

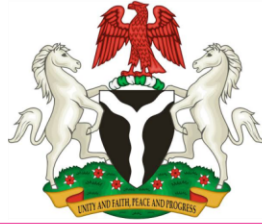
# MINISTRY OF BUDGET & PLANNING

HEADQUARTERS, LOKOJA

State Secretariat  
P.M.B. 1127,  
Ilokoja,  
Kogi State  
Nigeria.  
058-220810

Our Ref ..... **KG/MBP/BD/1/IV/954** .....

Your Ref.....



Date..... **5<sup>th</sup> July, 2018** .....

**The Director General,  
Government House Administration,  
Lokoja;**

**The Permanent Secretary,  
(Admin and Parastatals),  
Office of the Deputy Governor,  
Lokoja;**

**The Clerk of the House,  
Kogi State House of Assembly,  
Lokoja;**

**The Secretary to the State Government,  
Governor's office,  
Lokoja;**

**The Head of Service,  
Office of the Head of Civil Service,  
Lokoja;**

**All Honourable Commissioners;**

**All Heads of Extra-Ministerial Departments;**

**All Chief Executives of Parastatals/Agencies;**

**The Chief Registrars (Courts).**

## **CALL CIRCULAR FOR THE PREPARATION OF 2019 BUDGET/PLANNING PROPOSALS.**

The State Executive Council approved the 2019-2021 Multi-Year Budget Framework (MYBF), which has adjusted expenditure priorities with resource availability. It provided a realistic fiscal outline as enunciated in the State's policy objectives and priorities.

This will, to a large extent, ensure the delivery of a well- articulated policy oriented Budget that is consistent with the Vision and Mission of the present Administration.

However, the year 2019 Budget is targeted at strengthening Government achievements, which includes but are not limited to;

- Complete on-going projects and add new projects in the critical areas of need;
- Expansion of our revenue base in the area of Internally Generated Revenue (IGR);
- Enhance greater transparency and proper accountability in our public expenditure management;
- Produce a conducive environment for investors and Donor Agencies to operate in the State, and
- Reduce the level of Domestic Debt Profile of our state.

2. This Budget Call Circular sets out guidelines and instructions for preparing year 2019 Budget. I am, therefore, directed to inform all Ministries, Extra-Ministerial Departments, Agencies and the State owned Tertiary Institutions, to commence the preparation of 2019 Budget/Planning Proposals for their Organizations or Agencies. The draft (proposed) Estimates for 2019 fiscal year should be in strict compliance with the instructions and guidelines contained in this circular, the Financial Regulation (2009), Kogi State Fiscal Responsibility Law (2012), Kogi State Public Financial Management Law (2015) and the Kogi State Financial Instruction (2015) respectively.

However, before you start preparing the 2019 Budget proposals for your organization, make sure this Call Circular is properly read and complete the proforma attached to the Call Circular.

Any organization that uses any other proforma or completes the attached proforma wrongly will have its budget proposals rejected. If you have any problem in completing the proforma, do not hesitate to contact the

Director Budget, Ministry of Budget and Planning, Lokoja, for possible assistance, please.

### **3. MEDIUM TERM EXPENDITURE FRAMEWORK**

Kogi State Government has adopted the preparation of the Multi Year Budget Framework (MYBF) document as part of the movement towards a comprehensive Medium Term Expenditure Framework (MTEF) process.

The Ministry has carefully populated the MTEF/MYBF document to reflect Federal policies and the New Direction Agenda of the State Government focusing on (Education; Health; Job Creation; Youth Engagement; Infrastructure and Utility as well as Public Sector/Pension Reform, using the current trend of economic realities in relation to:

- ❖ Oil Production Bench Mark
- ❖ National Inflation Rate
- ❖ National Real GDP Growth
- ❖ State Inflation (Not available)
- ❖ State Real GDP Growth (Not available)
- ❖ State GDP Actuals (Not available)
- ❖ Oil price Bench Mark
- ❖ NGN: USD Exchange Rate

