



# Kebbi State Government 2020 Citizens Budget COVID-Responsive (in 2020 amended budget)



**KEBBI STATE**

## Kebbi State Government Reviewed 2020 Citizens Budget



Gov Bagudu signs N99.7bn amended budget for 2020

The objective of the Citizen budget is to present State budgetary information in a manner that is easily digestible for Citizens and is to facilitate engagement between

## CITIZEN BUDGET

A Citizen Budget is a simpler, less technical version of a government's budget designed to present key information that is understandable by the general public.

The objective of the Citizen budget is to present State budgetary information in a manner that is easily digestible for Citizens and is to facilitate engagement between Citizens and government for improved service delivery and societal development.

The Citizen budget is to enhance budget openness and transparency by shedding more light on how the State government is using the budget as a tool to manage the State's financial resources.

The 2020 Budget is prepared on the need to consolidate on the gains of the previous years and to upscale infrastructure development of the State for increased social and economic activities for the Citizens.

	2020 Original Budget	2020 Amended Budget	o/w COVID-responsive (in 2020 amended budget)	Reference to Explanatory Notes
<b>Assumptions:</b>				Explanatory Notes 1 (EN1)
Oil price (US\$/bbl)	57.00	24.00		EN 1.1
Oil production (national, mbpd)	2.20	1.80		EN 1.1
Exchange rate (N/US\$)	305.00	360.00		EN 1.1
GDP growth (national, percent annual change)	2.90	-4.42		EN 1.1
Inflation (national, percent, annual average)	10.80	14.50		EN 1.1
<b>Revenues and grants:</b>	<b>128,541,831,705</b>	<b>93,029,008,872</b>		EN 1.1, 1.2, 1.3, 1.4 ,1.5, 1.6 and 1.7
Gross (not net of deductions) Statutory Allocation	49,638,539,231	30,125,125,519		EN 1.2
Other FAAC transfers and Miscellaneous Revenues (exchange rate gain, augmentation, others)	14,088,354,400	9,968,212,147		EN 1.3 and 1.7
VAT	18,131,516,354	12,072,097,694		EN 1.3
IGR	16,172,605,850	10,493,449,132		EN 1.4
Internal grants	10,963,377,922	11,808,526,613		EN 1.5
External grants	5,105,000,000	4,119,159,819		EN 1.5 and 1.6
Opening balance	14,442,437,948	14,442,437,948		EN 1.7
<b>Expenditures:</b>	<b>138,135,831,705</b>	<b>99,683,690,015</b>	<b>11,280,713,325</b>	EN 2.1, 2.2, 2.3, 2.4 and 2.5
<i>Recurrent expenditures:</i>	52,913,894,219	41,996,512,251	799,500,000	EN 2.1, 2.2 and 2.3
Personnel costs (Less Consolidated)	20,490,265,936	21,512,976,633	596,500,000	EN 2.1, 2.2 and 2.3
Consolidated Revenue Fund Charges (less public debt charges)	12,827,768,543	7,221,087,994	0	EN 2.4
Public Debt charges	5,326,272,981	3,705,898,624	0	EN 2.4
Overhead costs	14,269,586,759	9,556,549,000	203,000,000	EN 2.1, 2.2 and 2.3
<i>Capital expenditures:</i>	85,221,937,486	57,687,177,764	10,481,213,325	EN 2.1, 2.2 and 2.3

<i>Economic</i>	27,535,360,611	21,473,798,211	6,773,100,000	EN 2.1, 2.2 and 2.3
<i>Social</i>	27,135,636,944	15,012,565,467	1,843,410,471	EN 2.1, 2.2 and 2.3
<i>Environmental</i>	9,174,265,373	9,336,900,000	50,000,000	EN 2.1, 2.2 and 2.3
<i>General Administration</i>	20,859,515,966	11,325,652,640	1,793,600,000	EN 2.1, 2.2 and 2.3
<i>Contingency</i>	517,158,592	538,261,446	21,102,854	EN 2.2
<b>Financing:</b>	<b>9,594,000,000</b>	<b>6,654,681,143</b>		<b>EN 3.1, 3.2 and 3.3</b>
AADS Zenith Bank	1,500,000,000	0		EN 3.1
CBN Small Medium Enterprise Development Fund	2,000,000,000	0		EN 3.1
Commercial bank loans	2,000,000,000	0		EN 3.1
Bank Loan for Hotel Rehabilitation	1,250,000,000	0		EN 3.1
BOI Real Sector Funds	1,000,000,000	0		EN 3.1
External loans	1,844,000,000	1,654,681,143		EN 3.2
Family Homes Fund Housing Loan	0	5,000,000,000		EN 3.1
<b>Financing gap</b>	<b>0</b>	<b>0</b>		<b>EN 3.3</b>
<b>Memorandum Items:</b>				
COVID-19 responsive expenditures (% of total expenditures)			<b>11.32</b>	EN 2.2

# 2020 Reviewed Budget due to Covid19

## Source Of Revenue



**99,683,690,015**

**Total Revenue,**

# Kebbi State Government Reviewed 2020 Citizens Budget

## Revenue breakdown



## WHERE DOES THE MONEY GO?

Expenditure is the money government plans to spend on behalf of the citizens in order to cater for the needs of the people. The expenditure is divided into two main categories: Recurrent and Capital expenditures. The recurrent expenditure is the day - to -day running of government such as payment of salaries of government workers, payment of debts and daily running of government MDAs. While Capital expenditure is the future plans expenditure on capital projects such as building of schools, Roads, Hospitals, etc

