



CROSS RIVER STATE GOVERNMENT



2025-2027 MEDIUM TERM EXPENDITURE FRAME WORK (MTEF) / FISCAL STRATEGY PAPER (FSP)

THINK CROSS RIVER

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List of Abbreviations

AfDB	African Development Bank
AFS	Audited Financial Statement
BPS	Budget Policy Statement
CBN	Central Bank of Nigeria
CIT	Companies Income Tax
CoA	Chart of Account
CRF	Consolidated Revenue Fund
CRSG	Cross River State Government
CSO	Civil Society Organisations
DBME	Department of Budget, Monitoring and Evaluation
DMD	Debt Management Department
DMO	Debt Management Office (Federal)
EFU	Economic and Fiscal Update
EMTL	Electronic Money Transfer Levy
EU	European Union
ExCo	Executive Council
FAAC	Federal Allocation Accounts Committee
FRL	Fiscal Responsibility Law
FSP	Fiscal Strategy Paper
FX	Foreign Exchange
G20	A group of 20 countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States, and the European Union.
GDP	Gross Domestic Product
IGR	Internally Generated Revenue
IMF	International Monetary Fund
IRS	Internal Revenue Service
MBPD	Million Barrel Per Day
MDAs	Ministries, Departments and Agencies
MTBF	Medium term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
MYBF	Multi-Year Budgeting Framework
NBS	National Bureau of Statistics
OAGS	Office of the Accountant General for the State
PFM	Public Financial Management
PIB	Petroleum Industry Bill
PITA	Personal Income Tax Act
PMS	Premium Motor Spirit (Petrol)
VAT	Value Added Tax

1 Introduction and Background

1.A Introduction

The emphasis in the administration of the Governor of Cross River State, His Excellency Prince Bassey Edet Otu, is on the people, as noted in a statement that the people of Cross River hired us to work, and to work we will, highlights the governor's dedication and goodwill to fulfilling the mandate entrusted to him by the people. This has been displayed in the use of a Medium-Term Expenditure Framework (MTEF) as a cornerstone for the budget formulation process, since the assumption of office. The consideration of budget options is all reviewed from the medium-term point of view, presenting the bringing together of various commitments and constraints in one place, so decision-makers can consider how to meet constraints such as fiscal rules, while also looking for initiatives and strategies to support them.

The Economic and Fiscal Update (EFU) provides economic and fiscal analyses which form the basis for the budget planning process in Cross River State. It is aimed primarily at policymakers and decision-makers in the Cross River State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.

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

Cross River State Government decided to adopt the preparation of the EFU-FSP-BPS for the second time under the administration of His Excellency Prince Bassey Otu as part of the movement toward a sustainable Medium Term Expenditure process. This is the rolling iteration of the document and covers the period 2025 -2027.

1.A.1 Budget Process

The budget process commences with consultations with the people which include civil society organizations, market women, traditional leaders, students and youth organizations, businessmen and local government employees. After the consultation, estimates are being received by the Budget Office from MDAs, with citizens' inputs highlighted for consideration by the budget committee. This conception goes on with hearing and preparation of estimates which are sent to the State Executive Council for approval and forwarded to the State House of Assembly for passage into law and then assented by the Governor. The process ends with Interactive sessions with stakeholders and goes back again to the ensuing year's budget cycle.

The "People's First" budget process involves the following groups and institutions:

- a. Interactive session with stakeholders (The people first)
- b. Development and release of Call Circular with budget ceiling to MDAs
- c. Budget Consultative Forum
- d. Receipt of inputs/ estimates from Ministries, Departments and Agencies (MDAs)
- e. Budget Hearing
- f. Compilation by Budget Committee

- g. Presentation to Executive Council
- h. Executive Council deliberation and approval
- i. Presentation to the legislature
- j. Defense of proposals by MDAs
- k. Approval by the House
- l. Corrections and Amendments by the State Budget Office
- m. Assent by the Governor
- n. Budget Execution, Monitoring and Evaluation
- o. Engagement with civil society

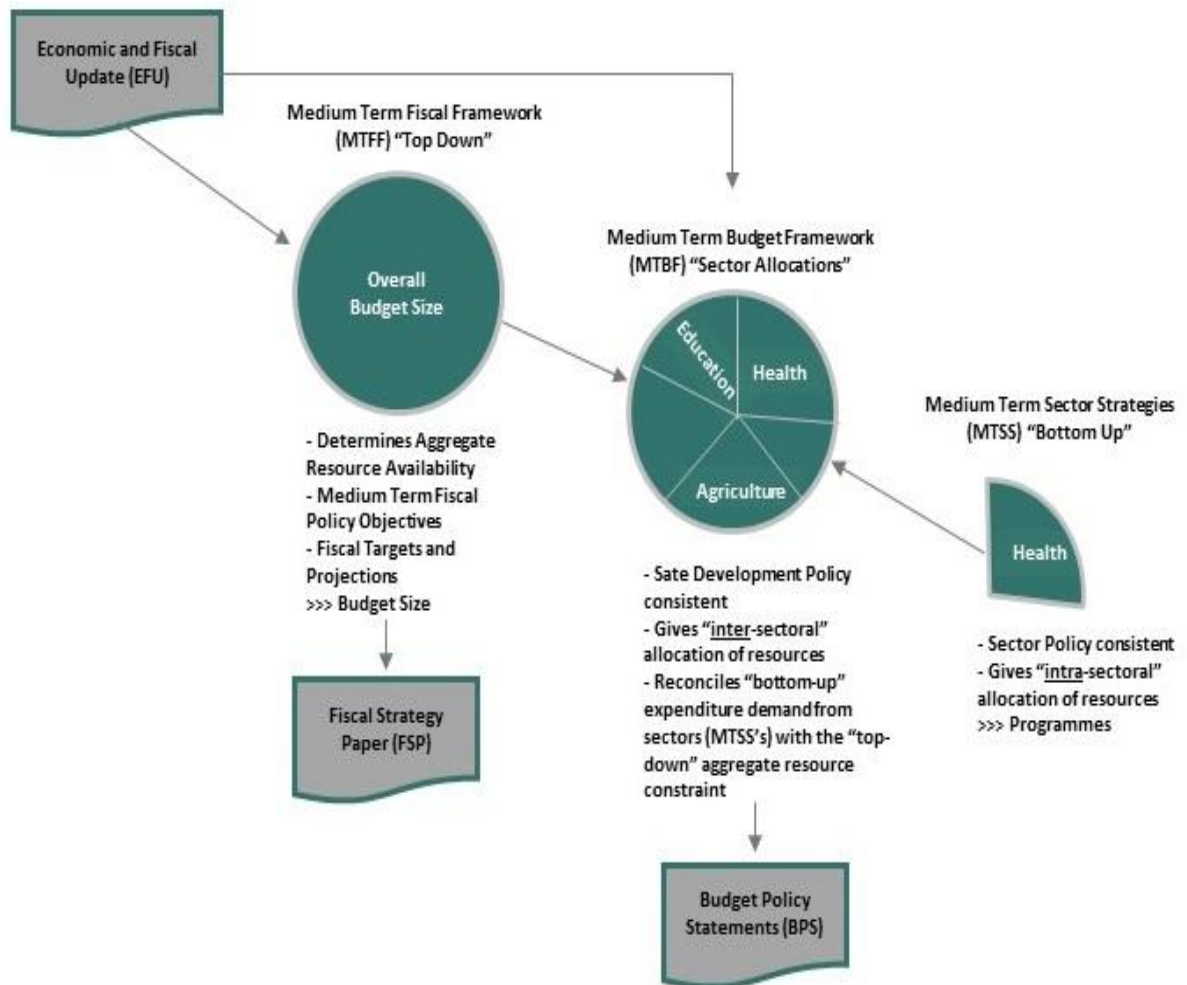


Figure 1: MTEF Process

1.A.2 Summary of Document Content

The Cross River State Government (CRSG) has under international best practice in budgeting, taken steps to produce a combination of an Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) for the budget preparation period of 2025-2027.

The purpose of this document is three-fold:

- i. To provide a backwards-looking summary of key economic and fiscal trends that will affect public expenditure in the future - Economic and Fiscal Update;
- ii. To set out medium-term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTEF; and
- iii. Provide indicative sector envelopes for the period 2024-2026 which constitute the MTBF.

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

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

The FSP is a key element in the CRSG 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

The purpose of this document is to provide an informed basis for the 2025-2027 budget preparation cycle for all the key Stakeholders, specifically:

- Cross River State House of Assembly (SHoA);
- Executive Council (ExCo);
- Judiciary
- All Government Ministries, Departments and Agencies (MDA's);
- Civil Society
- Traditional Leaders

The document is prepared within the first two quarters of the year prior to the annual budget preparation period. It is prepared by the Cross River State Government MTEF Team using data collected from International, National and State organisations.

1.B Background

1.B.1 Institutional arrangement for PFM

The Cross River State Executive Council (EXCO) formulates the policies of the State Government, considers and recommends the State's budget to the House of Assembly. On passage, the Governor signs the appropriation bill into law.

The Department of Budget, Monitoring and Evaluation oversees the preparation of both capital and recurrent budget.

The Ministry of Finance is responsible for core treasury functions of revenue and expenditure management, accounting, and fund and cash management. One of the core departments in the Ministry of Finance is the Debt Management Department. Debt Management Department manages Cross River State public debt as well as liaising with the Debt Management Office at the Federal level. The Ministry of Finance has two important quasi-autonomous agencies, the Office of the Accountant General for the State (OAGS) and the Internal Revenue Service (IRS).

Line ministries and agencies propose their budgets based on the guidelines issued by the EXCO through the Department of Budget, Monitoring and Evaluation (DBME). There are three main categories of expenditures: personnel costs, overhead costs, and capital expenditures. The payroll is centralized under the Office of the Accountant General of the State (OAGS). MDAs receive regular monthly disbursements for general items of overhead costs. They also receive, as the need arises, funds for other specific items of overhead expenditure. MDAs have the responsibility to execute their capital program, but capital funds are paid by the OAGS after undergoing due process.

1.B.2 Overview of Budget Calendar

The indicative Budget Calendar for Cross River State Government is presented below:

Table 1: Budget Calendar

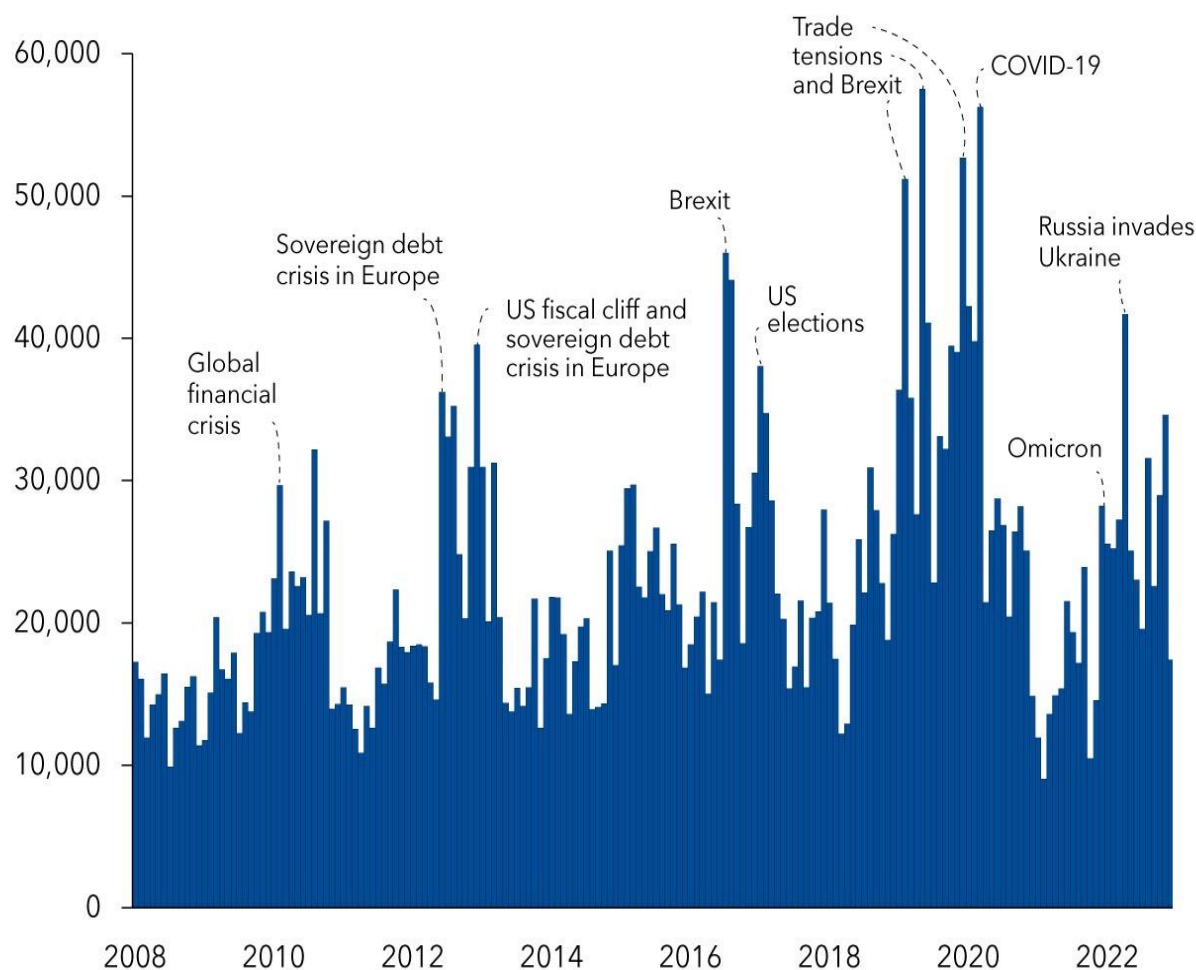
Stage	Responsibility	Period
Preparation and Publication of EFU-FSP-BPS	DBME	April
Pre-Budget Preparation Meeting	DBME	June
Preparation and Issuance of Budget Call Circular	DBME	June
Presentation of EFU-FSPBPS to the Governor and CRShoA	DBME	July
Update of MTSSs by 5 Pilot Sectors	State Planning Commission	July
Citizens Engagement	DBME	August
Preparation of MDAs Budget and Submissions	MDAs	September
Compilation of Proposed Budget	DBME	September
Presentation of Budget to the Governor and Exco	DBME	October

Stage	Responsibility	Period
Presentation of Proposed Budget to the CRSHoA	Governor	October
Review and Approval of Budget by CSHoA	CRSHoA	November
Signing of the Appropriation Bill	Governor	December

World Uncertainty Index

Uncertainty surged again following Russia's invasion of Ukraine.

