

Kaduna State Government



Draft Medium-Term Expenditure Framework 2021-2023

Section 1: Introduction and Background

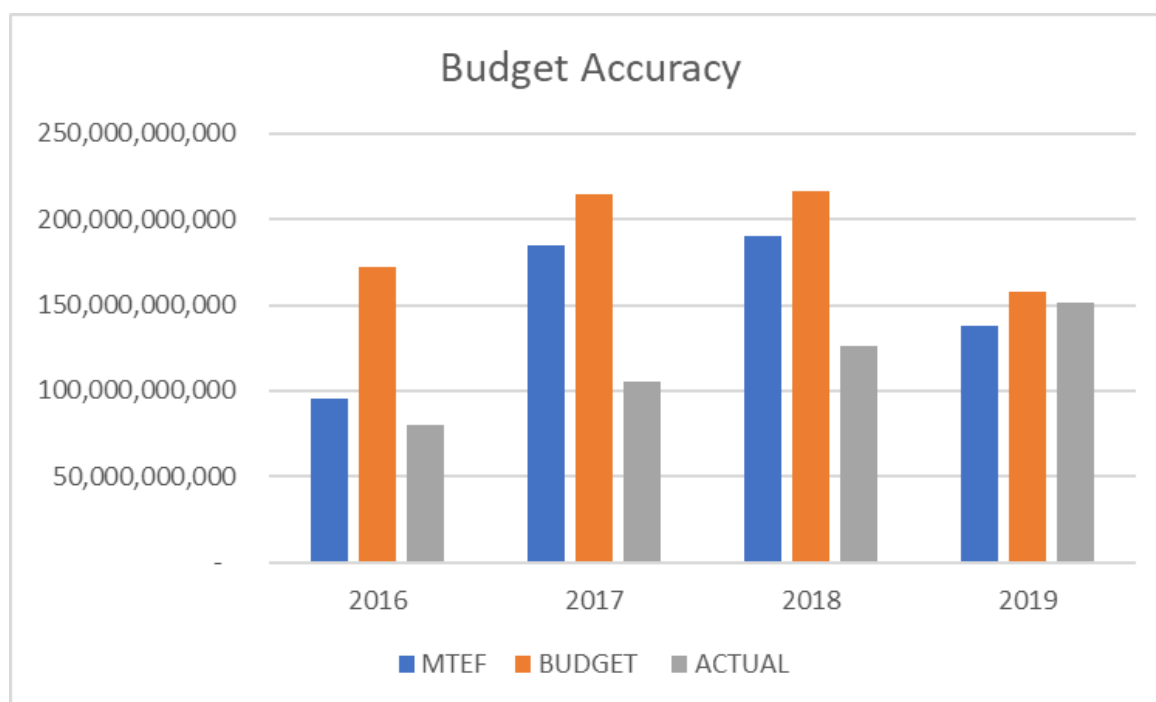
1.1 Introduction

1. Kaduna State has in the last five years institutionalised preparation of Medium-Term Expenditure Framework (MTEF). The document serves as a tool for multi-year fiscal planning and budget formulation process aimed at enabling the Kaduna State Government to realistically set fiscal targets and effectively allocate resources to strategic priorities. Key elements of the MTEF are the Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS).
2. The EFU provides economic and fiscal analyses which form the basis for the budget planning process. It is aimed primarily at guiding policy and lawmakers in the State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant global, national and state level factors affecting implementation.
3. The FSP determines the resources available to fund Government projects and programs from a fiscally sustainable perspective.
4. The BPS states the overarching policy goals that will guide the Government's budget decisions and how the budgets accords with the government short term intentions. It also states any changes to the government long and short terms fiscal objectives and assesses how changes in the long-term fiscal objectives and short-term fiscal intentions situates with the principles of responsible fiscal management.

1.1.1 Historical Trend

5. From the commencement of preparation of the MTEF in 2014 – the first MTEF, performance reveal that actual expenditure (Capital and Recurrent) are close to MTEF figures even though they are not abided by largely due to political interference and other considerations.
6. The graph below shows a compares' MTEF, Budget (approved) and actual expenditure over the last four years. It can be seen that in each year the MTEF provided a more realistic estimate of revenues than the annual budget.

Figure 1. Budget Accuracy



1.1.2 Preparation Process.

In line with the provisions of Fiscal Responsibility Law and principles of Open Governance Partnership (OGP), the following are the processes of MTEF development.