### Expenditure breakdown

**57.68bn**  
Capital expenditure

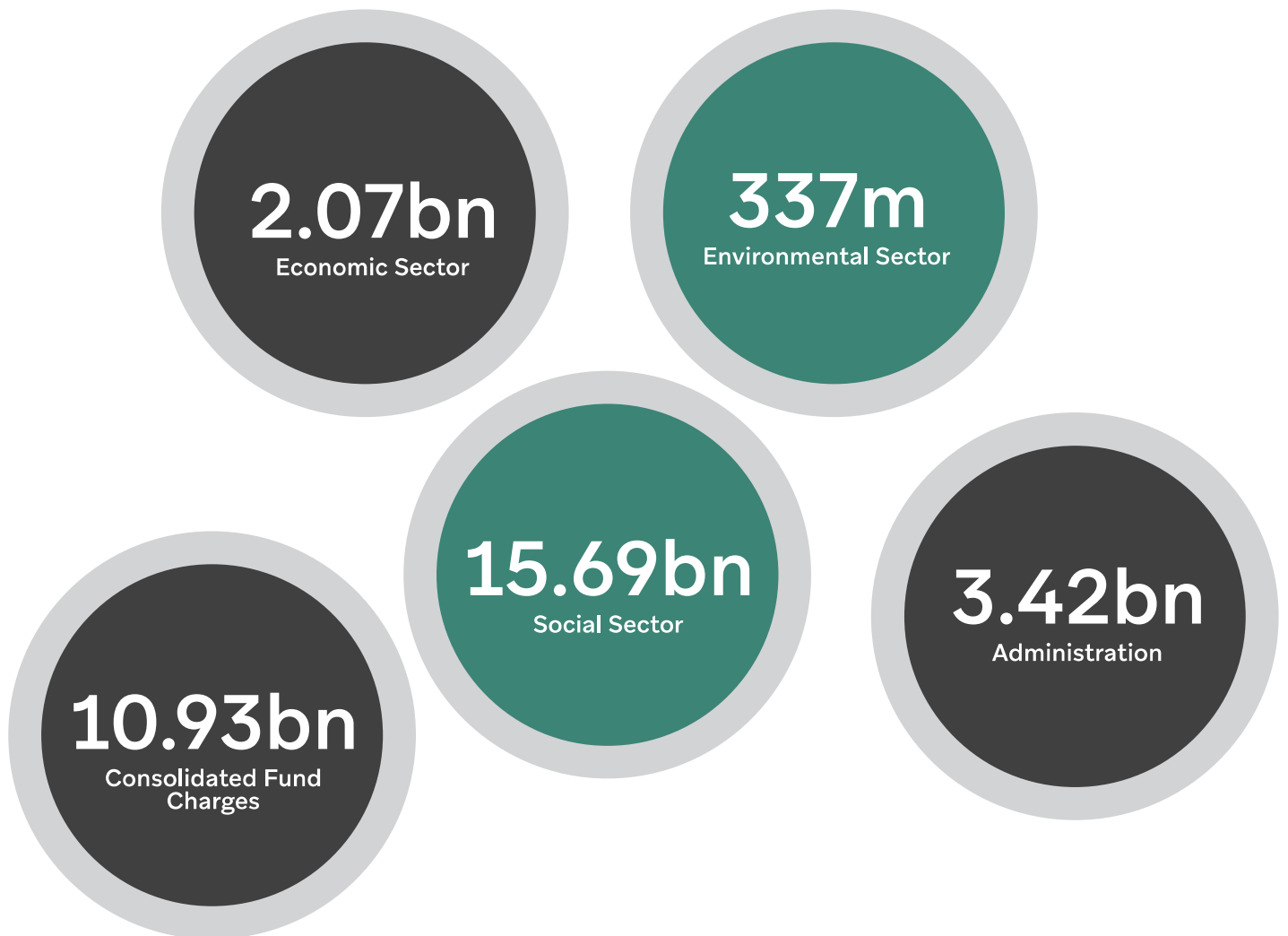
**32.44bn**  
Personnel Cost

**9.56bn**  
Overhead Cost

# Recurrent Expenditure

## Personnel Cost Breakdown

REVIEWED ESTIMATE 2020





## WHERE DOES THE MONEY GO? Capital Expenditure

**0.94bn**  
MINISTRY OF ENVIRONMENT

**5.88bn**  
Ministry of Basic and  
Secondary Education

**7.07bn**  
Ministry of Works  
& Transport

**3.25bn**  
Ministry of Health

**2.4bn**  
State Universal Basic  
Education Board

**1.51bn**  
Ministry of Finance

**0.32bn**  
State House of  
Assembly

**0.13bn**  
Kebbi State University of  
Science & Technology, Aliero

**1.94bn**  
Ministry of Animal Health  
Husbandry & Fishiries

**1.13bn**  
GENERAL ADMIN

**0.61bn**  
Shari'a Court

**8.27bn**  
MINISTRY OF AGRICULTURE

## KEY DELIVERABLES

1

Improved public service

2

Enhanced Governance, Accountability and Transparency

3

Enhanced Security of Life and Property

4

Improved Transportation Infrastructure/Good Roads and other Infrastructure Facilities

5

Better Inter-City Roads Networks for Agric Produce and SME Growth

6

Increased access to portable water and health facilities across the state

7

Improved Electricity supply to Citizens through the provision of 24-hours light in all the 21 LGAs of the State

8

Job creation and Investment clusters in the State

9

Improved Teaching/ Learning Environment in all educational Institutions and Recruitment of Qualified Teachers.