(Index, GDP weighted average)



Source: Ahir, Bloom, and Furceri (2022).

Note: The chart is computed by counting the percent of the word "uncertain" (or its variant) in the Economist Intelligence Unit country reports. The index is rescaled by multiplying by 1,000,000. A higher number means greater uncertainty.



Fig.2 World Uncertainty Index

2 Economic and Fiscal Update

2.A An Economic Overview

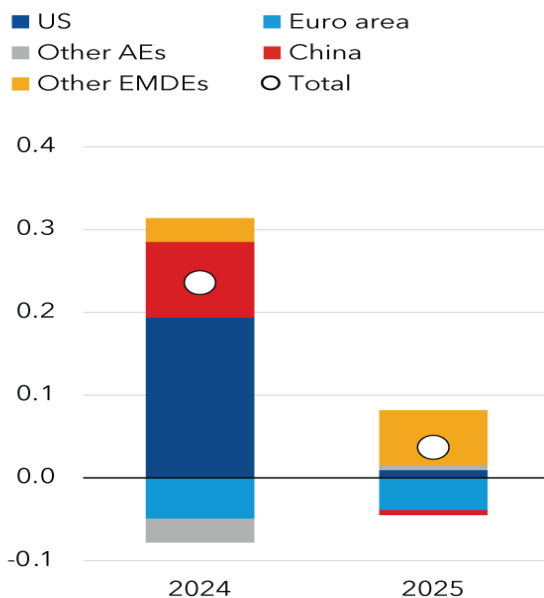
2.A.1 Global Economy

The baseline forecast is for the world economy to continue growing at 3.2 per cent during 2024 and 2025, at the same pace as in 2023. A slight acceleration for advanced economies—where growth was expected to rise from 1.6 per cent in 2023 to 1.7 per cent in 2024 and 1.8 per cent in 2025—will be offset by a modest slowdown in emerging market and developing economies from 4.3 percent in 2023 to 4.2 percent in both 2024 and 2025. The forecast for global growth five years from now—at 3.1 per cent—is at its lowest in decades. Global inflation is forecasted to decline steadily, from 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. Core inflation is generally projected to decline more gradually.

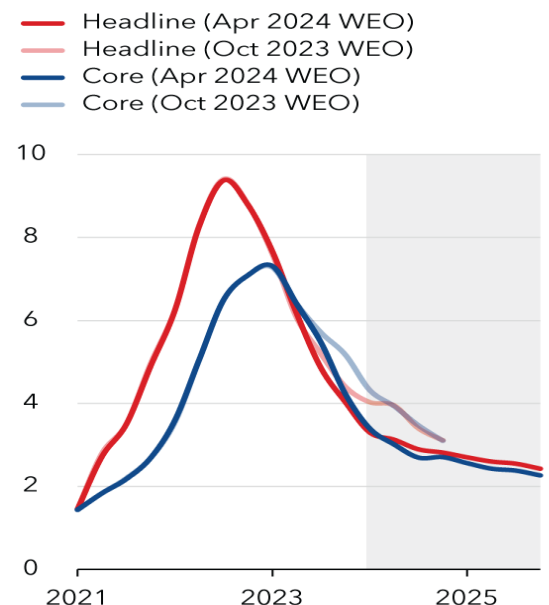
Growth and inflation

Forecasts for growth have been marked upwards, while inflation has been revised down and is continuing its downward trend.

World real GDP growth revisions
(vs. Oct 2023 WEO; percentage points)



Global median inflation
(percent; y/y)



Sources: IMF, World Economic Outlook; and IMF staff calculations.



Fig.3 Growth and Inflation Rate 2021-2025

The gross domestic product (GDP) continues to be a prominent measure of a country’s economic size and strength and in 2024, the largest global economies, such as the United States, China, Japan, Germany, and India, are distinguished by their GDP, a crucial measure of economic scale. The traditional method for calculating a country’s GDP involves the

expenditure approach, which aggregates spending on new consumer goods, investments, government expenditures, and net exports.

United States of America (U.S.A.)

Since 1960, the United States has consistently asserted its dominance as the world's leading economy and wealthiest nation, a position it has successfully defended up to 2023.

The U.S. boasts a GDP exceeding \$26 trillion with an annual GDP growth rate of 2.7%. A diverse and robust array of sectors, including finance, manufacturing, technology, and services, marks its economic foundation.

Furthermore, the US dollar's status as a prominent global reserve currency enhances its economic clout on the international stage.

China

China has seen rapid economic growth in recent decades, with its GDP reaching approximately \$18.53 trillion in 2024, with an annual GDP growth rate of 4.6%.

China's economic growth is driven by its robust manufacturing sector, advancements in technology, and a rapidly expanding consumer market.

Germany

Germany's economy is notably export-oriented, distinguished for its precision in engineering, automotive, chemicals, and pharmaceutical industries. Renowned for its pivotal role in global trade, the country leads in exporting automobiles, machinery, and chemicals.

Japan

Japan's economy has shown signs of revitalization, boosted by improved productivity, consumer spending, and ongoing benefits from the 2020 Tokyo Olympics for infrastructure and tourism.

With a strong emphasis on technology and innovation, Japan leads in high-tech industries such as automotive, electronics, and robotics, supported by a robust manufacturing foundation, and has an annual GDP growth rate of 0.9%.

India

As the fifth largest economy globally, India's GDP exceeded \$3.94 trillion in 2024, indicating rapid economic advancement.

India's diverse economy experiences rapid growth driven by key sectors including information technology, services, agriculture, and manufacturing, leveraging its large domestic market, skilled labour force, and growing middle class.

United Kingdom

The United Kingdom's economy is a mix of services, manufacturing, finance, and creative industries, with London being a global hub for finance and insurance.

France

France's strong and diversified economy is forecast to achieve a GDP of around \$3.33 trillion in 2024.

Its economy is diverse, focusing on industries such as aerospace, tourism, luxury goods, and agriculture, supported by a strong social welfare system, advanced infrastructure, and significant research and development investments.

Italy

Italy's economy, with a GDP of approximately \$2.33 trillion in 2024, is distinguished by a strong manufacturing sector specializing in automobiles, fashion, and design.

Brazil

Brazil's economy remains a prominent player in the global market, boasting a GDP of \$3.33 trillion in 2024 and an annual GDP growth rate of 2.2%.

Brazil stands out as a prominent global hub for agricultural production and exports, with economic growth influenced by factors such as commodity prices, domestic consumption trends, and infrastructure advancements.

Canada

Canada's stable and prosperous economy, boasting a GDP of \$2.24 trillion in 2024, is driven by abundant natural resources such as oil, gas, and timber, which are key exports.

The country also benefits from a well-developed service sector and a highly educated workforce.

As G20 emerging markets account for almost one-third of world GDP and about one-quarter of global trade, spillovers from shocks originating in these economies can have important ramifications for global activity. Since 2000, spillovers from shocks in G20 emerging markets—particularly China—have increased and are now comparable in size to those from shocks in advanced economies. Trade, notably through global value chains, is a key propagation channel. Spillovers generate a reallocation of economic activity across firms and sectors in other countries. Looking ahead, a plausible growth acceleration in G20 emerging markets, even excluding China, could support global growth over the medium term and spill over to other countries. Policymakers in recipient economies should maintain sufficient buffers and strengthen policy frameworks to manage the possibility of larger shocks from G20 emerging markets.

The world economy's growth engine is losing steam, prompting questions about its medium-term prospects. The drivers behind the growth decline are identified as a significant and widespread slowdown in total factor productivity as a key factor, partly driven by increased misallocation of capital and labour between firms within sectors. Demographic pressures and a slowdown in private capital formation further precipitated the growth slowdown. When policy action or technological advances are absent, medium-term growth is projected to fall well below pre-pandemic levels. To bolster growth, urgent reforms are necessary to improve resource allocation to productive firms, boost labour force participation, and leverage artificial intelligence for productivity gains. Addressing these issues is critical, given the additional constraints high public debt and geo-economics fragmentation may impose on future growth.

2.A.2 African Economy

Growth in Africa's three largest economies—Nigeria, South Africa, and Angola—slowed to an average of 1.8 per cent last year, holding back the region's overall growth. The World Bank in its latest report titled "Global Economic Prospect: Subdued Growth, Multiple Challenges", projected that the African largest economy will improve by 3.3 per cent up from a projected 2.9 per cent for 2023.

In the region, other countries growth softened to 3.9 per cent, partly reflecting a sharp decline in metal exporters' growth alongside lower global metal prices. Moreover, intense and prolonged conflicts hampered growth in several countries.

More broadly, post-pandemic recoveries were slowed by weakening external demand and domestic policy tightening to address persistent inflation.

Increased private consumption and declining inflation are supporting an economic rebound in Africa. However, the recovery remains fragile due to uncertain global economic conditions, growing debt service obligations, frequent natural disasters, and escalating conflict and violence, according to the World Bank's latest *Africa's Pulse* report. Transformative policies are needed to address deep-rooted inequality to sustain long-term growth and effectively reduce poverty.

The report projects that growth will rebound in 2024, rising from a low of 2.6 per cent in 2023 to 3.4 per cent in 2024, and 3.8 per cent in 2025. However, this recovery remains tenuous. While inflation is cooling across most economies, falling from a median of 7.1 to 5.1 per cent in 2024, it remains high compared to pre-COVID-19 pandemic levels. Additionally, while growth of public debt is slowing, more than half of African governments grapple with external liquidity problems, and face unsustainable debt burdens.

Overall, real gross domestic product (GDP) growth for the continent is expected to average 3.8% and 4.2% in 2024 and 2025, respectively.

The African Development Bank (AfDB) has reviewed its 2024 economic growth forecast for Nigeria and other West African countries to 4.2 percent.

The forecast is an upgrade from the 4 percent initially projected in February 2024.

The bank also retained its 2025 economic growth rate projection at 4.4 percent.

The report also showed that Africa's economic growth rate was downwardly reviewed from 3.8 percent to 3.7 percent in 2024; while the projection for 2025 was raised from 4.2 percent to 4.3 percent.

Growth is projected to pick up in West Africa, rising from an estimated 3.6 percent in 2023 to 4.2 percent in 2024 and consolidating at 4.4 percent the following year. This is an upgrade of 0.3 percentage points for 2024 over the January Macro Economic Outlook (MEO) projections, reflecting stronger growth upgrades in the region's large economies (Côte d'Ivoire, Ghana, Nigeria, and Senegal).

African economies have continued to remain resilient amid multiple shocks, as their average growth was projected to stabilise at 4 percent in 2024 and 2025, against 3.1 percent estimated in 2023.

The average real gross domestic product (GDP) growth was estimated to have slowed from 4.1 percent in 2022 to 3.1 percent in 2023.

The decline is attributed to various factors, including persistent high food and energy prices, reflecting the sustained impacts of Russia's invasion of Ukraine, other factors include climate change, extreme weather events that affect agricultural productivity and power generation, and pockets of political instability and conflict in some African countries. The real GDP growth rate is estimated to rise to 3.7 percent in 2024 and 4.3 percent in 2025 — exceeding the 4.1 percent in 2022.

This is as most of the effects of the above factors weighing on growth in 2023 fades away. The projected rebound in Africa's average growth will be led by East Africa (up by 3.4 percentage points) and Southern Africa and West Africa (each rising by 0.6 percentage points).

Critically, 40 countries will post higher growth in 2024 relative to 2023; 17 economies are projected to grow by more than five per cent in 2024 and may rise to 25 in 2025.

This is remarkable, and Africa will retain its 2023 ranking as the second fastest growing region after Asia in 2024-25 with projected GDP growth exceeding the global average of 3.2 per cent in 2024.

The average growth in oil-exporting countries is expected to decline from an estimated 3.7 percent in 2023 to 3.5 percent in 2024 but could pick up to 4 percent in 2025.

2.A.3 Nigerian Economy

The administration of President Bola Tinubu has since assumption of office, initiated some reforms, which include the removal of fuel subsidies and foreign exchange rate harmonization, with a focus on infrastructure development, manufacturing, and technology.

Against this backdrop, the Nigerian economic landscape in Q1 2024 was characterized by several happenings, from the highs of growth to the challenges of inflation. In Q1 2024, some challenges persist in the lending sector, with increased Cash Reserve Ratio (CRR) constricting banks' lending capacity, thus impacting economic growth in the short term. CRR was increased from 32.5% to 45%, while the monetary policy rate (MPR), which benchmarks interest rates, was increased from 18.75% to 22.75%.

