KATSINA STATE GOVERNMENT

ECONOMIC AND FISCAL UPDATE (EFU), FISCAL STRATEGY PAPER (FSP) AND BUDGET POLICY STATEMENT (BPS)

2026 – 2028

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List of Abbreviations

Acronym	Definition
BPS	Budget Policy Statement
CDF	Comprehensive Development Framework
CSOs	Civil Society Organizations
EFU	Economic and Fiscal Update
ExCo	Executive Council
FAAC	Federation Allocation Accounts Committee
FGN	Federal Government of Nigeria
FRC	Fiscal Responsibility Commission
FSP	Fiscal Strategy Paper
GDP	Growth Domestic Product
IMF	International Monetary Fund
KTSG	Katsina State Government
LGAs	Local Government Authorities
MBDP	Barrels Per Day
MOBEP	Ministry of Budget & Economic Planning
MDAs	Ministries, Departments and Agencies
MEO	Macroeconomic Performance and Outlook
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategies
NEMA	National Emergency Management Agency
OPEC	Oil Producing Exporting Countries
PAYE	Pay As You Earn
PFM	Public Financial Management
SDRs	Special Drawing Rights
KTHA	Katsina House of Assembly
TET Funds	Tertiary Education Trust Funds
TSA	Treasury Single Account
UBEC	Universal Basic Education
WEO	World Economic Outlook

ACKNOWLEDGEMENTS

The Katsina State Medium-Term Expenditure Framework (MTEF) for the period 2026–2028 is the product of broad collaboration and shared responsibility in strengthening public financial management and development planning in the State. The Government of Katsina State gratefully acknowledges the commitment and contributions of all stakeholders whose efforts culminated in the successful preparation of this framework.

We extend our sincere appreciation to His Excellency, the Executive Governor of Katsina State Malam Dikko Umaru Radda PhD, CON for his purposeful/focused leadership, strategic guidance, and steadfastness in fiscal discipline, transparency, and inclusive development. The policy direction and oversight provided by the State Executive Council were instrumental in shaping the priorities reflected in this MTEF.

Special commendation goes to the staff of the Ministry of Budget and Economic Planning and Fiscal Responsibility Commission for coordinating the MTEF process, as well as to the Ministry of Finance, the Office of the Accountant-General, Offices of the Auditor-General State/Local Government and Katsina State Internal Revenue Services for providing all the required fiscal data and other inputs, apart from active participation throughout the period of the process. Similarly, the same appreciation goes to Ministries of Basic and Secondary Education, State Bureau of Statistics, Agriculture and Health, SUBEB, SPHCA, Katsina State Development Management Board (KTDMB), RUWASSA, Community Development Program (CDP) and NBS for their technical inputs and data support. The active participation of Ministries, Departments, and Agencies (MDAs) in articulating sectoral priorities ensured that this framework is realistic, responsive, and aligned with the State's development objectives.

Special appreciation is extended to United Nations children's Emergency funds (UNICEF) for its technical and financial support throughout the MTEF development process. The Ministry also acknowledges the valuable contributions of the Katsina State House of Assembly, Development Partners, Civil Society Organizations, the private sector, and other stakeholders whose constructive engagement enhanced the quality and credibility of this document.

To all contributors, the Government of Katsina State remains deeply appreciative and committed to translating the provisions of this MTEF into tangible and sustainable outcomes for the people of the State.



Malik Anas, FCNA
Honourable Commissioner
Ministry of Budget and Economic Planning

FOREWORD

The Medium-Term Expenditure Framework (MTEF) 2026–2028 represents a critical milestone in Katsina State's pursuit of prudent economic management and sustainable development. It provides a coherent and forward-looking framework that links policy priorities with available resources, thereby strengthening the credibility and effectiveness of the annual budgeting process.

Against the backdrop of fiscal pressures, evolving economic realities, and growing demand for quality public services, this MTEF underscores the State Government's resolve to entrench fiscal responsibility, enhance efficiency in public spending, and promote accountability across all levels of governance. The framework is anchored on realistic macroeconomic and fiscal assumptions, while prioritizing investments that yield the greatest social and economic impact.

The focus of the 2026–2028 MTEF is on consolidating gains in human capital development, stimulating economic growth, and improving the welfare of citizens. Strategic emphasis is placed on education, healthcare, agriculture, infrastructure, security, and social protection—sectors that are fundamental to inclusive growth and long-term prosperity.

I commend all Ministries, Departments, and Agencies, as well as stakeholders involved in the preparation of this document, and urge disciplined implementation in line with approved expenditure ceilings and policy objectives. With collective commitment and effective execution, this MTEF will serve as a dependable guide for budgeting and a catalyst for sustainable development in Katsina State.

Mallam Dikko Umaru Radda PhD.
Governor of Katsina State,

EXECUTIVE SUMMARY

The Katsina State Medium-Term Expenditure Framework (MTEF) provides a strategic fiscal and policy direction to guide government planning, effective and efficient budgeting over defined period of 3 years (2026-2028). It aligns the State's development priorities with realistic revenue projections and expenditure ceilings, in accordance with the principles of fiscal responsibility and sustainability.

The MTEF was developed using historical data (2019-2024), analysis of macroeconomic variables and capital receipts components with the view to come up with a realistic sense of direction for government planning and spending over the designated period. It emphasizes the need for strengthening the state revenue performance through diversification and improved Internally Generated Revenue (IGR), while ensuring prudent management of statutory allocations and other inflows. On the expenditure side, the framework prioritizes efficiency, value for money, and the protection of critical social and economic investments. In the process of developing this document a combination of elasticity and own-value methods were appropriately adopted against others. The data presented showed an increase in

Government expenditure is strategically directed toward sectors with high developmental impact. Investments in education and healthcare aim to enhance human capital outcomes, while agriculture and infrastructure development are prioritized to boost productivity, ensure food security, and support private sector participation. Adequate provisions are also made for security and targeted social interventions to protect lives, livelihoods, and vulnerable populations.

The MTEF strengthens transparency and accountability by establishing clear medium-term expenditure ceilings for Ministries, Departments, and Agencies and promoting results-based budgeting and performance monitoring. It serves as a vital link between long-term development goals and annual budgets, ensuring consistency, predictability, and improved public sector performance.

Overall, the 2026–2028 MTEF reaffirms the commitment of the Katsina State Government to responsive fiscal management and the delivery of measurable socio-economic outcomes that improve the quality of life for all citizens of the State. The MTEF 2026–2028 projects a total resource envelope of ₦2,701,885,209,489, increasing from ₦897,865,076,714 in 2026 to ₦904, 166,585,553 in 2028, reflecting the state's fiscal priorities in security, social protection, infrastructure, human capital development, renewable energy transition, and overall economic transformation.

1 Introduction and Background

1.A Introduction

Katsina State is located in the north-western region of Nigeria, covering an estimated land area of about 24,192 square kilometres and sharing international and interstate boundaries that position it as a strategic hub for regional trade and economic activity. The State's economy is largely agrarian, supported by substantial irrigation potential, including approximately 39,190 hectares of irrigable Fadama land and **over** 10,000 hectares suitable for irrigation development around the Zobe, Jibia, and Sabke Dams, which provide opportunities for expanded agricultural production and value-chain development.

Demographically, Katsina State has a rapidly growing and predominantly youthful population, increasing from 5.8 million in 2006 to a projected over 10 million people by 2025**,** with an annual growth rate of approximately 3.66 per cent. Nearly half of the population is below the age of 15, while the working-age population accounts for about half of the total, presenting both a demographic dividend and significant pressures on social services and infrastructure. These geographic, agricultural, and demographic characteristics have direct implications for fiscal sustainability, expenditure prioritization, and service delivery, and therefore constitute a critical foundation for the Medium-Term Expenditure Framework and the implementation of the **Building Your Future** development agenda.

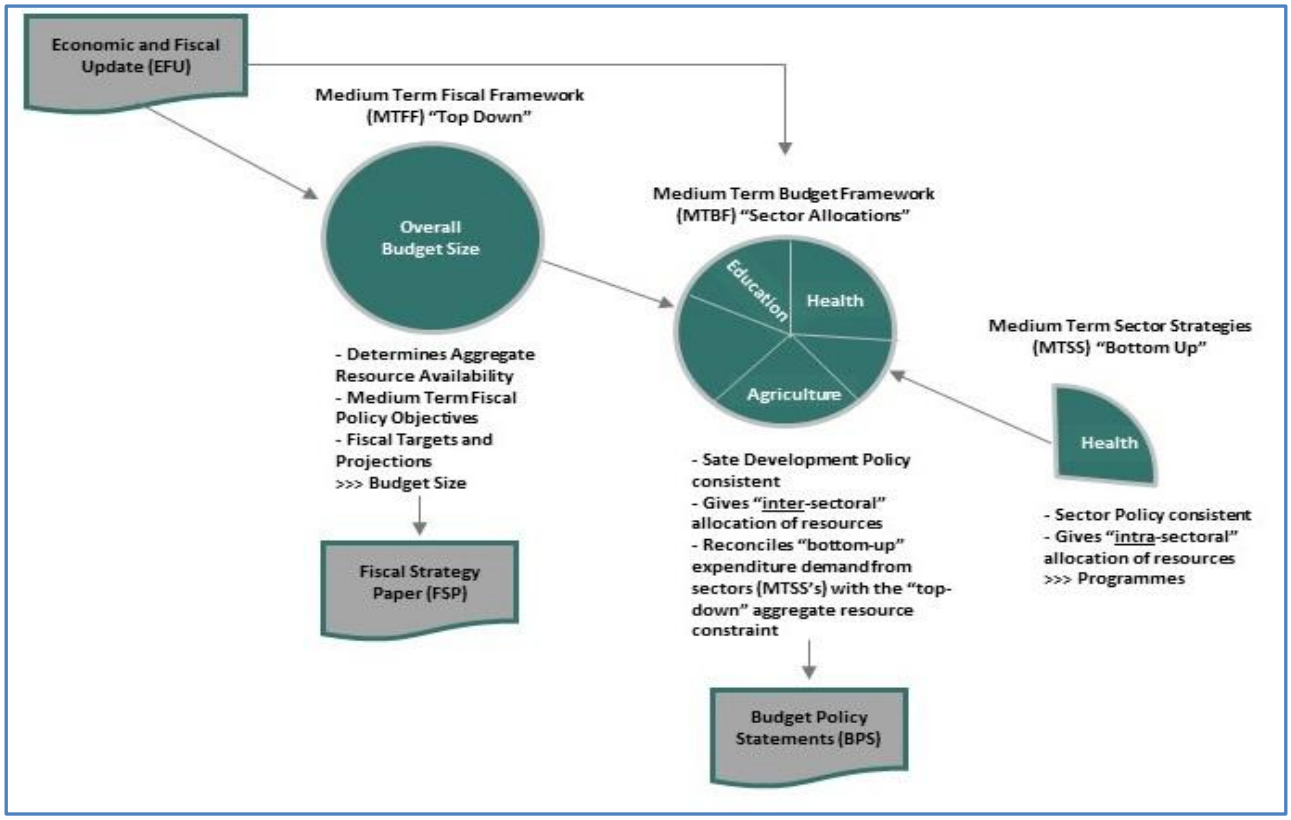
On this background, Katsina State MTEF was developed on the basis of the following directions:

1. The Economic and Fiscal Update (EFU) provides economic and fiscal analyses which form the basis for budget planning process. It is aimed primarily at policy makers and decision takers in Katsina State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.
2. On the other hand, Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) are key elements in Medium Term Expenditure Framework (MTEF) and annual budget process, and as such, they determine the resources available to fund Government projects and programmes from a fiscally sustainable perspective.
3. Katsina State Government decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2026 as part of the movement toward a comprehensive MTEF process that covers the period 2026 - 2028.

1.A.1 Budget Process

1. The budget process describes the budget cycle in a fiscal year. Its conception is informed by the MTEF process which has three components namely:
    i. Medium Term Fiscal Framework (MTFF);
    ii. Medium Term Budget Framework (MTBF); and
    iii. Medium Term Sector Strategies (MTSS).
2. It commences with the conception through preparation, execution, control, monitoring and evaluation and goes back again to conception for the ensuing year's budget.
3. The MTEF process is summarised in the diagram below:

Figure 1: MTEF Process



1.A.2 Summary of Document Content

4. In accordance with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) is the first step in the budget preparation cycle for Katsina State Government (KTSG) for the period 2026-2028.

5. The purpose of this document is three-fold:

   i. To provide a backwards looking summary of key economic and fiscal trends that will affect the public expenditure in the future - Economic and Fiscal Update;

   ii. To set out medium term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTFF; and

   iii. Provide indicative sector envelopes for the period 2026-2028 which constitute the MTBF.

6. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis in order to inform the budget planning process. It is aimed primarily at budget policy makers and decision takers in the Katsina State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:

   - Overview of Global, National and State Economic Performance;
   - Overview of the Petroleum Sector;
   - Trends in budget performance over the last six years.

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

1.A.3 Preparation and Audience

8. The purpose of this document is to provide an informed basis for the 2026-2028 budget preparation cycle for all of the key Stakeholders, specifically:
   - State House of Assembly (SHoA);
   - Executive Council (ExCo);
   - Ministry of Budget and Economic Planning;
   - Ministry of Finance;
   - All Government Ministries, Departments and Agencies (MDA's);
   - Civil Society Organisations.
9. The document is prepared within in the first two quarters of the year prior to the annual budget preparation period. It is prepared by Katsina State Government (EFU-FSP-BPS) Working Group using data collected from International, National and State organisations.

1.B Background

1.B.1 Legislative and Institutional arrangement for PFM

Legislative Framework for PFM in Katsina State –

10. The State has come up with legislations that provide legal basis and regulatory framework for the public expenditure and financial management system to effectively function and operate in line with global best practice. Apart from the constitution, there are existing Laws that establish many of the Government Agencies which contain some provisions related to financial managements, most specifically has to do with raising revenues and expenditure commitments. Some of the Katsina State Laws that have direct influence on the annual planning and budget process which include:

S/N	Legislations	Institution	Remarks / Provisions
1	The Fiscal Responsibility Commission (FRC) KTS Law No. 12 2017	Fiscal Responsibility Commission	*The purpose of this Law, is to among other things, establish the Fiscal Responsibility Commission charged with the responsibility of monitoring and enforcing the provisions of this Law to ensure greater accountability, transparency and prudence in the management of the State's resources by the State Government, Government owned Corporations or Companies and Agencies and provides incentives to encourage Local Governments to pass similar Fiscal Responsibility legislation and to also secure accountability and transparency in fiscal operations in the State.*
2	The Katsina State Revenue Administration (Codification and Consolidation) KTS Law No.18 2021.	Katsina State Internal Revenue Services	*The Law empowers Katsina State Internal Revenue Service to control and administer the various taxes, non-tax revenues and laws specified in the First Schedule or other laws made or to be made from time to time by the National Assembly, House of Assembly of Katsina State or other regulations made thereunder by the Government of the State and to account for all such taxes and non-tax revenues collected in the State*

3	Katsina State Audit (Amended) KTS Law No. 2 2021.	Office of the Auditor General for the state and The Auditor general for government	*It provides independence of the two audit institutions in ensuring effective public sector financial management in line with global best practice*
4	Katsina State Bureau of Public Procurement (SBPP) KTS Law No. 13, 2017	Katsina State Bureau of Public Procurement	*This Law empowers Katsina State Bureau of Public Procurement to serve as regulatory body for the monitoring and oversight functions on public procurement of goods, works and services in Katsina State with a view to harmonizing the existing policies and practices thereby setting standard and professional capacity for procurement in the state*
5	Katsina State Public Complaint and Anti-corruption Commission KTS Law No. 4 2018	Katsina State Public Complaint and Anti-corruption Commission	*Receive and investigate allegations of corrupt practices against any person and refer and refer the case to Attorney General for necessary action, investigate and refer to Attorney General any allegation of improper or non-performance of any government contract, mediate disputes involves involving members of the public, support the promotion and protection of citizen rights in the state as well as conduct public sensitization and awareness campaigns against corruption*
6	Asset Management KTS Law No. 3 2024	Katsina State Asset Management Agency	*Effective preservation and maintenance of assets owned and controlled by the government by providing uniform management framework for sustainability, efficiency and accountability in the use and management of such assets*
7	Katsina State Pension Reform KTS Law No. 21 (2025)	Katsina State Pension Bureau	*Establish a set of rules and regulations for the administration and payment of retirement benefits in the Public Service of the State, Local Government, and Emirate Councils as well as assist all persons in the employment of the State Government and Local Governments to save towards their retirement and ensure that persons who resign, die or retire from the Public Service of the State and Local Government receive their retirement or death benefits as and when due*

Institutional Framework for PFM in Katsina State –

11. The PFM Institutions (MDAs) in Katsina state are directly or to a certain extent involved in the preparation and implementation of public expenditure and financial management functions of Government. However, few Agencies provide coordination and leadership role and serve as institutional homes that define the institutional framework for the smooth PFM operation in the State as shown the table 2 below:

1.B.2 Overview of Budget Calendar

12. Indicative Budget Calendar for Katsina State Government is presented below:

Table 1: Budget Calendar

S/N	SUBJECT	ACTIVITIES	DATE	RESPONSIBILITY	
				Agency	Officer
1	Budget Planning	(a) Review of Macroeconomic Framework and Input of latest Data to Medium Term Fiscal Strategy (MTFS) Model	April	Ministry of Budget and Economic Planning	Technical Working Group (TWG)
		(b) Meeting with Major Revenue Generating Agencies on Revenue Strategy	April	MoB&EP/Revenue Stakeholders	Technical Working Group (TWG)
		(c) Development of MTSS and MTEF	April	MoB&EP/Consults	Technical Working Group
		(d) Presentation of MTEF and FSP to EXCO	May	MoB&EP, MDAs & EXCO	HC MoB&EP
		(e) Forwarding of draft MTEF and FSP to the SHoA for consideration and approval.	June	MFB&EP/SHoA	HE
		(f) Budget Retreat for MDAs	July	MFB&EP/MDAs	Director Budget.
2	Budget Appraisal.	Budget Performance Appraisal	July	MoB&EP(DOB, MDAs	Hon. Commissioners/ other Heads of MDAs
3	Budget Preparation	(a) Budget Consultative /Stakeholders Forum /Citizens Engagement	July	MoB&EP	HC MoB&EP
		(b) Issuance of Call Circular	July	MoB&EP (Budget Dept.), MDAs & other Stakeholders eg. CSOs	HC MoB&EP
		(d) Submission of Budget Proposals	August	MoB&EP/MDAs	HC MoB&EP
		(c) MDAs Budget Proposals Technical Defence	September	MFB&EP/MDAs	HC MoB&EP
		(e) Cleaning of the Collated Draft Estimate	September	MoB&EP	Director Budget
4	Draft Budget	Submission of draft Budget to EXCO	October	MoB&EP	HC MoB&EP