### **4. Medium Term Policy Thrust**

The fiscal strategy of Government is anchored on the on-going Public Financial Management Reform (PFM). Over the period 2019-2021, the State Government fiscal policy will seek to improve efficiency and effectiveness of spending; achieve a better balance between capital and recurrent expenditure, including greater control

of the wage bill; upgrade critical infrastructure such as Road and Housing as well as the 5 Thematic areas of the New Direction Agenda of the State Government consisting Education; Health; Job Creation/ Youth Engagement; Infrastructure and Utility; and Public Sector/Pension Reform geared towards boosting revenue receipts by identifying and blocking revenue leakages; and gradual fiscal consolidation in order to achieve a level of public spending consistent with macroeconomic stability.

## **5. Objectives and Targets**

The specific objectives of this document, which is anchored on effective allocation of scarce resources to identify critical programmes and projects, include the following, to:

- Complete on-going projects and add new projects in the critical areas of need.
- Continue to expand sources of revenue, to boost our Internally Generated Revenue (IGR) in particular and maximize the state revenue potential
- Enhance greater transparency and proper accountability in our public expenditure management.
- Produce a conducive environment for investors and Donor Agencies to operate in the State, and
- Reduce the level of Domestic Debt Profile of our state.

## **6. MEDIUM TERM FISCAL FRAMEWORK**

In line with MTEF procedures, the Medium Term Fiscal Framework (MTFF) 2018-2021 was prepared and centred on projected aggregate resources available to Government to drive its various programmes and projects in the next 3 years. These projections are centred on some macro-economic assumptions as scheduled in the table below:

<b>Item</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
National Inflation	14.00%	14.80%	14.40%	14.40%
National Real GDP Growth	2.10%	1.90%	2.00%	2.00%
State Inflation				
State Real GDP Growth				
State GDP Actual				
Oil Production Benchmark (MBPD)	2.3000	2.3000	2.3000	2.4000
Oil Price Benchmark	\$45.00	\$45.00	\$50.00	\$55.00
NGN:USD Exchange Rate	305	305	305	305

Source:

## 7. Focus of the Fiscal Framework

- Expenditure for 2019 is set at a credible and sustainable level;
- Expenditure geared towards poverty alleviation and sustainable Economic growth;
- Ensuring better transparency, accountability and comprehensiveness of budget
- Expansion of revenue base by promoting activities in the non-oil sector;
- To continue to expand the state tax net to boost Internally Generated Revenue (IGR)
- To complete on-going projects and initiate ones in the critical areas of need
- To produce a conducive environment for investors and Donor Agencies to operate in the State;

## 8. Fiscal Strategy Projections for 2019-2020

### Fiscal Strategy Projections for 2019-2020

S/N	ITEM	2018 APPROVED BUDGET N'bn	MTBF PROJECTION N'bn		
			YEAR 2019	YEAR 2020	YEAR 2021
A.	<b>Total Revenue</b>	<b>151,677,854,494</b>	<b>155,701,859,996</b>	<b>156,620,643,312</b>	<b>159,051,752,777</b>
B.	<b>Total Internally Generated Revenue (IGR)</b>	<b>33,661,542,542</b>	<b>34,166,872,097</b>	<b>34,679,375,179</b>	<b>35,199,565,806</b>
i	Internally Generated Revenue (IGR)	33,661,542,542	34,166,872,097	34,679,375,179	35,199,565,806
ii	Capital Receipt	60,443,066,836	43,500,000,000	43,500,000,000	43,500,000,000
C.	<b>Federal Transfers</b>	<b>57,573,245,116</b>	<b>78,034,987,898</b>	<b>78,441,268,133</b>	<b>80,352,186,970</b>
D.	<b>Total Recurrent Expenditure</b>	<b>64,066,761,233</b>	<b>63,331,043,766</b>	<b>63,892,698,599</b>	<b>64,694,677,691</b>
i	Personnel Cost	28,255,298,068	28,362,323,285	28,574,290,914	29,023,085,929
ii	Overhead Cost	35,811,463,165	34,968,720,480	35,318,407,685	35,671,591,762
E.	<b>Total Capital Expenditure</b>	<b>87,611,093,261</b>	<b>85,665,951,445</b>	<b>85,983,515,097</b>	<b>87,507,956,545</b>
F.	Financial Surplus	0	6,704,864,784	6,744,429,616	6,849,118,541
G.	<b>Budget Size</b>	<b>151,677,854,494</b>	<b>155,701,859,996</b>	<b>156,620,643,312</b>	<b>159,051,752,777</b>