Table 1. MTEF Development process

SN	Activities	Timeframe
1	Briefing meeting with Honorable Commissioner for information and noting	May
2	Planning meeting with Technical Team to agree on modalities and share responsibilities	May
3	Planning meeting with Civil Society Organizations identify interested members to work with technical team	May
4	Data gathering and harmonization	June
5	Development of indicative macro-economic framework	June
6	Meeting with technical team and relevant MDAs to agree on the proposed framework	June
7	Inputting data into the template	June
8	Review of MTEF structure/content for possible addition	June
9	Drafting	July
10	Harmonization of groups works	July
11	Production of first draft	July
12	Meeting with CSO's and technical team to review the entire draft	July
13	Engagement with Private sector and market association	July
14	Production of clean draft for presentation to State Executive Council for deliberation	July
15	Effect corrections based on Council's comments and observation	July
16	Production of clean copy for presentation to State House of Assembly for approval	August
17	Publishing, Printing and Distribution	September

1.1.3 Summary of Document Contents

7. In accordance with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) is the first step in the budget preparation cycle for Kaduna State Government (KDSG) for the period 2021 - 2023
8. The purpose of this document is three-fold:
 - i. To provide a backwards looking summary of key economic and fiscal trends that will affect the public expenditure in the future - Economic and Fiscal Update;
 - ii. To set out medium term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTFF; and
 - iii. Provide indicative sector envelopes for the period 2020-2022 which constitute the MTBF.
9. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis in order to inform the budget planning process. It is aimed primarily to guide budget policy makers and decision takers in the Kaduna State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:
 - Overview of Global, National and State Economic Performance;
 - Overview of the Petroleum Sector;
 - Trends in budget performance over the last six years (2014 – 2019).
10. The FSP is a key element in the KDSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund Government's programmes and projects from a fiscally sustainable perspective.

1.1.4 Audience

11. MDAs who are seems to be providing input as well as technical advice throughout the development process includes;
 - State House of Assembly (SHoA);
 - Executive Council (ExCo);
 - Planning and Budget Commission;
 - Ministry of Finance (including Office of the Accountant General (OAG) and Debt Management Department (DMD);
 - Kaduna Internal Revenue Service (KADIRS)
 - All Government Ministries, Departments and Agencies (MDA's);
 - Civil Society groups and Development Partners.
12. The document is prepared within the first two quarters of the year prior to the annual budget preparations. It is prepared by Kaduna State Government MTEF Working Group using data collected from International, National and State Organisations.

1.2 Legislative and Institutional Framework

13. The 1999 Constitution as amended is the overriding law governing PFM in Kaduna State and indeed Nigeria. Its provisions supersede and override the content of any other law or provision in the states to the extent that other laws are inconsistent with the constitution. The other PFM related laws and provisions elaborate and expand on the provision of the Constitution.
14. These include the State's Fiscal Responsibility Law 2016, the Public Procurement Law 2016, Tax Consolidation and Codification Law and the Public Financial Management Control Law in 2016.
15. The Fiscal Responsibility Law (FRL) provides for the prudent public expenditure, financial management and discipline with a view to ensuring a long-term macroeconomic stability in Kaduna State. The FRL stipulates the preparation of a Zero-Based/Multi Year Budget, MTEF, Budget Execution and Public Revenues and Management of State Enterprises.
16. The Public Procurement law stipulates that Ministries, Departments, and Agencies, and/or controlled Corporations, Government Institutions and Local Government Areas, shall subject to any exceptions as may be provided under this law be governed by promotion of competition, economy, efficiency and equal opportunities. These are to all parties who are eligible and qualified to participate in public contracts and be devoid of discrimination among others.
17. Institutional Framework for PFM in Kaduna State. Within Kaduna State, sub-National Public Finance is managed by KDSG and the 23 Local Governments (LGs). The Executive of KDSG, headed by the State Governor, is responsible for the KDSG Budget, and reports on its execution to the Kaduna SHoA. Recent additions in the Institutional Framework is the creation of the Fiscal Responsibility Commission and the Public Procurement Authority, and the conversion of the former Ministry of Budget and Planning to the Planning and Budget Commission (PBC). An Economic Intelligence Unit (EIU) has also been created under the PBC to provide analysis of latest economic and fiscal trends.