The World Bank in its latest report titled "Global Economic Prospect: Subdued Growth, Multiple Challenges", projected that Nigeria's GDP will grow by 3.7% in 2025. The challenging global economic context has put pressure on Nigeria's economy. However, domestic policies play a major role in determining Nigeria's economic performance and resilience to further external shocks. The previous mix of fiscal, monetary, and exchange rate policies, including the naira redesign program, did not deliver the desired improvements in growth, inflation, and economic resilience. The new government has recognized the need to chart a new course and has already made a start on critical reforms, such as the elimination of the petrol subsidy and Foreign Exchange (FX) harmonization.

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

2.A.4 Cross River State Economy

	FAAC	VAT	Borrowing	IGR	Expenditure
State-Level Macroeconomic Indices	Major	Major	Minor	Major	Moderate

Table. 3 Relationship between Macroeconomy and Fiscal Items

The Government and people of Cross River State have long realized that the sure road to growth and development will involve the taking of our destiny into our own hands. His Excellency Senator Prince Bassey Otu the Governor of the State on assuming office in May 2023, was not intimidated by the great challenge on the ground, as a result of a decline in the quality of public goods and services.

As the people's Governor, necessary steps were taken to set in motion to reverse the unfavourable socio-economic tide that had befallen the people of Cross River.

Cross River State is an agrarian economy with a preponderance of the population (over 75 per cent) engaged in subsistence farming and living in rural communities

The Cross River State economy is predominantly agricultural which is subdivided into two sectors the public and the private sectors. The private sector is dominated by local subsistence farmers while the public sector is run by the Government and features large plantations and demonstration farms. The main crops are cassava, yams, rice, plantain, banana, cocoyam, maize, cocoa, rubber, groundnut, and palm produce. The State plays an important role in the national economy, producing significant proportions of the country's basic staples such as cassava and yams. Plantation agriculture also contributes importantly through rubber, cocoa, and the indigenous oil palm.

Cross River State is the second largest timber producer in the country, and its coastal mangroves support an economically important national fishery.

Although the State is still a net importer of goods and services but is a net exporter of agricultural produce to other States. However, the movement of agricultural produce is not well-documented and computed to register a meaningful contribution to the State economy.

Despite the steady progress in economic growth and development, available data indicate that agriculture, especially crops and livestock, and fisheries as well as SMEs, which have the potential to generate large-scale employment opportunities, are not currently doing so. However, these areas are transforming.

Overall, the State has in recent times enjoyed an impressive GDP performance and revenue has increased and the state has also attracted foreign Capital.

2.B Fiscal Update

2.B.1 Historic Trends

REVENUE HISTORY

On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for a six-year historical period (2018-2023) and the current year 2024 budget.

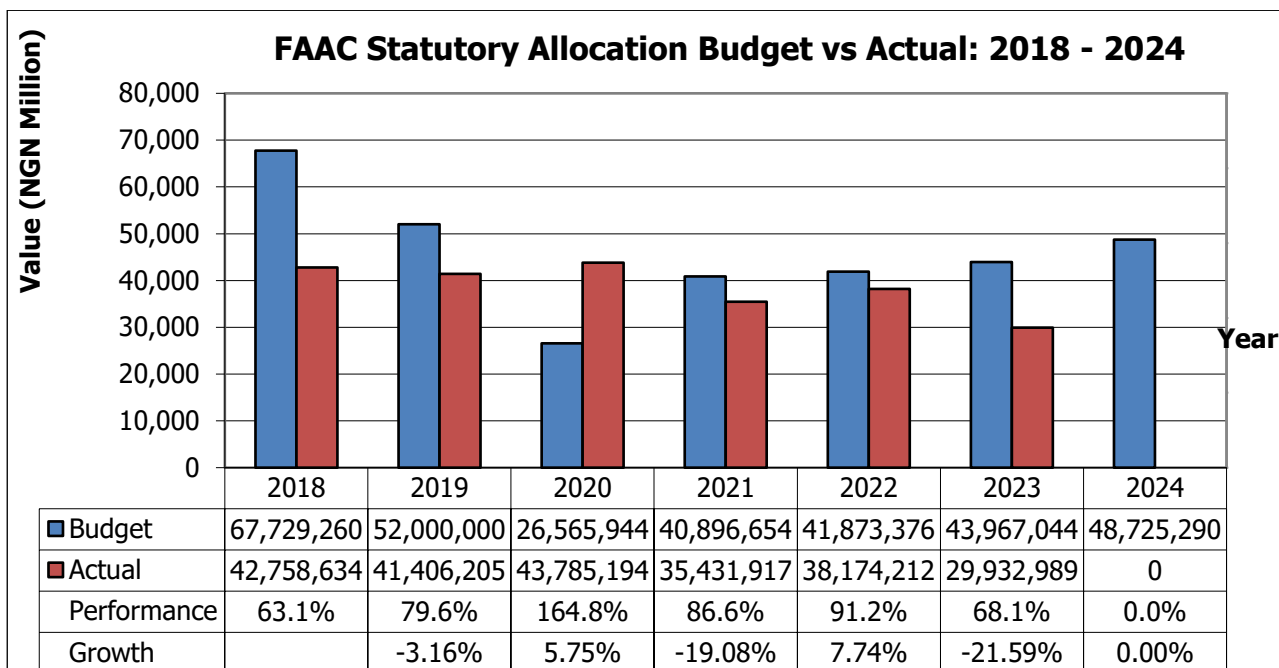


Figure 4: Statutory Allocation

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

Actual statutory allocation receipts have fluctuated from 2018 to 2023, with a huge decline in 2023 resulting in a growth rate of -21.59%. This drastic decline was orchestrated by the consecutive drop in foreign investment inflows in the first three quarters of 2023 due to political risks and elevated production costs. The fall is also attributed to the adverse effects of the cash crunch experienced during the period of government transition.

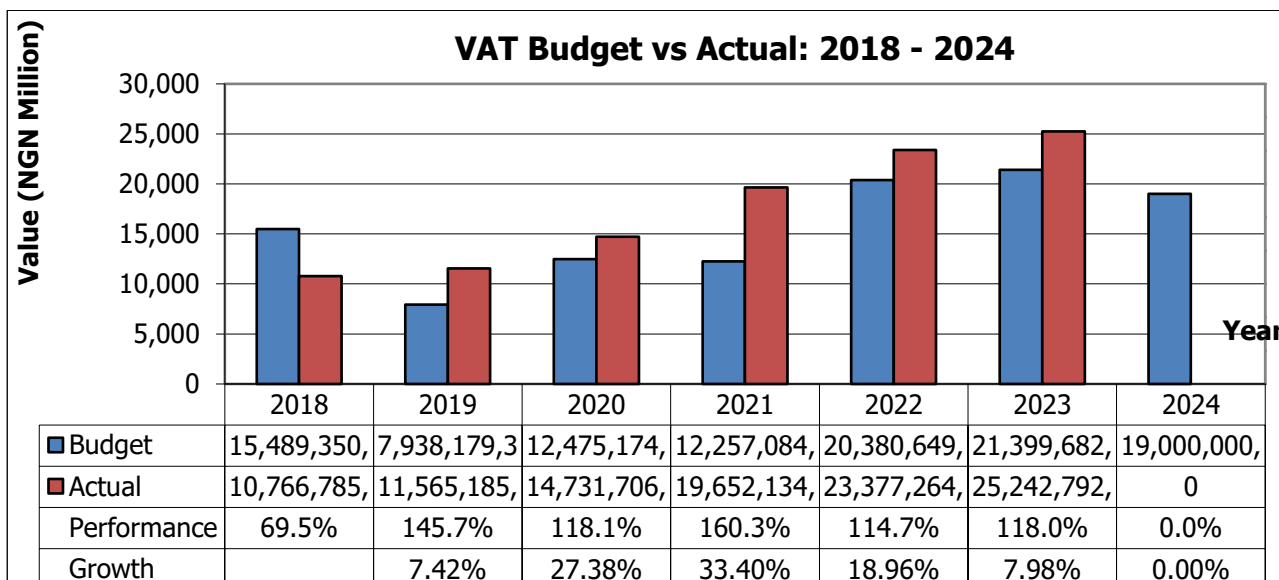


Figure 5: VAT

VAT is an ad valorem tax on most goods and services at a rate of 7.5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government

monthly – partially based on set ratios, and partially based on the amount of VAT a particular State generated. States receive 50% of the total VAT collections nationally.

Over the past two years (2022 to 2023), VAT receipts have experienced increased growth. This growth can be attributed to the increased nominal economic activity in the country and the uptick in the VAT rate from 5% to 7.5%. Furthermore, the actual performance of the budget (budget accuracy) has been commendable.

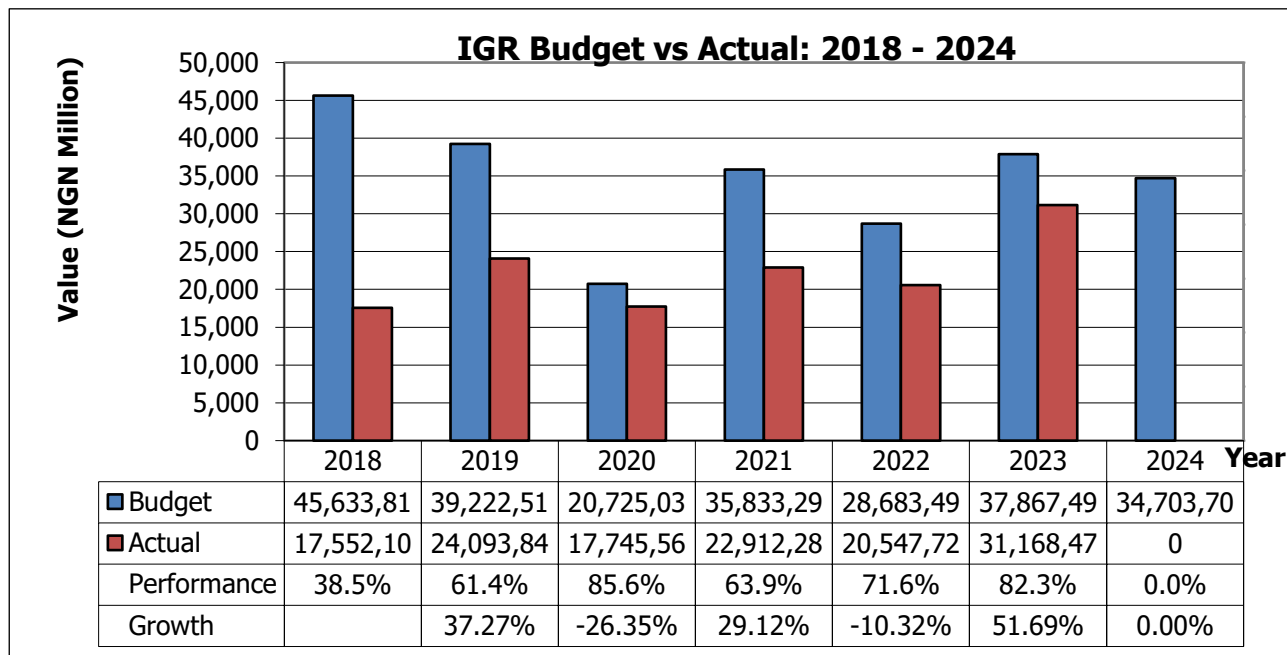


Figure 6: IGR

From 2018 – 2023 actual collections of IGR have been lower than the budget with a staggering performance of over 5 years, although with a significant performance improvement from 2021 as the Government continues to do all it can, to widen the tax net and block all leakages in the administration and collection of IGR.

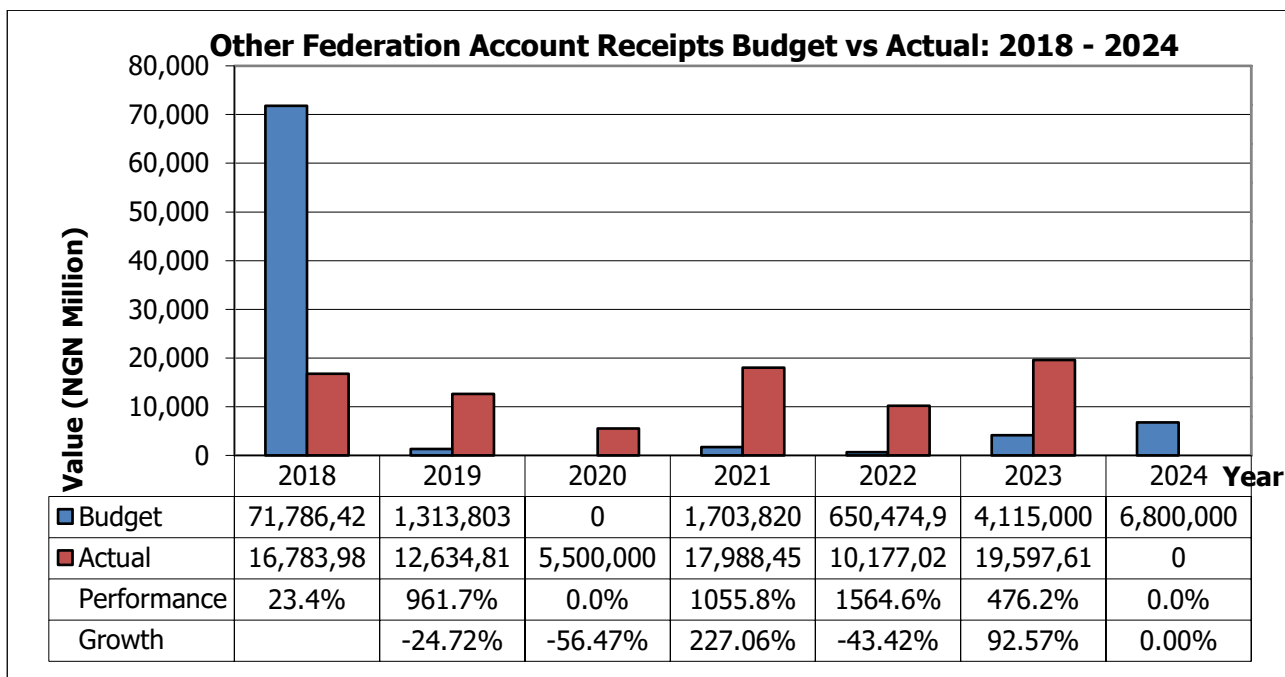


Figure 7: Excess Crude

Other Federation Account Receipts are other receipts from Federation Accounts which include Exchange Gain, Electronic Money Transfer Levy (EMTL), etc.