## 9. MEDIUM TERM SECTOR STRATEGY (MTSS)

Ministries, Extra-Ministerial Departments, Agencies and the State owned Tertiary Institutions should bear in mind that the preparation of year 2019-2021 Budget will be Medium Term Sector Strategy (MTSS) driven, where the details of every sector are analysed with various key

performance indicators for better monitoring and improvement through SWOT analysis.

## 10. RESOURCE ALLOCATIONS ACCORDING TO SECTORS

Kogi State Government is poised to maintain the established National Chart of Accounts of 5 sectors in its approach to resource allocation. This is to ensure a robust and critical evaluation of programmes/ projects through efficient and effective tracking of the budget, which will eventually add value to the well-being of the citizenry. The performance of the State can be measured in accordance with the international best practices.

<b>SECTOR</b>	<b>Percentage %</b>	<b>Estimates 2019</b>	<b>Percentage %</b>	<b>Estimates 2020</b>	<b>Percentage %</b>	<b>Estimates 2021</b>
<b>ADMINISTRATIVE</b>	104.52	44,215,063,710	104.52	44,556,991,993	104.52	45,135,961,032
<b>ECONOMIC</b>	88.28	60,942,908,499	88.28	61,211,984,355	88.28	62,254,520,757
<b>LAW &amp; JUSTICE</b>	16.24	5,710,080,250	16.24	5,753,576,049	16.24	5,834,876,518
<b>SOCIAL</b>	90.97	38,128,942,750	90.97	38,353,661,299	90.97	38,977,275,929
<b>Total</b>	<b>300.00</b>	<b>148,996,995,210</b>	<b>300.00</b>	<b>149,876,213,696</b>	<b>300.00</b>	<b>152,202,634,236</b>
<b>Contingency Reserve</b>		2,979,939,904		2,997,524,274		3,044,052,685
<b>Planning Reserve</b>		3,724,924,880		3,746,905,342		3,805,065,856
<b>Grand Total</b>	<b>300.00</b>	<b>155,701,859,995</b>	<b>300.00</b>	<b>156,620,643,312</b>	<b>300.00</b>	<b>159,051,752,776</b>

## 11. YEAR 2018 HALF-YEAR BUDGET PERFORMANCE

## 12. PROPOSED YEAR 2019 BUDGET: POLICY FOCUS AND PRIORITIES

The State Government fiscal policy focus and priorities is directed at

-  Improving the effectiveness and efficiency of spending;

- ✚ Achieving a better balance between capital and recurrent expenditure, including greater control of the wage bill;
- ✚ Directing capital expenditure on critical infrastructure such as Road, Housing, Education, Health, with emphasis on the completion of on-going projects as well as initiate other critical ones as may be dictated by need.
- ✚ Job Creation/ Youth Engagement;
- ✚ Infrastructure and Utility; and
- ✚ Public Sector/Pension Reform
- ✚ Boosting revenue receipts by identifying and blocking revenue leakages; and
- ✚ Gradual fiscal consolidation in order to achieve a level of public spending consistent with macroeconomic stability.

This policy focus stated above will drive the allocation of the State limited resources available for 2018 fiscal year.

