

Kogi State Revised Citizen Budget 2020



Budget of Prosperity

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State Secretariat, Phase 2. Lokoja, Kogi State

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Foreword

As we know, the Citizens Budget is a derivative of the main Budget. Therefore, Kogi Citizens Budget for 2020 was derived from 2020 Approved Budget. In recent time, however, the global economy has been witnessing unprecedented disruptions due to the effects of COVID-19 pandemic. As a result, the assumptions that informed the preparation of the Budget have been hard hit. For example, the Budget was prepared on crude oil benchmark of \$57 US Dollars per barrel and exchange rate of N305/\$, amongst others. These assumptions have changed and changed very quickly. In December, 2019, the price of crude oil was still as high as \$67 US Dollars per barrel but this has significantly dropped to, sometime, as low as \$17 US Dollars per barrel while the exchange rate has risen to N360/\$. On all of this, our observation is that, the situation appeared to be showing no sign of imminent recovery. Based on this development, the Citizens Budget, just like the Approved Budget for 2020, can no longer be realistic; hence the need for a downward review.

The disruption caused by COVID-19 pandemic has no doubt slowed down the state economy and as a result, the projected sources of IGR are also adversely affected. The Civil servant/ public servants are now working from home, banks are only providing skeletal services, businesses have

slowed down. Our overall production capacity is operating at sub optimal level. These are not normal times. We must, therefore, take unusual steps to solve this unusual reality. We are, however, taking steps to explore other sources of funding and investments options, to stabilize the state economy, but this will take time to materialize.

The State has carefully assessed the overall effects of COVID-19 on our revenue profile through a technical committee and prioritized Health, Education, Agriculture and key recurrent services.

In the light of the above, the State Budget for 2020 has now been REVISED to N102,123,091,931 from the earlier Approved Budget of N176,123,091,931. The reduction in the budget size is N74,000,000,000 representing 42%. We shall continue to respond creatively to the economic and allied challenges posed by Covid-19 to our society in order to maximise the welfare of our people.



ALHAJI YAHAYA BELLO
EXECUTIVE GOVERNOR



Introduction

What is a Budget?

A budget shows what the government expects to collect as revenue, what grants it expects to receive, how much it expects to save or borrow, and what the government plans to spend on.

A budget is a document that contains details about how the government plans to spend our communal wealth – the taxpayers' money. Federal, state and local governments all have a budget document which is called an Appropriation Act.

In a democracy, every responsible citizen has the right to know how communal wealth is being expended in the delivery of public infrastructure and services.

What is a Citizens Budget?

A Citizens Budgets is a simpler, less technical version of a government's budget specifically designed to present key information that is understandable by the general public. Citizens Budgets can vary widely in focus, content, and length and be presented in a number of ways, ranging from a simple brochure to a comprehensive

report. Citizens Budgets should also be accessible by the general public, including being published online on an official state website.

Why is a Citizens Budgets Important?

Every responsible citizen has the right to know how communal wealth is being expended in the delivery of public infrastructure and services. State governments must ensure that citizens have a good understanding of how the budget directly affects their lives.

Citizens budgets foster a greater understanding of how public funds are utilized, especially if the information Presented is in a more accessible format than standard government budgets.

Although they are not meant to replace more detailed budget documents, they are important for informing citizens and civil society and contributes to the effort of increasing government accountability on how it manages public money.

Budget Glossary

Total Budget Expenditure: This is the total amount of budget for the given year. It is the summation of both the Recurrent Expenditure and Capital Expenditure as approved by the State House of Assembly and assented to by the Executive Governor.

This is how the government plans to spend, on behalf of the citizens, according to the resources it manages. Government expenditure has two main categories: Recurrent and Capital Expenditure.

Revenue: Revenue is all the amount of money the government believes it will collect during the year from recurring taxes, levies and fees; put simply, this refers to money collected on behalf of citizens. States in Nigeria receive a share of revenues collected federally such as oil revenues, corporate income taxes, VAT and excises and duties.

These are called statutory allocation, VAT and other statutory revenue in the budget are transferred to the states from the federation accounts. Revenues that states directly collect and retain for its own use are called internally

generated revenue (IGR); IGR includes personal income taxes, road taxes, property taxes etc.