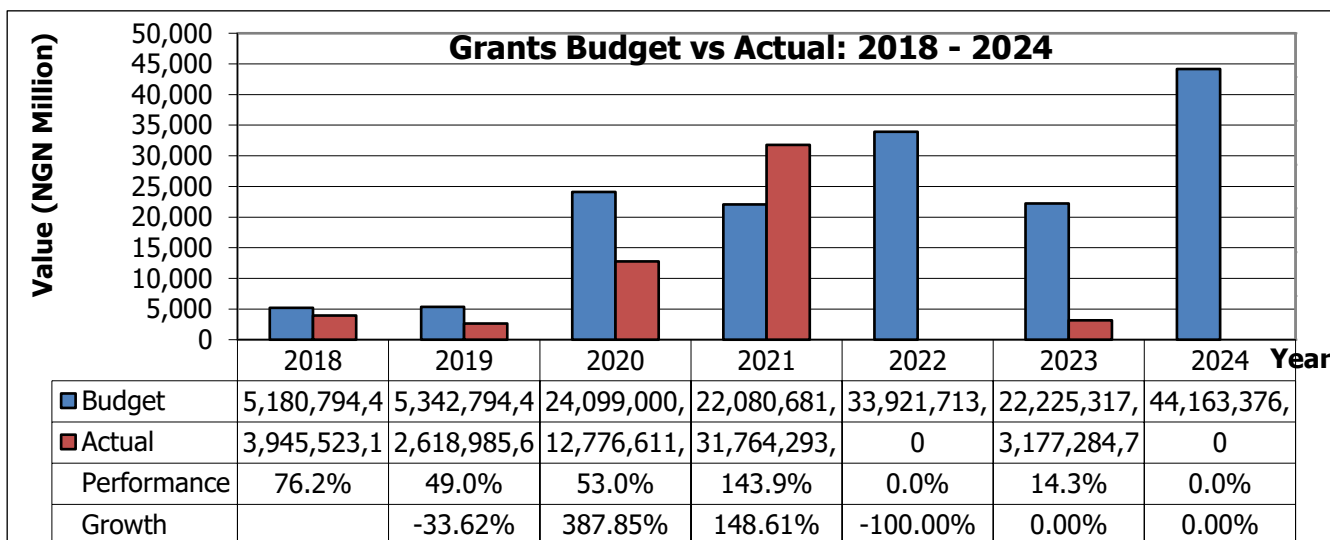


Figure 8: Grants

Grants are receipts from both internal and external sources such as Federal Government MDGs Conditional Grants Scheme as well as grants from international development partners (including UK - Department for International Development (DFID), European Union (EU) and United Nations Children’s Fund (UNICEF). Cross River State has proactively included as much grant expenditure “on-budget” as possible.

Actual grant receipts have been inconsistent over the years with performance remarkably on the average with a very high performance recorded in 2021 and zero performance in 2022 but in 2023 it picked up again although it was relatively low compared to 2020 and 2021. This was not unconnected to the COVID-19 pandemic which truncated both the activities of

the State in the previous years (2019 and 2020) with the Development partners committed to supporting the State coming out of the Economic crisis caused by the pandemic.

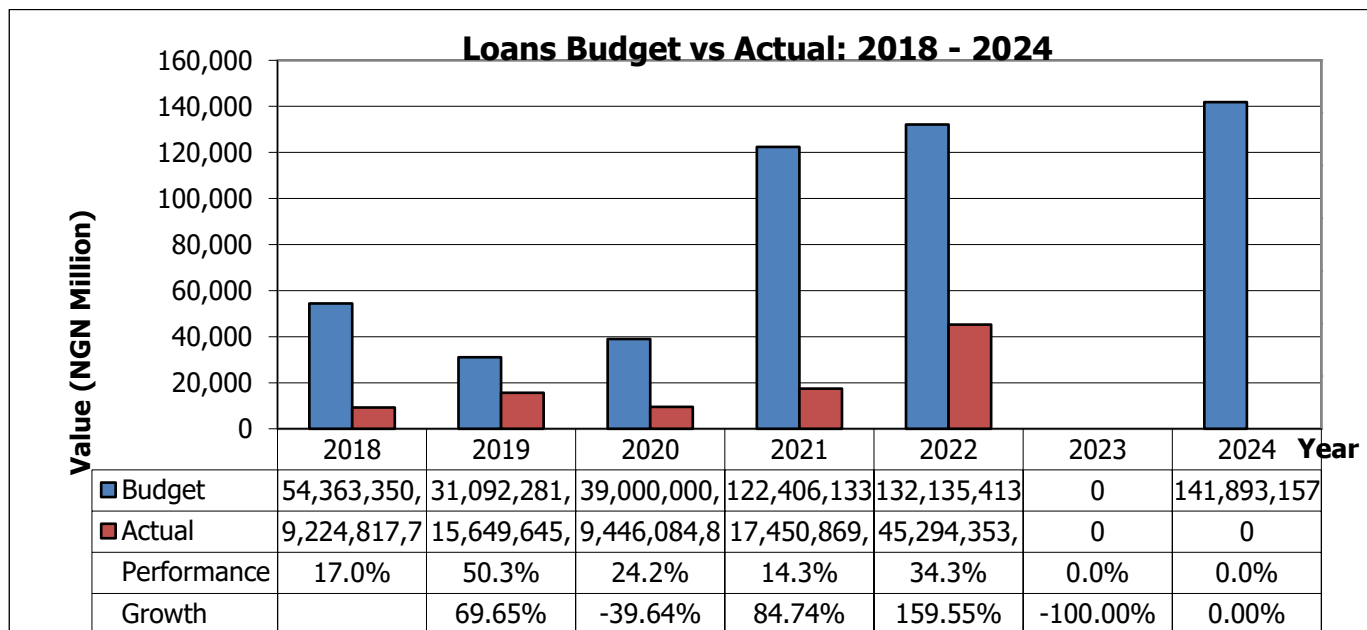


Figure 9: Loans/Financing

Loans and financing, refers to the additional outside funding sourced by the Government to finance some capital projects. Some of these loans could be external or internal. States such as Cross River with inadequate funds and infrastructural deficits need to borrow to fill in the gap.

Budgetary provisions under the loan component have been higher than actual in all the years. Going forward the State should forecast for only loans that have been secured to avoid the high deviation in budget performance experienced by the State from 2018 to 2022. The forecast for 2023, gave a projection for zero loans considering that it was a transition year, the new administration has made projections to secure loan facilities for 2024.

EXPENDITURE HISTORY

On the expenditure side, the document looks at Consolidated Revenue Fund (CRF) charges, Personnel, Overheads and Capital Expenditure budget versus actual for the period of six years (2018-2023) and the current year budget (2024).

Expenditures are directly linked to the available resources at any given time. As a State committed to the well-being of its citizens, our top priorities are ensuring timely payment of salaries, pensions, and gratuities, as well as maintaining a strong focus on providing security. These crucial areas are non-negotiable and receive funding irrespective of the state's revenue. Furthermore, there is a need to address the infrastructure gap, and doing so will necessitate a substantial amount of funding.

Given the rising budgetary allocations, the implication for the year 2025-2027 MTEF is for the State to vigorously pursue IGR and other sources of funding to be able to keep up with the above requisite expenditures especially in the

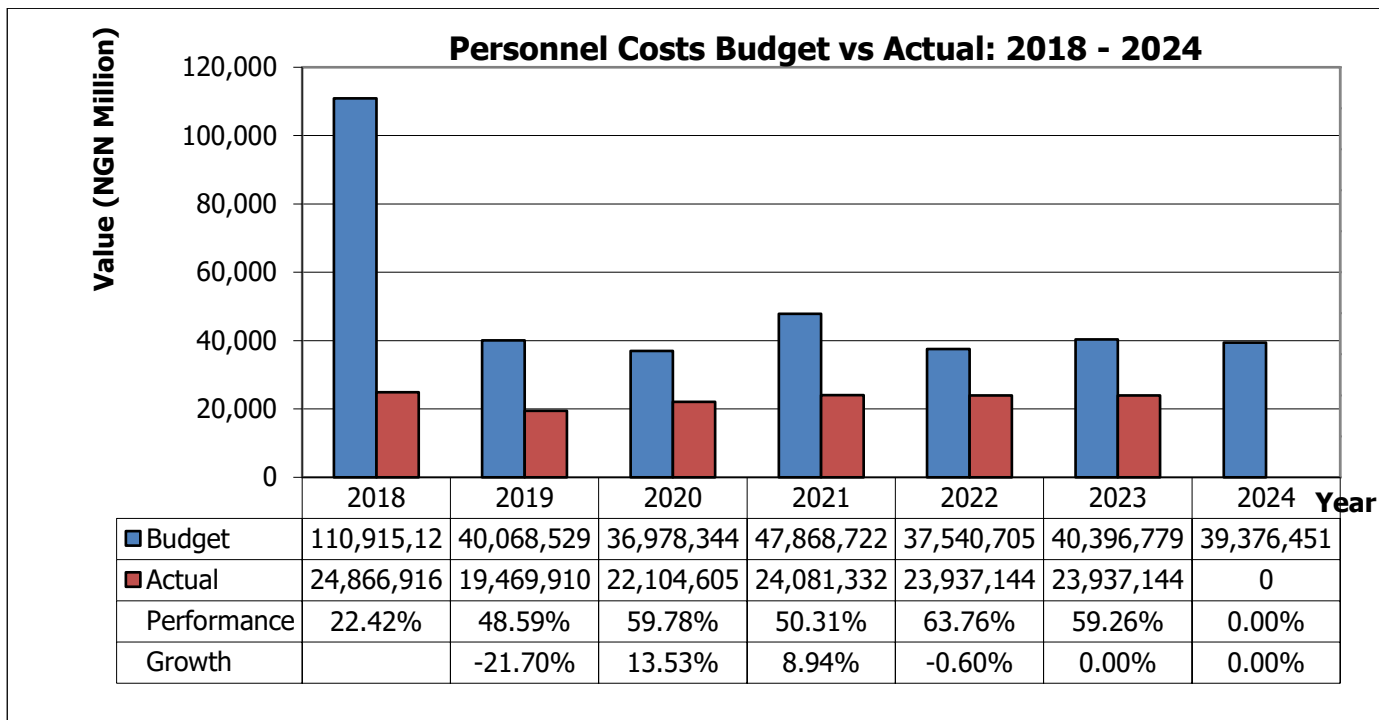


Figure10: Personnel

Personnel expenditure includes salaries, allowances, and benefits of core civil servants of the State. Personnel costs have remained fairly stable from 2018 to 2023.

The actual expenditure has consistently surpassed the budgeted amount over the years. This is largely attributable to consistently overestimating personnel costs in our financial forecasts.

For the 3-year forecast, personnel cost is expected to rise, due to the commitment of the State Government to increase the minimum wage and ease the burden posed by the fuel subsidy and floating of the Naira on the civil servants and the citizens in general. The State therefore need to work hard on its IGR to support its personnel cost to leave a bigger amount for capital projects.

Social Contributions and Social Benefit Budget refer to payments of Gratuities and pensions to retired civil servants. In Cross River State once a civil servant retires, he gets enrolled on to the pension payroll.

From the graph, actual expenditures were recorded lower than the budget in all the years except for 2020 performances exceeding the budget.