# EXPECTATION

1

Good Governance

2

A Virile Responsive Public Service

3

More Secure and security conscious citizenry

4

Cleaner and Eco-friendly Environment

5

Better educated and more productive citizens

6

Healthier and Socially Responsive Citizens

## CITIZENS ROLE

1

Monitoring of on-going Government Projects

2

Citizens taking ownership of Government investments for an inclusive Governance and security

3

Provision of information to security Agencies

4

Regular payment of Taxes and Levies

5

Patronage of public facilities

6

Reporting observed lapses to appropriate Government Agencies

7

Protection of Public facilities and Infrastructures



## Ministry of Budget & Economic Planning

Gwadangaji Secretariate, Birnin Kebbi, Kebbi State.

Top Capital Projects : 2020 Budget					
Project	Line Ministry/Agency	Location(s)	LGA(s)	Approved Amount	Revised Amount
Purchase of Fertilizer	Ministry of Agriculture	Statewide	Statewide	1,000,000,000	2,000,000,000
Purchase of Agro-Processing Equipment and soft loan	Ministry of Agriculture	Statewide	Statewide	200,000,000	1,200,000,000
Purchase of Grains	Ministry of Agriculture	Statewide	Statewide	500,000,000	1,015,000,000
Accelerated Agricultural Development Scheme (AADS)	Health Husbandry and Fisheries	Statewide	Statewide	1,000,000,000	1,500,000,000
Provision of Electrification of Towns & Villages	Rural Electricity Board	Statewide	Statewide	1,200,000,000	1,000,000,000
Rehabilitation of Roads	Ministry of Works and Transport	Statewide	Statewide	2,500,000,000	1,200,000,000
Rehabilitation of State/Rural Roads	Ministry of Works and Transport	Statewide	Statewide	5,500,000,000	4,470,000,000
Rehabilitation, Completion & Maint of P/Inst	Ministry of Basic and Secondary Education	Statewide	Statewide	694,907,585	1,694,907,585
Feeding Welfare Support to Schools	Ministry of Basic and Secondary Education	Statewide	Statewide	3,000,000,000	3,000,000,000
Kebbi State Scholarship Fees	Ministry of Higher Education	Statewide	Statewide	1,200,000,000	1,000,000,000
Universal Basic Education Board (UBE)	State UBEC	Statewide	Statewide	3,600,000,000	2,400,000,000
Epidemic Control	Ministry of Health	Statewide	Statewide	30,000,000	1,201,010,471
Provision of 2000 Housing Units	Ministry of Land and Housing	Statewide	Statewide	-	5,000,000,000
Construction of State Secreteriat & Furnishing	General Admin	Statewide	Statewide	700,000,000	1,000,000,000
Provision of Women Economic Empowerment Programme	Ministry of Women Affairs	Statewide	Statewide	50,000,000	350,000,000
Provision to Improve Revenue Generation	Ministry of Finance	Statewide	Statewide	225,000,000	325,000,000
Construction of Mosques and Islamic Schools	Cabinet & Political Affairs	Statewide	Statewide	1,050,000,000	700,000,000
Purchase of Government Vehicles	Cabinet & Political Affairs	Statewide	Statewide	600,000,000	610,000,000
Land Acquisition and Payment of Compensation	Ministry of Land and Housing	Statewide	Statewide	2,000,000,000	300,000,000
Construction of B/Kebbi Central Market	Ministry of Land and Housing	Statewide	Statewide	500,000,000	300,000,000
Water Supply and Rural Electricity Across the State	Ministry of Water Resources	Statewide	Statewide	1,000,000,000	700,000,000
		Statewide	Statewide		
		Statewide	Statewide		
Construction of Borehole Schemes	Ministry of Water Resources	Statewide	Statewide	1,000,000,000	804,000,000
<b>Total Top Capital Projects 2020</b>				<b>25,549,907,585</b>	<b>30,265,918,056</b>
<b>Total Capital Projects 2020</b>				<b>85,221,937,486</b>	<b>57,687,177,764</b>
<b>% share of total top capital projects vs. capital projects for 2020</b>				<b>29.98%</b>	<b>52.47%</b>
<b>Total Budget 2020</b>				<b>138,135,831,705</b>	<b>99,683,690,015</b>
<b>% share of total top capital projects vs. total budget for 2020</b>				<b>18.50%</b>	<b>30.36%</b>

**EN 1 - KEY REVENUE PROJECTIONS****1.1 BUDGET ASSUMPTIONS**

The 2020 budget signed into law in December of 2019 and the revised 2020 budget are based on the following macroeconomic assumptions in **Table 1.1**

**Table 1.1 Macro Economic Assumptions for initial and revised 2020 Kebbi State Budgets**

S/N	INDICATOR	ORIGINAL 2020-2022 MTEF ASSUMPTION	REVISED 2020- MINERAL SECTOR ASSUMPTIONS
1.	CRUDE OIL PRICE	57	20
2.	CRUDE OIL PRODUCTION	2.2	1.7
3.	NGN-USD EXCHANGE RATE	305	360
4.	INFLATION	10.81%	14.13%
5.	GDP GROWTH RATE (REAL)	2.93%	-4.42%
6.	Mineral Ratio		27%

The revised Kebbi State 2020 Budget assumes a reduction in Crude Oil Barrel sale price from \$57 to \$20 in line with the Federal Government (FGN) Medium Term Expenditure Framework (MTEF) as approved by the National Assembly. Similarly, Crude Oil production cuts from 2.2 MBPD to 1.7 MBPD are taken into account as per OPEC production cuts. An exchange rate of ₦360 to the USD is also used for the revised 2020 budget compared to ₦305 to the USD in the budget passed in December of 2019.