Budget Deficit: This is generally the difference between what the government intend to spend on expenditures and the revenue generation capacity. A deficit occurs when the expenditure figure is higher than the revenue and grants figure. The total budget financing is the summation of all the financing the government intends to raise through borrowing/loans (domestic and foreign), sales of government assets or other deficit financing items.

Grants: A grant is one of the government's source of funds for funding ideas and projects to provide public services, stimulate the economy, and benefit the general public. Grants could be either from foreign or domestic and is normally provided for a specific project and set of expenditures. Grants are not borrowing/loans so do not need to be paid back after it has been used for the intended project and set of expenditures.

Loans: Another source of funds for



Budget Glossary

the government to finance the budget is a loan. Government borrows to finance its annual budget generally when revenues and grants are not enough to fund all the expenditures in the budget. Loans could be domestic and or foreign sources. Loans can be for a specific project or set of expenditures or could be used to finance the general budget expenditures.

Why does the Government borrow? When the government intends to spend more money than they expect to collect as revenue and receive in grants, the budget is in deficit.

When they intend to spend less than what they expect to collect in revenue and receive in grants, the budget is in surplus. A balanced budget is a budget where total revenues are equal to the total expenditures for the year.

When the budget has an expected deficit, the government will need to finance the budget deficit. It can do this through sales of government assets or through borrowing. Borrowing can be from banks, multilateral institutions, the federal government or from investors

through the capital market

Recurrent Expenditure: Refers to recurring payments: wages and salaries for civil servants; overhead costs (electricity bills, purchase of diesel); consolidated revenue account charges; transfers (to local government, for example); interest payments on existing loans; and other (subsidies, for example).

Personnel Cost: include salaries, allowance and other benefits that Government pays to its workers (civil servants).

Overhead Cost: These are any regular expenses which are not paid directly to a civil servant or other government workers, including amounts billed directly to customers. Overheads must be paid for regularly. Examples are electricity bills, water bills, the buying diesel for generators, or the money spent on travelling during work, by civil servants.

Capital Expenditure: Capital Expenditure is money spent by government to acquire or build fixed capital assets, land or intangible assets. Capital Expenditure is how



Budget Glossary

much is used for projects like the building of schools, hospitals, roads, or buying security equipment. Capital Expenditure is sometimes called "Capex."

Sectoral Allocation: Expenditure is allocated to different ministries, departments and agencies (MDA). Each MDA will have an approved budget of recurrent and capital expenditure as part of the overall approved state government budget

to run its daily activities as well as carry out projects associated with them respectively.

It is recommended that States include allocations for all MDAs in the template or at least the highest spending MDAs.

2019 Actual Budget as used in this report is the unaudited figures for year 2019 budget performance



General Framework



N102.1bn

Total Budget Expenditure

N91.82bn

Total Budget
Revenue & Grants

N10.3bn

Budget
Deficit

Approved Budget

Total Budget Expenditure - **N176.1bn**

Total Budget Revenue & Grants - **N111.6bn**

Budget Deficit - **N64.5bn**

Where will the Money come from?



Internally
Generated
Revenue

15.04bn



Statutory
Allocation

29.19bn



Foreign
Loans

2.9bn



Domestic
Grants

6.37bn



Value
Added
Tax

11.8bn



Foreign
Grants

3.23bn



Other
Statutory
Revenue

1.77bn



Opening
Balance

24.42bn



Domestic
Loans

5.4bn



Sales of
Govt.
Assets

1.9bn

Approved Budget

Internally Generated Revenue - **N19.04bn**

Statutory Allocation - **N50.43bn**

Value Added Tax - **N17.5bn**

Other Statutory Revenue - **N3.97bn**

Domestic Grants - **N14.39bn**

Foreign Grants - **N6.28bn**

Domestic Loans - **N28.47bn**

Foreign Loans - **N34.06bn**

Sale of Government Assets -

N1.99bn



Where does the Money go?