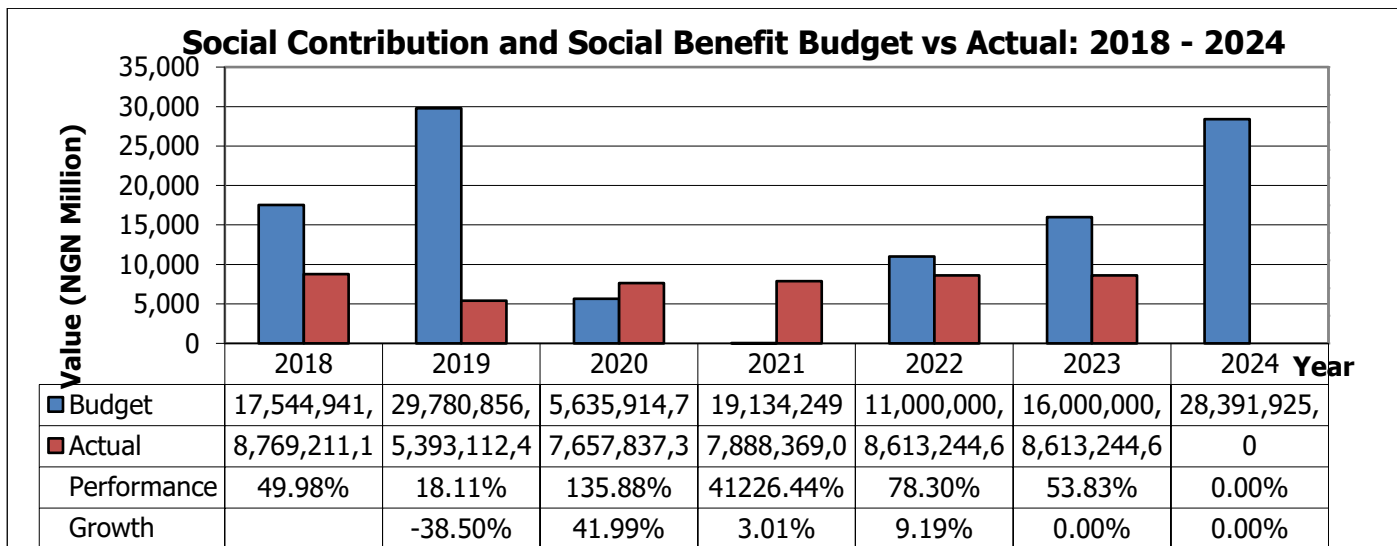


Figure11: Social Contributions and Social Benefits

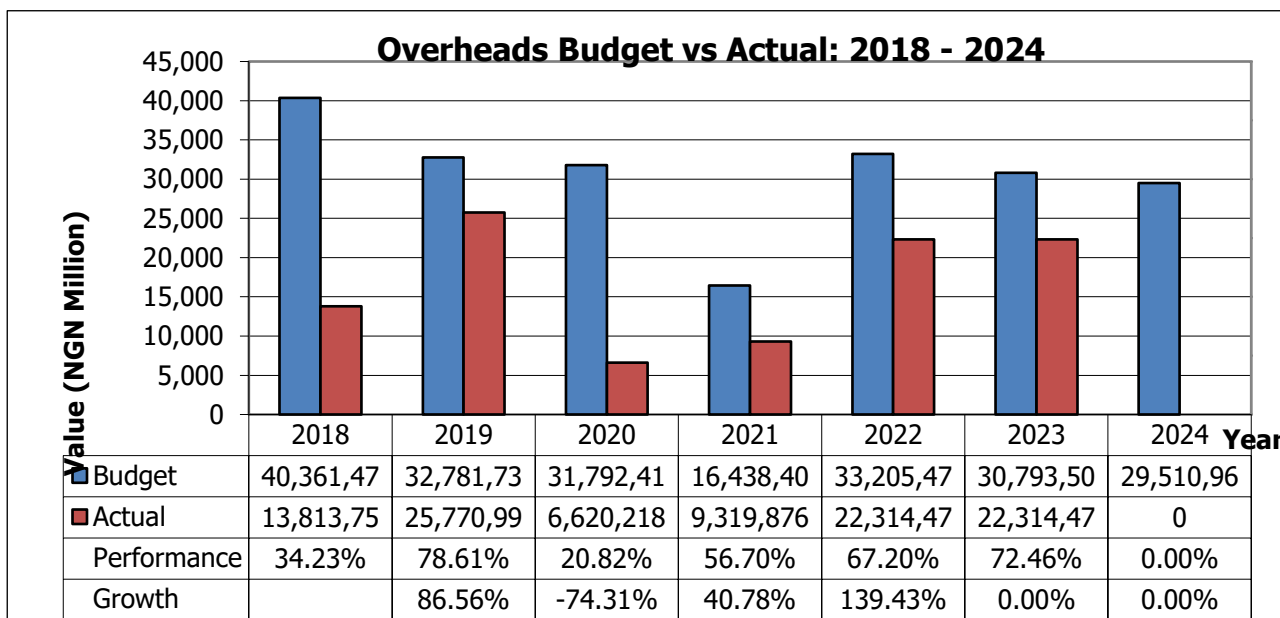


Figure 12: Overheads

Overheads cover operational and maintenance costs for day-to-day activities. Allocations are transferred monthly to MDAs to keep the government machinery functional.

Over the past four years, the actual overhead expenditure has fluctuated, consistently remaining relatively low compared to budget levels. However, there was a significant improvement observed in the year 2022 through 2023.

Public debt service refers to the repayment of loans and debt incurred by the Cross River State, whether from internal or external sources. The State had no budget for public debt service for the year 2018-2020, leading to the gap reflected in Figure 14. However, with the State's growth in Public Financial Management (PFM) reforms and the full adoption of the 52-Digit NCoA, improvements have been made in budget provisions for public debt service. This includes repaying both the principal and interest components of the State's loans used to finance budget deficits.

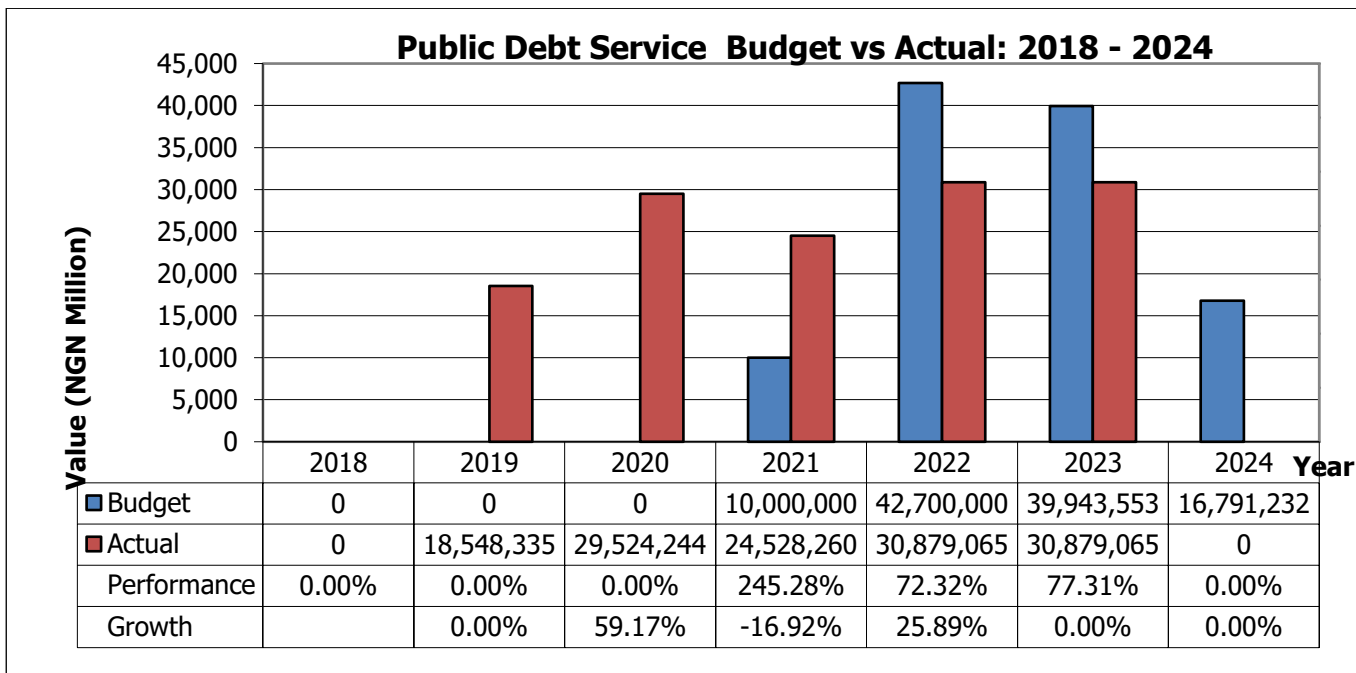


Figure 13: Public Debt Service

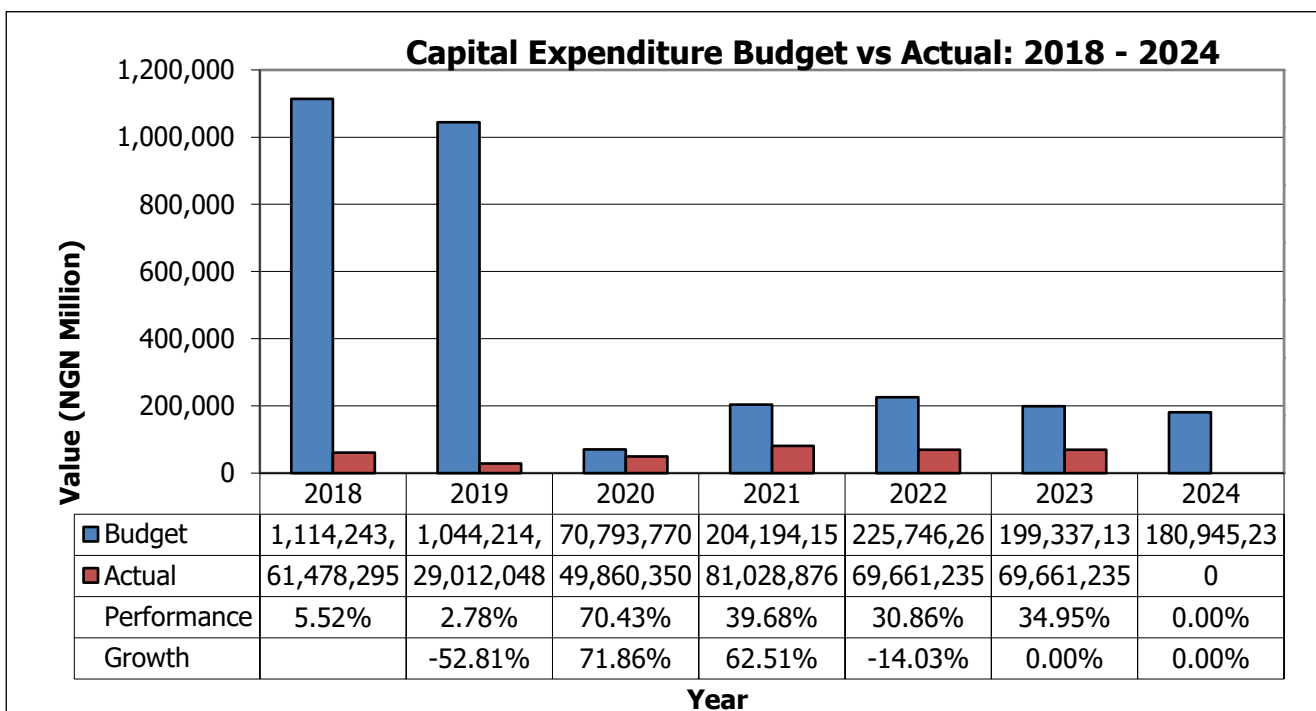


Figure 14: Capital Expenditure

Capital expenditure refers to the funds utilized by a government or organization to invest in long-term projects that result in the creation of assets benefiting the state or entity. These projects often include the construction or improvement of infrastructure such as roads, bridges, schools, hospitals, and other public facilities.

The government has consistently allocated a higher budget for capital expenditures as part of its efforts to provide infrastructure and improve the standard of living for the people. However, the state experienced lower capital expenditure performance due to the receipt of less anticipated funds to actualize these plans.

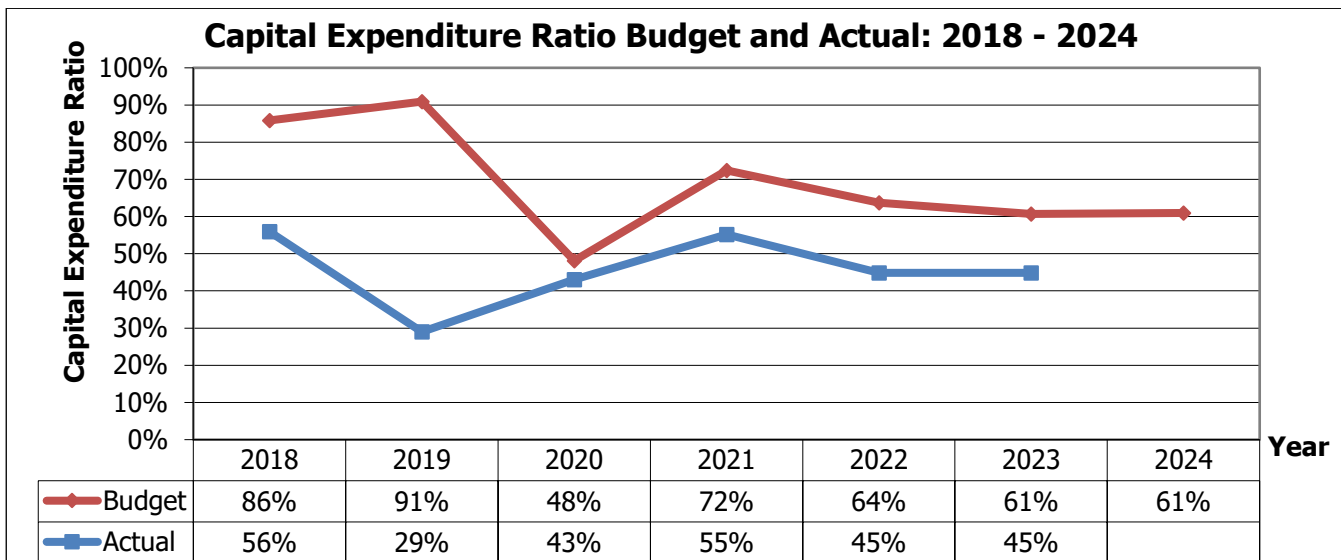


Figure15: Recurrent: Capital Expenditure Ratio

The capital expenditure ratio seeks to explain the actual capital budget performance vis-a-vis the Budgeted provision. The performance dropped drastically in 2019 but rose again in 2020 and has been steady from 2021 to 2023.