5	Press Briefing on the Draft Budget	Budget Analysis (Budget Breakdown)	October	MoB&EP (Budget Dept.)	HC MoB&EP
6	Legislative Processes	(a) Presentation of Draft Budget Estimates to House of Assembly	October	Governor's Office	His Excellency
		(b) Consideration of Budget Draft Estimates by SHoA including interaction with MDAs/scrutiny of estimates.	November	SHoA	Members SHoA/MDAs
		(c) Passing of Appropriation Bill	December	SHoA	Members
7	Appropriation Law	(a) Production of the Appropriation Law	December	SHoA	Members
		(b) Governor's Assent of the Budget	December	Governor's Office	His Excellency

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Global Economy

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

	ACTUAL						PROJECTIONS	
Country	2019	2020	2021	2022	2023	2024	2025	2026
Mexico	- 0.20	- 8.20	4.80	2.00	1.80	1.60	1.50	1.70
Indonesia	5.00	- 2.10	3.70	5.40	5.00	5.10	4.90	4.90
Turkey	0.90	1.80	11.00	2.70	2.70	3.60	3.50	3.70
United States	2.30	- 3.40	5.70	3.70	1.60	1.10	1.30	1.80
Germany	1.10	- 4.60	2.80	2.10	- 0.10	1.10	1.30	1.00
United Kingdom	1.70	- 9.30	7.40	3.70	- 0.30	1.00	1.30	1.30
China	6.00	2.20	8.10	4.40	5.20	4.50	3.70	5.00
Ghana	6.50	0.40	4.20	5.20	1.60	2.90	4.00	4.20
South Africa	0.10	- 6.40	4.90	1.90	0.10	1.80	1.50	1.00
Brazil	1.20	- 3.90	4.60	0.80	0.90	1.50	2.40	2.30
Angola	- 0.70	- 5.60	0.70	3.00	3.50	3.70	2.10	2.10
Nigeria	2.20	- 1.80	3.60	3.40	3.20	3.00	3.90	4.30
	SOURCE: IMF, WEO JULY 2025							

Table 2: Real GDP Growth - Selected Countries

17. Table 2 shows the real GDP growth of the selected countries and indicates that all countries experienced sharp economic contraction in 2020 due to effect of COVID 19 pandemic and this was followed by a strong recovery in 2021 as a result of resumption of economic activities. From 2022 onward, growth rates slowed down in different proportion. In 2024, all the countries witnessed improvement in the growth rate with exception of Mexico, United State, China and Nigeria. However, in 2026, it was projected that the economic activities in Nigeria and Ghana by 1.30% each from 2024 actual while that of South Africa and Angola would decline by 0.80% and 1.60% respectively. Overall, the projected growth rate in 2026 would improve in 6 countries and decline in 6 others as indicated in the table.

Table 3: Inflation (CPI) - Selected Countries

	ACTUAL						PROJECTIONS	
Country	2019	2020	2021	2022	2023	2024	2025	2026
Mexico	3.60	3.40	5.70	8.00	5.60	4.60	3.90	3.30
Indonesia	2.80	1.60	1.60	4.20	3.70	2.80	1.80	2.90
Turkey	15.20	12.30	19.60	72.30	53.90	65.00	34.90	24.70
United States	1.80	1.20	4.70	8.00	4.10	3.00	2.70	2.40
Germany	1.40	0.50	3.10	8.70	6.00	2.90	2.10	1.80
United Kingdom	1.80	0.90	2.60	9.10	7.40	3.20	3.40	2.50
China	2.90	2.50	0.90	2.00	0.20	0.80	0	0.70
Ghana	7.20	9.90	9.90	31.50	23.20	15.50	16.60	9.90
South Africa	4.10	3.30	4.50	6.90	6.00	5.30	3.40	3.70
Brazil	3.70	3.20	8.30	9.30	4.60	4.10	5.20	5.00
Angola	17.10	22.30	25.80	21.40	13.60	10.20	21.60	16.30
Nigeria	11.40	13.20	16.90	18.80	24.50	21.00	23.00	22.00
	SOURCE: IMF, WEO JULY 2025							

18. The Table 3 shows inflation trends and indicates that inflation was generally low and stable before the pandemic across all countries. Inflation rose sharply in 2021 and peaked up around 2022, reflecting supply disruptions and increased demand. From 2023 onward, inflation gradually declines in all countries, and the 2026–2027 projections point to improving price stability, although inflation remains comparatively higher and more volatile in Turkey than in the other economies.

2.A.2 Africa

Africa's Economic Outlook: Gradual Recovery amid Persistent Structural and Global Shocks.

19. African economies continue to show notable resilience despite prolonged exposure to global and domestic shocks. Following a moderation in real GDP growth to about 3.8 percent in 2022, economic performance across the continent has stabilized, supported by stronger domestic demand, easing supply-chain pressures, and improved macroeconomic management in several countries. While the slowdown reflected tighter global financial conditions, geopolitical tensions, climate-related disruptions, and residual effects of the COVID-19 pandemic, Africa's growth outcome remained above the global average, reinforcing the continent's relative resilience.

    Based on prevailing trends and updated regional outlooks, Africa's real GDP growth is estimated to have strengthened to around 4.0 percent in 2023, with a further expansion to approximately 4.2-4.4 percent in 2024–2025. This gradual recovery is underpinned by improved commodity market conditions, moderation in global inflation, easing monetary tightening in advanced economies, and renewed investment flows. Nonetheless, elevated debt levels, exchange rate pressures, and climate shocks remain key downside risks to sustained growth.

    The recovery across the continent remains uneven and multi-paced, reflecting differences in economic structure, exposure to global shocks, and reform momentum. Several pre-pandemic high-performing economies—particularly Benin, Côte d'Ivoire, Ethiopia, Rwanda, and Tanzania—have regained strong growth trajectories and are projected to remain among Africa's fastest-growing economies over the medium term. These countries benefit from relatively diversified production bases, sustained public investment, and improving business environments.

    In West Africa, growth is projected to improve modestly from an estimated 3.8 percent in 2022 to about 3.9–4.1 percent in 2023–2024, before strengthening further over the medium term. This outlook reflects stronger performance in smaller economies and post-pandemic recovery in services and agriculture, despite ongoing macroeconomic pressures in some large economies. Regional

growth continues to be constrained by inflationary pressures, fiscal consolidation efforts, and security challenges, particularly in the Sahel sub-region.

Sectoral performance across Africa highlights continued divergence. Oil-exporting economies are projected to benefit from oil prices remaining above long-term historical averages and gradual improvements in production volumes. Growth in this group is expected to average around 4.0–4.3 percent in the near term, supported by energy sector reforms and improved external balances. However, the pace of recovery remains sensitive to global oil demand, production constraints, and geopolitical developments.

By contrast, resource-intensive non-oil economies face more subdued growth prospects due to lower prices of key minerals, limited diversification, and weaker external demand. Growth in these economies is expected to recover only gradually as global conditions stabilize and domestic reforms gain traction.

Non-resource-intensive economies, characterized by more diversified economic structures, continue to be the strongest performers. Growth for this group is projected to accelerate from about 4.4 percent in 2022 to 5.0 percent in 2023, reaching 5.5 percent or higher by 2024–2025. This performance underscores the importance of economic diversification, human capital development, and private-sector-led growth in enhancing resilience to external shocks.

Overall, Africa's medium-term outlook remains cautiously positive. Sustaining growth will depend on continued macroeconomic stabilization, debt sustainability efforts, climate adaptation investments, and structural reforms aimed at boosting productivity, expanding fiscal space, and strengthening regional trade under the African Continental Free Trade Area (AfCFTA). These factors will be critical in translating economic recovery into inclusive growth, employment generation, and poverty reduction across the continent.

2.A.3 Nigerian Economy

Macroeconomic

20. The Nigerian economy provides the macroeconomic backdrop for the Katsina State Medium-Term Expenditure Framework (MTEF) for the period 2026–2028. National economic developments directly influence revenue performance, expenditure pressures, and overall fiscal sustainability at the state level. This section reviews recent trends in economic growth, inflation, exchange rate movements, crude oil prices, and related macroeconomic indicators, consistent with the structure and presentation adopted in the Nigerian EFU.

    Macroeconomic developments at the national level have direct implications for Katsina State's fiscal outlook. Statutory allocations and VAT receipts remain sensitive to oil prices, exchange rate movements, and overall economic performance. Elevated inflation increases nominal revenues but also escalates recurrent and capital expenditure pressures.

    Accordingly, Katsina State's MTEF assumptions are anchored on conservative macroeconomic forecasts, realistic revenue projections, strengthened internally generated revenue mobilisation, and prudent expenditure management to ensure fiscal sustainability over the medium term.

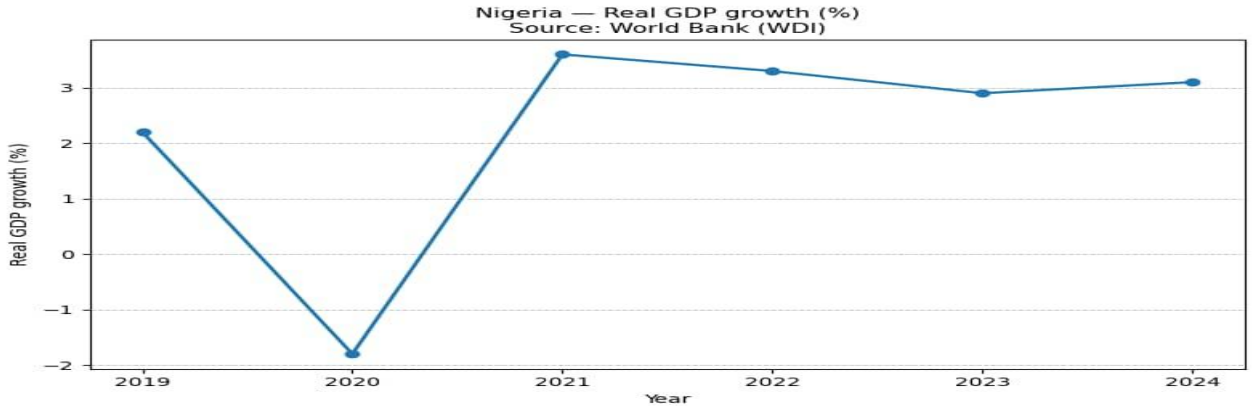
Table 4: Nigeria Key Macroeconomic Indicators

Indicator	2025	2026	2027	2028
GDP Growth	4.60%	4.68%	5.96%	7.90%
GDP (Trillion Naira)	352	507	525	545
Inflation (%)	15.80%	16.50%	13.00%	9.00%
Exchange Rate (NGN:USD FX Rate)	1500	1512	1432.15	1383.18
Unemployment	5.0%	5.0%	4.8%	4.8%
Balance of Payments (% of GDP)	6.9	5.2	8.9	N/A

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

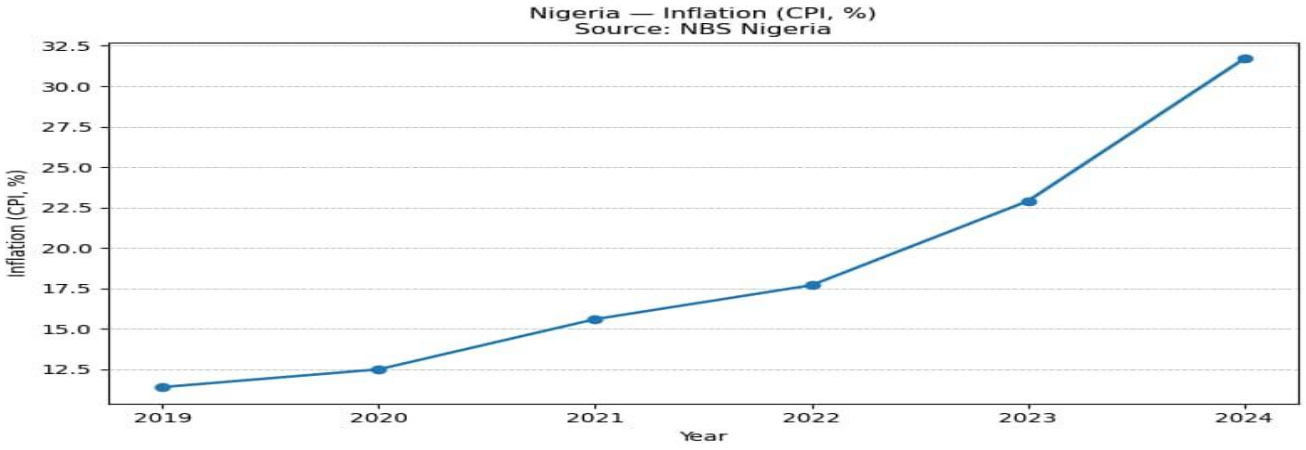
21. **Real GDP Growth:** Nigeria's real GDP growth has remained positive but fragile in recent years. After emerging from recession in 2020, growth moderated due to structural bottlenecks, security challenges, and policy uncertainties. The services sector continues to dominate output, while agriculture and industry remain constrained by productivity and supply-side challenges.

Figure 2: RGDP growth



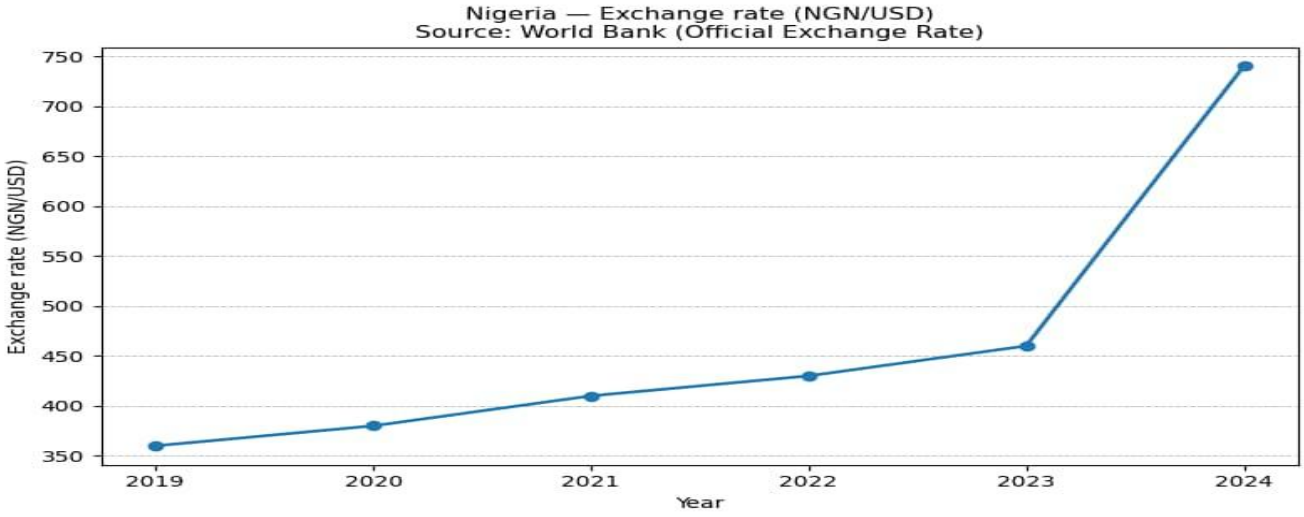
22. **Inflation (CPI):** Inflationary pressures intensified during the review period, driven by rising food prices, exchange rate depreciation, supply disruptions, and the removal of petrol subsidies. Persistently high inflation has eroded household purchasing power and increased the cost of governance, with implications for budget credibility.

Figure 3: Inflation



Source: Central Bank of Nigeria (CBN2025),

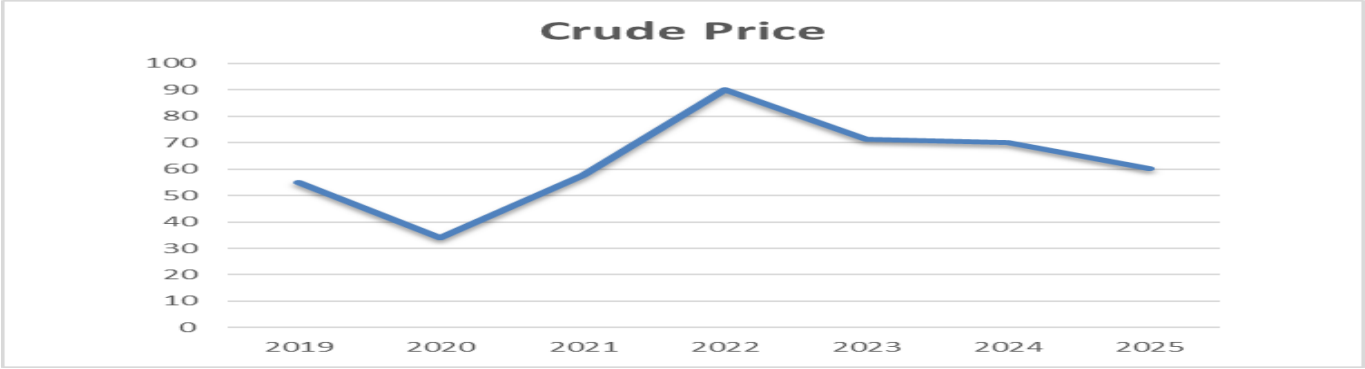
23. **Exchange Rate and Foreign Reserves:** The naira depreciated significantly following the transition to a market-determined exchange rate regime in 2023. While this reform improved transparency in the foreign exchange market, it also introduced short-term volatility and raised import costs. Declining foreign reserves further constrained monetary policy options.



Petroleum Sector

Crude Oil Price: Crude oil prices remain a key determinant of Nigeria's fiscal and external position. Following the COVID-19 price rebound in 20221, the price rose sharply in 2022 before declining in 2023, 2024 and 2025. Declining oil price has posed a dauting fiscal challenge on FAAC dependent sub-nationals.