1.3 Overview of Budget Calendar

Table 2. Budget Calendar

S/ No	Date	Activity and or Event	Executor
1.	January - July, 2020	Preparation of Medium-Term Expenditure Framework 2021 – 2023	P&BC
2.	5/05/2020	Revenue Call Circular to MDAs	P&BC
3.	5/06/2020	Submission of Revenue proposals to Planning & Budget Commission	MDAs
4.	6-8/06/2020	Analysis of Revenue Proposals submitted by MDAs to be used by Estimates Committee Members at Revenue Defence	P&BC
5.	9-11/06/2020	Estimates Committee meets with Revenue Generating Agencies to defend their Revenue Proposal	Estimates Committee
6.	12-14/06/2020	Harmonisation of Revenue figures to determine the Proposed Revenue for the year 2021	P&BC

S/ No	Date	Activity and or Event	Executor
7.	30/06/2020- 02/07/2020	Engagement on the MTEF with Private Sector, Women Groups and People Living with Disabilities.	P&BC
8.	6/07/2020	Presentation of Revenue Profile, Draft MTEF 2021- 2023 and MDAs Sectoral Expenditure Ceilings to ExCo for deliberations and approval	P&BC
9.	7-14/07/2020	Half year Budget Review	P&BC
10.	15/07/2020	Expenditure Call Circulars to MDAs	P&BC
11.	27-31/07/2020	Review/Refresher Training Workshop for MDAs on Multiyear Costing Template	P&BC
12.	11/08/2020	Roundtable dialogue with the SHoA on draft 2021 -2023 MTEF	P&BC
13.	18/08/2020	Submission of 2021 -2023 proposals to Planning & Budget Commission	MDAs
14.	19-22/08/2020	Analysis of Expenditure Proposals submitted by MDAs to be used by Estimates Committee Members at the Budget Defence	P&BC
15.	25-29/08/2020	Estimates Committee meets with MDAs to defend their 2021 - 2023 Budget Proposal	Estimates Committee
16.	31/08/2020- 4/09/2020	Collation of Proposals defended by MDAs before the Estimates Committee	P&BC
17.	6/09/2020	Presentation of 2021- 2023 1st Draft Budget to The Governor for perusal, observation and comments	HC P&BC
18.	9/09/2020- 10/09/2020	Effecting corrections/amendments by PBC Vide the Governor's observations	P&BC
19.	19/09/2020	Town Hall meeting on 2021 Draft Budget in the 3 Senatorial Zones	P&BC
20.	26/09/2020	Town Hall Meeting on the 2021 Draft Budget	SA Political
21.	29/09/2020	Council deliberation on 2021 Draft Budget	Council
22.	6/10/2020	Presentation of Draft Budget to House of Assembly	Governor
23.	6/10/2020	Review and Approval by the House of Assembly	SHoA
24.		Assent of 2021 Approved Budget by the Governor	Governor

S/ No	Date	Activity and or Event	Executor
25.		Public presentation and analysis of Approved budget	HC P&BC
26.		Signing of 2021 Expenditure Warrants	MoF
27.	Jan. 2021	Guidelines for 2021 Budget implementation	P&BC

18. Indicative Budget Calendar for Kaduna State Government is presented above. The calendar provides detailed activities which serve as guide in Budget preparation such that by third week of August 2020 the 2021 MTEF document is finalised largely due uncertainty of macroeconomic assumption following the outbreak of COVID-19.

Section 2 Economic and Fiscal Update

2.0 ECONOMIC OVERVIEW

2.1 Global Economy

15. Two years ago economic activity was accelerating in almost all regions of the world and the global economy was projected to grow at 3.9 percent in 2018 and 2019. Compared to the October WEO forecast, the estimate for 2019 and the projection for 2020 represent 0.1 percentage point reductions for each year while that for 2021 is 0.2 percentage point lower.

16. The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activities. As a result of the pandemic, the global economy is projected to grow at –3.0 percent in 2020, an outcome far worse than during the 2009 global financial crisis. The growth forecast is marked down by more than 6 percentage points relative to the October 2019 WEO and January 2020 WEO Update projections—an extraordinary revision over such a short period of time.

17. In the advanced economy group—where several economies are experiencing widespread outbreaks and deploying containment measures— growth is projected at –6.1 percent in 2020. Most economies in the group are forecast to contract this year, including the United States (–5.9 percent), Japan (–5.2 percent), the

United Kingdom (–6.5 percent), Germany (–7.0 percent), France (–7.2 percent), Italy (–9.1 percent), and Spain (–8.0 percent). In parts of Europe, the outbreak has been as severe as in China’s Hubei province. Although essential to contain the virus, lockdowns and restrictions on mobility are extracting a sizable toll on economic activities. Adverse confidence effects are likely to further weigh on economic prospects.

18. Among emerging market and developing economies, all countries face a health crisis, severe external demand shock, dramatic tightening in global financial conditions, and a plunge in commodity prices, which will have a severe impact on economic activity in commodity exporters. Overall, the group of emerging market and developing economies is projected to contract by –1.0 percent in 2020; excluding China, the growth rate for the group is expected to be –2.2 percent. Even in countries not experiencing widespread detected outbreaks as of the end of March (and therefore not yet deploying containment measures of the kind seen in places with outbreaks) the significant downward revision to the 2020 growth projection reflects large anticipated domestic disruptions to economic activity from COVID-19. The 2020 growth rate for the group excluding China is marked down 5.8 percentage points relative to the January WEO projection.