This adjustment is in line with the decision taken by the Central Bank of Nigeria (CBN) on Monetary Policy. Annual Inflation is assumed to be at 14.13% compared to 10.81% in the original 2020 budget. A contraction in the National Economy of -4.42% is assumed compared to the estimate of 2.93% Growth in the original 2020 budget.

**1.2 REVISIONS TO GROSS STATUTORY ALLOCATION**

In line with a fall in crude oil prices and a cut in Crude Oil production by Nigeria, Gross Statutory Allocations estimated for the revised 2020 budget have been reviewed downwards from ₦49,638,539,231.00 (Forty Nine Billion, Six Hundred and Thirty Eight Million, Five Hundred and Thirty Nine Thousand, Two Hundred and Thirty One Naira only) to ₦30,125,125,519.00 (Thirty Billion, one hundred and twenty-five million one hundred and twenty-five thousand, five hundred and nineteen Naira).

The figure used for the revised budget is 85% of the upper limit of the Federal Government's MTEF submitted to the National Assembly. This percentage is a conservative estimate on the upper limit which the state feels is ambitious.

The cut represents a reduction of ₦19,513,413,712.00 (Nineteen billion, Five hundred and thirteen million four hundred thirteen thousand seven hundred and twelve) from the originally approved ₦49,638,539,231.00 (Forty-Nine Billion, Six Hundred and Thirty-Eight Million, Five Hundred and Thirty-Nine Thousand, Two Hundred and Thirty-One Naira only).

## EXPLANATORY NOTES FOR REVISED KEBBI STATE 2020 BUDGET

The figure amounts to a **39%** reduction in expected Gross Statutory Allocations between the original 2020 and the revised 2020 budget.

### **1.3 REVISIONS TO VAT, OTHER FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) TRANSFERS AND MISCELLANEOUS REVENUES**

There is a reduction in projected VAT receivables between the original and revised 2020 budgets. The reduction is from ₦18,131,516,354.00 (Eighteen Billion, One Hundred and Thirty-One Million, Five Hundred and Sixteen Thousand, Three Hundred and Fifty-Four Naira) to ₦12,072,097,694.00 (Twelve billion, Seventy-two Million, Ninety-seven thousand, Six Hundred and ninety-four Naira) respectively. This amounts to a reduction of ₦6,059,418,660.00 (Six billion, Fifty-Nine Million Four Hundred and Eighteen Thousand, Six Hundred and sixty Naira). The figure of ₦12,072,097,694.00 (Twelve billion, Seventy-two Million, Ninety-Seven thousand, Six Hundred and ninety-four Naira) used for VAT projections in the revised budget is 55% of the upper limit for VAT FG projections issued to the states. This percentage is a more conservative and realistic figure from the ₦21,580,370,470 (Twenty-One Billion, Five Hundred and Eighty Million, Three Hundred and Seventy Thousand, Four Hundred and Seventy Naira) which the state feels is overly ambitious.

The reduction in VAT figures represents a **33%** reduction in projected VAT receivables from the Federation between the initial and amended 2020 budgets.

The Federal Budget Office projects a decline in estimated receipts by States and Local Governments from the Federation Account (Main pool and VAT pool) from ₦3.335 Trillion and ₦2.497 Trillion to ₦2.054 Trillion and ₦1.512 Trillion respectively while they also anticipate a decline in projected Customs Revenue from ₦1.50 Trillion to ₦1.156 Trillion. These have been factored into the revised 2020 budget for Kebbi State.

The downward revision of the VAT receipts is in agreement with collections for VAT thus far from January to May of 2020.

In the same vein, other FAAC transfers and miscellaneous revenues which were estimated to be ₦14,088,354,400.00 (Fourteen Billion, Eighty Eight Million, Three Hundred and Fifty Four Thousand Four Hundred Naira only) in the initial budget have been revised downwards to ₦9,968,212,147.00 (nine billion nine hundred and sixty-eight million two hundred twelve thousand one hundred and forty-seven Naira only).

In the Other FAAC transfers and Miscellaneous revenues, there were no changes to contribution to development projects and exchange difference/gain which were ₦5,812,649,914.00 and ₦1,300,000,000.00 respectively.

There were, however, downward revisions in revenues expected from solid minerals, refund from Local Governments/LGEAs, Forex Equalization, share of goods and value console, bank charges and Agric loan recovery. Also completely revised to “o” were revenues from excess crude oil, refund from NNPC and share of goods and value console.



## EXPLANATORY NOTES FOR REVISED KEBBI STATE 2020 BUDGET

Table 1.3 shows the revisions in components as percentages.

**Table 1.3 Other FAAC transfers and Miscellaneous revenues revisions.**

S/No	Item	Original 2020 Budget (NGN)	Amended 2020 budget	% downward revision
1	Agric loan recovery	250,000,000.00	0	100
2	Solid Minerals	1,000,000,000.00	150,000,000.00	85
3	Excess crude oil	115,249,100.00	0	100
4	Refund from NNPC	65,000,000.00	0	100
5	Refund from LGEAs	4,775,827,555.00	1,775,827,555.00	62.81
6	Forex Equalization	370,663,636.00	350,000,000.00	5.57
7	Bank Charges	42,942,472.00	20,000,000.00	53.42
8	Share of goods and value console	356,021,723.00	0	100

Agric loan recovery was suspended as because of expected difficulties in repayments farmers as a result of COVID 19 impact.

This figure of ₦9,968,212,147.00 (nine billion nine hundred and sixty-eight million two hundred twelve thousand one hundred and forty-seven Naira only) as estimated receipts for '**Other FAAC transfers and miscellaneous revenues**' represents a **29.25%** reduction compared to the initial budget.