Figure 4: Crude Oil Price

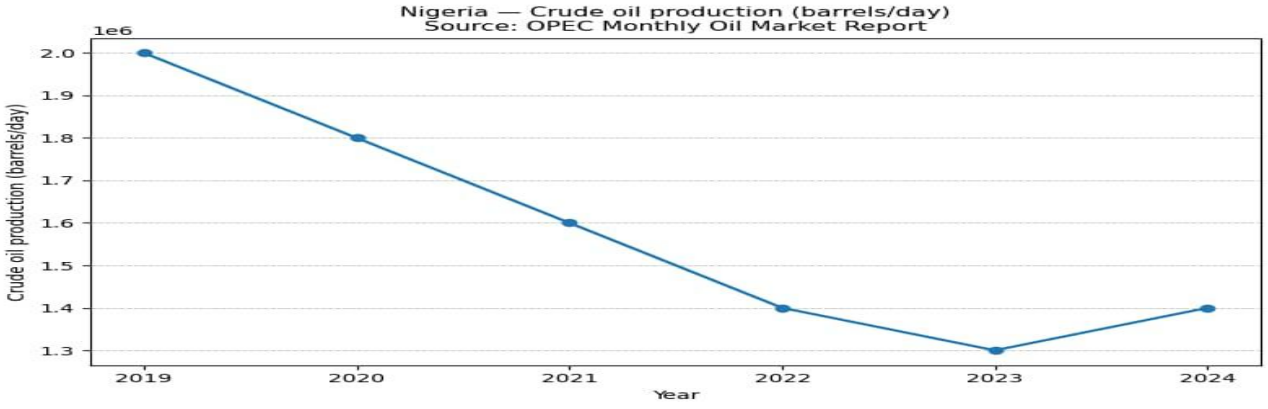


Source: CBN, 2025

Crude Oil Production:

Moreover, The crude production was about 2 million barrel per day in 2019 and decline steadly between 2021 until 2024. The rebounding has started in 2024 with about production of 1.4 million barrel per day.

Figure 5: Crude Oil Production



As such, production constraints have limited the possibility of increasing the volumes of sales to cover the revenue loss to due lower oil prices. This calls for exploring other revenue sources and implementation of strong policies that will ensure fiscal sustainability in the State.

2.A.4 Katsina State Economy

22. Katsina State's economy is largely agrarian, with agriculture being the backbone, employing about 75% of the population. The state is a significant producer of crops like millet, guinea corn, groundnuts, cotton, maize, beans, rice and wheat. Livestock farming is also prominent, with cattle, sheep, and goats, poultry are widely reared.

    Key Economic Sectors:

    - Agriculture: Major crops include cotton, groundnuts, and grains, with the state being Nigeria's largest cotton producer.
    - Livestock: Significant production of cattle, sheep, and goats.
    - Mining: Deposits of metallic and iron-metallic minerals like kaolin, asbestos, gold, uranium, nickel, and silica sand.
    - Industry: Growing industrial sector with ventures like oil mills, Sona, Mangal rice, Muhabbik Rice, Funtua textile, Dangote Ginnery, Dana Steel Rolling Company, Katsina Flour Mills, and Hamada Carpets.

    Economic Indicators:

    - GDP at current market price grew from ₦5,347,796,995,620.61 in 2019 to ₦6,751,676,595,649.90 in 2021 and ₦8,264,346,140,000 in 2023 thereby making the state as one of the states with steady growth in Nigeria (NBS, 2023)
    - Population: approximately 10,157,321 (2025 Projection) out of which over 7 million are within the productive age (NPC, 2025).
    - Internally Generated Revenue (IGR): Grew from ₦5.931 billion in 2018 to ₦30.42 billion in 2024 (Audited Financial Statement, 2024).

Katsina State is working to diversify its economy, with a focus on agriculture, manufacturing, and mining. The state government has implemented initiatives to improve infrastructure, promote investment, and enhance economic growth.

2.B Fiscal Update

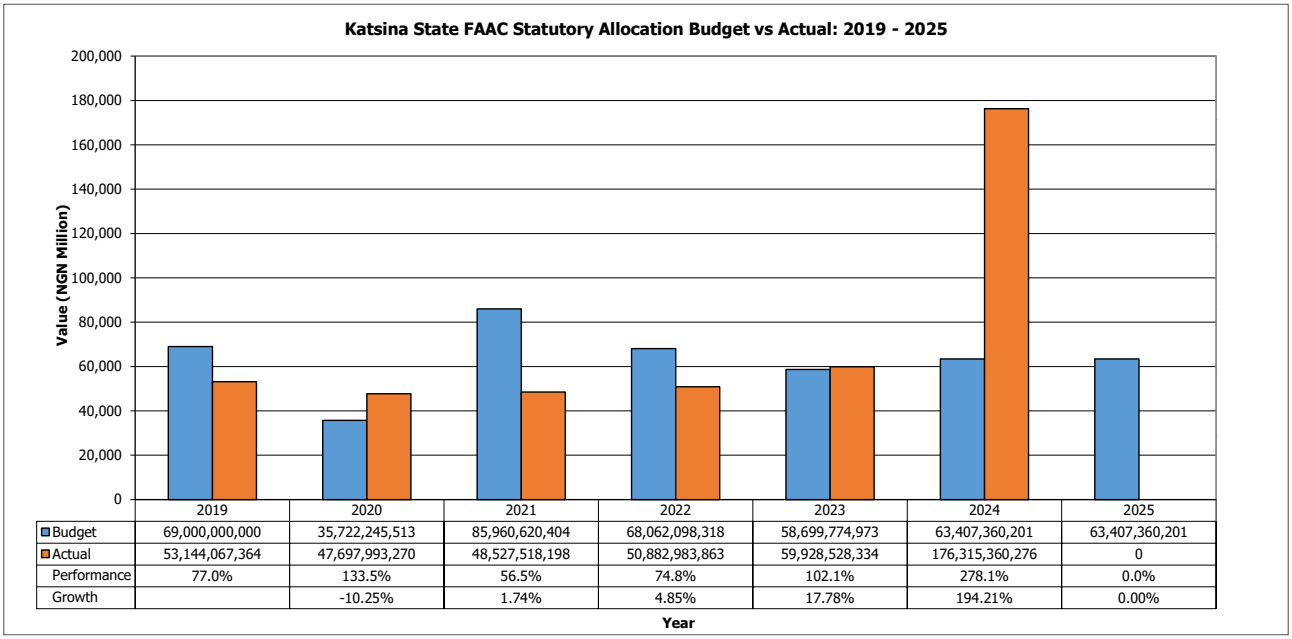
2.B.1 Historic Trends

Revenue Side

23. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Other Federation Accounts, and Capital Receipts (Grants, Loans and Other Capital receipts) – budget versus actual for the period 2019-2024 (six years historic data) and 2025 approved budget.

24. **Statutory Allocation** is a transfer from the Federal Allocation Accounts Committee (FAAC) and is based on the collection of minerals 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.

Figure 5: Statutory Allocation



	2019	2020	2021	2022	2023	2024	2025
Budget	69,000,000,000	35,722,245,513	85,960,620,404	68,062,098,318	58,699,774,973	63,407,360,201	63,407,360,201
Actual	53,144,067,364	47,697,993,270	48,527,518,198	50,882,983,863	59,928,528,334	176,315,360,276	0
Performance	77.0%	133.5%	56.5%	74.8%	102.1%	278.1%	0.0%
Growth		-10.25%	1.74%	4.85%	17.78%	194.21%	0.00%

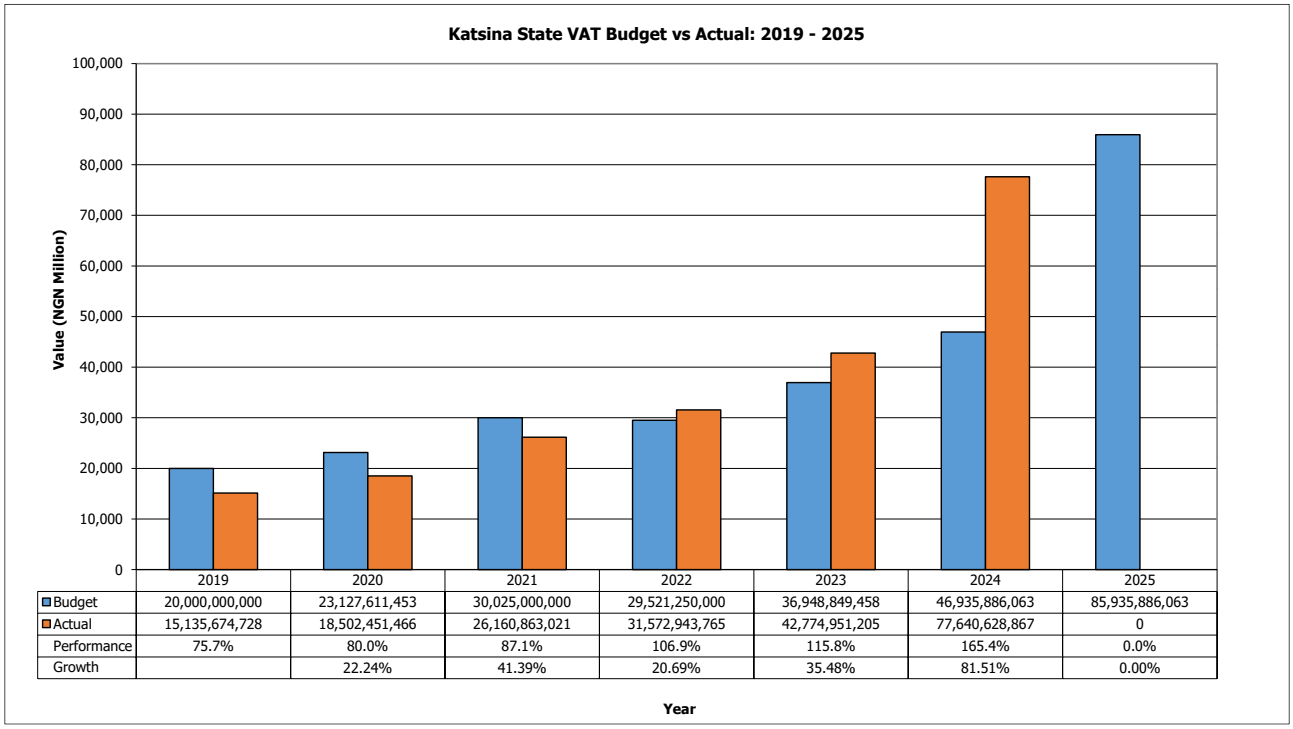
Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and approved 2025 budget

25. The statutory allocation in 2019 was at a moderate level, with actual FAAC receipts marginally below the budgeted estimate. This resulted in a slight shortfall relative to projections, with an overall performance of 77.0 per cent achieved.

    This allocation for the Katsina State fluctuated over the period, reflecting economic shocks and policy changes. In 2019, actual FAAC receipts were slightly below budget, achieving 77.0 per cent performance. In 2020, allocations declined by about 10 per cent due to COVID-19, but actual receipts exceeded the revised budget by 133.5 per cent following downward budget adjustments. From 2021, allocations improved with post-pandemic recovery and oil market stability, culminating in a sharp increase in 2024 driven largely by the removal of fuel subsidy

26. **Value Added Tax (VAT)** is a consumption tax charged on the supply of goods and services at each stage of production and distribution but ultimately **borne by the final consumer**. VAT revenue collected by FIRS is shared through the Federation Accounts Allocation Committee (FAAC), 15%, 50% and 35% to Federal Government, States and Local Governments respectively.

Figure 6: VAT



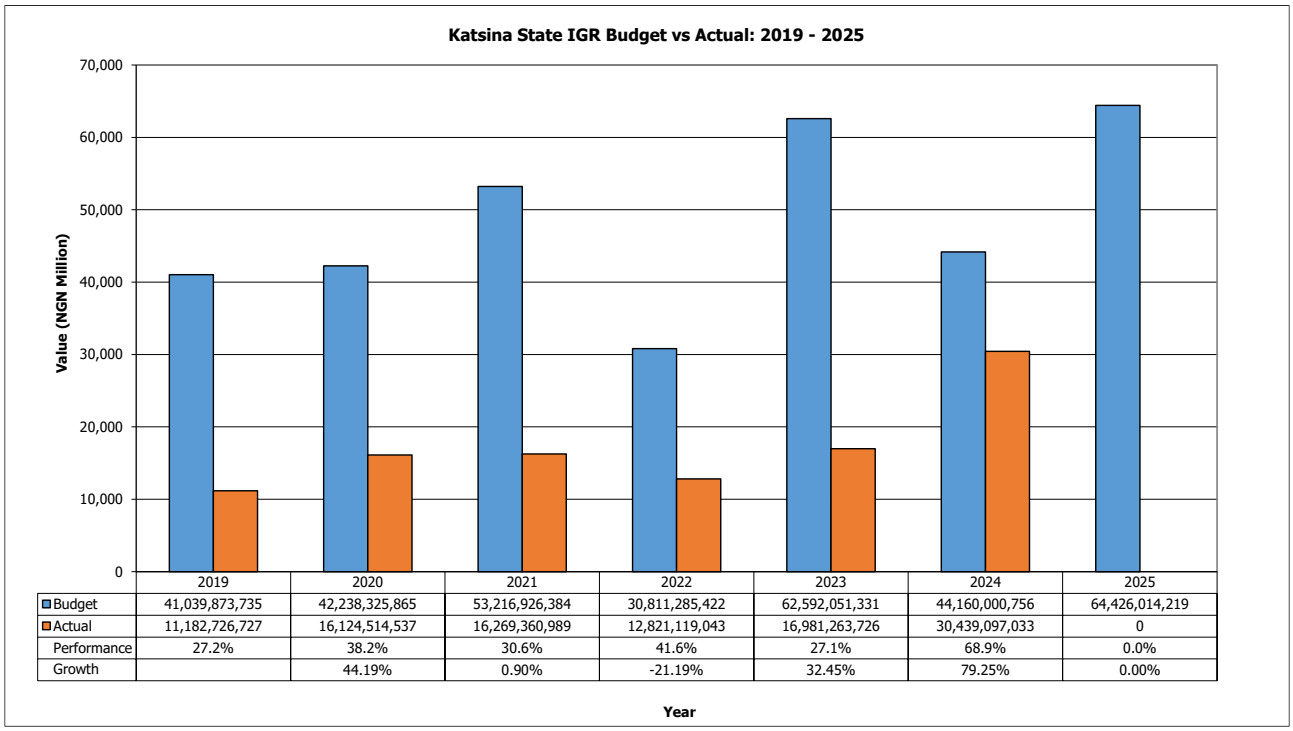
	2019	2020	2021	2022	2023	2024	2025
Budget	20,000,000,000	23,127,611,453	30,025,000,000	29,521,250,000	36,948,849,458	46,935,886,063	85,935,886,063
Actual	15,135,674,728	18,502,451,466	26,160,863,021	31,572,943,765	42,774,951,205	77,640,628,867	0
Performance	75.7%	80.0%	87.1%	106.9%	115.8%	165.4%	0.0%
Growth		22.24%	41.39%	20.69%	35.48%	81.51%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 approved budget

27. Actual VAT receipts have steadily been increasing year-in-year out since 2019 largely due to the growth in nominal economic activity performance relative to budget has been good.

28. **Internally Generated Revenue (IGR)** is a tax and non-tax revenue collected within Katsina state (related to income tax, fees, fines, sales, licenses, levies and other sources of revenue).

Figure 7: IGR



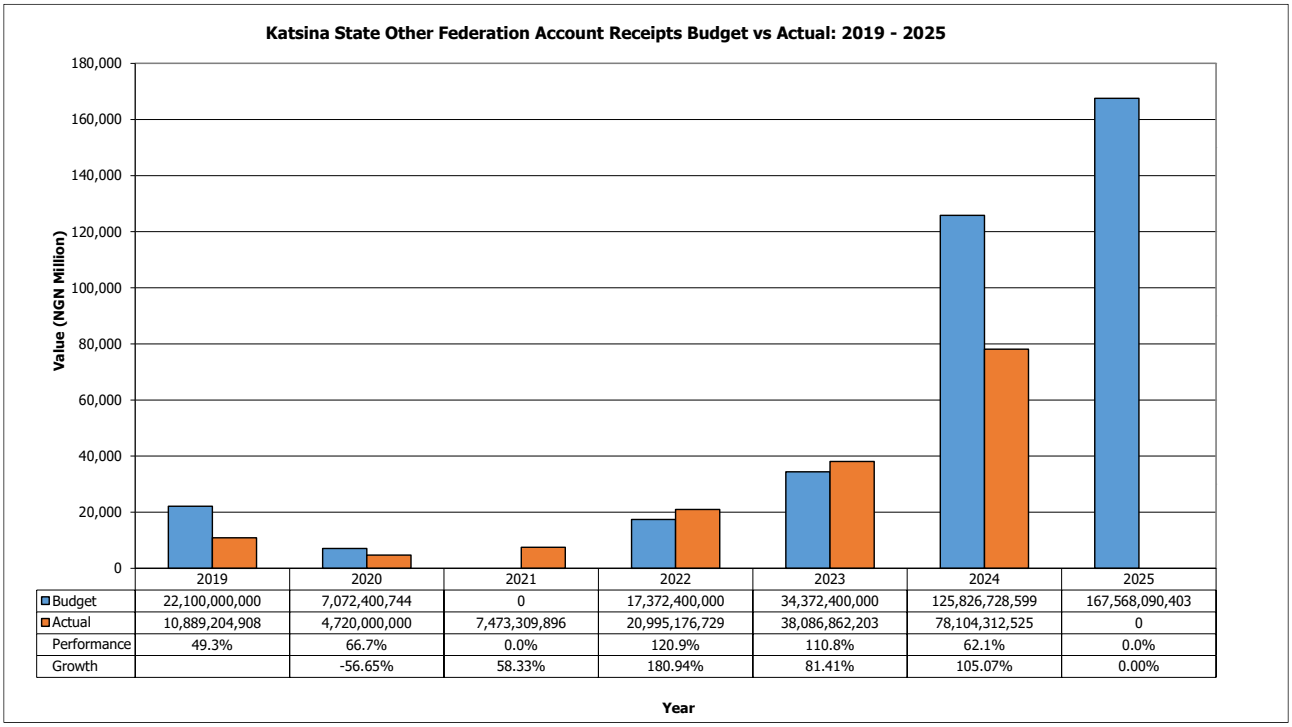
	2019	2020	2021	2022	2023	2024	2025
Budget	41,039,873,735	42,238,325,865	53,216,926,384	30,811,285,422	62,592,051,331	44,160,000,756	64,426,014,219
Actual	11,182,726,727	16,124,514,537	16,269,360,989	12,821,119,043	16,981,263,726	30,439,097,033	0
Performance	27.2%	38.2%	30.6%	41.6%	27.1%	68.9%	0.0%
Growth		44.19%	0.90%	-21.19%	32.45%	79.25%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 approved budget.