19. However, emerging Asia is projected to be the only region with a positive growth rate in 2020 (1.0 percent), albeit more than 5 percentage points below its average in the previous decade. In China, indicators such as industrial production, retail sales, and fixed asset investment suggest that the contraction in economic activity in the first quarter could have been about 8 percent year over year. Even with a sharp rebound in the remainder of the year and sizable fiscal support, the economy is projected to grow at a subdued 1.2 percent in 2020. Several economies in the region are forecast to grow at modest rates, including India (1.9 percent) income growth in 2020 than at the time of the 2009 financial crisis. These countries account for a broadly similar purchasing-power-parity share of the world economy compared with the group that experienced negative per capita income growth in 2009.

20. The outlook projected the global economy to grow by 5.8 percent in 2021, well above trend, reflecting the normalization of economic activity from very low levels. The advanced economy group is forecast to grow at 4.5 percent, while growth for the emerging market and developing economy group is forecast at 6.6 percent. In comparison, in 2010 global growth rebounded to 5.4 percent from –0.1 percent in 2009. The rebound in 2021 depends decisively on the pandemic fading in the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence. The projected recovery assumes that significant economic policy actions taken across the globe are effective in preventing widespread firm bankruptcies, extended job losses, and system-wide financial strains.

21. However, concerning the size of the downturn, there is extreme uncertainty around the strength of the recovery. Some aspects that underpin the rebound may not materialize, and worse global growth outcomes are possible—for example, a deeper contraction in 2020 and a shallower recovery in 2021—depending on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices.

22. Oil prices declined 7.3 percent between August 2019 and February 2020, falling from \$57.60 to \$53.40, before further declining by 39.6 percent in March to \$32.30 as the COVID-19 outbreak abruptly reversed a positive trend as containment measures directly hit the transportation sector, which accounts for more than 60 percent of oil demand. Confronting a weak demand environment, the OPEC+ coalition broke down on March 6, 2020, leading to the worst one-day price drop in the oil market since 1991. After trading close to \$20 toward the end of March, oil prices recovered somewhat in early April as the OPEC+ coalition resumed talks.

23. Based on futures market pricing at the end of March 2020, the average petroleum spot prices per barrel are estimated at \$35.60 in 2020 and \$37.90 in 2021. For the years thereafter, oil futures curves show that prices are expected to increase toward \$45 but stay below their average 2019 level (\$61.40). Metals prices are expected to decrease 15.0 percent in 2020 and 5.6 percent in 2021. Food prices are projected to decrease 1.8 percent in 2020 and then increase 0.4 percent in 2021.

24. Global GDP is estimated to deviate significantly from the baseline across the scenarios, ranging from 3 percent below baseline in 2020 in the first case (protracted pandemic in 2020) to 8 percent below baseline in 2021 in the third case (protracted pandemic in 2020 and recurrence in 2021). Following the dramatic decline in oil prices since the beginning of the year, near-term prospects for oil-exporting countries have deteriorated significantly: the growth rate for the group is projected to drop to –4.4 percent in 2020.

25. Countries selected are chosen to represent the G20, BRICS, MINT, N-11, Petro-economies and other large African countries. They are also selected on the basis of their economic size

Table 3: Real GDP Growth – Selected Countries

Country	Actual				Forecast	
	2016	2017	2018	2019	2020	2021

Mexico	2.9	2.1	2.1	-0.1	-6.6	3.0
France	1.1	2.3	1.7	1.3	-7.2	4.5
Spain	3.0	2.9	2.4	2.0	-8.0	4.3
United States	1.6	2.4	2.9	2.3	-5.9	4.7
Germany	2.2	2.5	1.5	0.6	-7.0	5.2
United Kingdom	1.9	1.9	1.3	1.4	-6.5	4.0
China	6.8	6.9	6.7	6.1	1.2	9.2
Russia	0.3	1.8	2.5	1.3	-5.5	3.5
South Africa	0.4	1.4	0.8	0.2	-5.8	4.0
Brazil	-3.3	1.3	1.3	1.1	-5.3	2.9
Italy	1.3	1.7	0.8	0.3	-9.1	4.8
Nigeria	-1.6	0.8	1.9	2.2	-3.4	2.4

Source: IMF's World Economic Outlook - the Great Lockdown, April 2020.