It will be observed that in all the years reviewed (i.e. 2018 – 2023), the actual capital expenditure ratio was lower than capital budget ratio. This may be because of the instability of the oil market and in recent years, falling prices of oil caused by the COVID-19 pandemic.

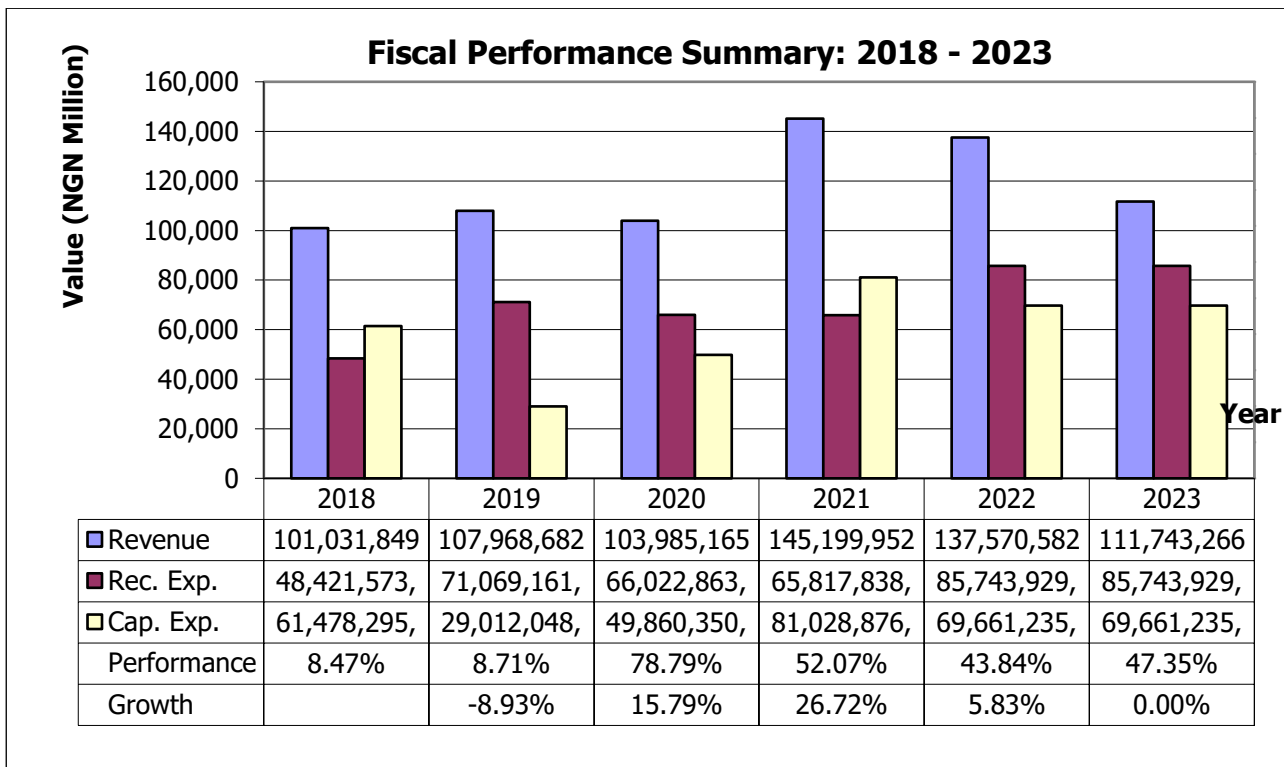


Figure16: Fiscal Performance Summary

2.C Fiscal Strategy and Assumptions

Policy Statement

Cross River State's mission is to mobilize the people of the State to harness all its God-given resources, create and use wealth for the ends of individual happiness, collective fulfilment, and peaceful cohabitation in a safe and secure environment of transparent and honest leadership. The State's fiscal policy is envisaged to control and enforce compliance with established spending and budgeting system, which include aggregate fiscal discipline, allocate efficiency and effective spending.

Objectives and Targets

The key targets of Cross River State Government from a fiscal perspective are:

- Create efficiencies in personnel and overhead expenditure to allow greater resource for capital development;
- Grow IGR by a minimum of 10% in 2025, 15% in 2026 and 15% in 2027.
- Ensure loans and bonds are used for sustainable development projects only;
- Achieve long term target of funding all recurrent expenditure with revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation);
- Sources of capital receipts outside of loans will be from Grants, Aids, PPP, etc;
- To give priority to the completion of on-going capital projects before new projects are commenced; and
- Grow the economy through targeted spending in areas of comparative advantage.

2.D Indicative Three-Year Fiscal Framework

Table 4: 2025-2027 Fiscal Framework

Fiscal Framework			
Item	2025	2026	2027
Opening Balance	3,000,000,000		
Recurrent Revenue			
Statutory Allocation	220,000,000,000	250,000,000,000	300,000,000,000
Derivation			
VAT	46,059,591,430	61,710,011,812	80,945,827,978
IGR	47,313,747,406	52,045,122,147	54,647,378,254
Excess Crude / Other Revenue	21,000,000,000	22,050,000,000	23,152,500,000
Total Recurrent Revenue	334,373,338,836	385,805,133,959	458,745,706,231
Recurrent Expenditure			
Personnel Costs	90,482,407,987	95,006,528,386	99,756,854,806

Social Contribution and Social Benefit	14,470,251,061	15,193,763,614	15,953,451,795
Overheads	25,773,217,795	28,350,539,574	31,185,593,532
Grants, Contributions and Subsidies	365,269,275	383,532,739	402,709,376
Public Debt Service	50,000,000,000	50,000,000,000	50,000,000,000
Total	181,091,146,118	188,934,364,313	197,298,609,508
Transfer to Capital Account	156,282,192,719	196,870,769,646	261,447,096,724

Capital Receipts

Grants	79,670,418,703	0	0
Other Capital Receipts	0	0	0
Total	79,670,418,703	0	0

Reserves

Contingency Reserve	20,852,187,877	19,290,256,698	22,937,285,312
Planning Reserve	11,647,630,571	9,843,538,482	13,072,354,836
Total Reserves	32,499,818,448	29,133,795,180	36,009,640,148

Capital Expenditure	203,452,792,973	167,736,974,465	225,437,456,576
Discretionary Funds	203,452,792,973	167,736,974,465	225,437,456,576
Non-Discretionary Funds	0	0	0

Financing (Loans)	0	0	0
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Total Revenue (plus Opening Balance)	417,043,757,539	385,805,133,959	458,745,706,231
Total Expenditure	417,043,757,539	385,805,133,959	458,745,706,231

Ratios			
Growth in Recurrent Revenue	17.88%	15.38%	18.91%
Growth in Recurrent Expenditure	20.35%	4.33%	4.43%
Capital Expenditure Ratio	51.58%	46.03%	51.99%
Deficit (Financing) to Total Expenditure	0.00%	0.00%	0.00%
Deficit (Financing) to GDP Ratio	NA	NA	NA

2.D.1 Assumptions

- Statutory Allocation – The forecast for the statutory allocation is based on the benchmarked oil price, exchange rate and the oil production Benchmark for the 3 years. Once they are actualised coupled with the subsidy removal, the State can receive the forecasted figures for cash allocation. It is based on historical mineral revenue flows and an elasticity-based forecast was used.
- VAT – elasticity method based on the past performance is used to forecast VAT for 2025-2027.

- Excess Crude/ Other Federation Account Receipts – the estimation is based on the historical trend (i.e. from 2018- 2023) coupled with the newly introduced Electronic Money Transfer Levy (EMTL) and Derivation.
- Internally Generated Revenue (IGR) – the current administration is improving on the on-going measures to grow IGR. These measures have started yielding results as actual IGR for the current year is increasing. It is anticipated that IGR will continue to increase by 30% in the current year and start to stabilise from 2025 with a minimum annual growth of 10%. Own Percentage is therefore used to forecast IGR for 2025 – 2027 (15% in 2025, 10% in 2026 and 5% in 2027).
- Grants – The internal grants are based on the actual performance from 2018 to 2023. External grants are based on signed grant agreements with the development partners.
- Financing (Net Loans) – Cross River State intends to secure an external loan/borrowing in 2024. All internal and external loans are projections based on signed agreements.
- A schedule of capital receipts can be found in Annex 1.
- Personnel – The new minimum wage will cushion the effect of the subsidy removal and naira devaluation which has impacted on the wage bill of 2025. The projection is that total wage bill will increase by 10% in 2024, with a gradual increase of 15%, 18% and 22% over the 2025 – 2027 fiscal years.
- Social Contribution and Social Benefits – The State government is committed to constantly paying the current and outstanding pension and gratuity payment. It is therefore appropriate to make adequate provision for these items and other social commitments. Hence, the own percentage, representing computation for outstanding commitments as well as estimation for next medium term is used.
- Overheads – For the State to continue meeting the needed operational and maintenance costs for running day-to-day activities of the Government, appropriate provision is expected to be made for overhead. It is anticipated that overhead will increase further by 5% at the end of 2024. Consequently, own percentage method is used to forecast overhead for 2025, 2026 and 2027 at an annual increase of 10%.
- Public Debt Service - is based on the projected principal and interest repayments for 2025, 2026 and 2027.
- Contingency and Planning Reserves – This will be allocated when a deficit occurs as it might result from getting less than 100% from projections such as the Statutory Allocation, VAT, or excess crude oil account. This is expected to cover the unforeseen that might occur. Contingency is estimated at 5% of total revenues (including opening balance) whilst 5% of the capital development fund is set aside as a planning reserve.
- Capital Expenditure – is based on the balance from the recurrent account plus capital receipts, less contingency reserve as outlined above.

Fiscal Trends

Based on the above envelope, plus actual figures for 2018-2023 (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.

