGOs, traditional institutions, local governments, subsidies on agricultural inputs (fertiliser, farm implements) among others. Item of material is the procurement of fertiliser.
102. Performance in this section looks pretty good, however, not stable, 85% was achieved in 2019 and picking up in 2020 with 94% performance. The least performance recorded was in the 2022 fiscal year. This low and unsteady performances is largely due unpredictable nature of these expenditure item.
103. In 2024 99% of the budgeted ₦2.96 billion has been expended. While in 2025 fiscal year, sum of ₦4.288 billion was budgeted and as of second quarter, ₦237.765 billion was expended, representing 5.6% performance.
104. Expenditure on grants, contribution and subsidies is expected to grow from ₦5.608 billion in 2026 to ₦6.183 billion in 2028, demonstrating government’s determination and commitment to youth empowerment and investment in agricultural value chain.

Figure 12: Public Debt Service

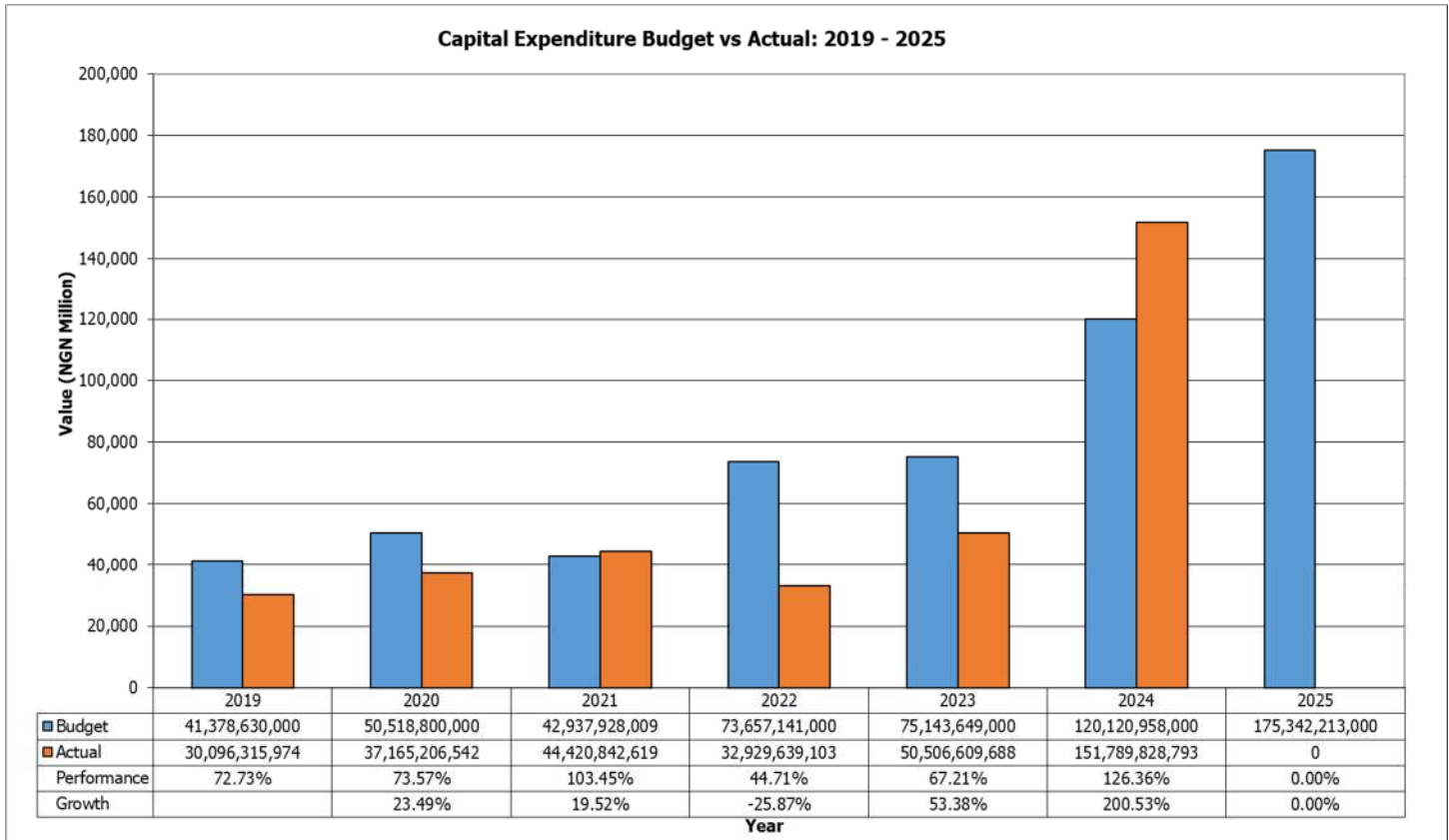


105. Figure 12 shows the trend of the state government’s effort in servicing the loans received from various sources to finance some of the developmental projects and programmes and financing the budget deficit. As contained in the Audited Financial Statement 2024, debt portfolio for the state stood at ₦84.923 billion, comprising of ₦54.630 billion internal loans and external loan of ₦30.292 billion as at 31st December 2024. Total debt service of ₦16.440 billion was expended, including ₦51.655 billion domestic debt service and ₦1.781 billion external debt service. However, ₦6.345 billion was expended during the second quarter of the 2025 fiscal year, translating to 33.7% performance over the budgeted ₦18.856 billion.

106. Furthermore, comparing the actuals and the original budget, over 200% was expended in 2019, 49% in 2020, 136% in 2021 and 187.47% in 2022, with an annual average actual of ₦15.206 billion within the past six years, meaning the state serviced loans of about ₦795 million on a monthly basis year-in-year-out.

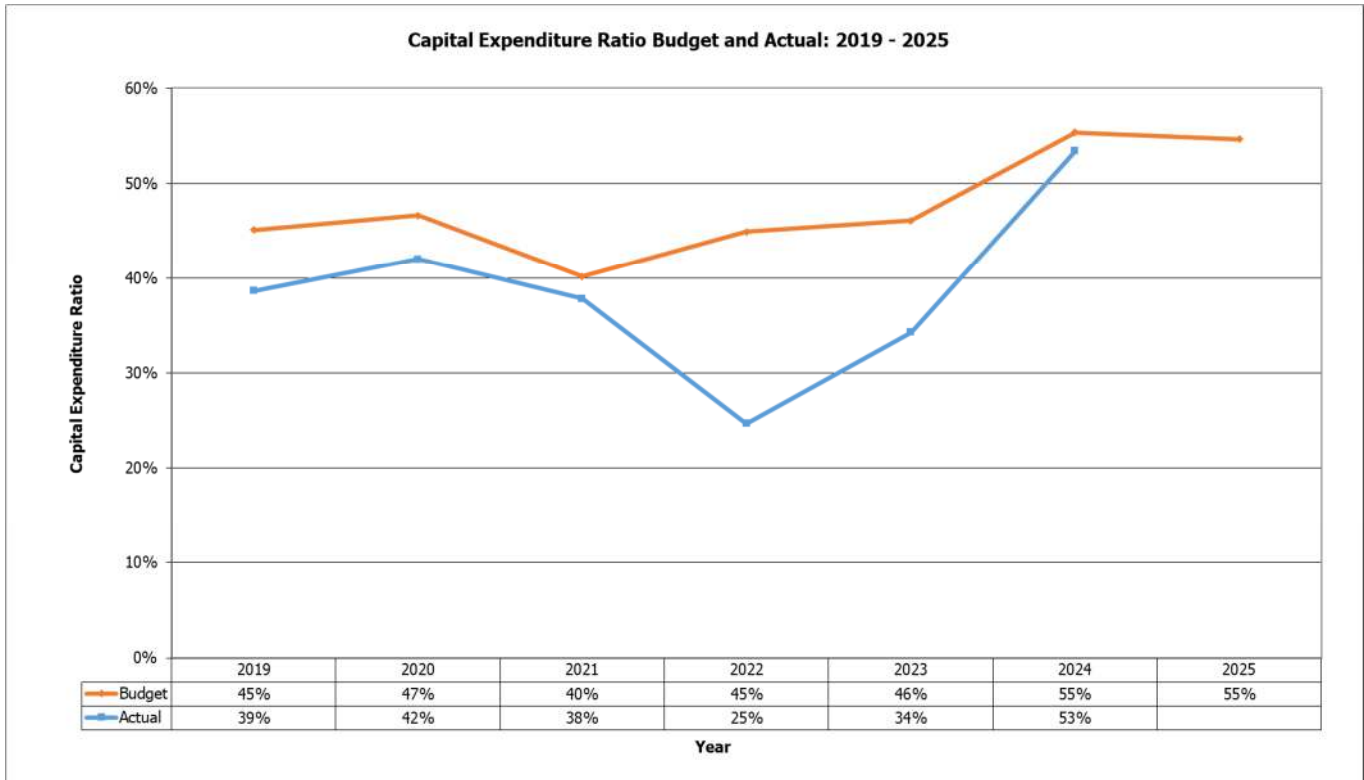
107. Debt service is projected to be ₦16.970 billion in 2026. This is expected to drop to ₦13.746 billion in 2028. The overperformance trend revealed it was underestimated over the past few years due to delayed negotiations to start the amortisation process on time and a lack of detailed information on the payback period in both the principal and interest.

Figure 13: Capital Expenditure



108. Capital expenditures are expenses incurred in the course of creating new fixed assets or the rehabilitation of existing assets that cannot be easily converted to cash or cash equivalents, and whose usable lifespan is more than one accounting year. This includes roads, schools, hospitals, laboratories, office buildings, sporting facilities, agricultural facilities, farm implements, furniture and fittings, among others.
109. Capital Expenditure over the past few years saw a stiffen growth from 72.73% in 2019, to 103.45% in 2021, this further declined to 44.71% in 2022. However, the performance had increased to 126.36% in 2024. During the period January to June 2025, ₦55.260 billion was expended, representing 31.5% of the originally budgeted ₦175.342 billion earmarked to cater for capital expenditure in the year 2025.
110. Despite the steady growth witnessed in capital expenditure, uncontrolled growth in operation and maintenance costs limits the state's ability to invest in critical areas like education and healthcare, which are essential for long-term economic development, infrastructural development, and an avenue for providing dividends of democracy to the citizenry. For a developing country, it is a best practice that capital investment takes up a larger chunk of the budget in the ratio of 60:40; however, the reverse has been the case as per Yobe State's budget is concerned (see Figure 14 for more clarification).

Figure 14: Recurrent: Capital Expenditure Ratio



111. Figure 14 shows the Capital Expenditure Ratio Budget and Actual: 2019 – 2025, comparing the budgeted versus actual capital expenditure ratios over seven years, from 2019 to 2025. The capital expenditure ratio represents the proportion of the total budget or expenditure allocated specifically to capital projects such as infrastructure, schools, and hospitals, relative to other expenditures like recurrent spending.

112. The budgeted ratio begins at 45% in 2019 and shows a slight decline over the next few years, dropping to 40% in 2021. This suggests that, over time, there was a planned reduction in the proportion of the budget allocated to capital expenditure. However, from 2022 onwards, there is an upward trend, with the budgeted capital expenditure ratio increasing to 55% by 2025. This upward shift indicates a renewed emphasis on capital projects, possibly due to strategic priorities or a need to boost long-term infrastructure development.