29. The Katsina State's IGR from 2019 to 2024 showed gradual improvement. Collections were modest and below target and with improved economic activity and revenue administration, the growth continued supported by reforms for stronger revenue diversification and administration.

30. **Other Federation Account Receipts** are irregular revenues, such as Exchange Difference, Excess Crude Oil, Electronic Money Transfer Levy etc paid into the Federation Account and shared through FAAC.

Figure 3: Other Federation Account Receipts



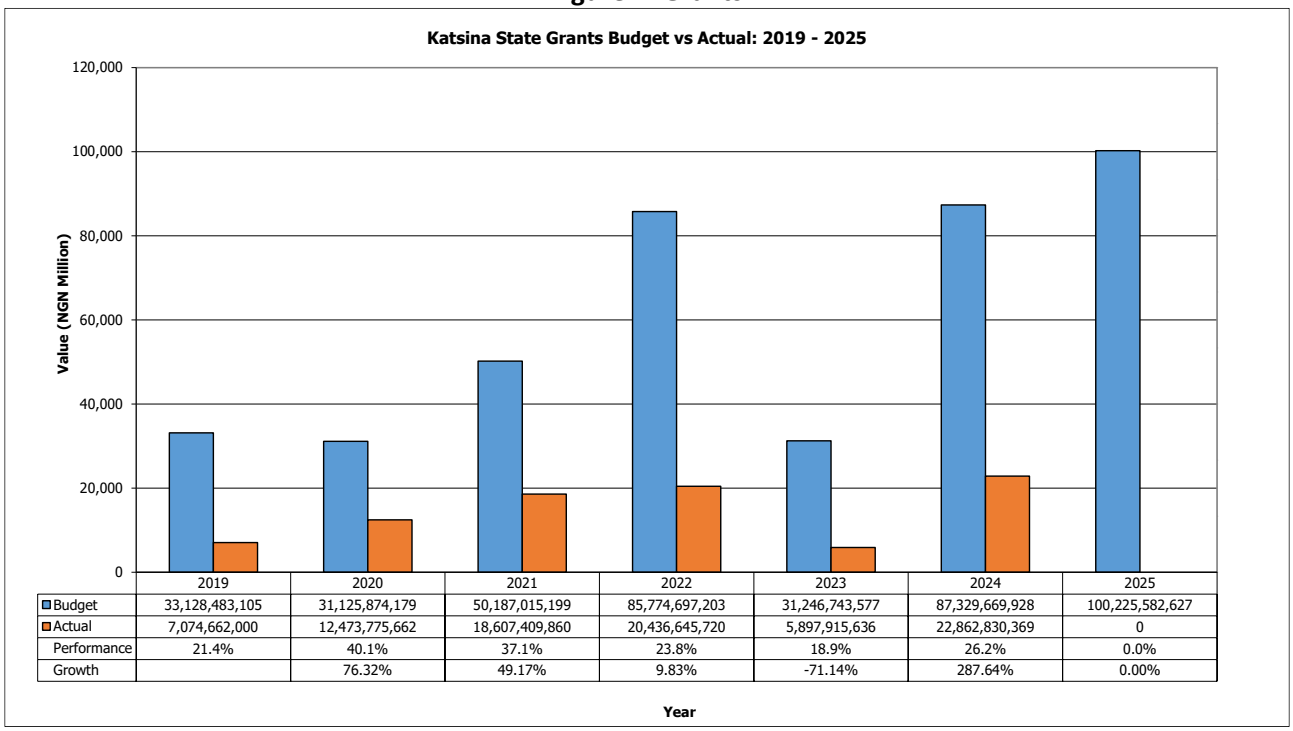
	2019	2020	2021	2022	2023	2024	2025
Budget	22,100,000,000	7,072,400,744	0	17,372,400,000	34,372,400,000	125,826,728,599	167,568,090,403
Actual	10,889,204,908	4,720,000,000	7,473,309,896	20,995,176,729	38,086,862,203	78,104,312,525	0
Performance	49.3%	66.7%	0.0%	120.9%	110.8%	62.1%	0.0%
Growth		-56.65%	58.33%	180.94%	81.41%	105.07%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 approved budget.

31. Over recent years, other FAAC allocations have shown significant growth, reflecting improved revenue mobilization and a broader diversification of revenue sources beyond oil. Other FAAC receipts increased from ₦10.88 billion in 2019 to ₦78.10 billion in 2024. This trend highlights the growing importance of these allocations in supporting sub-national budgets and reducing dependency on oil-based statutory allocations.

32. **Grant**: Government grants are funds provided to a government by external or domestic sources to support specific programmes or projects, without any obligation of repayment, subject to agreed conditions and reporting requirements.

Figure 4: Grants



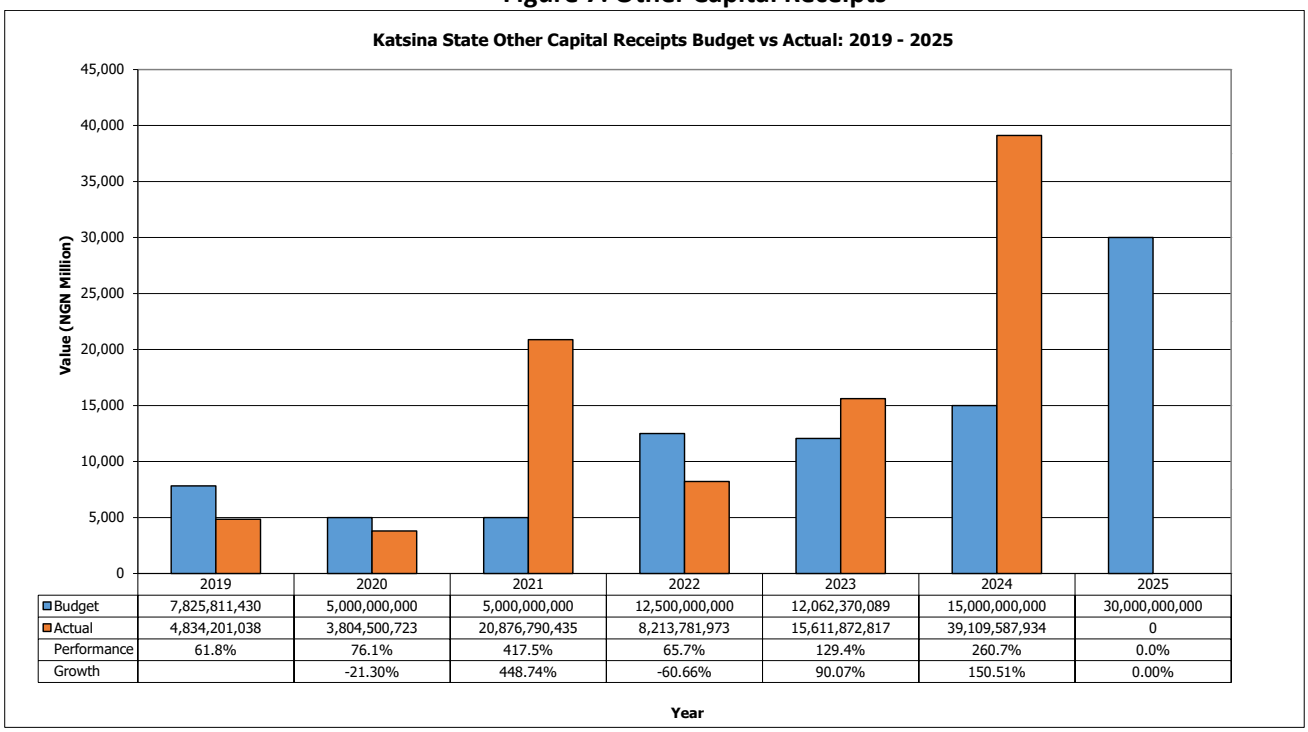
	2019	2020	2021	2022	2023	2024	2025
Budget	33,128,483,105	31,125,874,179	50,187,015,199	85,774,697,203	31,246,743,577	87,329,669,928	100,225,582,627
Actual	7,074,662,000	12,473,775,662	18,607,409,860	20,436,645,720	5,897,915,636	22,862,830,369	0
Performance	21.4%	40.1%	37.1%	23.8%	18.9%	26.2%	0.0%
Growth		76.32%	49.17%	9.83%	-71.14%	287.64%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 approved budget

33. Katsina State's actual grants recorded consistently low performance over the period, achieving only 21.4% in 2019 and rising marginally to 26.2% in 2024 of the budgeted amounts. This persistent underperformance significantly constrained the implementation of critical government projects, particularly in health, education, social protection, and infrastructure development, limiting the State's ability to fully deliver on planned programs and services.

34. **Other Capital Receipts:** Other Capital Receipts are other accruable receipts for the financing of capital expenditure programmes or/and projects other than normal capital receipts.

Figure 7: Other Capital Receipts



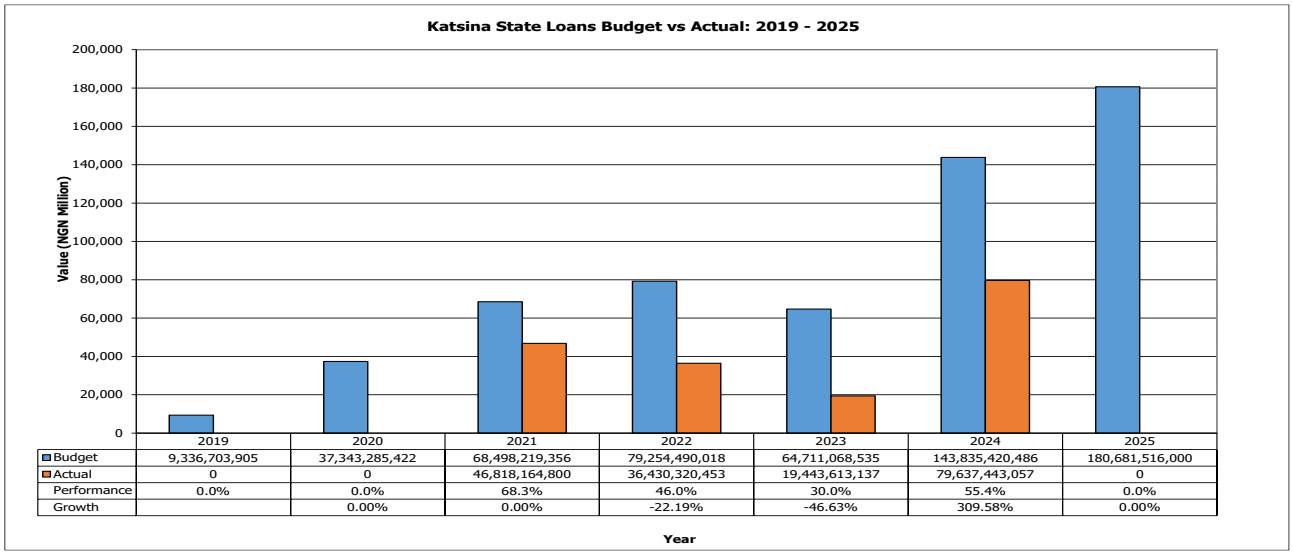
	2019	2020	2021	2022	2023	2024	2025
Budget	7,825,811,430	5,000,000,000	5,000,000,000	12,500,000,000	12,062,370,089	15,000,000,000	30,000,000,000
Actual	4,834,201,038	3,804,500,723	20,876,790,435	8,213,781,973	15,611,872,817	39,109,587,934	0
Performance	61.8%	76.1%	417.5%	65.7%	129.4%	260.7%	0.0%
Growth		-21.30%	448.74%	-60.66%	90.07%	150.51%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 approved budget

35. The Katsina State's capital receipts, as indicated in figure 7, revealed different performance trend from 2019 to 2024 fiscal year. The performance ranged from as low as 61.8% in 2019 to as high as 417.5%% in 2021. You may refer to the table for more information.

36. **Loan**: A loan is money borrowed by the Government from approved domestic or external sources to finance public expenditure and development projects, with a legal obligation to repay the principal and any agreed interest within a specified period, in line with relevant laws and approvals. Besides some short-term borrowing from commercial banks, loans financing has come in the form of various World Bank programmes (FADAMA, CSDP, NEWMAP, N-CARES, SABER, AcreSal etc).

Figure 5: Loans/Financing

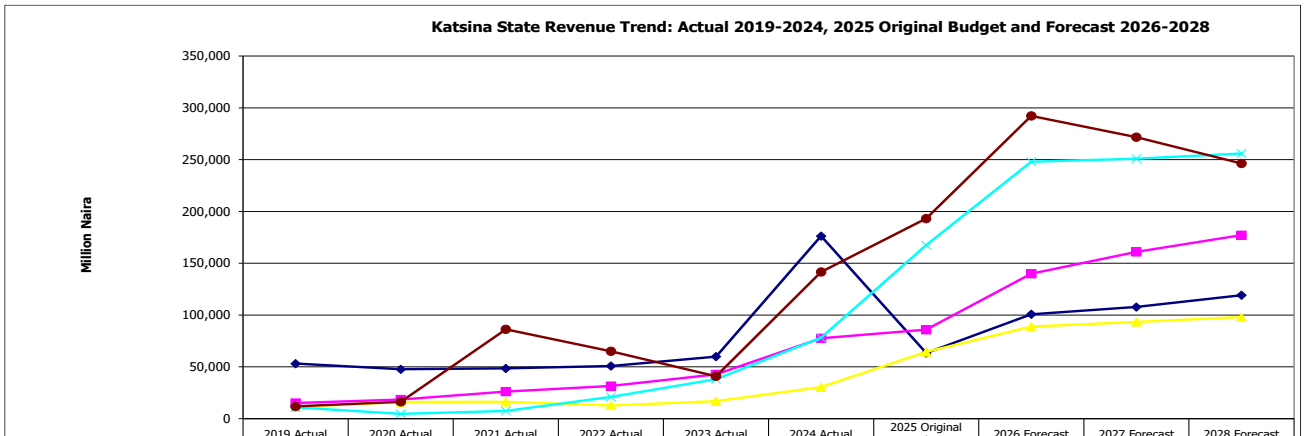


	2019	2020	2021	2022	2023	2024	2025
Budget	9,336,703,905	37,343,285,422	68,498,219,356	79,254,490,018	64,711,068,535	143,835,420,486	180,681,516,000
Actual	0	0	46,818,164,800	36,430,320,453	19,443,613,137	79,637,443,057	0
Performance	0.0%	0.0%	68.3%	46.0%	30.0%	55.4%	0.0%
Growth		0.00%	0.00%	-22.19%	-46.63%	309.58%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 approved budget

37. Between 2019 and 2024, Katsina State's loan receipts were inconsistent and largely unreliable. Partial disbursements occurred from 2021 to 2024, reaching 68.3% in 2021, 46.0% in 2022, 30.0% in 2023, and 55.4% in 2024. The low and irregular performance was driven by a combination of fiscal, regulatory, and administrative factors, including debt sustainability concerns. This irregularity in loan inflows adversely affected the execution of capital projects, leading to delays, underfunded initiatives, and a constrained overall performance of the State's capital expenditure program.

Overall Revenue Trends



	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Original Budget	2026 Forecast	2027 Forecast	2028 Forecast
Stat.Allocation	53,144,067,364	47,697,993,270	48,527,518,198	50,882,983,863	59,928,528,334	176,315,360,276	63,407,360,201	100,745,274,675	107,783,057,859	119,195,305,745
VAT	15,135,674,728	18,502,451,466	26,160,863,021	31,572,943,765	42,774,951,205	77,640,628,867	85,935,886,063	139,990,000,869	160,988,500,999	177,087,351,099
Total IGR	11,182,726,727	16,124,514,537	16,269,360,989	12,821,119,043	16,981,263,726	30,439,097,033	64,426,014,219	88,943,299,913	93,390,464,909	98,059,988,154
Other Federation Account Receipts	10,889,204,908	4,720,000,000	7,473,309,896	20,995,176,729	38,086,862,203	78,104,312,525	167,568,090,403	247,972,682,807	250,972,682,807	255,972,682,807
Capital Receipts	11,908,863,039	16,278,276,385	86,302,365,095	65,080,748,146	40,953,401,590	141,609,861,359	193,152,543,228	292,213,818,451	271,718,840,648	246,351,257,748

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024, 2025 approved budget and 2026-2028 MTEF Forecast

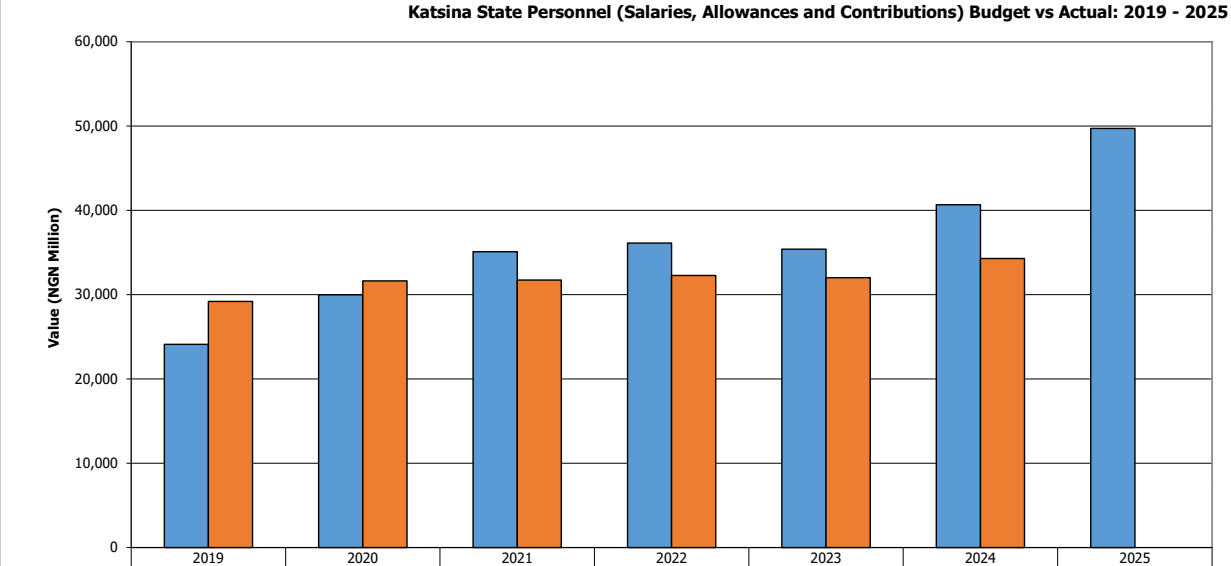
38. Between 2019 and 2024, Katsina State's revenues showed a generally upward trend, driven primarily by statutory allocations, rising other FAAC receipts, and gradual improvement in IGR. Statutory allocations dipped in 2020 due to COVID-19 but surged in 2024 following fuel subsidy removal. IGR improved steadily from 2021, while other FAAC receipts rose sharply from N10.88 billion in 2019 to N78.10 billion in 2024. Grants and loans became inconsistent, unreliable, limiting capital project execution. Opening balances provides a buffer for prompt budget implementation. Overall, the State remains heavily dependent on FAAC, highlighting the need for revenue diversification, stronger IGR mobilization, and sustainable financing strategies.