25. From the above table, it shows that in 2020 many of the advanced economies and the emerging as well as developing economies will experience contraction. However, in 2021 the outlook shows that the advanced economies will pick up leading to rapid growth while growths in several emerging and developing economies within Nigeria's peer group are projected to continue at a moderate pace over the period.

26. Inflation for the same set of countries is shown in the table below.

Table 4: Inflation (CPI) – Selected Countries

Country	Actual				Forecast	
	2016	2017	2018	2019	2020	2021
Mexico	2.8	6.0	4.9	3.6	2.7	2.8
France	0.3	1.2	2.1	1.3	0.3	0.7
Spain	-0.2	2.0	1.2	0.7	-0.3	0.7
United States	1.3	2.1	2.4	1.8	0.6	2.2
Germany	0.4	1.7	1.9	1.3	0.3	1.2
United Kingdom	0.7	2.7	2.5	1.8	1.2	1.5
China	2.0	1.6	2.1	2.9	3.0	2.6

Russia	7.0	3.7	2.9	4.5	3.1	3.0
South Africa	6.3	5.3	4.6	4.1	2.4	3.2
Brazil	8.7	3.4	3.7	3.7	3.6	3.3
Italy	-0.1	1.3	1.2	0.6	0.2	0.7
Nigeria	15.7	16.5	12.1	11.4	13.4	12.4

Source: IMF's World Economic Outlook - the Great Lockdown, April 2020.

Growth Outlook in the Region

2.2 Sub-Saharan Africa

27. Real GDP in sub-Saharan Africa is projected to contract by –1.6 percent in 2020, the lowest level of growth on record. This is about 5.2 percentage points lower than envisaged in the October 2019 Regional Economic Outlook for Sub-Saharan Africa.

28. The sharp downward revision largely reflects the fallout from the spread of COVID-19 and lower-than-expected commodity prices. In addition, idiosyncratic factors, such as continued structural constraints (South Africa), policy adjustment (Ethiopia), and climate and other natural shocks (such as the locust invasion in eastern Africa) have also contributed to the downward revisions.

29. The economic fallout from the COVID-19 outbreak and low commodity prices is expected to be the largest in less diversified economies.

30. Growth in oil exporters is projected to decline from 1.8 percent in 2019 to –2.8 percent in 2020 (a downward revision of 5.3 percentage points from the October 2019 Regional Economic Outlook for Sub-Saharan Africa). In Nigeria, the largest economy in the region, GDP is expected to contract by –3.4 percent, mainly reflecting the large drop in oil prices and the impact of containment and mitigation measures on economic activity.

Table 5. REAL GDP OF SOME SELECTED COUNTRIES

(Annual percentage Change)

COUNTRY	2010-16	2017	2018	2019	2020	2021
Angola	3.6	-0.2	-1.2	-1.5	-1.4	2.6
Cameroon	4.8	3.5	4.1	3.7	-1.2	4.1
Central African Republic	-1.9	4.5	3.8	3.0	1.0	4.0
Ethiopia	9.9	10.2	7.7	9.0	3.2	4.3
Kenya	6.0	4.9	6.3	5.6	1.0	6.1
Rwanda	7.1	6.1	8.6	10.1	3.5	6.7
South Africa	2.1	1.4	0.8	0.2	-5.8	4.0
Nigeria	4.7	0.8	1.9	2.2	-3.4	2.4
Tanzania	6.6	6.8	7.0	6.3	2.0	4.6

Source: IMF World Economic Outlook, April 2020.

2.3. Nigerian Economy

30. The year 2020 has been defined largely by the present COVID-19 pandemic which first broke out in Wuhan, China in December, 2019. Since then, the virus has spread worldwide with more than 6 million confirmed cases recorded and over 360,000 deaths by the end of May, 2020. This, along with the crash in global oil prices has had an adverse effect on the Nigerian economy. On one hand, measures taken by various governments at both national and sub-national levels to contain the COVID-19 spread and infection rates are inversely affecting economic activity. This has put a dent on the nation's economic recovery efforts painstakingly achieved year after year since the recession of 2016. Analysts had earlier predicted that the economy would gain further momentum in 2020 following the steady growth recorded in three successive quarters of 2019 as well as increase in the minimum wage. Thus, there were hopes of a boost from expected improved household consumer spending.