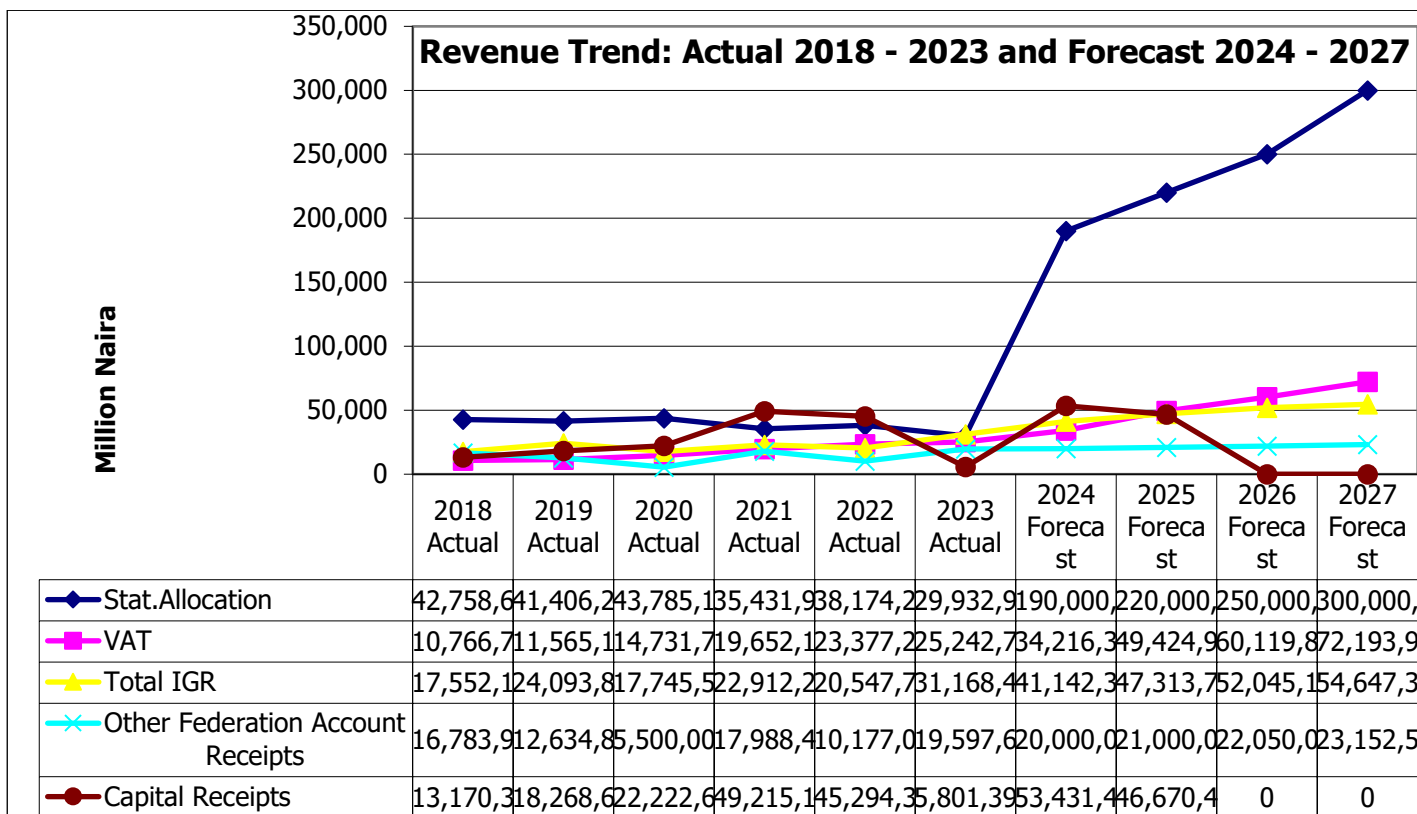


Figure 17: Revenue Trend: Actual 2018 - 2023 and Forecast 2024 - 2027

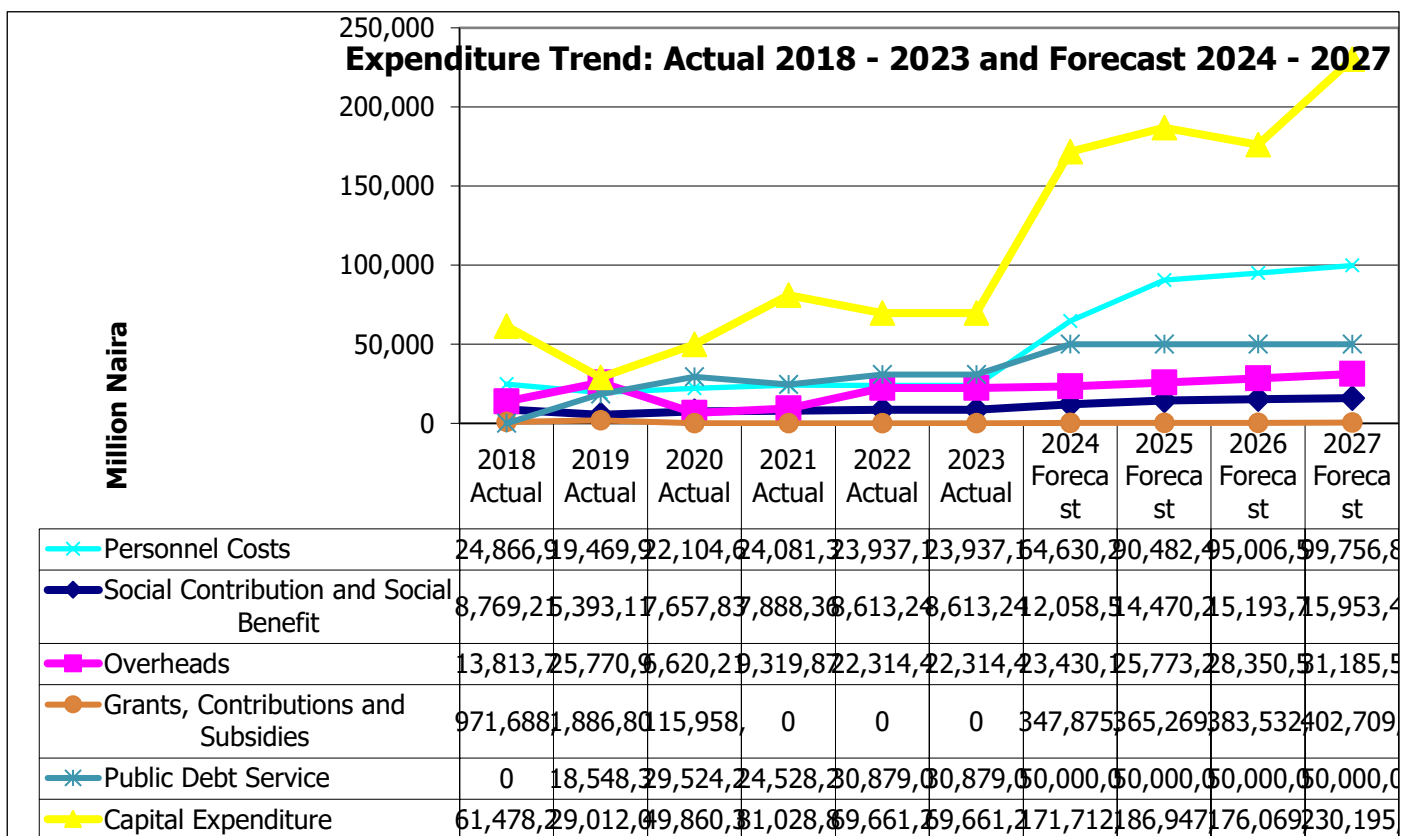


Figure 18: Expenditure Trend: Actual 2018 - 2023 and Forecast 2024 - 2027

3 Budget Policy Statement

3.A Budget Policy Thrust

The overall policy objectives are captured by the following points:

- Scaling up Agro-revolution.
- Expand access to free and compulsory qualitative education.
- Improve healthcare services.
- Ensure a sustainable, economic and efficient management of natural resources.
- Enhance social protection.
- Improve Safety net programmes.
- Expand our revenue base in the area of Internally Generated Revenue (IGR). Invest in creating enabling environment for the deployment and implementation of modern technologies.
- Ensure equal distribution of wealth.
- Provide a platform for youths and women inclusion and skill acquisition. Enhance greater transparency and proper accountability in our public sector expenditure management.
- Ensure a conducive environment for investors and Donor Agencies to operate in the State and;
- Reduce the level of debt profile of our State.

Sector Allocations (3 Year)

The total forecast budget size for the 2025 fiscal year is **N 417,043,757,539.00** of which the sum of **N 181,091,146,118** will be for recurrent expenditure (i.e. Personnel, Overhead, Social Contributions, Special Programmes, Grants & Contributions Public Debt Charge, Transfer to Internal Revenue Services and Transfer to Local Governments), **N 203,452,792,973** will be for capital expenditure, **156,282,192,719** as transfer to Capital and **N 20,852,187,877** will be for contingency reserve that will be allocated during the budget year after getting approval from the SHoA. A planning reserve of **N 11,647,630,571** provision was made which will be allocated to sectors at bilateral discussion stage to fund critical expenditure items not envisaged at the stage of issuing budget call circular. The indicative three envelopes for Main Organisations for Personnel, Overhead and Capital Expenditure are presented in 5, 6 and 7 respectively.

Table 5: Indicative Sector Expenditure Ceilings 2024-2026 – Personnel (Salaries and Allowances)

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Personnel Expenditure by Sector							
No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Government House	6.98%	6,312,510,660	11.15%	10,592,873,348	11.15%	11,122,517,016
2	Ministry of Foreign Affairs - Updated	0.06%	50,289,466	0.00%	0	0.00%	0
3	Office of the Secretary to the State Government	1.71%	1,548,998,939	0.52%	495,553,034	0.52%	520,330,686
4	House of Assembly	2.07%	1,870,220,371	3.64%	3,458,641,098	3.64%	3,631,573,152
5	Ministry of Information	0.80%	721,278,434	1.25%	1,184,898,394	1.25%	1,244,143,313
6	Office of the Head of State Civil Service	0.52%	472,545,971	0.20%	189,139,103	0.20%	198,596,058
7	Auditor General	0.70%	630,402,848	1.46%	1,384,530,217	1.46%	1,453,756,728
8	Civil Service Commission (CSC)	4.09%	3,701,023,073	0.13%	126,393,749	0.13%	132,713,437
9	Local Government Service Commission	0.08%	74,713,131	0.13%	122,309,044	0.13%	128,424,496
10	State Independent Electoral Commission	0.28%	253,708,503	0.06%	55,709,277	0.06%	58,494,741
11	Ministry of Special Duties and Intergovernmental Affairs	0.05%	43,731,132	0.05%	47,560,958	0.05%	49,939,006
12	Ministry of Establishment, Training and Pension	0.11%	96,253,667	0.14%	130,869,953	0.14%	137,413,451
13	Ministry of International Development Coordination	0.50%	449,910,398	0.07%	64,741,851	0.07%	67,978,944
14	Ministry of Crops and Irrigation	1.70%	1,538,988,200	1.70%	1,615,937,610	1.70%	1,696,734,490
15	Ministry of Livestock, Aquaculture and Fisheries	0.73%	659,566,371	0.73%	692,544,690	0.73%	727,171,924
16	Ministry of Finance	10.57%	9,563,721,357	16.06%	15,257,723,097	16.06%	16,020,609,252
17	Ministry of Commerce	0.19%	169,487,108	0.21%	203,434,907	0.21%	213,606,652
18	Ministry of Science and Technology	0.37%	338,962,369	0.37%	348,478,697	0.37%	365,902,632
19	Ministry of Transport	0.30%	269,482,737	0.57%	541,703,488	0.57%	568,788,662
20	Ministry of Power	0.27%	246,878,344	0.20%	191,951,383	0.20%	201,548,952
21	Ministry of Works	0.39%	350,359,741	0.56%	529,310,051	0.56%	555,775,554
22	Ministry of Tourism, Arts and Culture	0.47%	428,938,143	0.46%	436,970,237	0.46%	458,818,749
23	State Planning Commission	0.42%	378,277,011	0.31%	297,362,895	0.31%	312,231,040
24	Ministry of Water Resources	0.87%	786,492,240	1.51%	1,433,284,639	1.51%	1,504,948,871
25	Ministry of Housing	0.09%	81,711,972	0.03%	32,819,706	0.03%	34,460,692

26	Ministry of Lands	0.48 %	433,094,265	0.77 %	729,155,018	0.77 %	765,612,769
27	Ministry of Mineral Resources	0.12 %	112,502,786	0.22 %	211,578,751	0.22 %	222,157,689
28	Ministry of Industry	0.27 %	247,608,038	0.52 %	498,380,666	0.52 %	523,299,699
29	Ministry of Aviation	1.87 %	1,695,751,863	0.05 %	50,812,232	0.05 %	53,352,844
30	Judiciary	2.48 %	2,242,178,059	4.98 %	4,733,515,118	4.98 %	4,970,190,874
31	Urban Development Authority	0.07 %	64,586,276	0.12 %	112,338,297	0.12 %	117,955,212
32	Ministry of Youth Development	0.07 %	66,901,007	0.10 %	94,278,219	0.10 %	98,992,130
33	Ministry of Women Affairs	16.9 5%	15,335,924,683	0.06 %	57,555,412	0.06 %	60,433,182
34	Ministry of Education	20.3 6%	18,424,487,407	39.53 %	37,559,207,420	39.53 %	39,437,167,791
35	Ministry of Health	5.27 %	4,765,018,974	10.41 %	9,888,339,132	10.41 %	10,382,756,088
36	Ministry of Environment	0.44 %	397,583,710	0.73 %	690,362,233	0.73 %	724,880,344
37	Ministry of Sports Development	0.22 %	198,941,845	0.37 %	355,434,124	0.37 %	373,205,830
38	Ministry of Local Government	0.14 %	124,290,396	0.11 %	104,821,699	0.11 %	110,062,784
39	Chieftaincy Affairs Department	0.07 %	67,358,195	0.12 %	117,782,521	0.12 %	123,671,647
40	Ministry of Humanitarian Affairs	0.10 %	87,672,885	0.10 %	92,056,529	0.10 %	96,659,355
41	Ministry of Social Welfare and Community Development	0.10 %	87,672,885	0.10 %	92,056,529	0.10 %	96,659,355
42	Ministry of Human Capital and Entrepreneurial Development	0.10 %	87,672,885	0.10 %	92,056,529	0.10 %	96,659,355
43	Ministry of Wealth Creation and Employment	0.10 %	87,672,885	0.10 %	92,056,529	0.10 %	96,659,355
	Total	83.5 1%	90,482,407,987	100. 00%	95,006,528,386	100. 00%	99,756,854,806

Table 6: Indicative Sector Expenditure Ceilings 2025-2027 – Overhead (Account Class 2202)

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Overhead Expenditure by Sector							
No.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Government House	52.56%	13,545,744,379	52.56%	14,900,318,817	52.56%	16,390,350,699
2	Ministry of Foreign Affairs - Updated	0.34%	87,342,053	0.00%	828,063	0.00%	910,870
3	Office of the Secretary to the State Government	7.82%	2,016,178,033	0.39%	111,219,408	0.39%	122,341,349
4	House of Assembly	8.87%	2,285,625,695	17.32%	4,911,437,656	17.32%	5,402,581,422
5	Ministry of Information	0.25%	64,168,283	0.49%	137,746,080	0.49%	151,520,688
6	Office of the Head of State Civil Service	0.97%	250,054,680	0.27%	75,814,467	0.27%	83,395,914
7	Auditor General	0.72%	186,479,642	1.45%	411,681,180	1.45%	452,849,298
8	Civil Service Commission (CSC)	0.31%	80,336,106	0.12%	33,564,246	0.12%	36,920,670
9	Local Government Service Commission	0.11%	27,618,147	0.21%	60,453,057	0.21%	66,498,362
10	State Independent Electoral Commission	0.03%	7,095,430	0.02%	5,090,578	0.02%	5,599,635
11	Ministry of Special Duties and Intergovernmental Affairs	0.09%	23,591,381	0.03%	8,822,292	0.03%	9,704,521
12	Ministry of Establishment, Training and Pension	0.11%	27,659,899	0.11%	30,962,877	0.11%	34,059,165
13	Ministry of International Development Coordination	0.04%	9,033,678	0.02%	5,320,445	0.02%	5,852,489
14	Ministry of Crops and Irrigation	0.15%	39,337,566	0.11%	32,021,696	0.11%	35,223,865
15	Ministry of Livestock, Aquaculture and Fisheries	0.04%	10,309,287	0.04%	11,340,216	0.04%	12,474,237
16	Ministry of Finance	12.42%	3,200,242,772	12.39%	3,511,578,356	12.39%	3,862,736,191
17	Ministry of Commerce	0.12%	30,025,742	0.09%	24,746,821	0.09%	27,221,503
18	Ministry of Science and Technology	0.12%	31,783,786	0.01%	1,713,235	0.01%	1,884,558
19	Ministry of Transport	0.20%	51,850,888	0.16%	45,755,888	0.16%	50,331,477
20	Ministry of Power	0.19%	48,875,631	0.38%	107,513,527	0.38%	118,264,880
21	Ministry of Works	0.13%	32,266,293	0.12%	34,335,570	0.12%	37,769,127
22	Ministry of Tourism, Arts and Culture	0.16%	42,252,168	0.09%	25,086,894	0.09%	27,595,584
23	State Planning Commission	0.06%	14,229,026	0.04%	11,807,218	0.04%	12,987,940
24	Ministry of Water Resources	0.51%	132,477,399	1.03%	292,807,659	1.03%	322,088,424
25	Ministry of Housing	0.03%	7,151,503	0.02%	5,221,105	0.02%	5,743,215