Expenditure Side

39. On the expenditure side, the document looks at Personnel, Social Contributions & Social Benefits, Overheads, Grants, Contributions, Subsidies, Transfers, Public Debt Service and Capital Expenditure – budget versus actual for the period 2019-2024 (six years) budgets and 2025 approved budget.

40. **Personnel cost** refers to the total expenditure on salaries, wages and allowances for public employees and civil servants. It forms a major part of Katsina State's recurrent expenditure and is critical for maintaining the workforce as the state maintained the tradition of regular payment of salaries.

Figure 10: Personnel Cost

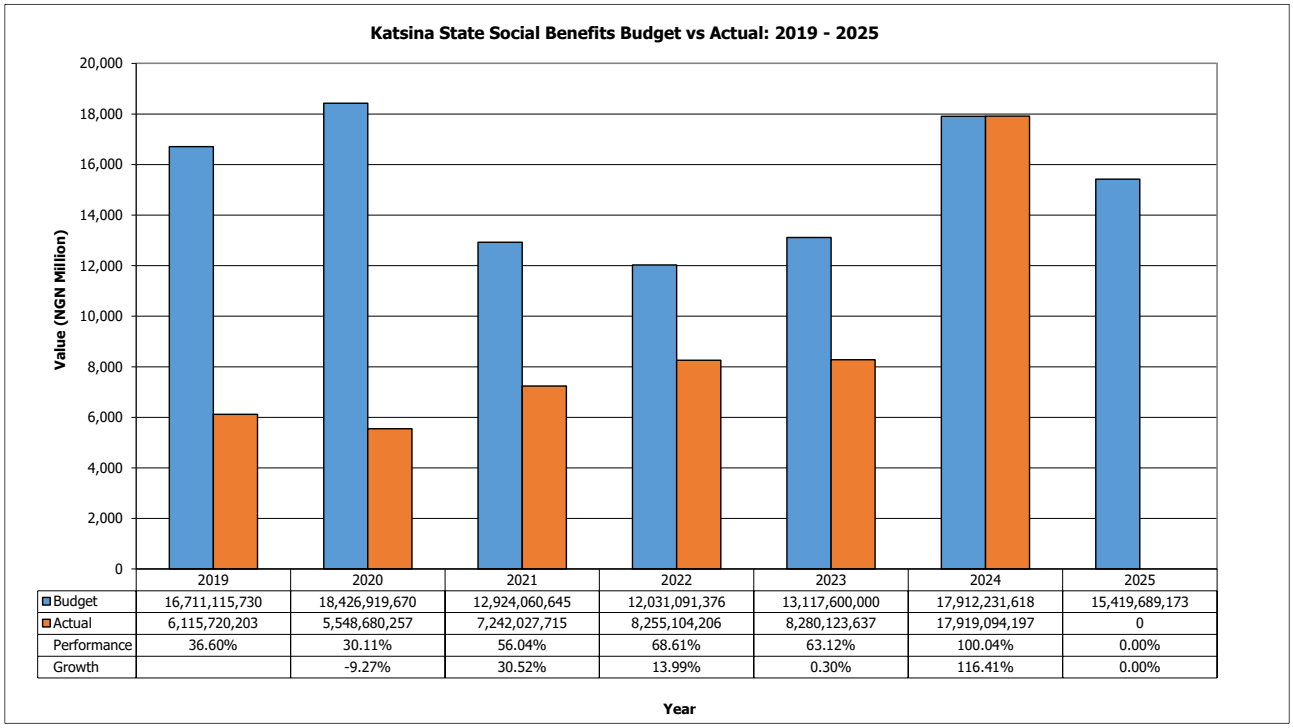


	2019	2020	2021	2022	2023	2024	2025
Budget	24,104,717,960	29,978,487,830	35,078,957,674	36,114,895,293	35,380,464,831	40,665,635,081	49,710,912,025
Actual	29,184,952,308	31,626,757,245	31,722,036,508	32,277,231,460	32,003,801,913	34,279,282,225	0
Performance	121.08%	105.50%	90.43%	89.37%	90.46%	84.30%	0.00%
Growth		8.37%	0.30%	1.75%	-0.85%	7.11%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 approved budget

41. Personnel costs are disbursed directly by the Office of the Accountant General. In 2019, actual personnel costs overperformed by 21.08% of the budgeted amount, primarily due to the implementation of the N30,000.00 minimum wage. While from 2020 to 2024, personnel cost performance remained steady, with no over-expenditure reported, reflecting more realistic budget forecasts and projections in subsequent years. This indicates improved fiscal planning and effective management of the State's payroll obligations.

Figure 11: Social Contributions and Social Benefits



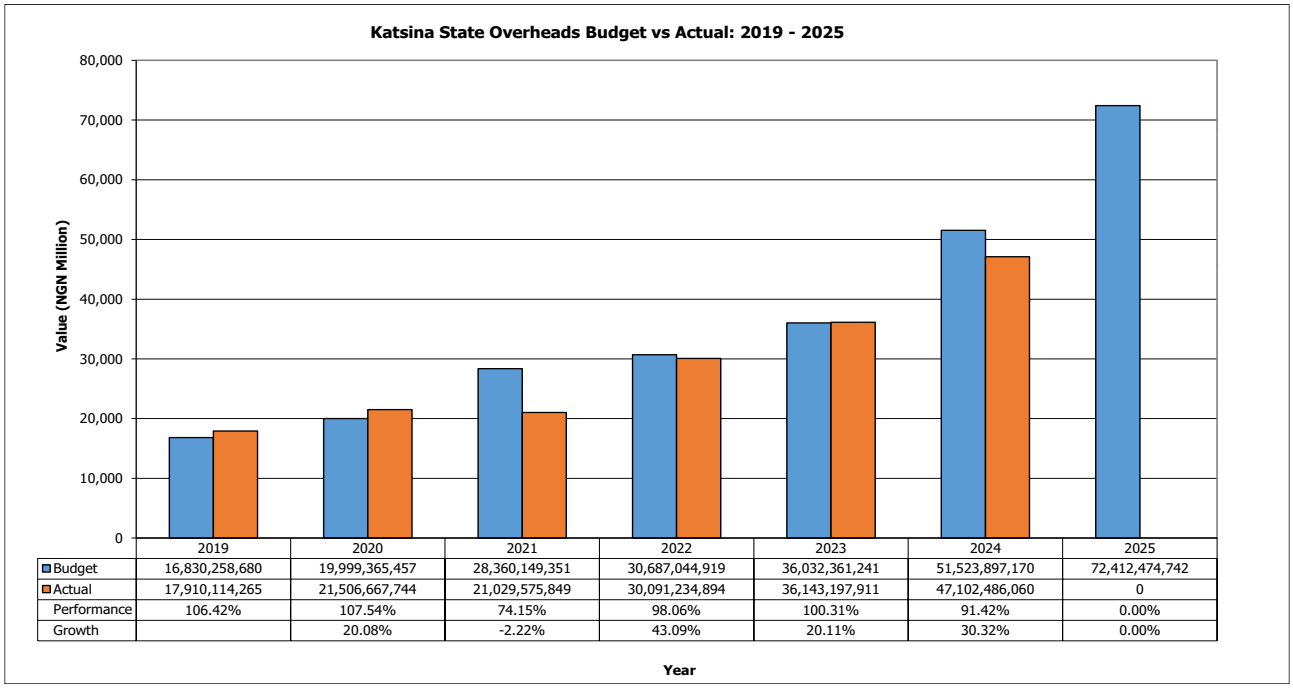
	2019	2020	2021	2022	2023	2024	2025
Budget	16,711,115,730	18,426,919,670	12,924,060,645	12,031,091,376	13,117,600,000	17,912,231,618	15,419,689,173
Actual	6,115,720,203	5,548,680,257	7,242,027,715	8,255,104,206	8,280,123,637	17,919,094,197	0
Performance	36.60%	30.11%	56.04%	68.61%	63.12%	100.04%	0.00%
Growth		-9.27%	30.52%	13.99%	0.30%	116.41%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 Approved Budget

42. Social Benefits include contributory pension fund schemes in the State, accrued pensions and gratuities. The performance reported over the period demonstrates steady and consistent payments to retired employees, reflecting the State's commitment to meeting its statutory obligations and ensuring financial security for its workforce post-retirement.

43. **Overheads cost** comprise of operational and maintenance costs for running day-to-day activities of the Government. This includes transport and travel, utilities, materials and supplies, maintenance, training, other professional services, fuel, lubricants, financial charges and miscellaneous costs.

Figure 12: Overheads



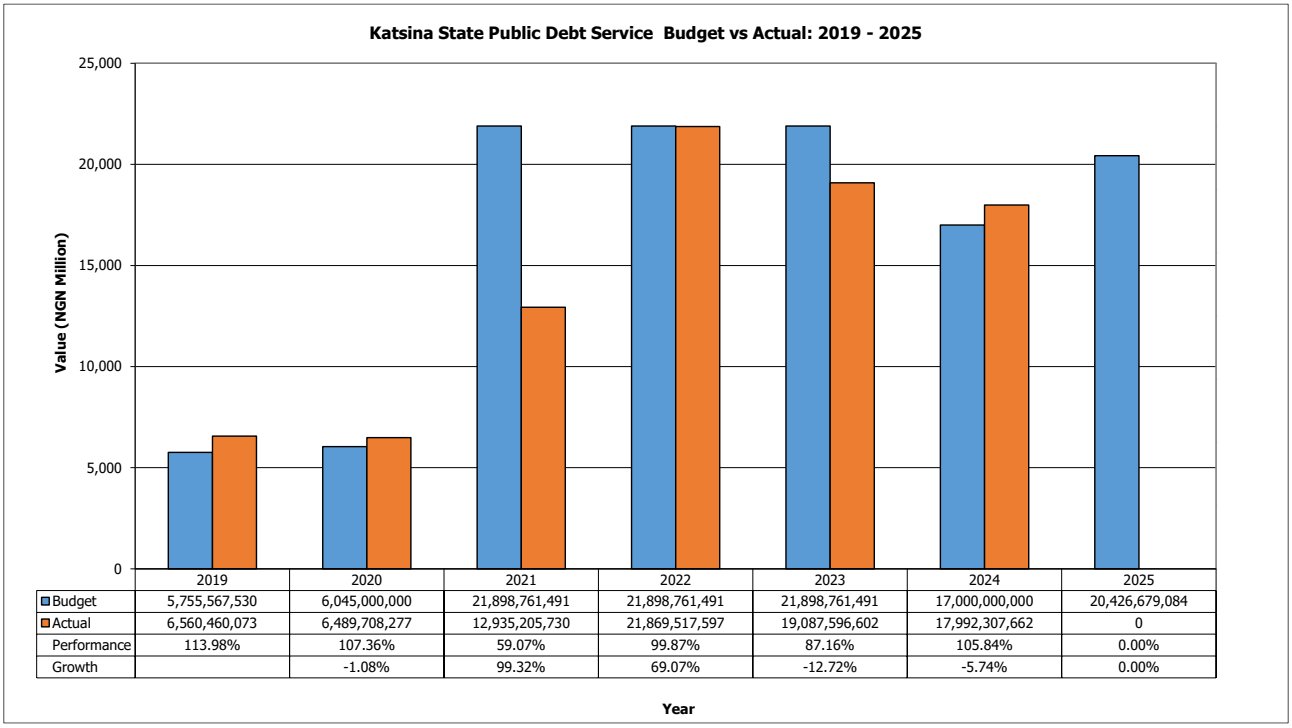
	2019	2020	2021	2022	2023	2024	2025
Budget	16,830,258,680	19,999,365,457	28,360,149,351	30,687,044,919	36,032,361,241	51,523,897,170	72,412,474,742
Actual	17,910,114,265	21,506,667,744	21,029,575,849	30,091,234,894	36,143,197,911	47,102,486,060	0
Performance	106.42%	107.54%	74.15%	98.06%	100.31%	91.42%	0.00%
Growth		20.08%	-2.22%	43.09%	20.11%	30.32%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 Approved Budget

44. Between 2019 and 2024, Katsina State's overhead expenditure rose significantly from N17.91 billion to N47.10 billion, reflecting increased administrative and operational costs required to sustain government functions and service delivery.

45. **Public Debt Servicing:** This consists of interest on un-matured debt and other accounts, amortization of premiums and discounts on un-matured debt, the servicing costs and the cost of issuing new borrowings.

Figure 13: Public Debt Service



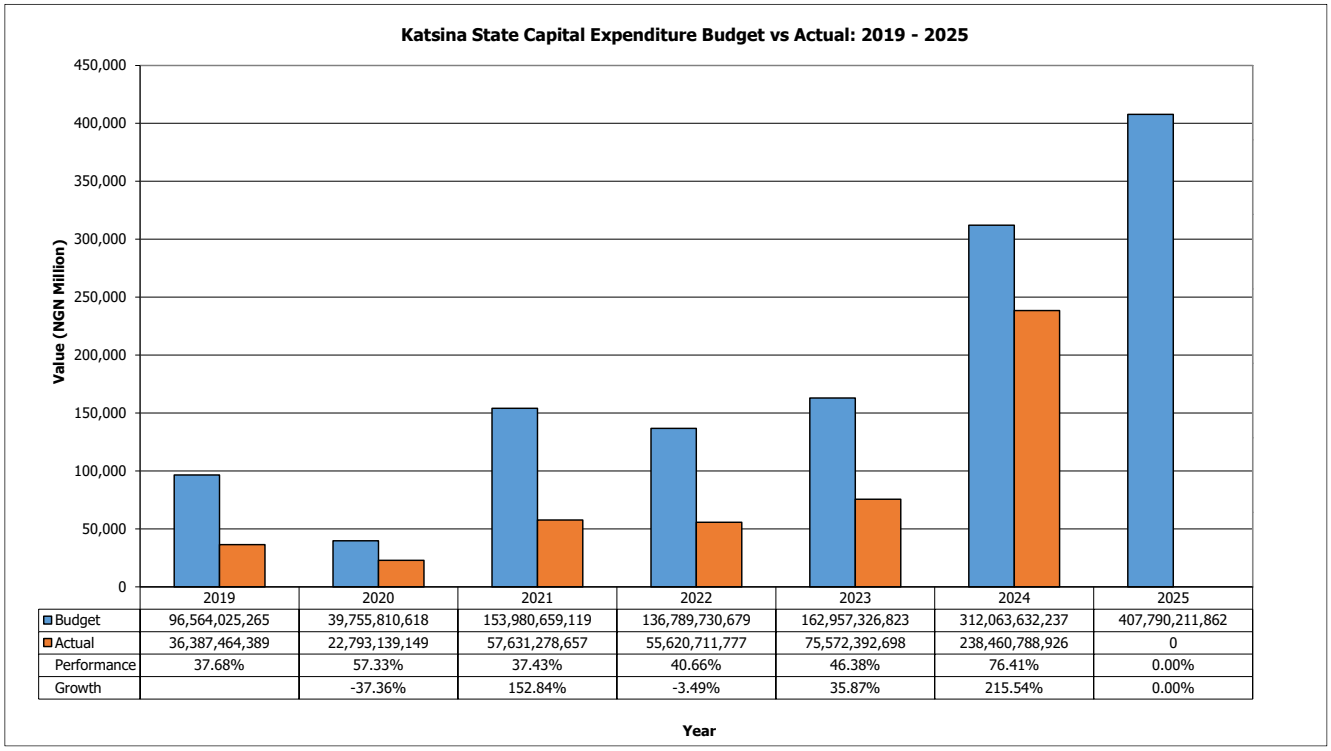
	2019	2020	2021	2022	2023	2024	2025
Budget	5,755,567,530	6,045,000,000	21,898,761,491	21,898,761,491	21,898,761,491	17,000,000,000	20,426,679,084
Actual	6,560,460,073	6,489,708,277	12,935,205,730	21,869,517,597	19,087,596,602	17,992,307,662	0
Performance	113.98%	107.36%	59.07%	99.87%	87.16%	105.84%	0.00%
Growth		-1.08%	99.32%	69.07%	-12.72%	-5.74%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 Approved Budget

46. Between 2019 and 2024, Katsina State's public debt charges fluctuated, as they are primarily deducted from the State's statutory allocations. Despite the variability, the State consistently met its debt obligations, covering both principal and interest on domestic and external loans. Debt servicing increased steadily from N6.55bn in 2019 to N17.99bn in 2024, reflecting the growing commitment to maintaining fiscal sustainability.

47. **Capital expenditure** refers to projects that generate state assets (e.g. roads, schools, hospitals). Improved infrastructure is one of the bases for improvement in the economy of the state, therefore it is expedient for the government to vote for more funds for the capital expenditure of the state to create the enabling environment that will attract investors both local and international into the state.