### 1.4 REVISIONS TO INTERNALLY GENERATED REVENUE (IGR)

A downward revision amounting to ₦5,679,156,718 (Five Billion, Six Hundred and Seventy-Nine Million, One Hundred and Fifty-Six Thousand, Seven Hundred and Eighteen Naira only) of the IGR component has been made between the Original 2020 and revised 2020 budgets. The original 2020 budget projected IGR of ₦16,172,605,850.00 (Sixteen Billion, One Hundred and Seventy Two Million, Six Hundred and Five Thousand, Eight Hundred and Fifty Naira only) compared to ₦10,493,449,132.00 (Ten Billion, Four Hundred and Ninety Three Million, Four Hundred and Forty Nine Thousand, One Hundred and Thirty Two Naira only) in the revised 2020 budget.

This represents a reduction of **35 %** in estimated IGR collections.

The major component of the IGR is Pay as You Earn (PAYE) tax. A significant decline in produce sales tax is envisioned from the Agricultural sector. IGR estimates for PAYE are ₦4,132,925,401.00 (Four Billion, One Hundred and Thirty-Two Million, Nine Hundred and Twenty-Five Thousand, Four Hundred and One Naira only). This is an upward revision of ₦1,132,925,401.00 (One billion, One Hundred and Thirty-Two Million, Nine Hundred and Twenty-Five Thousand, Four Hundred and one Naira).

This is an upward revision from ₦3,000,000,000.00 (Three Billion Naira only). This is due to increased collection efficiencies by the State Inland Revenue Service.

Kebbi State has begun the migration to electronic and technology-based revenue collection solutions. The increased efficiencies from such a system is responsible for the projected increases in PAYE taxes.

## EXPLANATORY NOTES FOR REVISED KEBBI STATE 2020 BUDGET

Actual collections from January to May of 2020 for the PAYE component of taxes stand at N1,699,224,188.00 (One billion, Six hundred and ninety-nine million, two hundred and twenty-four thousand, one hundred and eighty naira only).

This revision in PAYE tax to ~~N~~4,132,925,401.00 (Four Billion, One Hundred and Thirty-Two Million, Nine Hundred and Twenty-Five Thousand, Four Hundred and One Naira only) is an increase of **38%**.

A downward revision in Produce sales Tax has been made from ~~N~~3,677,500,000.00 (Three Billion, Six Hundred and Seventy-Seven Million, Five Hundred Thousand Naira only) to ~~N~~200,000,000.00 (Two Hundred Million Naira only) to account for reduced Agricultural activity and tax reliefs being implemented by the State Government.

The development Levy Component has been capped at N1,199,000.00 (One Million, One Hundred and Ninety-Nine Thousand Naira). This reflects collections before the suspension of the Development Levy as part of tax reliefs announced by the Kebbi State Government.

A downward revision has also been made for the Direct assessment component from ~~N~~2,000,000,000.00 (Two Billion Naira only) to ~~N~~1,000,000,000.00 (One Billion Naira only) to allow for reduced economic activity.

### 1.5 REVISIONS TO GRANTS (INTERNAL AND EXTERNAL)

Initial budget estimate for grants were ~~N~~16,068,377,922.00 (Sixteen Billion, Sixty-Eight Million, Three Hundred and Seventy-Seven Thousand Nine Hundred and Twenty-Two Naira only). The revised budget estimate for all grants is ~~N~~15,926,686,432.00 (fifteen billion nine hundred and twenty-seven million six hundred and eighty-six thousand four hundred and thirty-two Naira only).

These revisions have been made as a result of increases to internal grants and suspension of some grants as a result of COVID-19.

YESSO, Saving One Million Lives, ATASP-1, National Urban water supply and BESDA grants remain unchanged as per **Table 1.5**.

**Table 1.5 Grants components that remained unchanged**

S/No	Grant Name	Amount (NGN)
1	YESSO/SIP	5,000,000,000.00
2	Saving One Million lives	304,000,000.00
3	ATASP	10,739,827.00
4	National Urban water Supply	720,000,000.00
5	BESDA	925,000,000.00

## EXPLANATORY NOTES FOR REVISED KEBBI STATE 2020 BUDGET

The 2020 revised budget also estimates include a 1,000,000,000.00 (One Billion Naira) grant from the Federal Government to State Governments for Covid-19 response.

An overall increase of N845,148,691 (Eight hundred and forty-five million one hundred and forty-eight thousand six hundred and ninety-one Naira) is made to internal grants figure while a reduction of N985,840,181.00 (Nine hundred and eighty-five million eight hundred forty thousand one hundred and eighty-one Naira) is made to external grants.

Federal grant for Universal Basic Education was revised upwards by N100,000,000.00 (One Hundred Million Naira). This revision was made as the grant was wrongly calculated in the initial budget.

UNICEF and OXFAM grants are chiefly responsible for the reduction in external grants as they reduced from N4,000,000,000.00 (Four Billion Naira) and N180,000,000.00 (one Hundred and eighty Million Naira only) to N3,144,159,819 (three billion, one hundred and forty-four million, one hundred and fifty nine thousand, eight hundred and nineteen naira only) and N50,000,000.00 (fifty Million Naira only) respectively.

A N1,000,000,000.00 (One billion Naira) grant from the Federal Government for COVID-19 response is mainly responsible for the increase in internal grants.

Overall, receipts from grants represent a **0.88 %** reduction in initially budgeted figures.

### 1.6 REVISIONS TO OTHER REVENUES AND GRANTS

State Fiscal Transparency and Accountability and Sustainability (SFTAS) grants amounting to N2,700,000,000.00 (Two Billion, Seven Hundred Million Naira only) are expected in the revised 2020 budget.