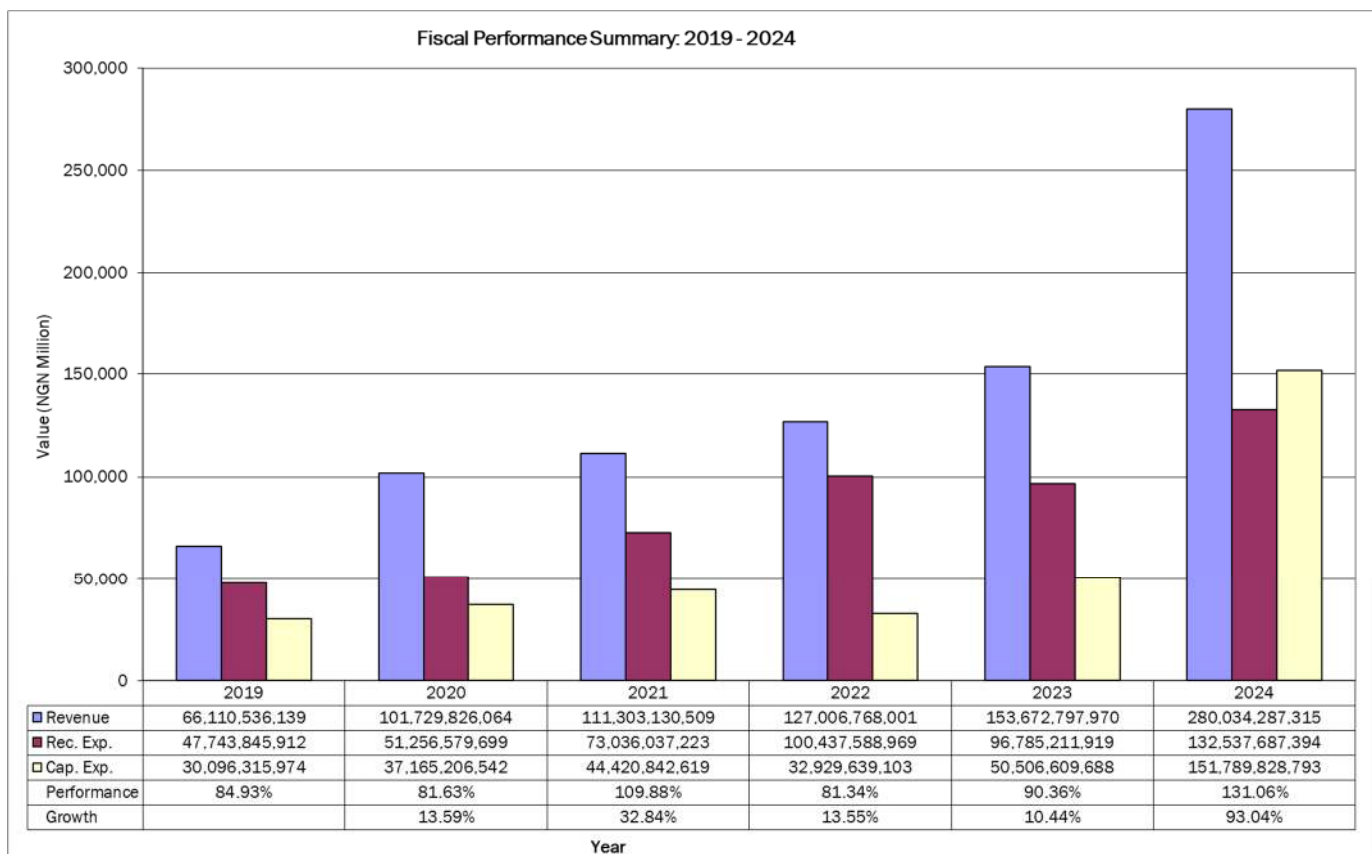
113. The actual capital expenditure ratio starts at 39% in 2019 and slightly improves to 42% in 2020. However, there is a noticeable decline from 2021 onwards, reaching a low of 25% in 2022. This suggests that, despite the budgetary intentions, the actual expenditure on capital projects fell short, particularly in the years following 2020. By 2024, there is a modest recovery to 53%, but the gap between the budgeted and actual expenditure ratios remains significant, indicating challenges in fully implementing capital budgets.

114. The consistent gap between the budgeted and actual capital expenditure ratios highlights potential issues in budget execution. While the government planned to allocate a significant

portion of its budget to capital projects, the actual spending often fell short, particularly in the year after 2020. This could be due to factors such as revenue shortfalls, prioritization of recurrent expenditures, or delays in project implementation.

- 115. The decline in the actual capital expenditure ratio in 2021 and 2022 suggests that these years were particularly challenging, possibly due to external economic pressures or internal budgetary constraints. The slight recovery in 2024 indicates some improvement but still falls short of the budgeted targets. The sharp increase in the budgeted ratio for 2025 to 55% reflects a strategic decision to significantly boost capital investment. If actual spending aligns more closely with the budget, it could signal a positive shift toward enhancing infrastructure and other capital assets, which are critical for long-term economic growth and development.
- 116. This further signalled the challenges in aligning budgeted intentions with actual fiscal outcomes, particularly in capital expenditure. The fluctuating actual expenditure ratios suggest difficulties in maintaining consistent investment in capital projects, despite planned allocations. Moving forward, it will be crucial for the government to address these execution gaps to ensure that its budgeted priorities translate into tangible outcomes, particularly in the area of capital development.

Figure 15: Summary of Fiscal Performance



- 117. Over this period, revenue has seen a consistent upward trend, growing from ₦66.110 billion in 2019 to ₦280.034 billion in 2024. Recurrent Expenditure, which covers the government's ongoing operational and maintenance costs such as salaries, utilities, and maintenance, has also increased significantly. In 2019, recurrent expenditure stood at ₦47.74 billion, rising to ₦132.74 billion by 2024. This trend indicates that a substantial portion of the government's budget is dedicated to sustaining its daily operations.
- 118. Capital Expenditure, representing investments in long-term infrastructure and development projects, has shown some fluctuation over the years. Starting at ₦30.10 billion in 2019, it reached ₦151.79 billion in 2024. Although capital expenditure has increased, its growth is not as favourable as that of recurrent expenditure. This disparity might suggest a heavier focus on maintaining existing infrastructure rather than on new development projects, reflecting budgetary constraints limiting capital investments.
- 119. Revenue growth year-over-year has also varied, with the highest growth of 93.04% occurring in 2024. This significant jump suggests a possible economic rebound or a major increase in government allocations during that year.
- 120. Overall, government in the past few years, been progressively increasing its revenue and expenditure outturns, with a particular emphasis on recurrent spending. The capital expenditure, while growing, does not match the rate at which recurrent costs are growing, which may signal a need to reassess the balance between maintaining current operations and investing in new projects.

Expenditure Trend by Sector

- 121. Figure 16 shows the expenditure trend according to sector in terms of personnel, overhead, and capital. However, may be noted that, for ease of administration, the state, in its state development plan, governance sector comprises of substantial number of sub-sectors with relatively higher expenditure under recurrent costs, personnel cost (pension, gratuity, severance gratuity for public office holders) and overhead costs (specifically public debt service) among others.

Figure 16: Sector Expenditure Trend

Personnel Expenditure by Sector

No.	Sector	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	2024 Budget	2024 Actual
1	Governance, Information and Commu	4,130,632,350	8,625,647,126	10,328,918,000	9,636,346,255	11,651,826,000	12,346,589,430	12,809,507,000	14,638,293,957
2	Agriculture	1,530,534,415	1,777,472,784	1,465,496,500	1,723,552,664	1,803,908,000	1,787,886,234	2,188,971,000	2,102,008,752
3	Works, Land and Housing	1,013,759,889	925,346,551	671,324,000	870,856,724	680,663,000	848,281,487	970,107,000	1,017,396,524
4	Commerce, Industry and Tourism	188,064,573	174,739,821	180,911,000	159,986,255	172,950,000	170,089,860	187,822,000	240,581,427
5	Water, Sanitation and Hygiene	569,702,233	519,526,820	532,607,000	493,437,879	519,511,000	481,652,990	550,526,000	594,846,075
6	Justice, Peace and Security	1,214,191,123	1,190,683,810	1,235,101,000	1,147,016,501	1,198,705,000	1,313,559,190	1,440,107,000	1,632,490,907
7	Health	7,301,251,227	6,933,559,869	8,978,580,000	7,263,368,984	7,995,961,000	7,938,799,178	5,384,343,000	10,346,948,106
8	Education	12,052,949,660	11,277,098,333	12,182,313,500	11,116,118,330	12,110,440,000	11,922,117,326	16,023,858,000	14,944,104,956
9	Environment	1,037,719,815	1,105,324,063	1,124,055,000	1,113,705,068	1,169,131,000	1,117,572,270	2,235,123,000	1,274,165,397
10	Social and Community Development	636,024,144	582,380,423	580,337,000	585,117,816	597,236,000	617,573,218	705,003,000	759,146,983
11	Transport and Energy	370,278,304	290,233,426	280,575,000	271,750,787	346,125,000	272,593,159	365,265,000	401,338,430
	Total	30,045,107,733	33,402,013,026	37,560,218,000	34,381,257,263	38,246,456,000	38,816,714,343	42,860,632,000	47,951,321,514

Overhead Expenditure by Sector

No. Sector	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	2024 Budget	2024 Actual
1 Governance, Information and Commu	28,228,682,000	33,921,775,544	38,853,712,000	57,373,393,287	37,163,660,000	44,478,101,749	34,862,901,000	64,097,483,334
2 Agriculture	679,710,000	136,879,098	1,266,210,000	566,503,309	1,185,210,000	540,527,872	1,559,990,000	3,403,676,562
3 Works, Land and Housing	133,848,000	53,096,841	160,923,000	139,137,762	153,824,000	118,081,134	364,998,000	162,310,600
4 Commerce, Industry and Tourism	50,275,000	10,684,578	432,275,000	127,288,048	321,275,000	176,912,096	673,325,000	408,201,000
5 Water, Sanitation and Hygiene	226,166,000	147,179,365	226,166,000	231,059,170	223,166,000	338,092,252	258,166,000	244,563,912
6 Justice, Peace and Security	704,868,000	332,388,386	788,388,000	200,375,350	827,193,000	511,984,258	1,105,913,000	526,427,000
7 Health	1,050,380,000	1,410,101,090	1,607,880,000	718,954,942	1,657,880,000	893,448,666	1,651,789,000	1,348,070,350
8 Education	1,878,914,534	2,852,123,848	7,741,331,000	3,696,147,272	6,399,137,000	5,195,060,008	7,828,899,000	9,652,861,612
9 Environment	239,920,000	127,361,500	412,790,000	146,982,715	452,790,000	204,093,535	1,072,305,000	222,670,000
10 Social and Community Development	299,100,500	194,877,736	542,300,000	1,892,831,105	582,301,000	4,195,474,890	3,223,674,000	2,570,948,040
11 Transport and Energy	423,600,000	447,556,211	704,050,000	963,658,746	648,825,000	1,316,721,116	1,366,450,000	1,949,153,466
Total	33,915,464,034	39,634,024,196	52,736,025,000	66,056,331,706	49,615,261,000	57,968,497,576	53,968,410,000	84,586,365,876