N102.12bn
Total Expenditure

N65.53bn

Total Recurrent
Expenditure

N36.6bn

Total Capital
Expenditure

Approved Budget

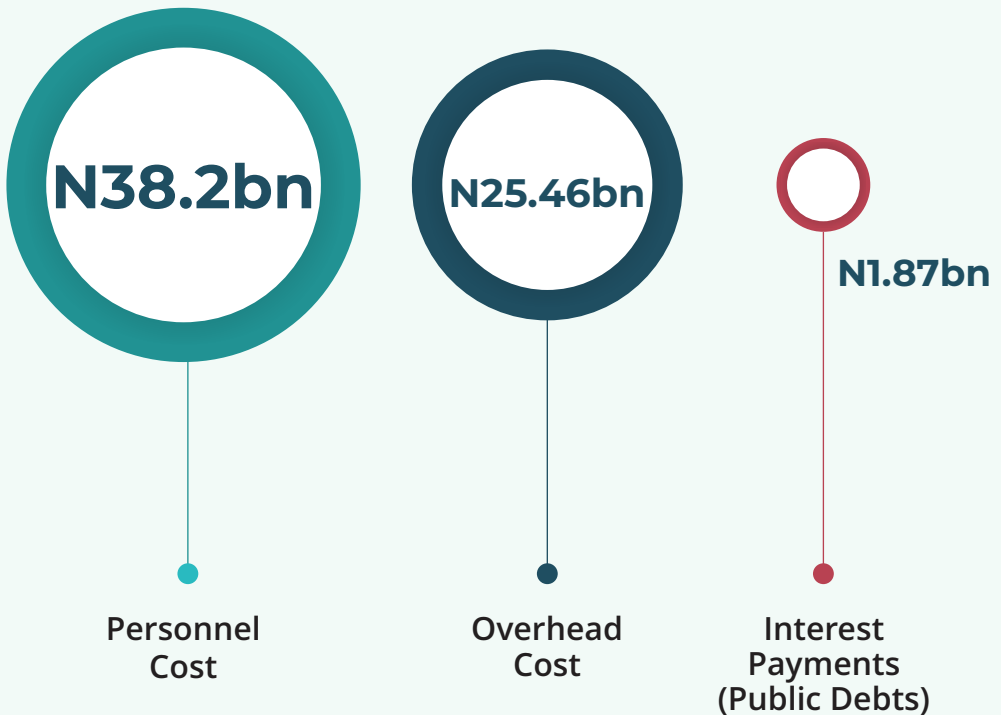
Total Recurrent Expenditure - **N77.01bn**

Total Capital Expenditure - **N99.11bn**



Where does the Money go?

Breakdown of Recurrent Expenditure



Approved Budget

Personnel Cost - **N40.97bn**

Overhead Cost - **N36.04bn**

How will the Government source the Grants?

Project/Donor	Approved 2020 Budget	Revised 2020 Budget
13020301 SPECIAL GRANTS/DONATIONS TO STATE GOVERNMENT/REFUNDS	10,053,699,835	1,008,513,319
13020318 GRANT FROM FGN ON ECOLOGICAL / FLOOD	1,020,000,000	0
13020305 SPECIAL GRANTS FOR PRIMARY SCHOOL FUNDING (UBEC)	1,012,682,704	1,012,682,704
13020327 1% DEDUCTION FOR JAAC MAINTAINANCE	650,000,000	400,000,000
13020323 SAVE ONE MILLION LIVES (PROGRAMME FOR RESULT)	500,000,000	300,000,000
13020325 1% DEDUCTION FROM LOCAL GOVERNMENT ALLOCATION FOR AUDIT EXPENDITURE	450,239,431	450,239,431
13020328 CONTRIBUTIONS FROM MDAs	260,000,000	260,000,000
13020326 1% LOCAL GOVERNMENT CONTRIBUTION FOR TRAINING OF LOCAL GOVERNMENT AREA STAFF	200,852,700	200,852,700
13020329 CONTRIBUTIONS FROM LGAs	150,000,000	150,000,000
13020330 CONTRIBUTIONS FROM INDIVIDUAL AND CORPORATE BODIES	50,000,000	50,000,000
13020331 GRANTS FROM YESSO/NDE FOR ARTISAN TRAINING IN NIGERIA-KOREA FRIENDSHIP INSTITUTE.	40,000,000	40,000,000
13020332 TRANSFER FROM FEDERAL GOVERNMENT OF NIGERIA(FGN) FOR COVID-19	0	1,000,000,000
13020334 DONATIONS FROM INDIVIDUALS/COOPERATE ORGANISATIONS FOR COVID-19	0	1,000,000,000
13020333 SUPPORT FROM DEVELOPMENT PARTNERS FOR COVID-19	0	500,000,000



How will the Government source the Grants?