This component consists of N900,000,000.00 (nine hundred million Naira) for 2018 SFTAS DLI disbursement and an expected receipt of N1,800,000,000.00 (one billion and eight hundred million naira only) for the SFTAS Additional Funding Program for Results budget review.

### 1.7 OBSERVATIONS

The opening Balance for the 2020 year stood at N14,442,437,948.00.

As part of debt suspension for FGN loans, a refund of N559,734,678.00 (Five hundred and fifty-nine million seven hundred and thirty-four thousand six hundred and seventy-eight Naira only) is expected as refund for deductions made for the months of April and May 2020.

Total revenues and grants expected in the initial 2020 budget were estimated at N128,541,831,705.00 (One Hundred and Twenty-Eight Billion, Five Hundred and Forty-One Million, Eight Hundred and Thirty-One Thousand, Seven Hundred and Five Naira only).

A downward revision to N93,029,008,872.00 (Ninety-Three billion, twenty-nine million, eight thousand, Eight hundred and seventy-two Naira only) has been made.

**This is a 28 % decline in expected revenues for the revised 2020 budget.**

## EN 2 - KEY EXPENDITURE ITEMS

### 2.1 MAINTAINING CRITICAL (NON-COVID) EXPENDITURE

Proposed Capital spending for critical NON-COVID response in the revised 2020 budget stands at ₦47,205,964,439.00 (Forty-seven billion, Two Hundred and Five Million, Nine Hundred and Sixty-Four Thousand, Four Hundred and Thirty-Nine Naira Only).

The classification of critical Non-COVID spending has been given to Ongoing projects and Projects for which contractual agreements have been entered into. Contracts awarded and projects for which spending had begun prior to the COVID-19 outbreak have also been classified as critical non-essential expenditure.

The revised critical Non COVID spending for recurrent expenditure stands at 41,197,012,251.00 (forty-one billion, one hundred and ninety-seven million, twelve thousand two hundred and fifty-one Naira).

Salaries for public servants with the **exception** of the ministry of Health are considered critical NON-COVID expenditure. This categorization has been made to **Safeguard Jobs** of Public Servants who make up a significant proportion of jobs in the state.

Similarly, an increase of N933,051, 337 (Nine hundred and thirty-three million and fifty-one thousand three hundred and thirty-seven Naira) has been made to the basic salary component of the Ministry of Education. This is to cater for the recruitment of 2000 teachers at the end of 2019 for which budgetary allocations was not adequately made in the initial 2020 budget.

Also, as part of the budget review process, adjustments amounting to N336,710,697.00 (Three hundred and thirty-six million, seven hundred and ten thousand, six hundred and Ninety-seven Naira) were made to salaries in some MDAs which were not computed properly in the initial budget. This accounts for part of the increase in personnel cost in the revised 2020 budget.

Overhead costs at the Government House and Cabinet affairs office were not able to be reduced significantly because actual expenditures already made to date are significantly high in respect to initially budgeted figures. Where cuts were possible for those offices, they have been made.

For example, transport and travelling from government house has actual spending of N791,394,739. This meant the figure was only reviewed downwards by N210,000,000.00 (Two hundred and Ten Million Naira) from N1,200,000,000.00 (One Billion, Two Hundred Million Naira) to allow for further travel expenses within the budget year.

Similarly, no downward revision was made to entertainment and hospitality as **72.5%** of the N200,000,000.00 (two hundred million Naira) budget has already been spent.

## 2.2 COVID RESPONSE EXPENDITURES

Kebbi State has had relatively few cases of COVID-19 making its response strategy focus on spread prevention and control of already imported cases. Contact tracing of identified cases is at the fore of its response strategy.

An increase of ₦596,000,000.00 (Five Hundred and Ninety-Six Million Naira only) has been made to salaries of the Health Ministry to cater for increased hiring and allowances for front line workers in response to the COVID pandemic. This represents an increase of **15.6%** on salaries expenditure of the Ministry of health.

Also, an increase of N200,000,000.00 (two Hundred million Naira) was made to the recurrent expenditure line item (outbreak of disease) which had an initial budget of N100,000,000.00 (one hundred million Naira) as part of COVID-19 response. This is a 200% increase on that line item for COVID-19 response.

Total recurrent spending in the Ministry of Health amounted to N796,500,000.00 (Seven Hundred and Ninety-Six million, five hundred thousand Naira only).

Overall, 16.21% of the recurrent budget of the Ministry of health is COVID-19 spending.

A line item Subsidy grant to NASSI/NASME & Co-operatives of N3,000,000.00 (Three million Naira) in the recurrent expenditure of the Ministry of Commerce and Industry is tagged as COVID-19 spending. This is retained to assist the operation of state bodies of SMEs in the state.

Total **COVID RESPONSE Recurrent Expenditure** estimate for the revised 2020 budget stands at ₦799,500,000.00 (Seven Hundred and Ninety-Nine million, Five Hundred Thousand Naira only).

The State Ministry of Agriculture capital spending in the revised budget is 64% COVID spending. This categorization emphasizes the state's dependency on Agriculture as its economic mainstay. An overall increase of N542,937,600.00 (Five Hundred and Forty Two Million, Nine Hundred and Thirty Seven Thousand and Six Hundred Naira Only) has been made to the capital budget of the Ministry of Agriculture.

Reprioritization of Line items from the Ministry of Agriculture has also led to increases in line items most relevant to economic recovery. These include the purchase of Fertilizer, Agro-equipment loans, grain purchases and seed multiplication program.

Similarly, a N340,000,000.00 allocation has been made as part of the CARES program for COVID 19 recovery in the Ministry of Agriculture. An increase of N300,000,000.00 has also been made to the Commercial Agriculture Credit Scheme as part of COVID-19 response.