Figure 14: Capital Expenditure



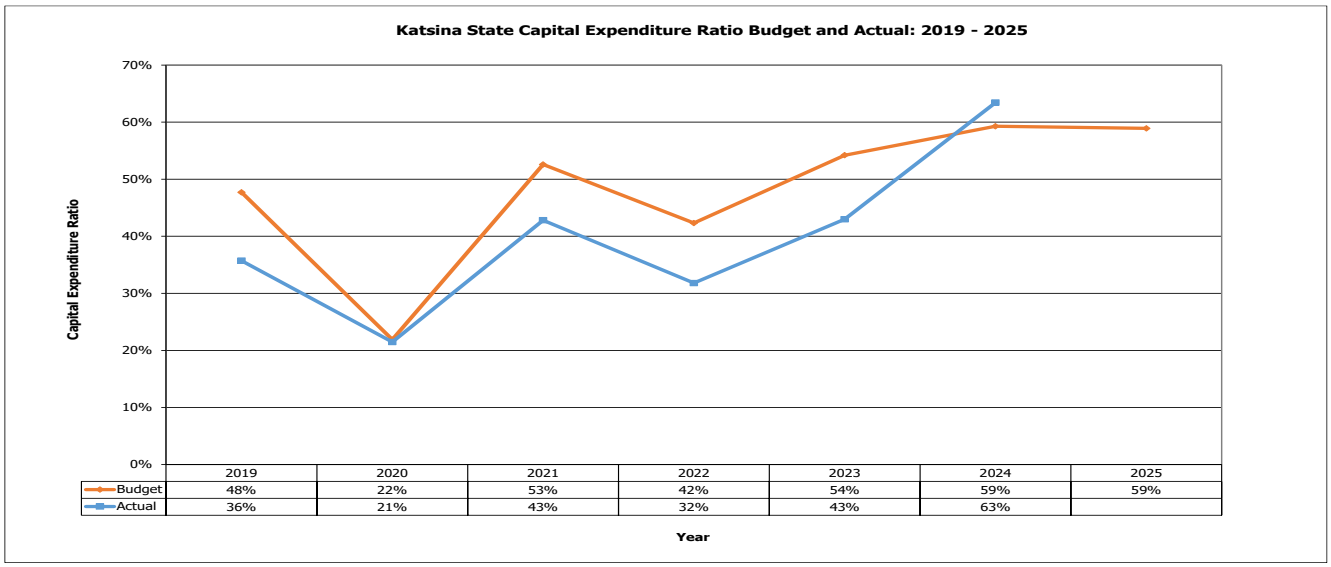
	2019	2020	2021	2022	2023	2024	2025
Budget	96,564,025,265	39,755,810,618	153,980,659,119	136,789,730,679	162,957,326,823	312,063,632,237	407,790,211,862
Actual	36,387,464,389	22,793,139,149	57,631,278,657	55,620,711,777	75,572,392,698	238,460,788,926	0
Performance	37.68%	57.33%	37.43%	40.66%	46.38%	76.41%	0.00%
Growth		-37.36%	152.84%	-3.49%	35.87%	215.54%	0.00%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 Approved Budget

48. Between 2019 and 2024, Katsina State's capital expenditure consistently fell below budgeted amounts in the early years, with performance ranging from 37.68% to 76.41 for the 2019 and 2023 fiscal year respectively. This underperformance was partly linked to the post-pandemic fiscal pressures, where limited resources were prioritized for palliatives and social support to citizens. However, in 2024 the capital spending improved dramatically from N75.57bn in 2023 to N238.46bn representing 76.41%. The improvement in 2024 was largely driven by additional resources from the Federation Account, bolstered by the implementation of the Petroleum Industry Act (PIB) by the current administration, enabling better funding for developmental projects.

49. The Capital Expenditure Ratio (CER) measures the proportion of total capital expenditure over the budgeted amount over the past 6years by the State.

Figure 6: Capital Expenditure Ratio



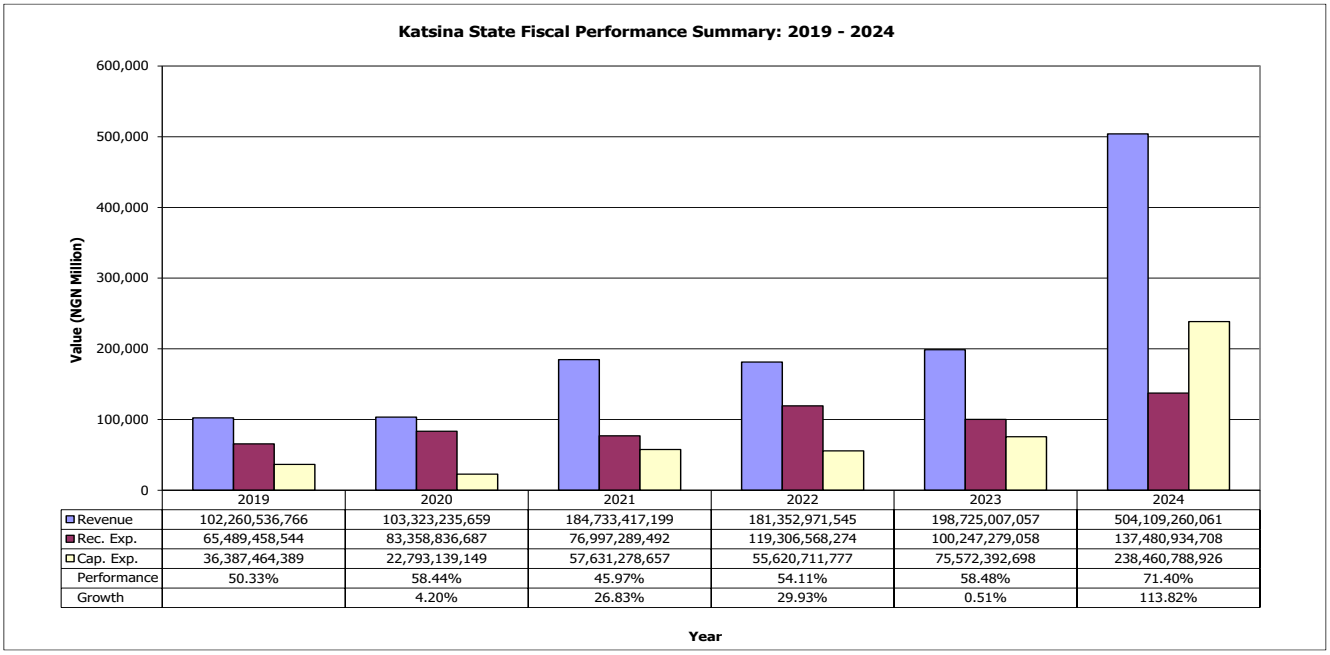
	2019	2020	2021	2022	2023	2024	2025
Budget	48%	22%	53%	42%	54%	59%	59%
Actual	36%	21%	43%	32%	43%	63%	

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024 and 2025 approved budget.

50. For the fiscal year 2019, 2020 and 2022 indicated that the capital expenditure ratio is relatively low, as the actual performance was less than 50% reflecting constraints in revenue, limited loans, and post-pandemic fiscal pressures. However, in 2021, 2023 and 2024 the ratio was in favour of capital expenditure having exceed 50%. This indicated government commitment in the provision of the needed services to the people of the State. The expectation for 2026 fiscal projection for capital expenditure ratio reached 59% anticipating higher spending in the provisions of essential services.

51. The Overall Fiscal Performance Summary over the past 6-years by the State.

Figure 16: Fiscal Performance Summary



	2019	2020	2021	2022	2023	2024
Revenue	102,260,536,766	103,323,235,659	184,733,417,199	181,352,971,545	198,725,007,057	504,109,260,061
Rec. Exp.	65,489,458,544	83,358,836,687	76,997,289,492	119,306,568,274	100,247,279,058	137,480,934,708
Cap. Exp.	36,387,464,389	22,793,139,149	57,631,278,657	55,620,711,777	75,572,392,698	238,460,788,926
Performance	50.33%	58.44%	45.97%	54.11%	58.48%	71.40%
Growth		4.20%	26.83%	29.93%	0.51%	113.82%

Source: KTSG Audited Financial Statements (AFS) 2019 to 2024

52. The performance growth shows an improvement in budgetary execution by the State; this is because of deliberate effort by the current administration designed strategic document "Building Your Future" laying all its programmes and projects planned to be executed within its tenure. The performance surged from 4.20% in 2020 to staggering 113.82% in 2024.

By Sector

53. The analysis indicates that greater commitment is being made toward capital expenditure, reflecting growing investment in developmental projects across Katsina State. While capital spending increased significantly particularly in 2024, while recurrent expenditure remained relatively stable over the period, demonstrating fiscal discipline in managing salaries, overheads, social benefits, and debt servicing. The state is prioritizing developmental and infrastructural investments

2 Fiscal Strategy Paper

2.A Macroeconomic Framework

54. Katsina State 2026 – 2028 macroeconomic framework was based on prevailing economic realities. The inflation and national real GDP growth forecasts are based on the October 2025 IMF World Economic Outlook. The mineral ratio reflects the current reality in terms of the costs of the Fuel Subsidy and the anticipated mineral sector revenues estimates of NGF in their Document. The NGN: USD Exchange rate is based on the current CBN I&E rate, and the price and production are based on prudent forecasts given current performance.

Table 2: Katsina State Macroeconomic Framework

Katsina State Macroeconomic and Mineral Framework 2026 - 2028

Item	2025	2026	2027	2028
National Inflation (CPI)	15.80%	16.50%	13.00%	9.00%
National Real GDP Growth	4.60%	4.68%	5.96%	7.90%
State Inflation (CPI)				
State Real GDP Growth				
State GDP Nominal				
Oil Price Actual				
Oil Price Benchmark	$75.00	$64.85	$64.30	$65.50
Oil Production Benchmark (MBPD)	2.1200	1.8400	1.8500	1.8900
NGN:USD Exchange Rate	1500	1512	1432.15	1383.18
Other Assumptions				
FAAC Deductions		3,600,000,000,000	3,600,000,000,000	3,600,000,000,000
Mineral Ratio (Before Subsidy)	18%	21%	23%	24%

2.B Fiscal Strategy and Assumptions

Policy Statement

55. The Katsina State Fiscal Framework for 2026–2028 is anchored on a medium-term macroeconomic outlook characterized by moderating inflation, improving real GDP growth by investing in Agriculture and other macroeconomic activities. The framework reflects national and state economic realities, FAAC revenue trends, and mineral revenue assumptions, with the objective of ensuring fiscal sustainability, macroeconomic stability, and inclusive growth.

Objectives and Targets

56. The key objectives and targets from the fiscal perspective include the following:

- Maintain higher proportion of capital investment over recurrent expenditure.
- Ensure that propose capital expenditure projects and programmes reflected in the 2026 budget is consistent with that of 2026 - 2028 MTSS.
- Maintain personnel costs within manageable limit with emphasis on new recruitment in the critical areas to revitalize the manpower need of the State while yearly increment and promotion in all MDAs would be appropriately considered.
- Overhead costs would also be appropriately reviewed to facilitate optimal service delivery and capital projects implementation.
- Internal Revenue collection would be strengthened and expanded from both new and existing sources.
- Rehabilitate existing projects, complete and commission ongoing one, and embark on new one that have implication in improving the standard of living of the people.

2.B.2 Debt Position

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

Table 5: Debt Position as at 31st December 2024

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2024
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	247.21%
2	Total External Debt/Gross FAAC	150%	46.45%
3	Total Public Debt/Total Recurrent Revenue	150%	63.31%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	0.00%
6	External Debt Service/Gross FAAC	10%	0.00%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	5.42%
8	Total Debt Service/Total Recurrent Revenue	25%	0.00%
B	PUBLIC DEBT DATA AS AT 31st DECEMBER 2024		Naira
1	Total Domestic Debt		75,247,748,990
2	Total External Debt		154,237,841,698
3	**Total Public Debt**		**229,485,590,688**

The Debt Sustainability Analysis as at 31 December 2024 presents a generally manageable debt position, though with some concerns regarding long-term solvency. Most debt indicators fall within established sustainability thresholds; however, the ratio of total domestic debt to internally generated revenue is high at 247.21 percent, exceeding the 150 percent benchmark and indicating significant dependence on domestic borrowing relative to revenue capacity. Conversely, the ratios of external debt to gross FAAC (46.45 percent) and total public debt to total recurrent revenue (63.31 percent) remain comfortably below their respective limits, suggesting that the overall debt burden is still within acceptable levels. Liquidity indicators point to

minimal short-term fiscal stress, as debt service obligations are low, with no recorded domestic or external debt service pressure and FAAC deductions accounting for only 5.42 percent, well below the threshold. In total, the State's public debt stands at ₦229.49 billion, comprising ₦75.25 billion in domestic debt and ₦154.24 billion in external debt, underscoring the need to enhance revenue mobilisation to ensure improved debt sustainability over the medium to long term.

2.C Indicative Three-Year Fiscal Framework

57. The indicative three-year fiscal framework for the period 2026-2028 is presented in the table below.

Table 6: Katsina State Medium Term Fiscal Framework

Katsina State Fiscal Framework 2026 - 2028

Item	2025 Original Budget	2026 Forecast	2027 Forecast	2028 Forecast
Opening Balance	84,952,389,660	28,000,000,000	15,000,000,000	7,500,000,000
Recurrent Revenue				
Statutory Allocation	63,407,360,201	100,745,274,675	107,783,057,859	119,195,305,745
VAT	85,935,886,063	139,990,000,869	160,988,500,999	177,087,351,099
IGR	64,426,014,219	88,943,299,913	93,390,464,909	98,059,988,154
Other Federation Account Revenues	167,568,090,403	247,972,682,807	250,972,682,807	255,972,682,807
Other Recurrent Revenues (Recurrent Grants)	0	0	0	0
Total Recurrent Revenue	**381,337,350,887**	**577,651,258,263**	**613,134,706,574**	**650,315,327,805**
Recurrent Expenditure				
Personnel (Salaries, Allowances and Contributions)	49,710,912,025	58,451,754,480	63,712,412,384	69,446,529,498
Social Benefits	15,419,689,173	18,369,689,173	18,488,527,762	18,369,689,173
Overheads	72,412,474,742	73,783,690,289	79,517,468,955	85,083,691,782
Grants, Contributions and Subsidies	0			
Public Debt Service	20,426,679,084	20,426,679,084	10,226,679,084	10,226,679,084
Total	**157,969,755,024**	**171,031,813,026**	**171,945,088,184**	**183,126,589,537**
Transfer to Capital Account	**308,319,985,522**	**434,619,445,237**	**456,189,618,390**	**474,688,738,269**
Capital Receipts				
Capital Grants	61,868,162,050	166,885,644,295	160,994,658,069	148,793,045,169
Other Capital Receipts	0	0	0	0
Total	**61,868,162,050**	**166,885,644,295**	**160,994,658,069**	**148,793,045,169**
Reserves				
Contingency Reserve		0	0	0
Planning Reserve		0	0	0
Climate Response Reserve		0	0	0
Total Reserves	**0**	**0**	**0**	**0**
Capital Expenditure	**534,274,694,490**	**726,833,263,688**	**727,908,459,038**	**721,039,996,016**
Discretional Funds	500,279,077,313	609,970,980,593	615,249,155,069	603,582,304,947
Non-Discretional Funds	33,995,617,177	116,862,283,095	112,659,303,969	117,457,691,069
Planning and Climate Reserves	0	0	0	0
Financing (Loans)	131,284,381,178	125,328,174,156	110,724,182,578	97,558,212,578
Total Revenue (Including Opening Balance)	**659,442,283,774**	**897,865,076,714**	**899,853,547,222**	**904,166,585,553**
Total Expenditure (including Reserves)	**692,244,449,514**	**897,865,076,714**	**899,853,547,222**	**904,166,585,553**
Closing Balance	15,611,872,817			
Ratios				
Growth in Recurrent Revenue	5.20%	51.48%	6.14%	6.06%
Growth in Recurrent Expenditure	50.29%	8.27%	0.53%	6.50%
Capital Expenditure Ratio	77.18%	80.95%	80.89%	79.75%
Deficit (Financing) to Total Expenditure	18.97%	13.96%	12.30%	10.79%
Deficit (Financing) to GDP Ratio	NA	NA	NA	NA

Source: Katsina State 2026-2028 MTEF

2.C.1 Assumptions

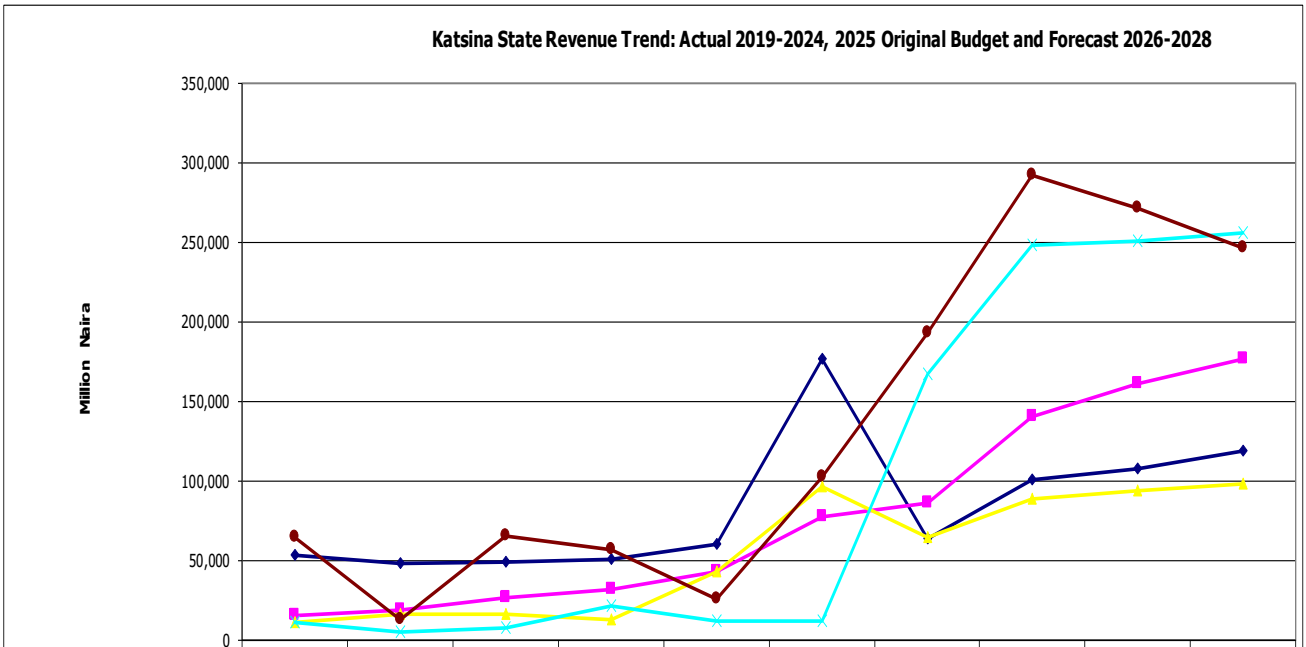
58. The assumptions used in coming up with 2026=2028 MTEF as applied to revenue and expenditure

- **Opening Balance** - This was estimated based on the expected closing balance of 2025 fiscal year to be derived from the "State Audited Financial Report".
- **Statutory Allocation** – The projection for statutory allocation is based on elasticity forecast taking into consideration the key macroeconomic and fiscal assumptions as well as the mineral ratio.
- **Derivation**: The State is not among the beneficiaries of this aspect.
- **VAT** – Though it depends on non-minerals and other macroeconomic parameters, own value method was used.
- **Internally Generated Revenue (IGR)** – The present administration reforms on IGR including Automation of Revenue Management, these measures have yielded results. In forecasting IGR, we considered the State's economic conditions and outlook, performance in the first and second quarter of the current fiscal year 2025. It is anticipated that IGR will consistently grow in 2026-2028 due to anticipated high economic activities. The State used own value method to realistically project the IGR for the medium-term.
- **Grants** - The internal grants are based on the actual receipts for 2024 and performance from January to September 2025. External grants are based on signed grant agreements with the development partners using own value method.
- **Personnel Cost** – The on-going staff verification is to check abnormalities in the pay roll. The State is determined to sustain the trend in checking payroll frauds and reduce outrageous increase in personnel cost. and the personnel cost is projected to register increase of 30% each in 2026, 2027 and 2028 respectively using own value method.
- **Social Benefits** – Own value is used based on the expenditure trends and the expected additional retirements for those who are not covered by the contributory scheme.
- **Overhead Cost** – Annual overhead cost is fluctuating due to nature of activities of the various ministries, as such an increase of 4% has been proposed in 2026, 2027 and 2028 using own value method.
- **Grants, Contributions, Subsidies and Transfers** – Own value is also used in projecting this aspect of expenditure.
- **Public Debt Service** - is based on the projected principal and interest repayments for 2026, 2027 and 2028. Hence, has been projected anticipating that public debt charges will remain largely the same over the medium term using own value method.
- **Capital Expenditure** – is based on the balance from the recurrent revenue plus capital receipts and reserve as outlined above. The percentage of capital expenditure in 2026, 2027 and 2028 is expected to be 80.95%, 80.89% and 79.75% respectively.