Capital Expenditure by Sector

No. Sector	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Actual	2024 Budget	2024 Actual
1 Governance, Information and Commu	6,521,778,000	4,100,232,663	8,113,379,000	4,091,485,483	11,374,507,000	6,253,107,668	9,910,765,000	22,429,491,290
2 Agriculture	2,300,500,000	873,110,481	5,518,288,000	1,665,465,406	4,134,837,000	1,330,990,394	4,646,837,000	22,212,747,958
3 Works, Land and Housing	14,247,800,009	15,201,290,461	19,424,240,000	5,075,561,533	11,097,240,000	16,558,444,926	30,484,900,000	43,288,699,874
4 Commerce, Industry and Tourism	4,517,500,000	7,878,397,618	7,265,321,000	3,266,033,377	10,057,821,000	4,879,808,148	8,700,321,000	18,172,990,034
5 Water, Sanitation and Hygiene	1,162,000,000	2,131,257,407	5,108,000,000	1,764,156,121	7,943,000,000	1,624,674,713	6,810,000,000	7,336,554,136
6 Justice, Peace and Security	896,000,000	401,266,500	1,526,000,000	318,607,819	1,515,000,000	500,000,000	1,380,000,000	400,000,000
7 Health	1,728,000,000	1,316,714,202	8,318,685,000	2,995,869,985	9,858,686,000	3,658,871,274	5,900,003,000	2,711,368,668
8 Education	5,725,000,000	2,522,010,176	9,057,800,000	1,964,795,239	9,134,800,000	3,383,092,539	32,004,944,000	8,186,218,124
9 Environment	360,000,000	123,200,000	1,141,428,000	139,752,500	1,918,533,000	458,521,197	2,015,000,000	3,190,104,390
10 Social and Community Development	308,000,000	50,867,323	1,163,000,000	613,837,217	1,593,000,000	2,438,891,912	5,951,304,000	4,547,769,559
11 Transport and Energy	5,171,350,000	9,822,495,790	7,021,000,000	11,034,074,424	6,516,225,000	9,420,206,915	12,316,884,000	19,313,884,760
Total	42,937,928,009	44,420,842,619	73,657,141,000	32,929,639,103	75,143,649,000	50,506,609,688	120,120,958,000	151,789,828,793

122. Reviewing the trend of personnel expenditure, comparing budget and actuals for the three years 2021 to 2024. As shown in the table, the Governance, Information, and Communication sector consistently performed well. In 2021, it spent ₦8.625 billion out of a budgeted ₦4.130 billion, which increased significantly by 2022. This trend of meeting or exceeding budgeted amounts continued through 2024, with actual spending of ₦14.638 billion against a budgeted ₦12.810 billion.

123. In contrast, the Education sector demonstrated strong performance in personnel expenditure from 2020 to 2022, consistently spending close to its budgeted amounts. However, in 2024, there was a sharp decline, with only ₦1.120 billion spent out of a budgeted ₦12.110 billion, marking a significant underperformance. The health sector, meanwhile, consistently spent close to its budgeted amounts from 2021 to 2022, with a notable point in 2024 where actual expenditure reached ₦14.944 billion against a budget of ₦16.024 billion, indicating a surge in personnel costs.

124. In terms of overhead cost, again, the Governance, Information, and Communication sector stood out for consistently exceeding its budgeted amounts. In 2021, it spent ₦33.922 billion against a budget of ₦28.229 billion. By 2024, the sector had significantly increased its overhead expenditure, with actual spending at ₦64.097 billion, surpassing the budgeted ₦34.862 billion. The Education sector experienced a downturn in overhead spending. While it performed relatively well from 2021 to 2022, spending close to its budgeted amounts, 2024 saw a drastic increase in actual expenditure, with ₦9.653 billion spent out of a budgeted ₦7.829 billion, indicating a utilization of resources. The health sector showed moderate overhead spending, maintaining close alignment with its budgets from 2021 to 2022. However, in 2024, there was a significant increase in actual overhead expenditure, reaching ₦1.348 billion against a budgeted ₦1.652 billion, suggesting unforeseen operational demands.

125. With regards to capital expenditure performance, the Transport and Energy sector emerged as a top performer in capital expenditure. This sector consistently spent close to or exceeded its budget, particularly in 2024, where actual expenditure was ₦19.314 billion against a budget of ₦12.317 billion, reflecting effective utilization of resources for infrastructure projects. In contrast, the Agriculture sector overspent its capital budget, where in 2024 has actual spending, reaching ₦22.213 billion out of a budgeted ₦4.647 billion.
126. The Education sector showed persistent underperformance in capital expenditure, with actual spending significantly below budget in every year, particularly in 2024, where only ₦8.186 billion was spent out of a budgeted ₦32.005 billion. While the health sector, however, struggled with capital expenditure, consistently underspending relative to its budget, with a significant drop in 2024, where actual spending was ₦2.711 billion against a budget of ₦5.900 billion.
127. The Governance, Information, and Communication sector was a top performer, particularly in personnel and overhead expenditures, consistently meeting or exceeding its budgeted amounts. The Works, Land, and Housing sector outshone in capital expenditure, effectively utilizing its budget for critical infrastructure projects.
128. On the other hand, the Education sector experienced significant underperformance, particularly in 2024, across all expenditure segments, reflecting challenges in budget utilization. While the health sector showed mixed results, with a strong performance in personnel expenditure but challenges in capital spending, indicating potential execution issues.

2.B.2 Debt Position

129. A summary of the consolidated debt position for Yobe State Government is provided in Table 4 below.
130. **External Loans:** External Loans are loans sourced from either the World Bank, International Monetary Fund (IMF), Islamic Development Bank (IsDB), African Development Bank (AfDB), etc, obtained by the Federal Government and lent to State Governments through the Subsidiary Loan Agreement. The total external debt stood at ₦30.292 billion, indicating an annual growth of 56.7% against ₦19.327 billion in 2023.
131. **Internal Loans:** These are loans obtained from within the country and consist of Commercial Bank Loans (Contract Financing Principal), CBN COVID-19 Facility (NG CARES PforR), among others. As indicated, total domestic debt stood at ₦54.630 billion, indicating an annual growth of -43.2% against ₦96.113 billion as of 31st December 2023.

Table 1: Debt Positions as at 31st December 2024

A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2024
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	492.86%
2	Total External Debt/Gross FAAC	150%	14.00%
3	Total Public Debt/Total Recurrent Revenue	150%	37.35%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	466.02%
6	External Debt Service/Gross FAAC	10%	0.82%
7	Debt Service Deductions from FAAC/Gross FAAC	40%	4.43%
8	Total Debt Service/Total Recurrent Revenue	25%	23.50%
B	PUBLIC DEBT DATA AS AT 31st DECEMBER 2024		Naira
1	Total Domestic Debt		54,630,402,864
2	Total External Debt		30,292,438,043
3	Total Public Debt		84,922,840,908
4	Total Domestic Debt Service 2024		51,655,162,338
5	Total External Debt Service in 2024		1,781,323,109
6	Total Public Debt Service		53,436,485,447
C	STATE GDP FOR 2024		
1	State GDP		0

132. **Solvency Ratio:** This is the metric used to measure the Government’s ability to meet its long-term debt obligations. This indicates whether the government’s cash flow is sufficient to meet its long-term liabilities. It is, therefore, a measure of the government’s financial health. The Yobe State Public Financial Law 2019 states that the State Public Debt shall not exceed one hundred and fifty per cent (150%) of the total revenue of the preceding year. The State’s solvency ratio, as presented in Table 4, is as follows:

- i. **Total Domestic Debt/IGR.** At 492.86%, this ratio is significantly above the 150% threshold; it is more than 5 times higher than the threshold. As indicated in Figure 3, total IGR stood at ₦11.084 billion, accounting for only 10.81% of the total recurrent revenue. This indicates high solvency concerns, hence the need for the government’s urgent attention to ensure all potential revenue sources are tapped and all possible leakages blocked.
- ii. **Total External Debt/Gross FAAC.** This ratio is within the threshold of 150% by 14.00%. The Gross FAAC allocations, including VAT, Excess Crude, and other FAAC revenues as of 31st December 2024 stood at ₦216.301 billion against ₦30.292 billion external debt. This indicates that government can amicably pay off its external debt with its FAAC revenues.

- iii. **Total Public Debt/Total Recurrent Revenue.** The Total Recurrent Revenue stood at ₦227.386 billion, as against the Total Public Debt of ₦84.923 billion. At 37.35%, this ratio is within the threshold of 150%. Despite being closer to the threshold, the state can service its long-term obligations with its scarce recurrent revenues.
- iv. **Total Public Debt/State GDP.** The calculation of this metric could not be completed due to the current unavailability of the State GDP data. Nonetheless, a State GDP survey was conducted earlier this year, and the results are pending computation, with the process overseen collaboratively by the State Bureau of Statistics and the National Bureau of Statistics.

133. **Liquidity Ratio:** This is a financial metric used to assess the government’s ability to pay off current debt obligations as and when due without raising external capital. It shows how quickly the government can convert its current assets into cash in order to offset its current liabilities on a timely basis. As provided in the Yobe State Public Financial Law 2019, “the annual debt service cost of government shall not exceed fifteen per cent (15%) of the most recent audited revenue of the government, as approved by the House”. Also, “monthly debt service deduction shall not exceed forty (40%) of the average Federation Account Allocation Committee for the preceding 12 months”.

- i. **Domestic Debt Service/IGR.** This threshold assesses the state's internal revenue’s ability to service domestic debt as and when due. Total IGR generated during the preceding year stood at ₦11.084 billion against ₦51.655 billion Total Domestic Debt Service. At 466.02%, the ratio is exorbitantly higher than the 15% threshold. This indicates a serious threat, as the state’s IGR is far below expectations.
- ii. **External Debt Service/Gross FAAC.** This assesses the gross revenue inflows from the Federation Account’s ability to service external obligations. As indicated in table 4, this is within the liquidity ratio at 0.82% of the stipulated 10% threshold. This implies that the State’s share of FAAC Allocation can service the external debt without stress.
- iii. **Debt Service Deductions from FAAC/Gross FAAC.** This threshold assesses the State’s gross share from the Federation Account’s capacity in servicing obligations directly from the source. The State is within the liquidity ratio threshold of 40%, currently at 4.43%.
- iv. **Total Debt Service/Total Recurrent Revenue.** This determines the state’s ability to pay off short-term obligations with its recurrent revenue. Total recurrent revenue as at 31st December 2024, stood at ₦227.386 billion, against ₦53.436 billion total debt service. Thus, at 23.50%, the ratio is within the 25% threshold.

3 Fiscal Strategy Paper

3.A Macroeconomic Framework

134. Figure 17 presents the main parameters and macroeconomic projections for the 2026–2028 MTEF. National inflation is forecast at 23.00% in 2026 and 14.00% in 2028, with real GDP growth rising from 3.00% to 3.30% over the same period.

Figure 17: Yobe State Macroeconomic Framework

Macro-Economic Framework

Item	2026	2027	2028
National Inflation	23.00%	15.40%	14.00%
National Real GDP Growth	3.00%	3.30%	3.30%
Oil Production Benchmark	1.48	2.06	2.06
Oil Price Benchmark	\$75.00	\$77.00	\$80.00
NGN:USD Exchange Rate	1550	1400	1400
Other Assumptions			
Mineral Ratio	21.75%	21.75%	21.75%

135. The oil production benchmark is set at 1.48 million barrels per day (MBPD) for 2026, expected to increase to 2.06 MBPD in 2028. The oil price benchmark is assumed to be \$75.00 per barrel for 2026, and up to \$80.00 in 2028.

136. In addition, the exchange rate is set at ₦1550 per US Dollar for 2026, while the mineral ratio is projected to be 21.75% over the three years, reflecting the significance of mineral revenues in the economy:

3.B Fiscal Strategy and Assumptions

3.B.1 Policy Statement

137. Yobe State’s fiscal strategy is centred on diversifying its revenue sources and enhancing its independent revenue base to reduce reliance on FAAC allocations, loans, and donor support. This policy direction emphasizes the completion of developmental projects and the implementation of reforms to broaden the tax base and improve tax collection efficiency. Equally, the state aims to attract private investment through public-private partnerships (PPPs) and leverage its agricultural potential to boost revenue through value-added processing and export.