As part of the Accelerated Agricultural Development Scheme, an increase of N500,000,000.00 has been made to the revised budget also as part of COVID-19 response.

Table 2.2 shows the budgeted percentage Capital spending by sectors which is COVID-19 response. 11.77%, 3.20%, 0.08% and 3.11% of spending in the Economic, Social, Environmental and General Administration Sectors respectively are for COVID-19 response.

**Table 2.2 CAPITAL SPENDING BY SECTOR FOR COVID -19 RESPONSE**

S/No	SECTOR	% COVID SPENDING
1	Economic	11.77
2	Social	3.20
3	Environmental	0.08
4	General Administration	3.11

As expected, the bulk of COVID-19 capital spending is in the economic sector as Kebbi has had fewer cases of COVID-19 than states that are at the epicenter of the pandemic.

The ministries of Commerce, Budget and Planning and ICT all have spending components that are part of the CARES program. The total CARES program spending is estimated to be N600,000,000.00 split between the Ministries of Budget and Economic Planning, Commerce and Industries and Agriculture to focus on the 3 result areas of the CARES program.

The contingency estimate of the revised 2020 budget has been reviewed upwards to ₦538,261,446.00 (Five Hundred and Thirty Eight Million, Two Hundred and Sixty One Thousand, Four Hundred and Forty Six Naira only) from ₦517,158,592.00 (Five Hundred and Seventeen Million, One Hundred and Fifty Eight Thousand, Five Hundred and Ninety Two Naira only).

This marginal of increase of N21,102,254.00 (twenty-one million, one hundred and two thousand, eight hundred and Fifty-Four Naira) has been tagged COVID-19 response.

Total **COVID RESPONSE Capital Expenditure** for the revised 2020 budget amounts to ₦10,481,213,325.00 (Ten billion four hundred and eighty-one million two hundred thirteen thousand three hundred and twenty-five Naira only).

Of this figure, spending in the Ministry of Agriculture accounts for N5,230,100,000.00 (Five billion, two hundred and thirty million and one hundred thousand Naira only) as previously highlighted.

The CARES component of the Ministry of Budget and planning is N161,000,000.00 (one Hundred and Sixty One million Naira) while provision for Social investment programs is N170,000,000.00 (one hundred and Seventy Million Naira Only). Total COVID capital spending for the Ministry of Budget and Economic planning amount to 373,600,000.00 (Three Hundred and Seventy Three million, Six Hundred Thousand Naira only).

COVID-19 capital spending in the Ministry of Commerce and Industry is 1,030,000,000.00 (one Billion and thirty million Naira). Of this figure, N765,000,000.00 is seed capital for SMEs to boost economic recovery in light of the COVID-19 pandemic.

An increase of N1,171,010,471 has been made to the line item Epidemic control in the capital expenditure of the Ministry of Health. This big increase has been made to accommodate spending in response to the COVID-19 pandemic. Similarly, line items for the purchase of ventilators and PPE have also been introduced as part of the COVID 19 response. Overall 50% of the capital budget for health is allocated to COVID-19 spending.

## EXPLANATORY NOTES FOR REVISED KEBBI STATE 2020 BUDGET

**Total COVID-19 response spending in the revised 2020 budget amounts to ₦11,280,713,325.00 (Eleven Billion, Two Hundred and Eighty Million, Seven Hundred and Thirteen Thousand, Three Hundred and Twenty-Five Naira only).**

The percentage of COVID RESPONSE expenditure of the entire 2020 revised budget (Recurrent and Capital) amounts to **11.32%** of the entire 2020 revised budget.

### 2.3 REVISIONS TO NON-ESSENTIAL SPENDING

The reviewed 2020 budget considers non-essential spending to mean projects, personnel and overhead costs that have been removed or reduced from the original 2020 budget passed in 2019.

Cuts were made to all Travel and Transport, Vehicle and Capital Assets Maintenance, Entertainment and Hospitality, Seminars and Conferences. Some vehicle purchases were suspended with the exception of vehicle purchases for the two other independent arms of Government (Legislature and Judiciary).

Essential vehicles like ambulances were not cut from the initial budget to allow for COVID-19 response.

Capital spending cuts for projects were made based on priority rankings. Line items that had previously appeared in previous budgets but remained unfunded were also removed as part of this revision.

A downward revision from ₦3,217,071,722.00 (Three Billion, two hundred and seventeen million, seventy-one thousand, seven hundred and twenty-two Naira only) to No (zero Naira) was made for the line item 'Adjustment of Salaries'. This item was supposed to cater for the Implementation of the new Minimum Wage and Increment in Salaries in the Public Sector in the initial budget. This has been suspended because of the COVID-19 impact on state revenues.

Similarly, a recalculation of gratuity payments led to reduction of ₦2,600,000,000.00 as part of the budget revision undertaken. This was an error in the initial budget discovered during the review process.

Non-Essential Capital spending cuts amounted to ₦27,534,759,722.00 (Twenty Seven Billion, Five Hundred and Thirty Four Million, Seven Hundred and Fifty-Nine Thousand, Seven Hundred and Twenty Two Naira only) while the Non-Essential **Recurrent** spending cuts amount to ₦10,917,381,968 (Ten Billion, Nine Hundred and Seventeen Million, Three Hundred and Eighty One Thousand, Nine Hundred and sixty eight Naira only).

The cut in non-essential **Capital** spending amounts to a **32%** reduction on the original 2020 budget of ₦85,221,937,486.00 (Eighty-Five Billion, Two Hundred and Twenty-One Million, Nine Hundred and Thirty-Seven Thousand, Four Hundred and Eighty-Six Naira).