2		1.21	312,499,2	1.13	321,188,2	1.13	353,307,0
6	Ministry of Lands	%	57	%	30	%	53
2		0.05	12,631,28	0.04	12,698,75	0.04	13,968,63
7	Ministry of Mineral Resources	%	9	%	8	%	4
2		0.20	50,720,05	0.20	55,621,73	0.20	61,183,91
8	Ministry of Industry	%	4	%	6	%	0
2		0.04	9,186,128	0.03	9,433,011	0.03	10,376,31
9	Ministry of Aviation	%		%		%	2
3		3.89	1,001,369	2.15	609,276,1	2.15	670,203,7
0	Judiciary	%	,076	%	60	%	76
3		0.09	22,669,00	0.10	28,307,11	0.10	31,137,82
1	Urban Development Authority	%	8	%	5	%	6
3		0.04	10,158,04	0.02	6,702,932	0.02	7,373,225
2	Ministry of Youth Development	%	3	%		%	
3		0.03	7,790,697	0.03	7,231,694	0.03	7,954,863
3	Ministry of Women Affairs	%		%		%	
3		7.00	1,803,901	4.87	1,379,682	4.87	1,517,650
4	Ministry of Education	%	,084	%	,494	%	,744
3		3.69	950,310,8	3.11	880,538,9	3.11	968,592,7
5	Ministry of Health	%	28	%	05	%	95
3		1.09	281,057,4	0.47	133,455,0	0.47	146,800,5
6	Ministry of Environment	%	29	%	19	%	21
3		0.76	195,070,0	0.08	22,636,89	0.08	24,900,58
7	Ministry of Sports Development	%	27	%	5	%	5
3		0.12	29,647,12	0.12	34,853,47	0.12	38,338,82
8	Ministry of Local Government	%	2	%	6	%	4
3		0.01	3,347,001	0.01	3,970,066	0.01	4,367,072
3	Chieftaincy Affairs Department	%		%		%	
4		0.04	11,129,12	0.04	12,135,70	0.04	13,349,27
0	Ministry of Humanitarian Affairs	%	8	%	0	%	0
4	Ministry of Social Welfare and Community Development	%	4	%	0	%	0
4	Ministry of Human Capital and Entrepreneurial Development	%	4	%	0	%	0
4	Ministry of Wealth Creation and Employment	%	4	%	0	%	0
	Total	104.	25,773,2	100.	28,350,5	100.	31,185,5
		71%	17,795	00%	39,574	00%	93,532

Table7: Indicative Sector Expenditure Ceilings 2025-2027 – Capital

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Capital Expenditure by Sector			Discretionary Funds				
N o.	Sector	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Government House	20.21%	41,117,809,460	20.21%	33,899,642,539	20.21%	45,560,909,974
2	Ministry of Foreign Affairs - Updated	0.19%	385,062,865	0.08%	126,149,702	0.08%	169,544,419
3	Office of the Secretary to the State Government	1.17%	2,387,733,727	0.07%	114,403,612	0.07%	153,757,747
4	House of Assembly	1.17%	2,379,289,487	1.65%	2,770,793,626	1.65%	3,723,929,501
5	Ministry of Information	0.09%	176,307,862	0.09%	150,357,164	0.09%	202,079,099
6	Office of the Head of State Civil Service	0.14%	279,263,410	0.04%	61,414,345	0.04%	82,540,500
7	Auditor General	0.13%	265,252,440	0.30%	495,713,339	0.30%	666,235,662
8	Civil Service Commission (CSC)	0.03%	65,996,869	0.01%	11,786,857	0.01%	15,841,463
9	Local Government Service Commission	0.43%	881,624,070	0.13%	211,595,525	0.13%	284,383,077
10	State Independent Electoral Commission	2.03%	4,132,245,399	0.38%	632,578,058	0.38%	850,180,998
11	Ministry of Special Duties and Intergovernmental Affairs	0.62%	1,264,883,811	1.13%	1,891,869,047	1.13%	2,542,660,302
12	Ministry of Establishment, Training and Pension	3.50%	7,116,461,544	0.21%	353,678,942	0.21%	475,342,311
13	Ministry of International Development Coordination	2.17%	4,424,930,713	1.32%	2,216,616,800	1.32%	2,979,119,274
14	Ministry of Crops and Irrigation	2.17%	4,409,984,320	3.26%	5,467,735,909	3.26%	7,348,603,255
15	Ministry of Livestock, Aquaculture and Fisheries	3.00%	6,103,583,789	3.00%	5,032,109,234	3.00%	6,763,123,697
16	Ministry of Finance	1.67%	3,390,567,355	2.50%	4,192,270,461	2.50%	5,634,385,579
17	Ministry of Commerce	1.73%	3,513,999,352	0.53%	881,097,136	0.53%	1,184,189,103
18	Ministry of Science and Technology	0.24%	493,590,005	0.07%	110,214,564	0.07%	148,127,692
19	Ministry of Transport	2.60%	5,288,296,003	1.39%	2,334,046,401	1.39%	3,136,943,932
20	Ministry of Power	6.23%	12,685,008,739	3.34%	5,595,205,020	3.34%	7,519,920,952
21	Ministry of Works	9.16%	18,632,473,319	16.49%	27,665,204,690	16.49%	37,181,864,052
22	Ministry of Tourism, Arts and Culture	0.41%	829,333,854	0.73%	1,225,917,218	0.73%	1,647,625,161
23	State Planning Commission	0.98%	1,997,030,015	0.10%	175,964,965	0.10%	236,495,825
24	Ministry of Water Resources	0.78%	1,578,518,923	1.06%	1,776,997,139	1.06%	2,388,273,167
25	Ministry of Housing	0.61%	1,245,504,356	0.56%	932,383,139	0.56%	1,253,117,174

26	Ministry of Lands	1.00 %	2,041,381 ,474	1.47 %	2,466,930 ,969	1.47 %	3,315,539 ,969
27	Ministry of Mineral Resources	0.70 %	1,415,952 ,986	0.21 %	353,554,7 20	0.21 %	475,175,3 58
28	Ministry of Industry	2.64 %	5,380,448 ,225	3.70 %	6,200,462 ,451	3.70 %	8,333,383 ,197
29	Ministry of Aviation	8.00 %	16,276,22 3,438	8.00 %	13,418,95 7,957	8.00 %	18,034,99 6,526
30	Judiciary	0.66 %	1,346,420 ,851	0.75 %	1,261,406 ,921	0.75 %	1,695,323 ,103
31	Urban Development Authority	0.25 %	514,759,1 86	0.04 %	70,316,89 1	0.04 %	94,505,46 7
32	Ministry of Youth Development	1.34 %	2,718,590 ,881	1.79 %	3,006,086 ,129	1.79 %	4,040,161 ,172
33	Ministry of Women Affairs	6.13 %	12,480,51 6,313	0.28 %	461,801,6 73	0.28 %	620,658,5 93
34	Ministry of Education	8.75 %	17,804,07 8,106	8.26 %	13,859,53 4,471	8.26 %	18,627,12 8,636
35	Ministry of Health	5.61 %	11,422,22 8,387	8.32 %	13,949,12 2,487	8.32 %	18,747,53 4,376
36	Ministry of Environment	1.56 %	3,166,398 ,471	1.88 %	3,157,045 ,369	1.88 %	4,243,049 ,456
37	Ministry of Sports Development	0.34 %	688,903,5 34	0.40 %	674,649,3 84	0.40 %	906,724,6 01
38	Ministry of Local Government	0.07 %	149,836,3 68	0.10 %	162,153,0 90	0.10 %	217,932,7 51
39	Chieftaincy Affairs Department	0.61 %	1,231,997 ,237	0.02 %	40,760,10 8	0.02 %	54,781,33 3
40	Ministry of Humanitarian Affairs	1.37 %	2,781,743 ,280	1.72 %	2,889,753 ,454	1.72 %	3,883,810 ,775
41	Ministry of Social Welfare and Community Development	1.48 %	3,010,027 ,259	1.48 %	2,481,621 ,698	1.48 %	3,335,284 ,218
42	Ministry of Human Capital and Entrepreneurial Development	1.48 %	3,010,027 ,259	1.48 %	2,481,621 ,698	1.48 %	3,335,284 ,218
43	Ministry of Wealth Creation and Employment	1.48 %	3,010,027 ,259	1.48 %	2,481,621 ,698	1.48 %	3,335,284 ,218
	Total	104.94%	203,452,792,973	100.00%	167,736,974,465	100.00%	225,437,456,576

4 Summary of Key Points and Recommendations

- We summarise below a list of the key points arising in this document:
- Cross River State should sustain the current Budget reform programme particularly as it relates to the preparation of a realistic budget, ensuring policy-plan-budget linkages using the State MTSSs, and early passage of the budget. Efforts should be made to prepare MTSS for other sectors not yet provided for.
- Cross River State must continue to monitor the performance of mineral-based revenues to ensure estimates are consistent with the latest development globally and within the Federal Government's budget process. If the benchmark price of crude in the Federal FSP is lower or higher than \$85 per barrel used herein and IMF, World Bank, OPEC, and US Energy Information Administration Reports validates the oil price benchmark provided in Federal FSP, the State would revisit the assumptions and recalculate statutory allocation.

Annex 1 Capital Receipts

Table 2 Estimated Grants and Loans for 2025-2027

ITEM	2024	2025	2026	2027
Internal Grants				
Local Government Contribution.	60,000,000	60,000,000		
Local Government Contribution for Conduct of LG Elections	12,000,000			
Local Government Councils contribution to LGSC	145,721,100	145,721,100		
Local Government Councils contributions for LG Pension	3,391,925,463	3,391,925,463		
Local Government Councils contributions for LG Gratuity	2,000,000,000	2,000,000,000		
Local Government Contribution for Electrification.	1,260,000,000	1,260,000,000		
Local Government Contribution.	1,053,000,000	1,053,000,000		
1% Local Government Contribution	350,000,000	350,000,000		
Contributions from LG to fund environmental Project	630,000,000	630,000,000		
1% Of Monies Accruing To Local Government Joint Account.	272,000,000	272,000,000		
Local Govt. Contributions	540,000,000	540,000,000		
Local Government Contributions	630,000,000	630,000,000		
Nigeria COVID-19 Action Recovery Economic Stimulus (NG-CARES)	1,000,000,000	500,000,000		
Government Enterprise Intervention Programme	2,000,000,000	500,000,000		
Household Cash Disbursement Programme	2,000,000,000	500,000,000		
Market Money Programme	1,968,104,325	500,000,000		
Livestock Productivity and Resilience Programme	1,000,000,000	500,000,000		
Conditional Cash Transfer programme	2,000,000,000	500,000,000		
Bonds from the Capital Market	10,000,000,000	10,000,000,000		
Youths Empowerment and Social Support Operation (YESSO)	500,000,000	500,000,000		
Cross River-Rural Access and Agricultural Marketing Project (CR-RAAM)	1,780,957,895	2,000,000,000		
State Malaria Elimination Programme (SMEP)	728,416,600	728,416,600		
National Social Safety Net Coordinating Office (NASSCO)	681,954,500	681,954,500		
Agro-Processing, Productivity Enhancement And Livelihood Improvement	1,840,000,000	1,840,000,000		
FGN Social Safety net Project (NASSP)	2,000,000,000	2,000,000,000		
Livelihood Improvement Family Enterprises-Niger Delta (LIFE -ND)	2,000,000,000	2,000,000,000		
Federal Government UBE Matching Grant 2021 ACCESSED Fund	1,500,000,000	1,500,000,000		
Federal Government UBE Matching Grant 2023 UNACCESSED Fund	1,500,000,000	1,500,000,000		
Federal Grant on Physically and mentally challenged programme	51,000,000	51,000,000		
State Counterpart Fund 2023				
Federal Government UBE (Teachers Prof. Dev. PROGRAMME)	161,000,000	161,000,000		
Better Education Service Delivery For All (BESDA)	537,000,000	537,000,000		
Tertiary Education Trust Fund Grant	647,290,764	647,290,764		
Tertiary Education Trust Fund Grant	1,500,000,000	1,500,000,000		
Presidential Needs Assessment Intervention	852,709,236	852,709,236		
Basics Healthcare Fund (BHCPF)	100,000,000	100,000,000		
National Health Development Funds	1,000,000,000	1,000,000,000		
Sub-Total Internal Grant	47,693,079,883	40,932,017,663	0	0
External Grants				
Nigeria Erosion and Watershed Management Project (NEWMAP)	400,750,000	400,750,000		
UN -Delivery as One	1,000,000,000	1,000,000,000		
Others-USAID	120,000,000	120,000,000		
IFAD Support fund for Agricultural Extension	1,577,651,040	577,651,040		
Nigeria for Women Project	450,000,000	450,000,000		
SABER Loan	2,000,000,000	3,000,000,000		
UNICEF Assisted Programme	50,000,000	50,000,000		
Unicef Assisted Programme	60,000,000	60,000,000		
UNFPA(UNITED NATIONS FUND FOR POPULATION ACTIVITIES)	20,000,000	20,000,000		
RED CROSS	60,000,000	60,000,000		
Sub-Total External Grant	5,738,401,040	5,738,401,040	0	0
Grant Balancing Item / Blue Sky				
Total Grants	53,431,480,923	46,670,418,703	0	0

THANK YOU