2.C.2 Fiscal Trends

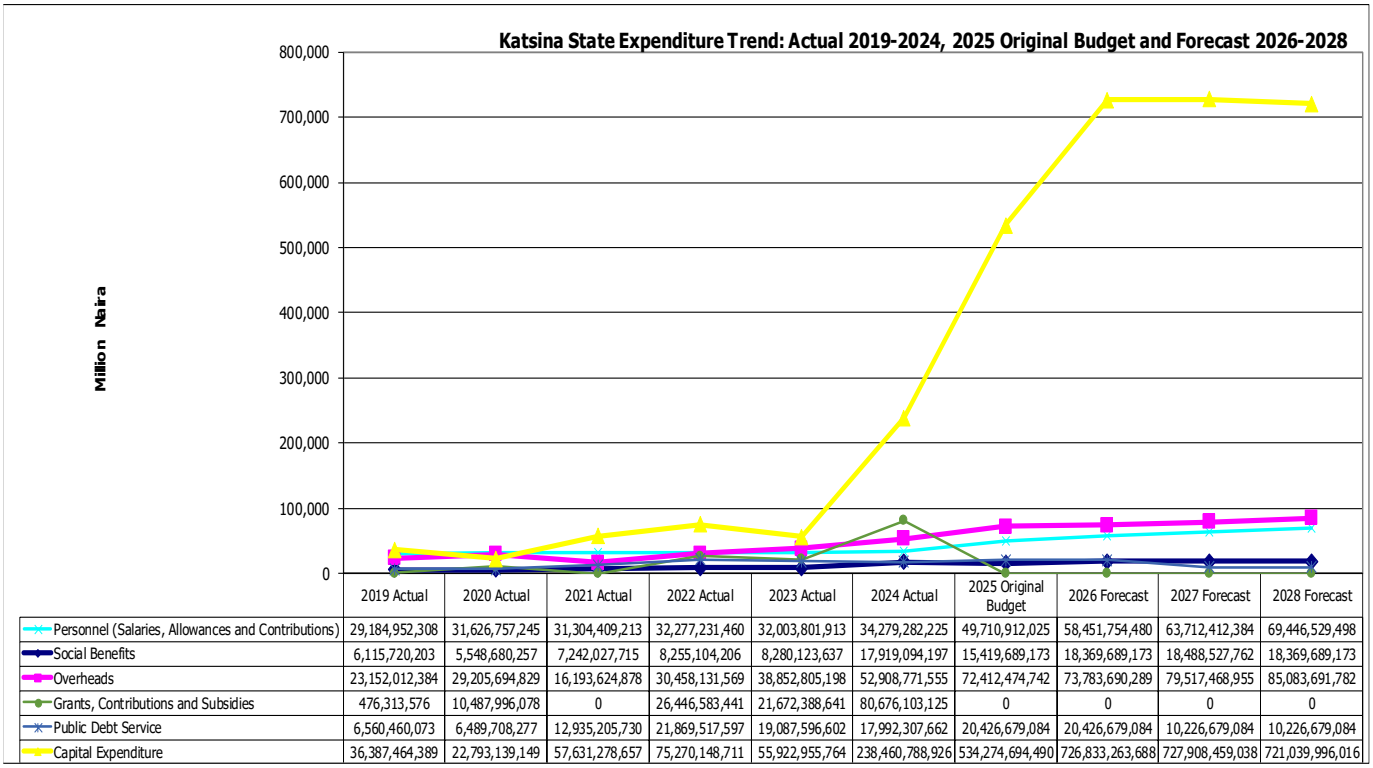
59. Based on the above envelope, plus actual figures for 2026-2028 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below.

Figure 7: Katsina State Revenue Trend



	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Original Budget	2026 Forecast	2027 Forecast	2028 Forecast
Stat. Allocation	53,144,067,364	47,697,993,270	48,527,518,198	50,882,983,863	59,928,528,334	176,315,360,276	63,407,360,201	100,745,274,675	107,783,057,859	119,195,305,745
VAT	15,135,674,728	18,502,451,466	26,160,863,021	31,572,943,765	42,774,951,205	77,640,628,867	85,935,886,063	139,990,000,869	160,988,500,999	177,087,351,099
Total IGR	11,182,746,727	16,124,506,447	16,269,360,989	12,821,119,043	43,064,852,935	96,690,466,814	64,426,014,219	88,943,299,913	93,390,464,909	98,059,988,154
Other Federation Account Receipts	10,889,204,908	4,720,000,000	7,473,309,896	20,995,176,729	12,003,272,994	11,852,942,745	167,568,090,403	247,972,682,807	250,972,682,807	255,972,682,807
Capital Receipts	64,763,372,539	12,473,775,662	65,425,574,660	56,866,966,173	25,341,528,773	102,500,273,426	193,152,543,228	292,213,818,451	271,718,840,648	246,351,257,748

Figure 8: Katsina State Expenditure Trend



	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Original Budget	2026 Forecast	2027 Forecast	2028 Forecast
Personnel (Salaries, Allowances and Contributions)	29,184,952,308	31,626,757,245	31,304,409,213	32,277,231,460	32,003,801,913	34,279,282,225	49,710,912,025	58,451,754,480	63,712,412,384	69,446,529,498
Social Benefits	6,115,720,203	5,548,680,257	7,242,027,715	8,255,104,206	8,280,123,637	17,919,094,197	15,419,689,173	18,369,689,173	18,488,527,762	18,369,689,173
Overheads	23,152,012,384	29,205,694,829	16,193,624,878	30,458,131,569	38,852,805,198	52,908,771,555	72,412,474,742	73,783,690,289	79,517,468,955	85,083,691,782
Grants, Contributions and Subsidies	476,313,576	10,487,996,078	0	26,446,583,441	21,672,388,641	80,676,103,125	0	0	0	0
Public Debt Service	6,560,460,073	6,489,708,277	12,935,205,730	21,869,517,597	19,087,596,602	17,992,307,662	20,426,679,084	20,426,679,084	10,226,679,084	10,226,679,084
Capital Expenditure	36,387,464,389	22,793,139,149	57,631,278,657	75,270,148,711	55,922,955,764	238,460,788,926	534,274,694,490	726,833,263,688	727,908,459,038	721,039,996,016

2.D Fiscal Risks

60. The analysis and forecasting basis as laid out above implies some fiscal risks, including but not limited to the one listed in Table 11 below.

Table 7: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Security situation countrywide could affect economic activity and oil production, resulting in risk to VAT and Statutory Allocation	Medium	High	The estimates for VAT and statutory allocation are not overly ambitious. In addition, clear prioritisation of projects in the capital budget is required. Increase IGR effort to decrease reliance on federal transfers and seeking alternative means of funding (grants and PPPs). Proactive engagement of relevant stakeholders to reduce negative effects of insecurity.

Risk	Likelihood	Impact	Reaction
Likely fall in the oil price below the benchmark due to abrupt end of Russia –Ukraine war that result in unmet Statutory Allocation Projection.	Medium	High	The estimate for Statutory Allocation should be less ambitious to guard against effects of global oil price fall. The State should reduce reliance on oil and seek alternative sources of funding budget.
Risk to price hike of selected Agricultural commodities such as wheat that Russia and Ukraine are responsible for 30% of global production.	Low	Medium	The State should encourage production of the commodities by providing required incentives for farmers to produce them.
Risks associated with debt financing	Low	Low	Minimize borrowing and ensure that it is within the threshold set in the Debt Management Framework.
Mismanagement and inefficient use of financial resources	Medium	High	Strict adherence to existing and new institutional and legal/regulatory framework that will require more transparent and efficient use of financial resources to achieve value for money.
Floods, Fulani herdsmen/ farmers crises and other natural disasters causing increased overhead expenditure and negatively impact on economic activity and hence IGR ,	Medium	Medium	Increased investment to increase climate resilience (flood control and irrigation), improved security situation, adaptation and awareness
Prevalence of COVID–19 pandemic and its negative impact on the economy and the livelihood of the populace	Low	Medium	In the short term, it is important to sustain measures of containment of the pandemic and seek to progressively diversify the economy in order to reduce dependence on the federation Account.
Risks arising from Change in Government Policy which could result to shifts in expenditure priorities	Low	Low	The State should strictly adhere to the fiscal framework for effective implementation of government priority programmes and projects.

Risk	Likelihood	Impact	Reaction
Risk arising from removal of fuel subsidy which could result in increased cost of living (Inflation), demand in wage rise, industrial actions and provision of palliatives.	High	High	The State should be proactive in provision of palliatives, review upward salaries and wages of workers, create jobs and provide economic infrastructure including improved transport system.

61. It should be noted however that no budget is without risk. The ongoing implementation of the 2026 budget should be closely monitored, as should the security situation and impact of the fiscal and economic outlook.

3 Budget Policy Statement

3.A Budget Policy Thrust

62. The Budget policy trust derived from State Development Plan which reflects the socio-economic policies and political priorities of the State. Therefore, to ensure the achievement of the Plan objectives policy statements especially on public financial management. These statements are based on the Fiscal Responsibility Law which advocates sound Public Expenditure and Financial Management in the State. In line with these the following Fiscal Policy Statements (FPS) are put forward: The FPS presents fiscal policy and structural reform measures, which underlay the MTEF. The overarching policy derive of is to stimulate the growth Katsina State economy; create wealth, generate employment and income, and reduce poverty through investments in critical socio-economic sectors and physical infrastructure, while ensuring sustainable debt management as well as embarking on structural reforms in governance processes and institutions. Other specific fiscal policy statements are:

i. The ratio of capital to recurrent expenditure shall be 70:30. In the same vein, in the long term, 60 per cent of all recurrent expenditure is to be financed through IGR and work towards 100 per cent coverage.

ii. Budget prioritises completion of ongoing projects to avoid project abandonment and wastages. However, subsequently, only capital projects that have direct bearing with this plan will be embarked.

iii. Implementation of Treasury Single Account (TSA); all revenues of the State, including of parastatals, are to be recorded and managed under the purview of the Accountant General through the Treasury Single Account (TSA) mechanism. Moreover, all expenditures, including grants and loan-financed projects are to be executed through an Integrated Financial Management Information System.

iv. Expenditure arrears at the end of the fiscal year shall not exceed 5 per cent of total budgeted expenditure for the year.

v. Aligning budget and budgetary processes to planning both medium and long term; the State budget will be anchored on the MTEF, SIPs and the State Development Plan generally.

vi. Embracing robust zero-based, performance-based and programme-based budgeting; setting realistic budgets targets, the budget will also be based on sectoral policy objectives and programme priorities.

vii. The annual State budget deficit to GDP ratio will be at most of 5 per cent based on the latest GDP estimate and ensuring sustainable debt profile; debt stock to GDP ratio of 20% based on latest GDP estimate.

3.B Sector Allocations (3 Year)

63. Presented in the table below are the indicative three envelopes (2026-2028) for the sectors for Personnel, Overhead and Capital Expenditure.

Table 8: Indicative Sector Expenditure Ceilings 2026-2028-Personnel (Salaries and Allowances)

Katsina State Personnel (Salaries, Allowances and Social Contributions) Expenditure by Sector							
No.	Sector	% 2026	2026 Allocation	% 2027	2027 Allocation	% 2028	2028 Allocation
1	Governor's Office	0.90%	526,065,790	0.90%	573,411,711	0.90%	625,018,765
2	Katsina State House of Assembly	1.10%	642,969,299	1.10%	700,836,536	1.10%	763,911,824
3	Ministry of Information and Culture	1.30%	759,872,808	1.30%	828,261,361	1.30%	902,804,883
4	Governor's Office (Head of Civil Service of the State (HOC	8.80%	5,143,754,394	8.80%	5,606,692,290	8.80%	6,111,294,596
5	Auditor-General	0.60%	350,710,527	0.60%	382,274,474	0.60%	416,679,177
6	Civil Service Commission	0.20%	116,903,509	0.20%	127,424,825	0.20%	138,893,059
7	State Independent Electoral Commission	0.20%	116,903,509	0.20%	127,424,825	0.20%	138,893,059
8	Local Government Service Commission	0.90%	526,065,790	0.90%	573,411,711	0.90%	625,018,765
9	Secretary to the Government of the State (SGS)	0.80%	467,614,036	0.80%	509,699,299	0.80%	555,572,236
10	Ministry of Religious Affairs	0.40%	233,807,018	0.40%	254,849,650	0.40%	277,786,118
11	Ministry of Special Services	0.00%	0	0.00%	0	0.00%	0
12	Ministry of Agriculture and Natural Resources	1.50%	876,776,317	1.50%	955,686,186	1.50%	1,041,697,942
13	Ministry of Finance	0.70%	409,162,281	0.70%	445,986,887	0.70%	486,125,706
14	Ministry of Budget and Economic Planning	0.20%	116,903,509	0.20%	127,424,825	0.20%	138,893,059
15	Ministry of Commerce, Industry and Tourism	0.20%	116,903,509	0.20%	127,424,825	0.20%	138,893,059
16	Ministry of Lands and Physical Planning	0.30%	175,355,263	0.30%	191,137,237	0.30%	208,339,588
17	Department of Labour and Productivity	0.10%	58,451,754	0.10%	63,712,412	0.10%	69,446,529
18	Ministry of Science, Technology and Innovation		0		0		0
19	Department of Power and Energy	0.10%	58,451,754	0.10%	63,712,412	0.10%	69,446,529
20	Ministry of Resource Development		0		0		0
21	Ministry of Works, Housing and Transport	1.50%	876,776,317	1.50%	955,686,186	1.50%	1,041,697,942
22	Ministry of Water Resources	0.30%	175,355,263	0.30%	191,137,237	0.30%	208,339,588
23	Judicial Service Commission	4.00%	2,338,070,179	4.00%	2,548,496,495	4.00%	2,777,861,180
24	Ministry of Justice	0.40%	233,807,018	0.40%	254,849,650	0.40%	277,786,118
25	Ministry of Women Affairs	0.20%	116,903,509	0.20%	127,424,825	0.20%	138,893,059
26	Ministry of Education		0		0		0
27	Ministry of Basic and Secondary Education	29.90%	17,477,074,590	29.90%	19,050,011,303	29.90%	20,764,512,320
28	Ministry of Higher, Technical and Vocational Education	18.60%	10,872,026,333	18.60%	11,850,508,703	18.60%	12,917,054,487
29	Ministry for Rural and Social Development	0.20%	116,903,509	0.20%	127,424,825	0.20%	138,893,059
30	Ministry of Health	25.20%	14,729,842,129	25.20%	16,055,527,921	25.20%	17,500,525,434
31	Ministry of Environment	0.70%	409,162,281	0.70%	445,986,887	0.70%	486,125,706
32	Ministry for Local Government	0.20%	116,903,509	0.20%	127,424,825	0.20%	138,893,059
33	Ministry of Youth and Sports Development	0.50%	292,258,772	0.50%	318,562,062	0.50%	347,232,647
	Total	**100.00%**	**58,451,754,480**	**100.00%**	**63,712,412,384**	**100.00%**	**69,446,529,498**

Source: 2026-2028 MTEF Forecast

64. The personnel expenditure allocation represents a proportionate share of total sectoral expenditure, reflecting the Government's deliberate effort to contain the cost of governance while safeguarding essential service delivery. The percentage share assigned to personnel indicates that the State is maintaining a stable workforce size and cost structure, ensuring that wage obligations do not crowd out spending on operations and development.

    This moderate personnel share demonstrates adherence to fiscal sustainability principles, current administration **"Building Your Future Agenda"** as recurrent wage costs are kept within manageable limits relative to total expenditure. It also reflects ongoing payroll reforms, staff verification exercises, and a policy focus on productivity rather than workforce expansion. Overall, the personnel share underscores Government's commitment to balancing human resource needs with long-term fiscal prudence.