138. To achieve a sound budgeting system, Yobe State is committed to enforcing compliance with established spending limits. This involves ensuring aggregate fiscal discipline by aligning total government spending with available resources to avoid deficits. The state prioritizes allocative efficiency by focusing on high-impact projects that align with its development goals and emphasizes effective spending through continuous monitoring and evaluation to ensure expenditures deliver the intended outcomes.

139. The Yobe State Development Plan 2050 outlines the government’s long-term vision, structured around four strategic pillars and four foundational elements. The strategic pillars include social development, which aims to improve education, healthcare, and social services; economic growth, which focuses on promoting economic activities that create jobs and increase income levels; infrastructural development, which involves investing in infrastructure such as roads, energy, and water supply to support economic activities; and sustainable environment, which implements policies to protect the environment and promote sustainable use of natural resources.
140. The foundational elements of the plan include building strong institutions that can effectively implement policies and manage resources, ensuring fiscal discipline through accountability and transparency in financial management, and maintaining effective monitoring and evaluation to continuously assess the impact of policies and projects. Additionally, the plan emphasises the importance of peace and security in creating a conducive environment for development and investment.
141. This comprehensive approach aims to create a resilient and self-sustaining economy in Yobe State, reducing dependency on external funding and fostering long-term growth and development.

3.B.2 Objectives and Targets

142. The key targets from a fiscal perspective are:
 - i. Completion of ongoing projects.
 - ii. Actualisation of the development priorities of the government as enshrined in the State Development Plan 2050;
 - iii. Elimination of wastages and other unjustifiable expenditures without prior link to the government policy objectives
 - iv. Make adequate provision for completion of various developmental projects kick-started in the previous fiscal year;
 - v. Diversify the internal revenue base and review revenue projections to reflect current economic realities.
 - vi. Compliance with NGF Budget guidelines and recommendations, and adopt the principles of best practices where practicable.
 - vii. Ensure adjustment of debt servicing or repayment period (refinancing and restructuring) to free up funds for other developmental projects.
 - viii. Target sources of capital receipts and financing outside of loans (e.g., Aid and Grants, PPP, etc.).

3.C Indicative Three-Year Fiscal Framework

The indicative three-year fiscal framework for the period 2026 – 2028 is presented in Table 5 below. As indicated, an opening balance of ₦5.000 billion was anticipated over the three years. Putting more emphasis on the 2026 fiscal year, the recurrent revenue was projected from various sources using different forecasting methods. Statutory Allocation is estimated

- at ₦54.118 billion, using own percentage. VAT (Value Added Tax) is forecasted at ₦80.819 billion, utilizing also own percentage.
143. Internally Generated Revenue (IGR) is projected at ₦16.183 billion, also based on an own percentage. Excess Crude/Other FAAC Revenue is expected to be ₦82.763 billion, calculated using a self-determined percentage. In total, the recurrent revenue for 2026 fiscal year is anticipated to be ₦233.883 billion.
 144. Recurrent expenditure is anticipated to be ₦168.486 billion, including several key areas, each forecasted using specific methods. Personnel Costs are expected to be ₦64.403 billion, using an own percentage, excluding outliers Social Contribution and Social Benefit costs are projected at ₦12.388 billion, using a 5 year Moving Average. Overheads are forecasted to be ₦69.115 billion, using a self-determined percentage. Grants, Contributions, and Subsidies are expected to amount to ₦5.609 billion, using a self-determined percentage. Public Debt Service is projected at ₦16.970 billion, based on a self-determined percentage.
 145. Transfers - the surplus or deficit (₦70.398 billion), being the difference between the recurrent revenue and recurrent expenditure (including opening balance) would be transferred from the recurrent account to the capital account.
 146. Capital receipts are projected to be ₦276.700 billion, primarily from grants and other capital receipts of ₦50 billion, expected from refund on Cargo International Airport, based on the agreement reached during the administration of President Muhammadu Buhari.

Table 2: Yobe State Medium Term Fiscal Framework

Fiscal Framework

Item	2026	2027	2028
Opening Balance	5,000,000,000	5,000,000,000	5,000,000,000

Recurrent Revenue

Statutory Allocation	54,117,784,745	59,529,563,219	68,458,997,702
VAT	80,819,123,361	84,860,079,530	89,103,083,506
IGR	16,183,176,169	17,801,493,786	19,581,643,164
Other FAAC Revenues	82,763,348,620	112,233,064,723	112,233,064,723
Total Recurrent Revenue	233,883,432,895	274,424,201,258	289,376,789,095

Recurrent Expenditure

Personnel Costs	64,403,111,270	67,623,266,834	71,004,430,175
Social Contribution and Social Benefit	12,388,348,744	14,636,784,588	17,619,794,834
Overheads	69,115,385,000	71,188,846,550	73,324,511,947
Grants, Contributions and Subsidies	5,608,618,467	5,889,049,391	6,183,501,860
Public Debt Service	16,970,400,000	15,273,360,000	13,746,024,000
Total	168,485,863,482	174,611,307,363	181,878,262,816

Transfer to Capital Account	70,397,569,413	104,812,893,894	112,498,526,279
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Capital Receipts

Grants	25,700,000,000	25,700,000,000	25,700,000,000
Other Capital Receipts	60,000,000,000	0	0
Total	85,700,000,000	25,700,000,000	25,700,000,000

Reserves

Contingency Reserve	0	0	0
Planning Reserve	0	0	0
Total Reserves	0	0	0

Capital Expenditure	347,097,569,413	186,512,893,894	190,198,526,279
Discretionary Funds	206,397,569,413	160,812,893,894	168,498,526,279
Non-Discretionary Funds	140,700,000,000	25,700,000,000	21,700,000,000

Financing (Loans)	191,000,000,000	56,000,000,000	52,000,000,000
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Total Revenue (Including Opening Bal)	515,583,432,895	361,124,201,258	372,076,789,095
Total Expenditure (including Continge	515,583,432,895	361,124,201,258	372,076,789,095

147. Capital expenditure is anticipated to be ₦347.097 billion, with ₦206.398 billion allocated to discretionary funds and ₦140.700 billion to non-discretionary funds (UBE-Matching Grant, BHCPF, RAAMP, ACRoSAL, NG-CARES, SOLID). This allocation aims to ensure flexibility and address non-negotiable financial commitments.

Capital Receipts

ITEM	2026	2027	2028
Internal Grants			
Grants from Revenue Mobilisation and Fiscal Commission for the Development of Natural Resources in the State	20,000,000,000	20,000,000,000	20,000,000,000
Universal Basic Education Matching Grant from Federal Government of Nigeria	3,200,000,000	3,200,000,000	3,200,000,000
FGN Basic Health Care Provisional Fund	500,000,000	500,000,000	500,000,000
HOPE-GovHuman: Capital Opportunities for Prosperity and Equity - Governance - World Bank PforR	2,000,000,000	2,000,000,000	2,000,000,000
Sub-Total Internal Grant	25,700,000,000	25,700,000,000	25,700,000,000

External Grants			
Sub-Total External Grant	0	0	0

Grant Balancing Item / Blue Sky			
Total Grants	25,700,000,000	25,700,000,000	25,700,000,000

Internal Loans			
Commercial Bank Loan	10,000,000,000	10,000,000,000	10,000,000,000
NG-CARES: Nigeria COVID 19 Action Recovery & Economic Stimulus - Loan	20,000,000,000	0	0
SABER: State Action for Business Enabling Environment - World Bank PforR Project	10,000,000,000	10,000,000,000	10,000,000,000
ACReSAL: Agro-Climatic Resilience in Semi-Arid Landscapes - World Bank Project	1,000,000,000	1,000,000,000	1,000,000,000
Federal Ministry of Women Affairs (Women Development)	1,000,000,000	1,000,000,000	1,000,000,000
Solution for the Internally Displaced and Host Communities, SOLID - World Bank Project	20,000,000,000	5,000,000,000	5,000,000,000
IsDB: Islamic Development Bank	5,000,000,000	5,000,000,000	5,000,000,000
RAAMP: Rural Access and Agricultural Marketing Project - World Bank Project	30,000,000,000	5,000,000,000	5,000,000,000
SPIN: Sustainable Power and Irrigation for Nigeria - World Bank Project	4,000,000,000	2,000,000,000	2,000,000,000
Africa Adaptation Acceleration Program (AAAP) - Climate Action Window (CAW) - AfDB Project	20,000,000,000	5,000,000,000	5,000,000,000
IBSDLEIP: Inclusive Basic Service Delivery and Livelihood Empowerment Integrated Programme - AfDB Project	5,000,000,000	2,000,000,000	2,000,000,000
AGILE: Adolescent Girls Initiative for Learning and Empowerment - World Bank Project	65,000,000,000	10,000,000,000	6,000,000,000
Total	191,000,000,000	56,000,000,000	52,000,000,000

External Loans			
Total	0	0	0

Other Capital Receipts			
Refund of Cargo International Airport	60,000,000,000	0	0
Total	60,000,000,000	0	0

148. Capital receipts are expected from Internal Grants ₦25.700 billion, comprising ₦22.00 billion discretionary funds made up of Grants from Revenue Mobilisation and HOPE-Gov: Human Capital Opportunities for Prosperity and Equity – Governance. ₦3.700 billion non-discretionary funds from the Universal Basic Education (UBE) Matching Grant from the Federal Government of Nigeria, and the FGN Basic Health Care Provisional Fund.
149. Financing for the year includes ₦191.00 billion in loans, comprising discretionary funds of ₦54 billion, from Commercial Banks and SABER's PforR loan facility, IsDB: Islamic Development Bank, SPIN: Sustainable Power and Irrigation for Nigeria - World Bank Project, Africa Adaptation Acceleration Program (AAP) - Climate Action Window (CAW) - AfDB Project, IBSLEIP: Inclusive Basic Service Delivery and Livelihood Empowerment Integrated Programme - AfDB Project and non-discretionary funds of ₦137 billion, expected from the Agro Climatic Resilience in Semi-Arid Landscape (ACReSAL), (benefitting Ministry of Environment), the Federal Ministry of Women Affairs (Women Development) (targetting Women Affairs), the Nigeria COVID-19 Action Recovery & Economic Stimulus (NG-CARES) targetting (Fadama, Community-Driven Projects CSDP, SMEs, Social Cash Transfers, Labour Intensive Public Workfare, and State Social Coordination Unit), Solution for the Internally Displaced and Host Communities, SOLID - World Bank Project (Benefitting Ministry of Humanitarian Affairs), RAAMP: Rural Access and Agricultural Marketing Project - World Bank Project (Ministry of Works) and AGILE: Adolescent Girls Initiative for Learning and Empowerment - World Bank Project (benefitting Ministry of Basic Education).