N3.23bn

Total Foreign Grants

N3bn

13020324 State Fiscal Transparency, Accountability And Sustainability (SFTAS) Programme For Results

N0.23bn

13020422 Yesso State Lead S4j Training Of Beneficiaries In Partnership With Koica-lokoja 15,000 X 45,000

How will the Government source the Loans?



N5.4bn

Total Domestic Loans

Project/Institution	Approved Budget	Revised Budget
14030104 COMMERCIAL BANK FACILITIES TO KOGI STATE GOVERNMENT(TERM LOAN, BRIDGING FACILITIES, OVERDRAFTS)	16,000,000,000	2,000,000,000
14030114 HOUSING SCHEME LOANS FACILITIES	10,000,000,000	1,000,000,000
14030108 ACCOUNTS/INFRASTRUCTURE DEVELOPMENT DEBTS FINANCING/DONOR AGENCIES	2,032,108,020	0
14030219 ACCELERATING NUTRITION RESULTS IN NIGERIA	436,000,000	400,000,000
14030115 LOANS FROM CENTRAL BANKS OF NIGERIA(CBN)/OTHER COMMERCIAL BANKS FOR COVID-19	0	2,000,000,000



How will the Government source the Loans?



N2.91bn
Total Foreign Loans

Project/Institution	Approved Budget	Revised Budget
14030220 EXTERNAL BORROWING FROM WORLD BANK TO FINANCE STAPLE CROPS PROCESSING ZONE PROJECT AT ALAPE	10,000,000,000	1,000,000,000
14030216 WORLD BANK ASSISTED Rural Access and Agricultural marketing project	10,000,000,000	500,000,000
14030217 NEW MAP	10,000,000,000	0
14030218 AGRO-PROCESSING, PRODUCTIVITY ENHANCING AND LIVELIHOOD SUPPORT(APPEALS)(WORLD BANK SUPPORT).	3,000,000,000	1,000,000,000
14030204 WORLD BANK ASSISTED COMMUNITY AND SOCIAL DEVELOPMENT (Mutilateral)	550,000,000	300,000,000
14030212 YESSO NET (Mutilateral)	510,000,000	110,000,000

Sectoral Allocations

Top Sector/Ministry Allocation	Approved Expenditure	Revised Expenditure
Government House	23,212,235,011	15,336,819,011
Deputy Governors Office	2,841,267,134	1,329,929,222
Office Of The Secretary To The State Government	5,810,857,836	2,915,869,777
Kogi State House Of Assembly Service Commission	6,595,634,518	8,535,873,681
Ministry Of Information And Communication	1,508,605,793	3,501,993,014
Office Of The Head Of Civil Service	12,007,263,336	806,727,456
Office Of The State Auditor-general	1,164,236,829	714,569,604
Civil Service Commission	132,973,993	171,981,977
Local Government Service Commission	387,125,968	4,742,075,832
Ministry Of Agriculture	11,455,059,911	10,362,489,026
Ministry Of Finance, Budget And Economic Planning	17,925,492,167	892,437,567
Min. Of Commerce & Industry	1,959,926,025	442,810,964
Ministry Of Transport	1,216,135,581	6,204,082,634
Ministry Of Works And Housing	15,965,043,471	487,170,815
Min. Of Culture & Tourism	1,156,883,891	1,441,282,549
Ministry Of Water Resources	4,512,469,144	1,101,481,081
Bureau For Lands And Urban Development	3,568,137,008	1,025,232,697
Ministry Of Rural Development	2,948,805,003	1,193,865,416
Kogi State Judicial Service Commission	5,439,046,173	4,146,330,541
Ministry Of Justice	2,176,180,411	526,198,026
Ministry Of Youth & Sports	824,830,717	507,547,816