31. On the other hand, the decline in global oil prices which Nigeria has been contending with in varying degrees since 2015 has severely affected the Federal Government of Nigeria (FGN)'s revenue mobilization drive for 2020. In a bid to cut down on the supply glut in the oil market due to an unusual low demand in key markets, a second round of OPEC+ talks in April 2020 reached a deal to cut 9.7 million barrels per day (mbpd) in global oil production. This put Nigeria's oil production quota at 1.7 mbpd at the current price of around \$30 per barrel as against the earlier projected 2.1 mbpd at \$55 per barrel for the 2020 fiscal year. This has necessitated a downward review of the budget's macro-economic assumptions with new and more health-related spending added to enable government respond adequately to the prevailing COVID-19 pandemic.

32. However, recent reforms by the FGN, particularly signing into law of the Finance Bill 2019 which effectively raised the VAT rate from 5% to 7.5% and removal of fuel subsidy by NNPC - as advised by IMF Article IV visitation team in April 2019 – are expected to help shore up revenues available to government for capital development. Thus, Nigeria's economy is projected to rebound by 1.7% in 2021.

2.3.1 Macroeconomic

23. According to data release by the National Bureau of Statistics (NBS) for the year 2019, GDP grew by 2.55% (year-on-year) in the last quarter of 2019, an increase of 0.27% points above Q3 2019's 2.28%.¹ This represents the highest quarterly growth raise performance since the 2016 recession. Acceleration was driven by the non-oil segment of the economy with 92.68%, while momentum within the oil sector remained weak at 7.23%. For the year as a whole, growth came in at 2.27%, picking up notably from the 1.91% expansion logged in 2018.

34. Growth in the non-oil sector of the economy increased in the fourth quarter, coming in at 2.26% annually compared to 1.85% logged in Q3, but lower by -0.44% points than the rate recorded in the same quarter of 2018. This is reflective of higher growth in Q4 2019 in the three major sectors of services, agriculture and manufacturing. The services sector, driven mainly by Information and Communication (Telecommunications) and Financial and Insurance Services (Financial Institutions) made the highest contribution to GDP, owing to buoyant activity. Activity in the agricultural sector declined compared to Q3, even though crop production remained the major driver of the sector. Similarly, industrial output from manufacturing production contracted from the previous quarter.

35. In contrast, the all-important energy sector took a downward trend in the fourth quarter. Activity in the oil sector fell -0.13% when compared to Q3 2019. Oil production—which accounts for the lion's share of

¹ National Bureau of Statistics: Nigerian GDP Report, Q4 2019

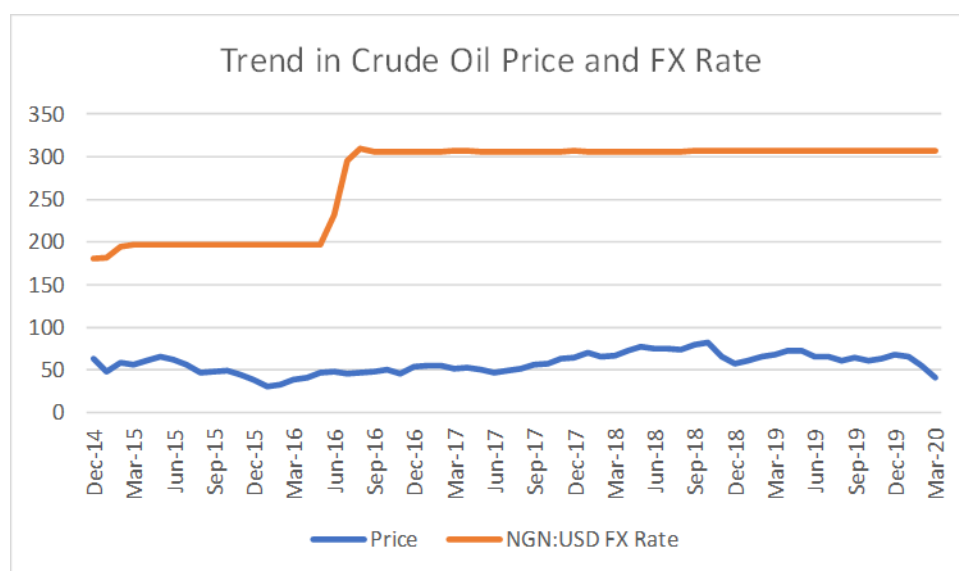
the overall mining and quarrying sector output—declined from 2.04 million barrels per day (mbpd) in Q3 to 2.0 mbpd in Q4 which, coupled with easing global oil prices throughout the quarter, weighed on the overall revenue figure.

2.3.2 Mineral Sector Performance Outlook

36. Performance in the all-important mineral sector in terms of crude oil price, crude oil production and mineral ratio affect Kaduna State' statutory allocation receipts from the Federation account.