## EXPLANATORY NOTES FOR REVISED KEBBI STATE 2020 BUDGET

Major cuts to capital expenditure were made as per table 2.3

**Table 2.3 % Capital Spending cuts by MDA**

S/No	MDA	% Capital Spending cuts
1	Ministry of Youth and Sports	75
2	Cabinet and Political affairs	42
3	Ministry of Information	56
4	Ministry of Higher Education	66
5	Ministry of Basic Education	50

An 83.5 % cut was made for all seminars and workshops as part of this budget review process. Also, grants and contributions were also cut by 47%. The budget for state visits was also revised downwards to N500,000,000.00 (Five Hundred Million Naira Only) – A cut of 37.5%.

Total Non-essential **Recurrent** cuts amount to an **21%** reduction on the original 2020 budget figure of **₦52,913,894,219.00** (Fifty-Two Billion, Nine Hundred and Thirteen Million, Eight Hundred and Ninety-Four Thousand, Two Hundred and Nineteen Naira).

**Total non-essential spending cuts in the revised 2020 budget amounts to ₦38,452,141,690.00 (Thirty-Eight Billion, Four Hundred and fifty-two Million, One Hundred and Forty-One Thousand, Six Hundred and Ninety Naira only)**

Total cuts to non-essential spending amounts to a **28%** reduction in expenditure on the original 2020 budget.

### 2.4 REVISIONS TO OTHER EXPENDITURE ITEMS

The debt servicing component of the revised 2020 budget is projected at **₦3,705,898,624.00** (Three Billion, Seven Hundred and Five Million, Eight Hundred and Ninety-Eight Thousand, Six Hundred and Twenty-Four Naira only).

This is a downward revision of **30.42%** from the initial budgeted figure of **₦5,326,272,981.00** (Five Billion, Three Hundred and Twenty-Six Million, Two Hundred and Seventy-Two Thousand, Nine Hundred and Eighty-One Naira only). This revision is a result of the suspension of debt repayments for Federal Government and CBN loans.

A downward revision of Consolidated Revenue Fund charges has also been made as part of this review process. A decrease of **₦4,186,670,078.00** (Four Billion, One Hundred and Eighty Six Million, Six Hundred and Seventy Thousand, Seventy Eight Naira only) is made to the initial budgeted figure of **₦12,827,768,543.00** (Twelve Billion, Eight Hundred and Twenty Seven Million, Seven Hundred and Sixty Eight Thousand, Five Hundred and Forty Three Naira only)

The revised budget has a figure of **₦5,606,680,549.00** (Five Billion, Six Hundred and six Million, six hundred and Eighty Thousand, Five Hundred and forty-nine Naira only) representing a **32.6%** cut in the CRF charges.

This cut takes into account the debt suspension payments and removal of leave grants to be paid.



## EN 3 - FINANCING ITEMS

### 3.1 REVISION TO DOMESTIC LOANS

All four loans originally included in the 2020 budget have been revised. The loans totaled ₦7,750,000,000 (Seven Billion, Seven Hundred and Fifty Million Naira only). The loans included the Accelerated Agricultural Development Scheme (AADS), CBN MSME Development Fund, Commercial Bank Loan for Mineral Sector and the Bank of Industry (BOI) Real Sector Funds loan.

The revised 2020 budget has removed these loans and made a provision for a single ₦5,000,000,000.00 (five Billion Naira only) Family Homes Fund Savings Loan.

The Family Homes Fund is a Fund that Finances Social Housing. It is owned by the Federal Ministry of Finance and the Nigeria Sovereign Investment Authority. The State Government has reached advanced stages of talks with the Fund to obtain a facility of ₦5,000,000,000.00 (Five Billion Naira only) to provide Social Housing in Kebbi State to bridge the housing deficit.

While such a huge expenditure has not been directly classified as COVID-19 spending, the state considers bridging its housing deficit to be of importance even during the pandemic.

This loan will fund 2000 Housing Units in the revised 2020 budget domiciled in the Ministry of Lands and Housing.

Domestic borrowing for the revised 2020 budget is projected to reduce by ₦2,750,000,000.00 (Two Billion, Seven Hundred and Fifty Million, Naira only) compared to the initial budget.

This is a **35%** reduction in domestic borrowing to fund the revised budget.

### 3.2 REVISION TO EXTERNAL FINANCING

External loans initially budgeted for were ₦1,844,000,000.00 (One Billion, Eight Hundred Million Naira only). A downward revision to ₦1,654,681,143.00 (One Billion, Six Hundred and Fifty-Four Million, Six Hundred and Eighty-One Thousand, One Hundred and Forty-Three Naira only) was made as part of the 2020 budget revision.

This amounts to a **10.2%** reduction as part of the budget revision. External loans comprise of World Bank loan for Community and Social Development Programme (CSDP), Better Education Service Delivery for All (BESDA) Loan and Rural Access Mobility Project (RAMP).

All external loans have been fully negotiated and agreed. The reduction in loan amounts is a result of an error in the initial budgeting phase that was discovered during the review process.

**3.3 NON-LENDING INSTRUMENTS AND FINANCING GAPS**

THERE ARE NO NON-LENDING INSTRUMENTS AS PART OF THE ORIGINAL AND REVISED 2020 KEBBI STATE BUDGETS.

THERE WILL BE NO ACCUMULATION OF NEW DOMESTIC EXPENDITURE ARREARS AS RESULT OF THE REVISION TO THE 2020 KEBBI STATE BUDGET. ALL FINANCING WILL BE SOURCED FROM ALREADY IDENTIFIED AND NEGOTIATED LOANS.