3.C.1 Assumptions

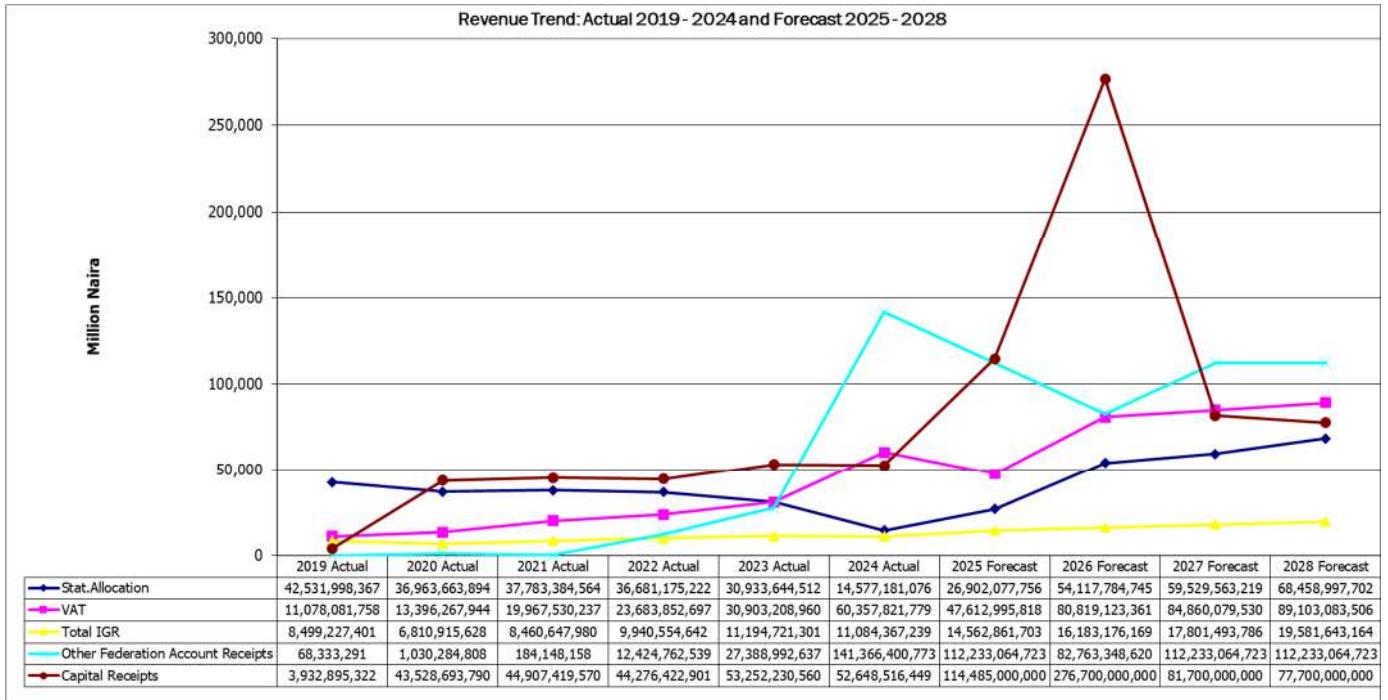
150. Statutory Allocation is estimated using a, at ₦54.115 in 2026, it is projected to increase to ₦68.459 billion by 2028. This projected increase is attributed to the higher-than-expected trends, witnessing a higher outturn over the past few years.
151. Value Added Tax (VAT) – Forecasted using a self-determined percentage, VAT is projected to grow from ₦80.819 billion in 2026 to ₦89.103 billion by 2028. The projected increase was attributed to higher-than-expected trends, resulting in higher outturns over the past few years.
152. IGR – Using a self-determined percentage, projected to increase from ₦16.183 billion in 2026 to ₦19.582 billion by 2028.
153. Excess Crude/Other FAAC Revenue – This revenue comprises excess crude, ecological fund, electronic money transfer, and exchange gain differentials among other revenues, projected to increase from ₦82.763 billion in 2026 to ₦112.233 billion in 2028
154. Personnel Costs projected using a self-determined own value, saw steady growth from ₦64.403 billion in 2026 to ₦71.004 billion by 2028
155. Social Contribution and Social Benefit projected using a 5-year moving average, excluding outliers, at ₦12.388 billion in 2026, ₦14.637 billion in 2027 and ₦17.620 billion in 2028
156. Overheads ₦69.115, ₦71.189 and ₦73.325 billion in 2026, 2027 and 2028
157. Grants, Contributions and Subsidies ₦5.609, ₦5.889 and ₦6.184 billion in 2026, 2027 and 2028

158. Public Debt Service projected using self-determined percentage at ₦16.970 billion in 2026, anticipated to decline to ₦13.746 billion by 2028
159. Grants ₦25.700 billion in 2026 and in subsequent years, 2027, and 2028.
160. Capital Expenditure ₦347.098 billion in 2026, projected to decline to ₦190.199 billion by 2028, which is made up of:
 - a) Discretionary Funds of ₦206.398 billion in 2026, ₦160.813 in 2027 and ₦168.499 billion in 2028
 - b) Non-Discretionary Funds of ₦140.700 billion in 2026 and ₦25.700 billion and ₦21.700 billion in 2028
 - c) Financing (Loans) is projected at ₦191.000 billion in 2026, anticipated to decrease to ₦52 billion by 2028
161. The State planned a balanced budget of ₦515.583 billion in 2026, anticipating to a decrease to ₦372.077 billion by 2028

3.D Fiscal Trends

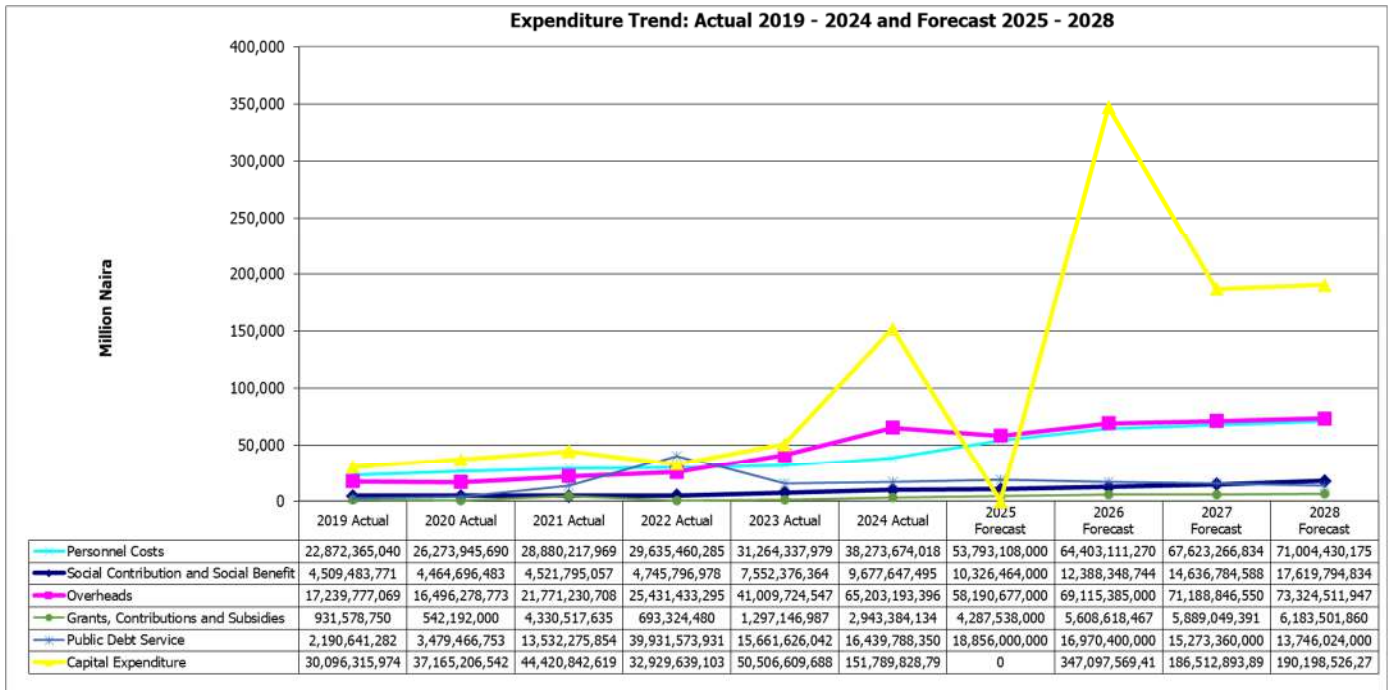
162. Based on the above envelope, using the same basis for forecasting as noted in the sub-sections within section 3.B, the trend from historical actual to forecast can be seen for revenue and expenditure in Figure 18, which focuses on Yobe State's revenue sources, outlining the actual figures from 2019 to 2024 and projecting future income streams up to 2028.
163. Several key revenue components are highlighted, including Statutory Allocation, VAT, Internally Generated Revenue (IGR), Other Federation Account revenues such as excess crude, ecological funds, electronic money transfer levy, exchange gain among others and Capital Receipts: -

Figure 18: Yobe State Revenue Trend



164. Statutory Allocation represents the state's share of revenue from the federal government. The trend shows some fluctuations, with actual values hovering between ₦42.532 billion in 2019, ₦36.964 billion in 2020 and ₦60.358 billion in 2024.- The forecast indicates an increase from ₦54.118 billion in 2026 to ₦68.459 billion by 2028. Conversely, the revenue from Value Added Tax has been steadily increasing from ₦11.078 billion in 2019 to ₦23.684 billion in 2022. The forecast shows a continued upward trajectory, with VAT expected to surpass ₦89.103 billion by 2028, reflecting strong growth in this revenue stream.
165. Other Federation Account Receipts have seen fluctuations, with a notable peak of ₦1.030 billion in 2020. However, it stabilizes to around ₦12.425 billion in 2022, forecasted to reach ₦112.233 billion by 2028, showing high volatility compared to previous years.
166. Internally Generated Revenue (IGR) shows modest growth from ₦8.499 billion in 2019 to ₦11.084 billion in 2024. The forecast suggests a significant boost, reaching ₦19.582 billion by 2028, indicating a strong focus on enhancing internal revenue collection mechanisms.
167. Capital Receipts, which include funds for capital projects, have seen dramatic changes, with a peak in 2026 at ₦276.700 billion, followed by a steep decline to ₦77.700 billion by 2028. This suggests a potential spike in borrowing or grants for significant capital projects in the early forecast years.
168. This pattern indicates a likelihood peak in major capital investments during the early forecast years, possibly driven by large-scale infrastructure projects, followed by a period of consolidation and reduced borrowing as these projects are completed.

Figure 19: Yobe State Expenditure Trend



169. Figure 19 provides insights into Yobe State's expenditure patterns over the same period, highlighting categories such as Personnel Costs, Overheads, and Public Debt Service. Personnel Costs, covering salaries and wages for the state's workforce, have shown a steady increase from ₦22.872 billion in 2019 to ₦38.273 billion in 2024. The forecast predicts a sharp rise to ₦71.004 billion by 2028. Social contribution and social benefits witnessed a steady growth from ₦4.509 billion in 2019 to ₦9.678 billion in 2024, forecast to reach ₦17.620 billion in 2028.

170. Overheads, which include operational costs and maintenance expenses, have also grown steadily. From ₦17.240 billion in 2019, overheads increased to ₦65.203 billion in 2024. The forecast suggests further growth, reaching ₦73.325 billion by 2028. This trend indicates increasing operational demands, driven by expanded government activities and services. The steady rise in overheads reflects the state's need to sustain its administrative functions and ensure smooth delivery of services across various sectors.

171. Public Debt Service, representing the costs associated with servicing the state's debt, has seen significant growth, from ₦2.190 billion in 2019, debt service costs rose to ₦39.932 billion in 2022, dropping to ₦15.662 billion in 2024, with dramatic increase projected for 2026, reaching ₦18.856. billion. This sharp rise indicates a substantial accumulation of debt. The need to service this growing debt will exert considerable pressure on the state's finances, necessitating careful management to avoid compromising other critical expenditures.