Sectoral Allocations

Top Sector/Ministry Allocation	Approved Expenditure	Revised Expenditure
Ministry Of Women Affairs And Social Development	866,089,197	17,520,494,696
Ministry Of Education, Science And Technology	25,427,117,876	15,054,256,893
Ministry Of Health	19,632,843,344	1,823,586,201
Ministry Of Environment	5,390,316,487	89,917,981
Ministry Of Local Government And Chieftaincy Affairs	1,998,515,107	1,248,067,454

Main Capital Projects

Project	Line/Min. Agency	Location(s)	LGA(s)	Approved Amount	Revised Amount
00010000090104 Establishment of Staple Crops Processing Zone Project	021500100100 MINISTRY OF AGRICULTURE.	Alape	Kabba Bunu	5,000,000,000	1,500,000,000
00040000030128 Construction Of Central Reference Hospital, Okene	052100100100 MINISTRY OF HEALTH .	Okene	Okene	2,550,000,000	2,550,000,000
00090000010101 Erosion Control	053500100100 MINISTRY OF ENVIRONMENT AND NATURAL RESOURCES.	Across the State	All the 21 LGAs	2,051,320,392	500,000,000
00130000010105 Purchase of Vehicles for Ministries/Depts.	012500100100 OFFICE OF THE HEAD OF CIVIL SERVICE.	State Headquarters	Lokoja	2,000,000,000	1,000,000,000
00100000010117 Greater Lokoja Water Supply scheme Phase II/ Maintenance	025200100100 MINISTRY OF WATER RESOURCES.	State Headquarters	Lokoja	2,000,000,000	200,000,000
00040000010161 Completion of modern Medical Diagnostic and Imaging centre including Equipment	052100100100 MINISTRY OF HEALTH .	State Headquarters	Lokoja	2,000,000,000	0
00170000010256 Construction of Emergency Security Road Corridor Clearance along all the Major Roads within the State.	023400100100 MINISTRY OF WORKS AND URBAN DEVELOPMENT.	Across the State	All the 21 LGAs	1,650,000,000	0
00030000020141 Government Connect on Special Project	011100100100 GOVERNMENT HOUSE.	Across the State	All the 21 LGAs	1,500,000,000	
00170000010134 Kogi State Road Maintenance Agency's Projects	022900300100 ROAD MAINTENANCE AGENCY.	Across the State	All the 21 LGAs	1,500,000,000	100,000,000



Main Capital Projects

Project	Line/Min. Agency	Location(s)	LGA(s)	Approved Amount	Revised Amount
00050000010106 Renovation of School Buildings, (Primary & Post Primary) SUBEB	051700100100 MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY.	Across the State	All the 21 LGAs	1,500,000,000	150,000,000
00050000040114 Renovations and Expansion of Learning Environment in 42 Schools 2 per LGA (GYB Lagacy/Model School Projects)	051700100100 MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY.	Across the State	All the 21 LGAs	1,500,000,000	100,000,000
00030000020106 Constituency Project	011200100100 KOGI STATE HOUSE OF ASSEMBLY.	Across the State	All the 21 LGAs	1,000,000,000	500,000,000
00130000030173 Special Subvention to SIEC for Conduct of LG Election	014800100100 STATE INDEPENDENT ELECTORAL COMMISSION (SIEC).	Across the State	All the 21 LGAs	1,000,000,000	100,000,000
00010000090103 Kogi State Agricultural Revolution Project	021500100100 MINISTRY OF AGRICULTURE.	Across the State	All the 21 LGAs	1,000,000,000	100,000,000
00170000010163 Selected Road From central senatorial Districts.	023400100100 MINISTRY OF WORKS AND URBAN DEVELOPMENT.	Central Senatorial District	Okene, Okehi, Adavi, Ajaokuta & Ogori Magongo	1,000,000,000	0
00140000010108 Upgrading of Ajaokuta-Anyigba Transmission Line & Distribution to LGAs/Communities	026100100100 MINISTRY OF RURAL DEVELOPMENT.	Eastern Senatorial District	Idah, Ankpa, Ibaji, Ofu, Olamaboro, Omala, Dekina, Igala-Mela & Bassa	1,000,000,000	104,800,000