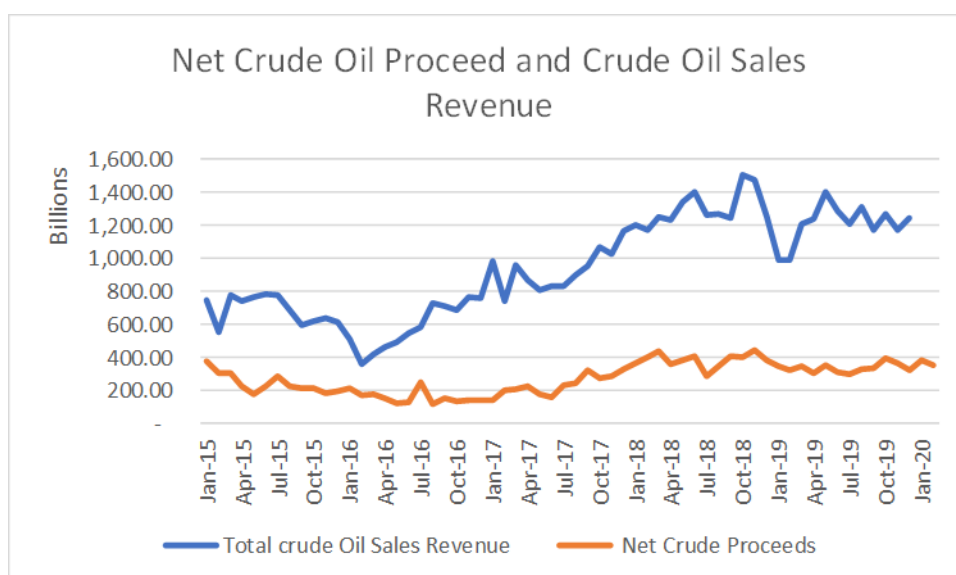
37. Crude Oil Price –crude oil prices have always been subject to the traditional vagaries in global oil demand and supply. However, 2020 has been quite a peculiar year coming in the wake of massive distortions to the world economy as a result of the COVID-19 pandemic, a crash in oil prices and limited international trade.

38. By mid-2019 prior to the pandemic which started in December in China, oil prices averaged \$68.45 per barrel and the short-term forecast of EIA in June 2019 indicated an average price of \$70.63 for 2020. It was on this backdrop that the macroeconomic assumptions for the 2020 budget were predicated. However, an oversupply in the international oil market due to continuing increase in output by non-OPEC members like Russia and the unforeseen impact of the COVID-19 global public health crisis combined to drive down oil prices early in Q1 2020.

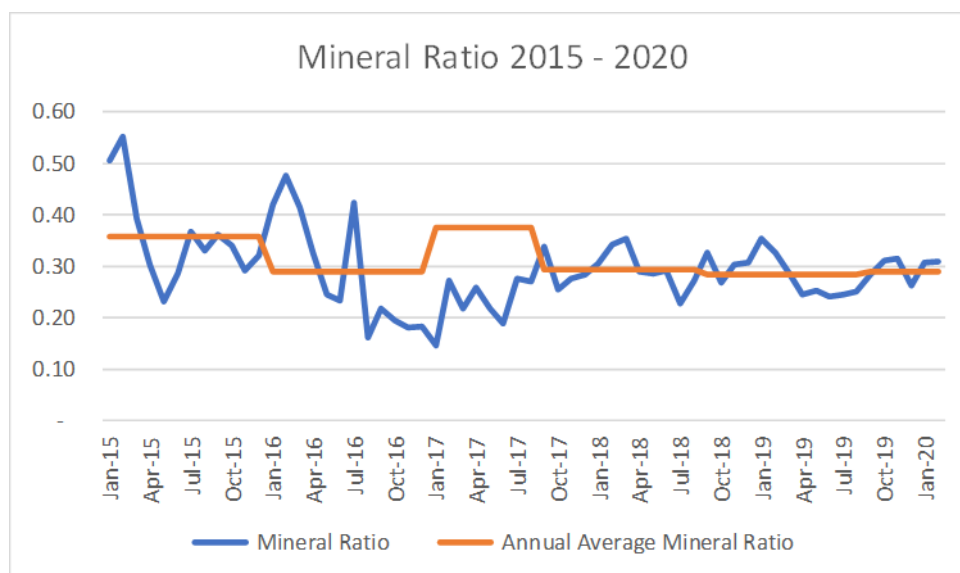


39. In a bid aimed at cutting the glut in global supply amid plummeting prices, a first round of negotiations between OPEC+ (expanded talks of OPEC and non-OPEC members) was made in March 2020. The meeting quickly broke down without a resolution and this led oil to crash to a historic low of around -\$20 per barrel within weeks. However, OPEC+ talks resumed for a second round in April 2020 and a deal was reached to cut 9.7 million barrels per day (mbpd) in global oil supply. The immediate effect of this outcome was the stabilization of oil prices from going down further. Also, the gradual increase in demand from the opening of key markets like China after the "Great Lockdown" had an attendant positive effect on prices, helping them to rise steadily to around \$30 per barrel. In this view, the price and production assumptions for Kaduna State in 2020 earlier given at \$55 and 2.1 mbpd were reviewed to 1.7 mbpd and \$30 respectively.