172. The significant rise in debt service costs highlights the need for prudent fiscal management to ensure that the state's financial obligations do not overshadow its capacity to invest in critical areas for future development.

173. Capital Expenditure, which is vital for infrastructure development and long-term growth, has shown considerable fluctuations. It peaked in 2021 at ₦44.421 billion, reaching ₦151.790 billion in 2024, reflecting major investments in infrastructure projects. Forecasting an increase in capital spending to ₦190.199 billion by 2028. This increase suggests a focus on new capital projects to complete the existing ones and manage ongoing operational expenses, indicating a strategic reallocation of resources towards servicing debt and other pressing financial obligations.

3.E Fiscal Risks

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

Table 3: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Over-reliance on FAAC (Federation Account Allocation Committee) allocations and meagre Internally Generated Revenue (IGR) outturn.	High	High	<ul style="list-style-type: none"> - Improving tax collection efficiency and exploring new revenue streams such as property taxes and tourism levies; - Identify the bottlenecks and block leakages, sanction defaulters. - Capacity building for tax authorities, implementing tax education campaigns, and advocacies, and utilising technology for better compliance and monitoring.
Increasing debt service obligations, particularly due to the state’s significant capital investments financed through loans (contract financing).	High	High	<ul style="list-style-type: none"> - Explore options to refinance existing debt at lower interest rates or extend maturities to ease the immediate burden. - Develop and implement a comprehensive debt management strategy to prioritize essential capital projects and avoid over-borrowing. - Limit new borrowing to projects with high economic returns and ensure strict adherence to debt sustainability benchmarks.
Inflation could erode the purchasing power of budget allocations, leading to higher public projects and services, and operational and maintenance costs.	Moderate	High	<ul style="list-style-type: none"> - Implement cost control measures in public procurement and service delivery to mitigate the impact of inflation. - Implement cash management planning.



Risk	Likelihood	Impact	Reaction
Insecurity and Natural disasters (e.g., floods, droughts) could disrupt economic activities and increase emergency spending.	Moderate	High	<ul style="list-style-type: none"> - Invest in disaster preparedness and risk mitigation strategies, including early warning systems and resilient infrastructure. - Implement climate adaptation measures to reduce the impact of environmental risks, particularly in agriculture and infrastructure. - Establish or strengthen contingency funds specifically for responding to natural disasters.

175. These fiscal risks can significantly impact the projections for Yobe State's economy. When fiscal risks materialize, they can lead to deviations from expected revenue, increased expenditure, and ultimately a change in the overall fiscal balance. This, in turn, affects the accuracy of economic forecasts and may necessitate adjustments in the state's budgetary planning. If revenue projections fall short due to overestimated FAAC allocations or IGR, the state may need to scale back planned expenditures, particularly capital projects, or resort to borrowing, which could increase debt service costs and impact future budgets.
176. Rising Debt Service costs could overcrowd other essential spending, forcing the government to delay or reduce investments in infrastructure or social services, which could slow down economic growth and reduce the effectiveness of long-term planning. In addition, uncontrolled growth in overhead costs could limit the state's ability to invest in critical areas like education, and healthcare, which are essential for long-term economic development.
177. Given the state's reliance on federal allocation and of course the federal government's over-dependence on oil and oil-related revenues, any significant fluctuation in oil prices could lead to unexpected budget deficits, requiring emergency measures such as cuts in non-essential spending or an increase in taxes.
178. Rising inflation could erode the real value of budget allocations, making it more expensive to deliver public services and implement development projects, thereby reducing the state's purchasing power. Equally, political instability or governance issues could disrupt the implementation of fiscal policies, leading to inefficiencies, wastage, or even corruption, which would undermine the projections and overall economic stability.

179. Having identified the possible risks, the projections for 2026-2028 should be treated as conditional and subject to regular review and adjustment. The state should prepare for possible scenarios where these risks materialize and create contingency plans that allow for flexibility in fiscal management. This could include establishing buffers, improving revenue collection mechanisms, prioritizing spending, and ensuring effective debt management. Such proactive measures will help mitigate the impact of these risks on the state's fiscal health and maintain a trajectory toward sustainable economic growth.

3.F Local Government Forecasts

180. Based on the Macroeconomic assumptions in section 3.A, the forecasting techniques noted in section 3.B and the vertical and horizontal sharing ratios from May 2019, the Federation Account revenues have been forecasted for the 17 Local Government Councils (LGCs) of Yobe State. In addition, LG share of IGR (LG receive 60% of Land Use Charge) which is estimated to constitute 2.5% of the IGR estimate contained in the State Fiscal Framework mentioned above. For Yobe State, it is expected that 10% of the state's projected IGR amounting to ₦16.183 billion in 2026, ₦17.801 billion in 2027, and ₦19.582 billion for 2028, be equitably distributed amongst the 17 local government councils in the state.
181. Cuddled from the state's fiscal performances and projections, the local governments councils' allocations for the periods 2026 – 2028 was automatically projected. The LGCs allocations were projected to increase from ₦148.266 billion in 2026 to ₦185.701 billion by 2028 across all the components, except for Statutory Allocations, expected to drop from ₦36.276 billion in 2026 to ₦45.889 billion by 2028 due to low outturns recorded over the past few years.
182. In contrast, VAT, which accounted for 37.6% of the 2026 allocations, reaching up to 48.7% of the projected sums by 2028, is anticipated to grow by more than 25% annually, while other federation accounts showed an annual growth rate of 5% and LGCs share of State's IGR grew by 14% annually.

Figure 20: Local Government Forecast

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2026				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
BADE	0.1264%	0.0961%	0.5921%	2,013,905,674	2,758,500,430	3,540,119,449	95,820,586	8,408,346,139
BURSARI	0.1399%	0.0902%	0.5553%	2,228,998,448	2,589,144,004	3,918,217,649	89,865,177	8,826,225,279
DAMATURU	0.1171%	0.0861%	0.5300%	1,865,730,652	2,471,455,640	3,279,651,799	85,770,834	7,702,608,926
FIKA	0.1311%	0.0956%	0.5886%	2,088,789,825	2,744,148,191	3,671,753,637	95,254,175	8,599,945,828
FUNE	0.1839%	0.1275%	0.7851%	2,930,041,562	3,659,821,070	5,150,537,711	127,054,116	11,867,454,459
GEIDAM	0.1524%	0.0995%	0.6131%	2,428,158,424	2,856,095,659	4,268,308,576	99,219,053	9,651,781,711
GUJBA	0.1403%	0.0942%	0.5805%	2,235,371,567	2,703,961,920	3,929,420,559	93,943,338	8,962,697,384
GULANI	0.1219%	0.0891%	0.5486%	1,942,208,083	2,557,569,077	3,414,086,715	88,780,904	8,002,644,780
JAKUSKO	0.1608%	0.1135%	0.6991%	2,561,993,927	3,257,958,365	4,503,569,678	113,136,585	10,436,658,555
KARASUWA	0.1134%	0.0898%	0.5528%	1,806,779,299	2,577,662,213	3,176,024,885	89,460,598	7,649,926,995
MACHINA	0.1086%	0.0809%	0.4984%	1,730,301,869	2,322,192,350	3,041,589,969	80,656,950	7,174,741,138
NANGERE	0.1165%	0.0860%	0.5298%	1,856,170,973	2,468,585,193	3,262,847,435	85,738,467	7,673,342,068
NGURU	0.1267%	0.0982%	0.6051%	2,018,685,514	2,818,779,836	3,548,521,631	97,924,399	8,483,911,380
POTISKUM	0.1394%	0.1090%	0.6713%	2,221,032,049	3,128,788,209	3,904,214,012	108,637,662	9,651,781,711
TARMUWA	0.1293%	0.0840%	0.5171%	2,060,110,789	2,411,176,235	3,621,340,544	83,683,204	8,176,310,771
YUNUSARI	0.1347%	0.0934%	0.5754%	2,146,147,898	2,680,998,337	3,772,579,824	93,117,996	8,692,844,055
YUSUFARI	0.1344%	0.0905%	0.5577%	2,141,368,059	2,597,755,348	3,764,177,642	90,253,573	8,593,554,622
Total	2.2768%	1.6236%	10.0000%	36,275,794,612	46,604,592,077	63,766,961,715	1,618,317,617	148,265,666,021

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2027				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
BADE	0.1264%	0.0961%	0.5921%	2,215,296,242	2,896,425,452	4,800,657,076	105,402,645	10,017,781,414
BURSARI	0.1399%	0.0902%	0.5553%	2,451,898,293	2,718,601,204	5,313,385,482	98,851,695	10,582,736,675
DAMATURU	0.1171%	0.0861%	0.5300%	2,052,303,717	2,595,028,422	4,447,444,174	94,347,917	9,189,124,231
FIKA	0.1311%	0.0956%	0.5886%	2,297,668,808	2,881,355,600	4,979,162,521	104,779,592	10,262,966,522
FUNE	0.1839%	0.1275%	0.7851%	3,223,045,719	3,842,812,124	6,984,500,287	139,759,528	14,190,117,658
GEIDAM	0.1524%	0.0995%	0.6131%	2,670,974,266	2,998,900,442	5,788,134,007	109,140,958	11,567,149,673
GUJBA	0.1403%	0.0942%	0.5805%	2,458,908,724	2,839,160,016	5,328,577,435	103,337,671	10,729,983,847
GULANI	0.1219%	0.0891%	0.5486%	2,136,428,891	2,685,447,531	4,629,747,608	97,658,995	9,549,283,025
JAKUSKO	0.1608%	0.1135%	0.6991%	2,818,193,320	3,420,856,283	6,107,165,015	124,450,243	12,470,664,861
KARASUWA	0.1134%	0.0898%	0.5528%	1,987,457,229	2,706,545,323	4,306,918,611	98,406,658	9,099,327,822
MACHINA	0.1086%	0.0809%	0.4984%	1,903,332,056	2,438,301,967	4,124,615,178	88,722,645	8,554,971,846
NANGERE	0.1165%	0.0860%	0.5298%	2,041,768,071	2,592,014,452	4,424,656,245	94,312,314	9,152,771,082
NGURU	0.1267%	0.0982%	0.6051%	2,220,554,065	2,959,718,828	4,812,051,041	107,716,839	10,100,040,773
POTISKUM	0.1394%	0.1090%	0.6713%	2,443,135,254	3,285,227,620	5,294,395,541	119,501,428	11,142,259,843
TARMUWA	0.1293%	0.0840%	0.5171%	2,266,121,867	2,531,735,046	4,910,798,734	92,051,524	9,800,707,172
YUNUSARI	0.1347%	0.0934%	0.5754%	2,360,762,688	2,815,048,254	5,115,890,096	102,429,795	10,394,130,833
YUSUFARI	0.1344%	0.0905%	0.5577%	2,355,504,864	2,727,643,115	5,104,496,132	99,278,931	10,286,923,042
Total	2.2768%	1.6236%	10.0000%	39,903,374,073	48,934,821,681	86,472,595,185	1,780,149,379	177,090,940,317