### **13. GUILDLINES TO MDAs FOR THE PREPARATION OF 2019 BUDGET**

- a. Persistent IGR drive;
- b. Completion of on-going projects;
- c. Infrastructural maintenance;
- d. Reforms;
- e. Servicing/payment of outstanding liabilities
- f. Monitoring and evaluation/impact assessment of government programmes



#### **14. STRATEGIES**

- Regular meeting with key Revenue Stakeholders to entrench aggressive revenue drive and boost the state revenue base;
- Efficient and accountable allocation of resources across and within sectors;
- Good governance through improved transparency and accountability;
- Enhanced prudence through expenditure control;
- Periodic budget performance review
- Result-based Monitoring and Evaluation with agreed performance indicators/ performance Management reporting;
- Impact Assessment of governmental programmes and projects.

#### **15. RECURRENT REVENUE ESTIMATES:**

You are to take note of the actual collections and problems of all the Revenue Code/Sub-Codes relevant to your organization before making reasonable proposals for revenue for 2019.

All Ministries/Agencies must endeavour to come up with new sources of revenue as well as make efforts to activate their dormant revenue lines so as to boost the State's Internally Generated Revenue (IGR). Remember to indicate your actual collection in 2018 on each Code.

#### **16. (a) RECURRENT EXPENDITURE ESTIMATES - PERSONNEL COSTS:**

Strict discipline should be exercised in the Recurrent Expenditure proposals so as to enable the State Government make reasonable savings from the Recurrent Revenue for Capital Development and Stabilization Fund.

In preparing the Personnel Cost Estimates, you are to provide for all existing personnel in your organization. All proposals should be arranged according to Salary Grade Levels 01 – 16 starting with GL. 01. I wish to reiterate that your proposals should be made for staff in post (i.e. existing staff) and for anticipated staff promotions. As usual, “NEW” should be shown against new posts and such posts should have been approved by appropriate authority before being proposed in the Budget. All officers responsible for the preparation of the Budget proposals should liaise with Directors of various Departments in their Organizations to ensure that their staff needs are reasonably taken care of in the proposals before submission. The current year 2018 Approved Budget should serve as a guide to you in the preparation of 2019 Budget proposals especially recurrent expenditure proposals while that of capital expenditure proposals should be on Zero Based Budgeting. Ensure that proposals for each Department, Division and Section are prepared separately. Note that there should be only ONE DIRECTOR (GL. 16) and NOT two in each Department and no Director in a Division, Section or Unit of a Department. You are equally advised to work within the envelop/ceilings available for your personnel cost estimates.

**17. STAFF NOMINAL ROLL:**

You are required to prepare a comprehensive and up-to-date Staff Nominal Roll for your organization. All information required should be carefully and correctly entered accordingly on the proforma (Annex III) attached. Note that the nominal roll for each Department/Division, and Section and Unit should be prepared separately to agree with your proposals on Personnel Costs Estimates (Annex II) each starting from GL. 01 – 16.

**18. OVERHEAD COSTS ESTIMATES:**

Proposals for Overhead Costs are to be prepared using the chart of Account code of expenditure. In addition, Ministries/Extra-Ministerial Departments and Parastatals with Expenditure other than what is contained in the chart of Account should be accompanied with detailed explanations. All your Overhead Costs proposals should be made on proforma (Annex IV) in line with the envelop /ceilings available for your overhead cost estimates.

**19. CONSOLIDATED REVENUE FUND CHARGES (CRFC):**

All Government organizations responsible for payment of emoluments of Statutory Public and Political Office Holders should submit their proposals on proforma (Annex V) attached to this circular.

**20. PARASTATALS:**

Usually, proposals from Parastatals or other Government Agencies are sent through their superintending/supervisory Ministries which are expected to scrutinize these proposals before forwarding them to us.