    The Education sector attracts a higher share of personnel expenditure of 29.9% for basic & secondary education and 18.6%. for higher technical and vocational education is due to the labour-intensive nature of education service delivery. Teaching and learning activities require a large and sustained workforce comprising teachers, instructors, education officers, and school administrators across basic, secondary, and tertiary levels. The Ministry of Health have 25.20% share of the total personnel cost for the state.

    The higher personnel allocation reflects the large number of public educational institutions under government responsibility, including primary and secondary schools, technical colleges, and tertiary institutions, all of which require adequate staffing to function effectively. Unlike many other sectors,

education services are delivered continuously and directly through human resources, making personnel costs the dominant cost driver.

Additionally, the allocation accommodates statutory salary obligations, promotions, and step progressions for teachers, as well as critical staffing requirements aimed at improving pupil–teacher ratios and maintaining minimum service standards. The emphasis on education personnel also supports government objectives to reduce class overcrowding, improve learning outcomes, and strengthen instructional quality.

Table 13: Indicative Sector Expenditure Ceilings 2026-2028 – Overhead Costs

Katsina State Overhead Expenditure by Sector							
No.	Sector	% 2026	2026 Allocation	% 2027	2027 Allocation	% 2028	2028 Allocation
1	Governor's Office	17.24%	12,723,736,327	17.24%	13,712,506,171	17.24%	14,672,381,603
2	Katsina State House of Assembly	8.54%	6,302,821,019	8.54%	6,792,617,348	8.54%	7,268,100,563
3	Ministry of Information and Culture	5.89%	4,345,783,152	5.89%	4,683,496,793	5.89%	5,011,341,569
4	Governor's Office (Head of Civil Service of the State (HOC	3.74%	2,762,971,897	3.74%	2,977,684,244	3.74%	3,186,122,141
5	Auditor-General	0.34%	254,208,575	0.34%	273,963,289	0.34%	293,140,720
6	Civil Service Commission	0.01%	10,649,163	0.01%	11,476,716	0.01%	12,280,087
7	State Independent Electoral Commission	0.34%	253,886,625	0.34%	273,616,320	0.34%	292,769,462
8	Local Government Service Commission	0.01%	4,343,658	0.01%	4,681,207	0.01%	5,008,891
9	Secretary to the Government of the State (SGS)	1.32%	972,799,682	1.32%	1,048,396,579	1.32%	1,121,784,340
10	Ministry of Religious Affairs	5.90%	4,353,425,427	5.90%	4,691,732,955	5.90%	5,020,154,262
11	Ministry of Special Services	0.02%	13,196,039	0.02%	14,221,512	0.02%	15,217,018
12	Ministry of Agriculture and Natural Resources	0.09%	66,595,096	0.09%	71,770,244	0.09%	76,794,161
13	Ministry of Finance	24.60%	18,151,202,244	24.60%	19,561,744,002	24.60%	20,931,066,082
14	Ministry of Budget and Economic Planning	0.40%	296,530,459	0.40%	319,574,035	0.40%	341,944,217
15	Ministry of Commerce, Industry and Tourism	0.06%	47,047,531	0.06%	50,703,626	0.06%	54,252,880
16	Ministry of Lands and Physical Planning	0.54%	400,970,958	0.54%	432,130,673	0.54%	462,379,820
17	Department of Labour and Productivity	0.23%	169,664,384	0.23%	182,849,114	0.23%	195,648,552
18	Ministry of Science, Technology and Innovation		0		0		0
19	Department of Power and Energy	0.32%	234,356,991	0.32%	252,569,025	0.32%	270,248,857
20	Ministry of Resource Development		0		0		0
21	Ministry of Works, Housing and Transport	7.90%	5,828,880,667	7.90%	6,281,846,783	7.90%	6,721,576,058
22	Ministry of Water Resources	1.06%	779,952,785	1.06%	840,563,425	1.06%	899,402,864
23	Judicial Service Commission	1.47%	1,081,331,209	1.47%	1,165,362,162	1.47%	1,246,937,513
24	Ministry of Justice	1.31%	968,938,312	1.31%	1,044,235,140	1.31%	1,117,331,600
25	Ministry of Women Affairs	0.21%	151,324,791	0.21%	163,084,339	0.21%	174,500,243
26	Ministry of Education		0		0		0
27	Ministry of Basic and Secondary Education	5.58%	4,118,543,188	5.58%	4,438,597,864	5.58%	4,749,299,715
28	Ministry of Higher, Technical and Vocational Education	3.25%	2,398,613,766	3.25%	2,585,011,605	3.25%	2,765,962,417
29	Ministry for Rural and Social Development	0.11%	82,320,475	0.11%	88,717,652	0.11%	94,927,888
30	Ministry of Health	6.96%	5,138,388,895	6.96%	5,537,696,446	6.96%	5,925,335,197
31	Ministry of Environment	0.09%	66,816,925	0.09%	72,009,312	0.09%	77,049,963
32	Ministry for Local Government	1.17%	861,634,459	1.17%	928,592,635	1.17%	993,594,119
33	Ministry of Youth and Sports Development	1.28%	942,755,588	1.28%	1,016,017,739	1.28%	1,087,138,981
	Total	**100.00%**	**73,783,690,289**	**100.00%**	**79,517,468,955**	**100.00%**	**85,083,691,782**

Source: 2026-2028 MTEF Forecast

65. The overhead expenditure allocation accounts for essential percentage share of the total expenditure envelopes, reflecting Government's intention to support day-to-day operations without encouraging inefficiencies. The overhead share is calibrated to cover critical operational costs such as utilities, maintenance, logistics, and service delivery support, while restraining non-priority and discretionary spending.

The higher overhead share allocation is reflected in Finance sector with 24.6% due to the transaction-intensive nature of the sector operations, payment processing, debt management activities, revenue collection law, financial reporting, audit coordination, and intergovernmental fiscal transactions.

These functions require continuous operational support, ICT systems, financial platforms, and professional services.

Moreover, the sector bears substantial costs related to financial controls, compliance, and accountability, such as system maintenance for Treasury Single Account (TSA), Katsina Integrated Financial Management Information Systems (KIFMIS), e-Budget platforms, and statutory reporting obligations. These overhead costs are unavoidable and critical to safeguarding public funds and ensuring transparency.

Table 14: Indicative Sector Capital Expenditure Ceilings 2026-2028

Katsina State Capital Expenditure by Sector		Discretionary Funds					
No.	Sector	% 2026	2026 Allocation	% 2027	2027 Allocation	% 2028	2028 Allocation
1	Governor's Office	4.38%	26,739,547,311	4.38%	26,970,928,804	4.38%	26,459,484,324
2	Katsina State House of Assembly	0.99%	6,047,295,242	0.99%	6,099,623,435	0.99%	5,983,957,462
3	Ministry of Information and Culture	0.59%	3,605,471,362	0.59%	3,636,670,070	0.59%	3,567,708,603
4	Governor's Office (Head of Civil Service of the State (HOCSS))	3.50%	21,344,572,274	3.50%	21,529,270,202	3.50%	21,121,014,837
5	Auditor-General	0.01%	80,430,417	0.01%	81,126,394	0.01%	79,588,010
6	Civil Service Commission	0.03%	170,485,808	0.03%	171,961,049	0.03%	168,700,185
7	State Independent Electoral Commission	0.04%	251,949,470	0.04%	254,129,628	0.04%	249,310,618
8	Local Government Service Commission	0.06%	354,373,856	0.06%	357,440,308	0.06%	350,662,237
9	Secretary to the Government of the State (SGS)	1.27%	7,726,450,416	1.27%	7,793,308,602	1.27%	7,645,525,606
10	Ministry of Religious Affairs	5.50%	33,533,756,293	5.50%	33,823,929,141	5.50%	33,182,532,548
11	Ministry of Special Services	1.62%	9,876,419,228	1.62%	9,961,881,431	1.62%	9,772,976,210
12	Ministry of Agriculture and Natural Resources	10.21%	62,282,856,435	10.21%	62,821,799,751	10.21%	61,630,522,175
13	Ministry of Finance	3.93%	23,954,303,623	3.93%	24,161,583,965	3.93%	23,703,412,546
14	Ministry of Budget and Economic Planning	0.44%	2,675,349,372	0.44%	2,698,499,589	0.44%	2,647,328,466
15	Ministry of Commerce, Industry and Tourism	1.79%	10,888,018,698	1.79%	10,982,234,430	1.79%	10,773,980,453
16	Ministry of Lands and Physical Planning	0.88%	5,343,984,154	0.88%	5,390,226,486	0.88%	5,288,012,669
17	Department of Labour and Productivity	0.00%	0	0.00%	0	0.00%	0
18	Ministry of Science, Technology and Innovation		0		0		0
19	Department of Power and Energy	2.34%	14,279,444,231	2.34%	14,403,006,500	2.34%	14,129,885,087
20	Ministry of Resource Development		0		0		0
21	Ministry of Works, Housing and Transport	14.80%	90,294,694,591	14.80%	91,076,028,733	14.80%	89,348,971,705
22	Ministry of Water Resources	8.52%	51,973,306,503	8.52%	52,423,039,668	8.52%	51,428,951,758
23	Judicial Service Commission	0.29%	1,769,029,191	0.29%	1,784,336,878	0.29%	1,750,500,845
24	Ministry of Justice	0.09%	520,695,572	0.09%	525,201,232	0.09%	515,241,943
25	Ministry of Women Affairs	1.61%	9,828,858,726	1.61%	9,913,909,381	1.61%	9,725,913,845
26	Ministry of Education		0		0		0
27	Ministry of Basic and Secondary Education	13.84%	84,433,111,495	13.84%	85,163,724,439	13.84%	83,548,781,289
28	Ministry of Higher, Technical and Vocational Education	2.57%	15,651,936,139	2.57%	15,787,374,795	2.57%	15,488,001,876
29	Ministry for Rural and Social Development	5.49%	33,493,630,521	5.49%	33,783,456,154	5.49%	33,142,827,043
30	Ministry of Health	6.57%	40,093,318,876	6.57%	40,440,252,647	6.57%	39,673,391,998
31	Ministry of Environment	7.35%	44,814,355,579	7.35%	45,202,141,220	7.35%	44,344,981,803
32	Ministry for Local Government	0.08%	499,187,046	0.08%	503,506,590	0.08%	493,958,692
33	Ministry of Youth and Sports Development	1.22%	7,444,148,166	1.22%	7,508,563,547	1.22%	7,366,180,116
	Total	**100.00%**	**609,970,980,593**	**100.00%**	**615,249,155,069**	**100.00%**	**603,582,304,947**

Source: State Budget 2026 & MTEF Forecast

66. The capital expenditure allocation represents the strategic investment priorities of the Katsina State Government over the medium term and are aligned with the State's development objectives and policy thrust. Capital allocations are structured to support economic growth, enhance service delivery, and address critical infrastructure gaps across all sectors.

Priority is given to projects with high socio-economic impact, including infrastructure development with 14.8%, agriculture with 10.21% and rural development 5.49%, education 13.84%, healthcare 6.57% and water resources 8.52% The capital framework emphasises the completion of ongoing projects to maximise value for money and reduce the incidence of abandoned projects.

In line with fiscal sustainability principles, capital expenditure levels are anchored on realistic revenue projections and are targeted at growth-enhancing investments capable of stimulating private sector participation, improving livelihoods, and promoting inclusive development across the State.

67. **Non-Discretional Funds**: Apart from the above capital expenditure ceilings which were projected from regular resources of the State, there Table 15 below gives highlight of other non-discretionary funds which are used to finance capital expenditure specifically tight to agencies and the sectors, hence these are separated from the normal ceiling of the sectors but are used as contra-entry during budget preparation.

Table 15: Non-Discretionary Funds 2026-2028

Katsina State Capital Expenditure by Sector		Non-Discretionary Funds		
No.	Sector	2026 Allocation	2027 Allocation	2028 Allocation
1	Governor's Office	3,100,000,000	3,100,000,000	3,100,000,000
2	Katsina State House of Assembly	70,000,000	80,000,000	90,000,000
3	Ministry of Information and Culture	17,669,068	4,080,000	4,080,000
4	Governor's Office (Head of Civil Service of the State (HOCSS))	0	0	0
5	Auditor-General	159,673,600	207,575,680	228,333,248
6	Civil Service Commission	0	0	0
7	State Independent Electoral Commission	0	0	0
8	Local Government Service Commission	421,958,247	421,958,247	421,958,247
9	Secretary to the Government of the State (SGS)	9,000,000,000	11,000,000,000	11,000,000,000
10	Ministry of Religious Affairs	30,868,733,582	30,868,733,582	30,868,733,582
11	Ministry of Special Services	0	0	0
12	Ministry of Agriculture and Natural Resources	17,632,000,000	17,632,000,000	17,632,000,000
13	Ministry of Finance	19,806,443,461	22,631,540,855	23,763,117,898
14	Ministry of Budget and Economic Planning	150,000,000	150,000,000	150,000,000
15	Ministry of Commerce, Industry and Tourism	9,333,333,333	2,333,333,333	2,333,333,333
16	Ministry of Lands and Physical Planning	0	0	0
17	Department of Labour and Productivity	0	0	0
18	Ministry of Science, Technology and Innovation	0	0	0
19	Department of Power and Energy	2,333,333,333	2,333,333,333	2,333,333,333
20	Ministry of Resource Development	0	0	0
21	Ministry of Works, Housing and Transport	5,000,000,000	5,000,000,000	5,000,000,000
22	Ministry of Water Resources	440,000,000	602,000,000	812,600,000
23	Judicial Service Commission	0	0	0
24	Ministry of Justice	0	0	0
25	Ministry of Women Affairs	116,620,000	100,250,500	96,822,600
26	Ministry of Education	0	0	0
27	Ministry of Basic and Secondary Education	0	0	0
28	Ministry of Higher, Technical and Vocational Education	0	0	0
29	Ministry for Rural and Social Development	225,000,000	225,000,000	225,000,000
30	Ministry of Health	14,154,328,992	11,936,308,960	15,365,189,350
31	Ministry of Environment	3,869,600,000	3,869,600,000	3,869,600,000
32	Ministry for Local Government	84,389,477	84,389,477	84,389,477
33	Ministry of Youth and Sports Development	79,200,000	79,200,000	79,200,000
	Total	**116,862,283,095**	**112,659,303,969**	**117,457,691,069**

Source: Katsina State MTEF 2026 – 2028

3.C Considerations for the Annual Budget Process

68. The MTEF process is considered the beginning of budget preparation process as the MTSS indicative envelops and budget ceilings are derived from the output of that process. The 361-ward town hall meeting commences the budget preparation process whereby citizen inputs gathered for the consideration into the budget, then budget call circular which contains vital information, guidelines and instructions issued to MDAs for the annual budget submissions. Some of the major considerations contain therein include the following:

    - Revenue proposals should follow the format prescribed In the National Chart of Accounts. Actual revenue collections made up to date for the Year 20XX should be shown in the appropriate column, however you are also advised to make very realistic revenue projections based on all exploitable revenue potentials for the projected fiscal year.
    - All capital receipts (Grants, Aids and Loan), Internal and External) proposals should be realistic based on the previous year's trends. To avoid unrealistic projections that would affect the execution, evidence of commitment should accompany the proposal of capital receipt and its performance during the year of implementation.
    - Budget Ceilings: It is important to note that, the budget ceilings arrived after a realistic projection of the State revenue of the Year. The ceiling should be seen as the limit to which resources could be stretched in the formulation of your expenditure proposals.
    - Personnel Costs: Generally, personnel costs should show the total salaries and allowances for all Bonafide civil servants in each MDA. To have realistic personnel costs, the chief executive of the MDAs is required to ensure that every post being provided for is truly an established post as defined above. Moreover, the Departmental personnel cost of each MDA should be provided along with the Ministerial total cost estimates.
    - The computation of staff/personnel costs (salaries and allowances) should be based on the salary chart supplied by the (Office of the State Auditor-General), hence you should use your latest organization's salary slip for the month of August for guide.
    - For capital expenditure projects are expected to be completed within the Fiscal Year must be prioritized and fully captured in the budget and Projects should be in tune with community/citizens/beneficiary needs (Wards town hall meetings)

4 Summary of Key Points and Recommendations

69. **Key Observation**

- The State's fiscal structure is heavily dependent on statutory allocations and FAAC inflows, though IGR is emerging as a strong and growing source.
- Non-recurring revenues (loans, grants) remain volatile and unpredictable, limiting the reliability for capital expenditure.
- Capital expenditure underperformance in early years underscores the need for timely revenue inflows, efficient project execution, and improved fiscal planning.
- 2024 performance reflects significant progress, with higher IGR, better capital spending, and improved grant and loan inflows, indicating the potential for stronger fiscal sustainability if trends continue.

70. **Recommendations**

- Reduce overreliance on statutory allocations such as FAAC inflows by expanding the internally generated revenue (IGR) through reforms in taxation, levies, and other service charges.
- There is need for strong fiscal discipline and improve revenue base by enhancing the performance of the state-owned enterprises.
- A well a structured approach is required for better access to loans and grants for productive sector and provision capital project.
- Align budgeted capital projects with realistic revenue forecasts, while prioritizing high-impact developmental projects to maximize socio-economic benefits from limited resources.
- Annual budget projections should be evidence-based, informed by historic fiscal data and the current economic realities, to ensure realistic and achievable targets.
- A multi-year programme-based budgeting process could be prepared based on realistic macroeconomic projection to enable the state to achieve robust development consistent with overall SDP.

Document Completion List

S/N	Name	Organisation	Designation
1	Hon. Malik Anas	MoBEP	Hon. Commissioner
2	Prof. Saifullahi Sani Ibrahim	SBS	Statistician General
3	Abdulrahman Jibril	MoBEP	SPO
4	Samaila Sulaiman	MoA	CAO
5	Malam Aminu Kudai Sarkin Hatsi	Jigawa	Lead Facilitator
6	Najib Ahmed	MoBEP JGW	Support Facilitator
7	Abdulrahman Abdullahi	CSO	CSO Chairman
8	Umar Haruna	MoBEP	Data Analyst
9	Aminu Ahmed Rufa'i	MoBEP	PO
10	Nazif Abdullahi	MoBEP	CPO
11	Dalhatu Dalladi	MoPB	Support Facilitator
12	Kabir Abu Bazariye	MoBEP	Dir. Budget