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2028				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
BADE	0.1264%	0.0961%	0.5921%	2,547,590,678	3,041,246,724	4,800,657,076	115,942,909	10,505,437,388
BURSARI	0.1399%	0.0902%	0.5553%	2,819,683,037	2,854,531,265	5,313,385,482	108,736,864	11,096,336,648
DAMATURU	0.1171%	0.0861%	0.5300%	2,360,149,275	2,724,779,844	4,447,444,174	103,782,709	9,636,156,002
FIKA	0.1311%	0.0956%	0.5886%	2,642,319,129	3,025,423,380	4,979,162,521	115,257,552	10,762,162,582
FUNE	0.1839%	0.1275%	0.7851%	3,706,502,576	4,034,952,730	6,984,500,287	153,735,480	14,879,691,074
GEIDAM	0.1524%	0.0995%	0.6131%	3,071,620,406	3,148,845,464	5,788,134,007	120,055,054	12,128,654,930
GUJBA	0.1403%	0.0942%	0.5805%	2,827,745,032	2,981,118,017	5,328,577,435	113,671,439	11,251,111,923
GULANI	0.1219%	0.0891%	0.5486%	2,456,893,225	2,819,719,908	4,629,747,608	107,424,894	10,013,785,635
JAKUSKO	0.1608%	0.1135%	0.6991%	3,240,922,318	3,591,899,097	6,107,165,015	136,895,267	13,076,881,697
KARASUWA	0.1134%	0.0898%	0.5528%	2,285,575,814	2,841,872,589	4,306,918,611	108,247,323	9,542,614,338
MACHINA	0.1086%	0.0809%	0.4984%	2,188,831,864	2,560,217,066	4,124,615,178	97,594,910	8,971,259,017
NANGERE	0.1165%	0.0860%	0.5298%	2,348,056,281	2,721,615,175	4,424,656,245	103,743,545	9,598,071,247
NGURU	0.1267%	0.0982%	0.6051%	2,553,637,175	3,107,704,769	4,812,051,041	118,488,523	10,591,881,508
POTISKUM	0.1394%	0.1090%	0.6713%	2,809,605,542	3,449,489,001	5,294,395,541	131,451,571	11,684,941,654
TARMUWA	0.1293%	0.0840%	0.5171%	2,606,040,147	2,658,321,799	4,910,798,734	101,256,677	10,276,417,357
YUNUSARI	0.1347%	0.0934%	0.5754%	2,714,877,091	2,955,800,667	5,115,890,096	112,672,775	10,899,240,629
YUSUFARI	0.1344%	0.0905%	0.5577%	2,708,830,594	2,864,025,271	5,104,496,132	109,206,824	10,786,558,821
Total	2.2768%	1.6236%	10.0000%	45,888,880,184	51,381,562,765	86,472,595,185	1,958,164,316	185,701,202,450

183. The 2026 fiscal year allocation available for the State's 17 Local Government Councils stood at ₦148.266 billion. This comprises of Statutory Allocation ₦36.276 billion, accounting for 24.5%, Value Added Tax (VAT) ₦46.605 billion (31.4%), other Federation Account ₦63.767 billion, (43%), and a Share of the State's IGR ₦1.618 billion (1.1%). In terms of allocation, Fune, Jakusko, Geidam, and Potiskum among other LGAs with the highest population, received larger proportions ranging from ₦11.867 billion to ₦9.363 billion. While Machina, Nangere, Karasuwa and Damaturu received ₦7.175 billion, ₦7.673 billion, ₦7.650 billion and ₦7.703 billion respectively.
184. Projections for 2027 stood at ₦177.091 billion, with Statutory Allocation contributing ₦39.903 billion, representing 22.5%, VAT accounted for ₦48.935 billion (27.6%), other federation accounting of ₦86.473 billion (48.8%) and Share of State IGR putting 1% (₦1.780 billion). In terms of allocation, utilising the principles of equitable distribution, justice and fair play, the LGCs with larger populations and abundant economic and natural resources received larger proportions and vis-versa, with meagre chunks allocated to least populated areas.
185. Regards to 2028 allocations, ₦185.701 billion has been earmarked, which is made up of ₦45.889 billion anticipated from Statutory Allocation, representing 24.7%, VAT to contribute ₦51.382 billion (27.7%), other Federation Accounts ₦86.473 billion (46.6%) and lastly, Share of State IGR accounted for ₦1.958 billion or 1%. The allocations amongst the local government areas followed the previous principles, which utilises the predetermined horizontal revenue sharing formula.
186. In addition to the projected allocations derived from the State's fiscal performances and projections, Local Government Councils (LGCs) are encouraged to explore additional grants and independent revenue sources (IGR). To enhance efficiency, effectiveness, accountability, and prudent management of public funds, LGCs will implement the following performance metrics:
- a. **Increased Citizen Engagement in Budget Processes:** LGCs will actively involve citizens in the budgeting process to ensure transparency and inclusivity. This engagement will help in identifying community needs and priorities, fostering a sense of ownership and accountability among residents.
 - b. **Adherence to Policy Documents - Strengthen Plan-Budget Linkage:** LGCs will ensure strict adherence to policy documents and strengthen the linkage between planning and budgeting. This alignment will facilitate the effective implementation of development plans and ensure that budget allocations are in line with strategic priorities.
 - c. **Improved Internal Revenue Generation (IGR), Identifying and Blocking Leakages:** LGCs will focus on enhancing internal revenue generation by identifying new revenue streams and improving the efficiency of existing ones. Efforts will be made to identify and block revenue leakages, ensuring that all potential revenues are captured and utilized effectively.

- d. **Increased Transparency and Value for Money in Handling Public Finances:** LGCs will prioritize transparency in financial management to build public trust. This includes clear and accessible reporting on financial activities and ensuring that public funds are used efficiently to achieve maximum value for money.
- e. **Constant Monitoring and Evaluation:** LGCs will implement robust monitoring and evaluation mechanisms to continuously assess the performance of public services. This will include regular reviews of service delivery in areas such as healthcare, sanitation, hygiene, and education. The insights gained from these evaluations will be used to make necessary adjustments and improvements, ensuring that services meet the needs of the community effectively.

187. By adopting these performance metrics, LGCs aim to create a more accountable, efficient, and effective system of public financial management, ultimately leading to improved service delivery and better outcomes for the residents of Yobe State

4 Budget Policy Statement

4.A Budget Policy Thrust

188. The government's policy thrust and direction for the upcoming fiscal year focus on several key areas to ensure sustainable development and economic growth. The primary objective is the completion of ongoing projects, with a strategic shift towards commissioning these developmental projects in the next fiscal year. This approach aims to ensure that the benefits of these projects are realized promptly, contributing to the overall development of the state.
189. A significant emphasis is placed on the continued enhancement of Internally Generated Revenue (IGR). The government has set a target to increase the contribution of IGR to the state's budget, thereby reducing dependency on external funding sources such as federal allocations and loans. This will involve implementing measures to broaden the tax base, improve tax collection efficiency, and identify new revenue streams. By doing so, the state aims to create a more self-sustaining financial model.
190. To maximize the impact of public spending, the government will prioritize high-impact projects that align with the state's strategic development goals. This includes stringent cost controls to ensure that resources are used efficiently and effectively. The focus will be on projects that deliver significant benefits to the community, such as those that improve infrastructure, enhance public services, and stimulate economic growth.
191. Targeted investments will be made in key sectors to drive inclusive growth. Emphasis will be placed on education, healthcare, and infrastructure development. In education, the government aims to improve access to quality education, enhance learning outcomes, and invest in educational infrastructure. In healthcare, the focus will be on improving healthcare facilities, increasing access to medical services, and enhancing the overall quality of healthcare delivery. Infrastructure development will involve investing in critical infrastructure such as roads, energy, and water supply to support economic activities and improve the quality of life for residents. Thus, the government's budget policy thrust is designed to create a balanced and sustainable economic environment that promotes inclusive growth, enhances public service delivery, and improves the overall well-being of the state's residents.

4.B Sector Allocations (3 Year)

192. Presented in the tables below are the indicative 3-year envelopes for sectors and sub-sectors. Table 7 adopted a performance-based approach in determining the sector ceilings, contrary to the already established sharing principles, where health and education sectors are expected to consume 15% and 25%, in addition to allocations for the Agric sector to accommodate 13% of the state budget.
193. In terms of personnel cost, education took the higher percentage (i.e., 30.9%) in the year 2025, followed by the governance sector 28.4% and health 23%, the least are commerce and industry, 0.6%, the water sector 1.51% and transport & energy 1.2%. The trend follows the same pattern all through the subsequent years.

194. For overhead, governance takes the lion's share (i.e., 63.78%), and education and agriculture get 16.3% and 5.5%. Likewise, for the capital expenditure works, housing and energy got 25.1%, health 17.6% and education 14.2% in the 2025 fiscal year and the trend goes this way in the subsequent years, where justice, peace and security got least with 0.8%.

Table 4: Indicative Sector Expenditure Ceilings 2026-2028

Personnel Expenditure by Sector

No.	Sector	% 2026	2026 Allocation	% 2027	2027 Allocation	% 2028	2028 Allocation
1	Governance, Information and Commu	28.00%	21,501,608,804	28.00%	23,032,814,398	28.00%	24,814,783,003
2	Agriculture	4.50%	3,455,615,701	4.50%	3,701,702,314	4.50%	3,988,090,125
3	Works, Land and Housing	2.10%	1,612,620,660	2.10%	1,727,461,080	2.10%	1,861,108,725
4	Commerce, Industry and Tourism	1.00%	767,914,600	1.00%	822,600,514	1.00%	886,242,250
5	Water, Sanitation and Hygiene	3.35%	2,572,513,910	3.35%	2,755,711,723	3.35%	2,968,911,538
6	Justice, Peace and Security	20.00%	15,358,292,003	20.00%	16,452,010,284	20.00%	17,724,845,002
7	Health	31.00%	23,805,352,604	31.00%	25,500,615,941	31.00%	27,473,509,753
8	Education	5.50%	4,223,530,301	5.50%	4,524,302,828	5.50%	4,874,332,376
9	Environment	2.10%	1,612,620,660	2.10%	1,727,461,080	2.10%	1,861,108,725
10	Social and Community Development	1.20%	921,497,520	1.20%	987,120,617	1.20%	1,063,490,700
11	Transport and Energy	1.25%	959,893,250	1.25%	1,028,250,643	1.25%	1,107,802,813
	Total	100.00%	76,791,460,014	100.00%	82,260,051,422	100.00%	88,624,225,009

Overhead Expenditure by Sector

No.	Sector	% 2026	2026 Allocation	% 2027	2027 Allocation	% 2028	2028 Allocation
1	Governance, Information and Commu	46.50%	42,637,897,612	46.50%	42,943,334,013	46.50%	43,363,127,580
2	Agriculture	5.00%	4,584,720,173	5.00%	4,617,562,797	5.00%	4,662,701,890
3	Works, Land and Housing	3.00%	2,750,832,104	3.00%	2,770,537,678	3.00%	2,797,621,134
4	Commerce, Industry and Tourism	2.00%	1,833,888,069	2.00%	1,847,025,119	2.00%	1,865,080,756
5	Water, Sanitation and Hygiene	1.50%	1,375,416,052	1.50%	1,385,268,839	1.50%	1,398,810,567
6	Justice, Peace and Security	3.00%	2,750,832,104	3.00%	2,770,537,678	3.00%	2,797,621,134
7	Health	8.00%	7,335,552,277	8.00%	7,388,100,475	8.00%	7,460,323,025
8	Education	25.00%	22,923,600,867	25.00%	23,087,813,985	25.00%	23,313,509,452
9	Environment	2.00%	1,833,888,069	2.00%	1,847,025,119	2.00%	1,865,080,756
10	Social and Community Development	2.00%	1,833,888,069	2.00%	1,847,025,119	2.00%	1,865,080,756
11	Transport and Energy	2.00%	1,833,888,069	2.00%	1,847,025,119	2.00%	1,865,080,756
	Total	100.00%	91,694,403,468	100.00%	92,351,255,941	100.00%	93,254,037,807