It is expected that Parastatals should identify new sources of revenue to broaden their internal revenue base and efforts should be intensified to increase their Internally Generated Revenue. Ensure that you activate the revenue lines that are dormant in your Organization. All expected grants, subventions and loans from various organizations including the State Government should be clearly stated and the purpose for such grants/loans should be explicitly stated. Proposals for revenue and expenditure for the Parastatals should be submitted on the proforma as mentioned in paragraphs 1 – 6 above in line with the envelop/ceilings available for your Agencies

21. **CAPITAL ESTIMATES:**

(a) **Capital Receipts):-** In preparing the 2019 Capital Estimates, the Codes and Sub codes as contained in the Kogi State chart of Accounts should be adopted; however, proposals for new ones may be included. Proposals for capital receipts should include grants and expected draw-down from internal and external loans. The sources of the loans and grants as well as any State Government Cash Counterpart Contribution (GCCC)/ Financial assistance for each of Loans/Grants where applicable, should be indicated clearly with its activities and objectives. In the case of external loans, details of such as foreign currency component, the Naira component, the interest rate, amortization period, the conditions attached to the draw-down as well as approval by the Federal Government for such loans should be submitted to us along with the proposals. Proposals for Capital Receipts should be submitted on profoma (Annex VI) attached.

(b) **Capital Expenditure: -** Your proposals for Capital Expenditure estimates should be populated on Zero Based Budgeting in line with your organization's priority within the limited resources available for you in 2019. You are to support your capital Budget proposals with profoma invoice (Technical Specification and Cost), Bill of quantity and necessary technical drawings in relevant areas. In addition, any National Policy on the various sub-sectors such as Education, Health, Industry, etc. should be integrated into your proposals as applicable. You are advised to properly cost your projects for 2018 and your submission should also include up-to-date actual expenditure on your capital projects in the 2018 Approved Budget and the bill of quantity and technical specifications. Proposals for capital projects should be submitted on proforma (Annex VII) attached.

22. **MODE OF SUBMISSION:**

Each Ministry/Extra-Ministerial Department/Parastatal or Agency is expected to submit fifteen (15) hard copies and one (1) soft copy of its Budget proposals to the Ministry of Budget and Planning, Lokoja. The submission should be page numbered and properly arranged in file jackets (15). In addition, an extra copy of the Recurrent Revenue proposals (Annex I) should also be forwarded to the Chairman, Board of Internal Revenue; an extra copy of the Personnel Costs Estimates proposals together with the Nominal Roll (i.e. Annex II and IIA) should be forwarded to Permanent Secretary, Establishment and Training Department, Office of the Head of Civil Service, Lokoja, and an extra copy of Capital Receipts and Capital Expenditure proposals (Annex VI & VII) should be sent to the Director of Planning (Macro), Ministry of Budget and Planning, Lokoja. The offices, to which these extra copies of the proposals are sent, are to examine the proposals thoroughly and submit their comments to the Budget Department, Ministry of Budget and Planning during the Technical Budget Defence, please.

23. **DATE OF SUBMISSION:**

Completed and neatly packaged proposals (in 15 file jackets) should be delivered by hand to the Director of Budget in Room 331, Ministry of Budget and Planning, State Secretariat, Phase II Lokoja NOT LATER THAN WEDNESDAY, 29<sup>TH</sup> AUGUST, 2018. Please, make sure your Budget proposals are submitted on this date unfailingly because all processes related to 2019 Budget including approval by House of Assembly and Governor's assent should be completed in December, 2018, in line with the present National Economic Reform agenda.

11. **CONCLUSION:**

This Budget Call Circular should serve as a guide for your organization to prepare a well articulated Budget proposal for year 2019. All Honourable Commissioners/Permanent Secretaries and other Chief Executives of Ministries, Extra-Ministerial Departments and Parastatals/Agencies are expected to make adequate inputs and to APPROVE PROPOSALS from their respective organizations before forwarding same to Ministry of Budget and Planning, Lokoja.

Officers who are involved in the preparation of the Budget for their various organizations should be given sufficient money and other materials support, to enable them carry out this important assignment successfully, please. These officers should feel free to contact us in Ministry of Budget and Planning for necessary professional assistance in the preparation of their organizations' 2019 Budget proposals. Act now and do not delay!!!

12. Thanks for your cooperation.



**(Mr. P.O STEPHEN),**  
Permanent Secretary,  
for: Hon. Commissioner.