Capital Expenditure by Sector

Total Capital Envelope

No.	Sector	% 2026	2026 Allocation	% 2027	2027 Allocation	% 2028	2028 Allocation
1	Governance, Information and Commu	12.38%	25,553,610,349	12.38%	19,909,876,078	12.38%	20,861,416,620
2	Agriculture	2.64%	5,439,153,093	2.64%	4,237,869,427	2.64%	4,440,407,331
3	Works, Land and Housing	32.78%	67,666,842,165	32.78%	52,722,039,025	32.78%	55,241,751,224
4	Commerce, Industry and Tourism	9.66%	19,941,559,079	9.66%	15,537,294,521	9.66%	16,279,858,945
5	Water, Sanitation and Hygiene	0.99%	2,043,272,858	0.99%	1,591,998,502	0.99%	1,668,083,913
6	Justice, Peace and Security	7.24%	14,952,144,729	7.24%	11,649,835,173	7.24%	12,206,608,628
7	Health	6.70%	13,825,162,322	6.70%	10,771,756,508	6.70%	11,286,564,485
8	Education	0.91%	1,873,767,831	0.91%	1,459,930,116	0.91%	1,529,703,664
9	Environment	4.83%	9,966,643,293	4.83%	7,765,424,539	4.83%	8,136,552,730
10	Social and Community Development	3.22%	6,639,307,487	3.22%	5,172,959,418	3.22%	5,420,187,507
11	Transport and Energy	18.65%	38,496,106,207	18.65%	29,993,910,589	18.65%	31,427,391,232
	Total	100.00%	206,397,569,413	100.00%	160,812,893,894	100.00%	168,498,526,279

4.C Considerations for the Annual Budget Process

195. All spending agencies are advised to adhere strictly to the following INSTRUCTIONS in the preparation of their 2026 budget proposals:

- i. Every spending entity is advised to ensure that all outstanding liabilities in the capital, including unpaid releases are included in their proposed budget;
- ii. Articulate their budget against the background of the overall goals of the State Development Plan (Yobe SDP-2050) and the Sustainable Development Goals (SDG);
- iii. Ensure the link between MTSS and the annual budget, the proposals to be drawn from the sectors' MTSS;
- iv. Report on the revenue and expenditure performance of the current year January – June MUST be attached.
- v. Inputs from the citizens' needs collected during the Public Consultations (Budget Dialogue) meetings at the Headquarters of the three (3) Senatorial Districts should form part of the MDAs' budget proposals.
- vi. Ensure that budget estimates are within the ceiling provided and use appropriate budget classification and codes.
- vii. Liaise with their respective departments and units in coming up with their budgetary proposals.
- viii. In allocating capital budget resources, MDAs are enjoined to accord priority to ongoing projects, especially those nearing completion that fit into the government's current priorities.
- ix. MDAs are required to provide a clear description of the projects that require counterpart funding (see Annexe II). The inscription 'Counterpart funds' will only appear as remarks under the relevant economic code.
- x. MDAs that have external funding must provide details of activities intended to be executed with such funds, as it will be treated under non-discretionary funds (funds provided for specific MDA/Activity)
- xi. All MDAs are required to prepare and submit their budget proposals using the Budget Template (available at our website <https://budget.pfm.yb.gov.ng>) and submit the same to our email ybmobep@hotmail.com
- xii. Ensure consistency with the sector strategy plan;
- xiii. Ensure that the appropriate forms and formats are used
- xiv. All newly established MDAs, especially those whose salaries remain with their former MDAs, are advised to submit the comprehensive staff list indicating their former places of work.
- xv. Ensure to use the **MOST RECENT Budget Template** to avoid confusion.

5 Summary of Key Points and Recommendations

196. This document has presented a comprehensive analysis of Yobe State’s fiscal position and outlook for the 2026–2028 period. The economic and fiscal update reveals that the global and national economic landscapes remain uncertain, with inflationary pressures, exchange rate instability, and security challenges continuing to pose risks. Despite these headwinds, the State has recorded modest improvements in Internally Generated Revenue (IGR) and remains reliant on Statutory Allocations from the Federation Account.
197. The fiscal analysis covering 2019 to 2024 indicates that while the State has demonstrated commitment to budget implementation, performance remains uneven across key areas. Expenditure outturns reflect significant variations between approved budgets and actuals, with capital expenditure frequently underperforming relative to recurrent commitments.
198. The Medium-Term Fiscal Framework (MTFF) and projections for 2026–2028 suggest a cautious outlook. The revenue forecasts are based on realistic macroeconomic assumptions, and expenditure projections aim to strike a balance between fiscal sustainability and developmental priorities. The fiscal strategy emphasises maintaining a sustainable debt profile, improving IGR mobilisation, and ensuring efficient and accountable use of public resources.
199. The Budget Policy Statement aligns these fiscal targets with sectoral priorities, focusing on improving service delivery in education, health, infrastructure, and social protection. MDAs are expected to prioritise programmes with high impact, in line with the costed Medium-Term Sector Strategies (MTSS) and the Yobe State Development Plan.
200. In view of the fiscal realities and strategic objectives, the following recommendations are proposed to guide budget preparation and implementation for the 2026–2028 period:
- i. **Improve Revenue Generation:** Strengthen the capacity of the Yobe State Internal Revenue Service (YIRS) and revenue-generating MDAs to enhance IGR mobilisation. Efforts should focus on automation, broadening the tax base, plugging leakages, and fostering a tax-compliant culture.
 - ii. **Enhance Budget Credibility and Realism:** Budget estimates should be anchored on realistic macroeconomic assumptions and historical trends. Adherence to issued ceilings and robust forecasting tools will improve the credibility of both revenue and expenditure projections.
 - iii. **Strengthen Expenditure Efficiency:** Expenditure should be prioritised based on cost-effectiveness, impact, and alignment with state priorities. Value-for-money audits and expenditure tracking should be institutionalised to ensure effective utilisation of limited resources.
 - iv. **Ensure Full Implementation of the MTSS:** All MDAs must align their budget proposals with their approved and costed MTSS to ensure strategic focus and funding predictability across the medium term.
 - v. **Promote Citizens’ Engagement and Transparency:** Sustain and deepen inclusive budgeting practices by engaging stakeholders through zonal dialogues, citizens’

- budgets, and feedback mechanisms. This will foster accountability and responsiveness in service delivery.
- vi. **Maintain Fiscal Discipline and Debt Sustainability:** Borrowing should be guided by fiscal rules and tied strictly to capital projects that yield economic and social returns. The State must avoid over-reliance on loans for recurrent expenditure.
 - vii. **Alignment with the SDP-2050:** Ministries, Departments, and Agencies (MDAs) are expected to base their expenditures on their Medium-Term Sector Strategies (MTSS), which are linked to the State Development Plans (Yobe SDP-2050).
 - viii. **Incorporation of Citizen Needs:** MDAs should incorporate the needs of citizens from across the three Senatorial Districts of the state in their budget proposals.
 - ix. **Use of Budget Templates:** MDAs are advised to strictly use the provided budget templates when submitting their budget proposals.
 - x. **Strengthen Monitoring and Evaluation (M&E):** Institutionalise robust M&E systems at both central and sectoral levels to track performance, generate evidence for decision-making, and improve accountability in budget execution.

DOMESTIC DEBT DATA REPORTING TEMPLATE FOR STATES AND FCT
YOBE STATE DOMESTIC DEBT DATA AS AT DECEMBER 31ST, 2024
AMOUNT IN NAIRA

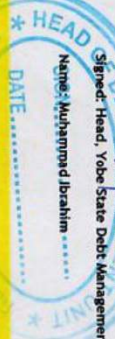
DEBT CATEGORY	3RD QUARTER (JULY - SEPT 2024)				4TH QUARTER (OCT - DEC 2024)				1ST QUARTER (JAN - MARCH 2025)				
	DEBT STOCK	HISTORICAL		DEBT STOCK	ACTUAL		NEW LOAN/ DISBURSEMENT/AREARS/ DEBITS	DEBT STOCK	PROJECTION		NEW LOAN/ DISBURSEMENT/AREARS/ DEBITS		
		PRINCIPAL	DEBT SERVICE INTEREST		PRINCIPAL	DEBT SERVICE INTEREST			PRINCIPAL	DEBT SERVICE INTEREST			
BUDGET SUPPORT FACILITY													
SALARY PAID-OUT													
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BONDS)													
EXCESS CREDIT ACCOUNT (ECA) LOAN													
STATE BONDS													
COMMERCIAL BANK LOANS	5,943,899,961.68	827,726,275.90	248,331,775.74	5,017,315,762.96	976,547,198.72	359,439,912.87	3,697,064,462.96	1,323,248,300.00	416,123,320.00				
AGRIC. LOAN	A. CACS (Commercial Agriculture Credit Scheme)												
	B. AADS (Accelerated Agric. Development Scheme)												
	B. OTHERS												
INFRASTRUCTURE LOAN	A. PAE (Power and Amstion Intervention Fund)												
	B. FAMILY HOME FUND	19,377,620,035.94	687,290,381.24	471,129,618.76	16,680,315,812.09	697,204,223.85	460,315,776.15	18,697,269,444.41	23,046,367.68	414,834,616.19			
	C. OTHERS												
OTHER FEDERAL GOVERNMENT INTERVENTION LOANS	A. CBN (COVID 19) Health Intervention Fund	1,472,400,381.70	32,439,976.09	43,176,079.87	1,433,036,366.65	39,864,015.05	35,751,990.91	1,392,165,697.89	40,870,868.76	34,745,130.64			
	B. FGN (2021) Bridge Financing Reserve Req	13,377,800,527.19	479,628,694.96	322,619,922.21	12,937,422,034.10	440,378,523.09	311,870,094.18	12,486,024,709.22	451,397,324.88	300,851,792.39			
	D.												
	E.												
	MICRO SMALL MEDIUM ENTERPRISE DEVELOPMENT FUND (MSEDPT)												
JUDGEMENT DEBTS	A. FGN JUDGEMENT DEBTS												
	B. OTHER JUDGEMENT DEBTS												
GOVT - GOVT DEBTS	A. State Govt to Federal Govt Authorities												
	B. State Govt to Local Govt Authorities												
	C. Others												
CONTRACTORS' AREARS	2,794,882.00			2,794,882.00									
PENSION AND GRATUITY AREARS	3,925,940,278.58	600,551,837.13		3,984,529,019.27	998,154,053.14		3,984,529,019.27	600,000,000.00	548,255,848.00				
SALARY AREARS AND OTHER STAFF CLAIMS													
OTHER DEBTS	A. Prepaid												
	B. Others												
TOTAL	44,100,929,097.09	2,577,597,165.33	1,085,267,346.68	42,055,410,877.07	2,702,248,013.85	1,167,377,774.11	656,733,793.83	39,614,848,015.25	7,440,562,661.32	1,724,810,209.23			

Signed for: Honourable Commissioner
Yobe State Ministry of Finance
Name: Audu Musa Farafara FCNA

Date: 25/01/2025

Signed: Head, Yobe State Debt Management Department
Name: Muhammad Ibrahim

Date: 25/01/2025



Note : Documents to accompany the duly completed template are as follows:

- i) Copies of signed loan agreements if there were new loans or facilities acquired during the period;
- ii) Copies of Amortization schedules for new loans;
- iii) Documentary evidence of disbursements during the period;
- iv) Documentary evidence of repayment that occurred during the period;
- v) Documentary evidence of bond issuances;
- vi) Breakdown of Other Liabilities;
- vii) Additional Information/explanation justifying changes in the debt stock and service between the previous and the current quarters.