40. Crude Oil Production in 2019 averaged 2.02 mbpd, 1.05% above the 2018 average of 1.92 mbpd. The upward trend continued into the first quarter of 2020 during which an average daily oil production of 2.07 mbpd was recorded. However, this was achieved mainly at the time before major global disruptions caused by COVID-19. Some analysts believe this may perhaps be the highest production level for 2020, as economies struggle with their recovery efforts in the aftermath of the 'Great Lockdown'. Consequently, a rate of 1.7 mbpd seems reasonable as a basis for 2021 budget estimates, potentially increasing to 9.0 mbpd later within that year.



41. **Mineral Ratio** – The mineral ratio dropped significantly in the second half of 2016 as the impact of the crude oil price drop came into effect. The reduction in price meant a higher proportion of revenue was needed to cover fixed costs, hence the balance available to government is lower. The ratio dropped below 20% for several months in 2016 – meaning for every barrel of crude oil sold, only 20% of the income was available for distribution through the Federation Account. The ratio has trended upwards since mid-2017 but has levelled off around 30%. The price drop in late 2018 caused another drop in the ratio back below 30% into early 2019. Unfortunately, the Federal Government's 2019 budget assumptions imply a ratio in excess of 52% (as shown in the graph) which means they are likely to suffer a significant revenue shortfall.



2.4 KADUNA STATE ECONOMY

42. The Kaduna State Government (KDSG) has adopted stringent measures to manage the unexpected economic consequences unleashed by the COVID-19 pandemic. The State Government is implementing belt-tightening measures to depress its recurrent costs and cope with the anticipated steep decline in revenues. KDSG will also prioritize its capital projects to preserve the investments required for future growth and development.

43. Kaduna is among the 24 States that were qualified to participate in the 2018 SIFTAS programme and has been assessed. Based on the assessment, the State has in March 2020 received a grant of \$10,000,000.00 (Ten Million US Dollars). Kaduna State had the highest score. This is good for the State amidst dwindling oil price and Covid-19 pandemic.

44. Together, monetary, fiscal, and financial policies should aim to cushion the impact of the COVID-19 shock and to ensure a steady, sustainable recovery once the pandemic is under control. KDSG must be ready to assert the full weight of its resources—first, to help protect the most vulnerable household economies, and, for the long term, to strengthen the eventual recovery.

“The falling price of crude oil amidst depressed demand for the commodity worldwide and the shocks to normal economic flows and supply chains by shutdowns that have been imposed as part of worldwide emergency public health measures.

“With some of the world’s largest economies on lock-down, there is significant uncertainty about what this portends for Nigeria and Kaduna State over the short and medium term.

“If the unfavourable conditions persist, the state may witness the worst economic crisis in its entire history. Therefore, it is a matter of urgency for a sub-national like Kaduna State to seriously consider and adopt measures to manage an extremely dangerous socio-economic situation.

“It is important to mention that, the state is at risk since revenues to a sub-national like Kaduna State consist basically of transfers from the Federation Account Allocation Committee (FAAC) and its own internally-generated revenue (IGR). With crude oil prices falling, FAAC will certainly shrink considerably in the near-term. Business slowdowns and the severity of the resulting economic contraction may significantly limit IGR as well.

45. Kaduna State's gross annual revenues could fall by as much as N17bn if crude oil prices remain around \$30 a barrel. The state's annual revenues could fall by as much as N24bn in 2020 if crude prices fall to \$20 per barrel. Either of these scenarios will imperil the discharge of obligations to personnel, pensioners and running of the government. Capital projects implementation will be severely curtailed if either of the two oil price scenarios persist except fiscal and monetary policy realism is adopted by the Federal Government.

46. The state will also strive to remain afloat by aggressively cutting costs of governance and expanding revenue sources such as presumptive taxes on informal businesses, land use charges in major urban areas and imposition of development levy payable by every adult in the State, as contained in the State Tax Code.

47. "In specific terms, Kaduna State has adopted the following coping measures, while it continues to closely monitor the unfolding situation:

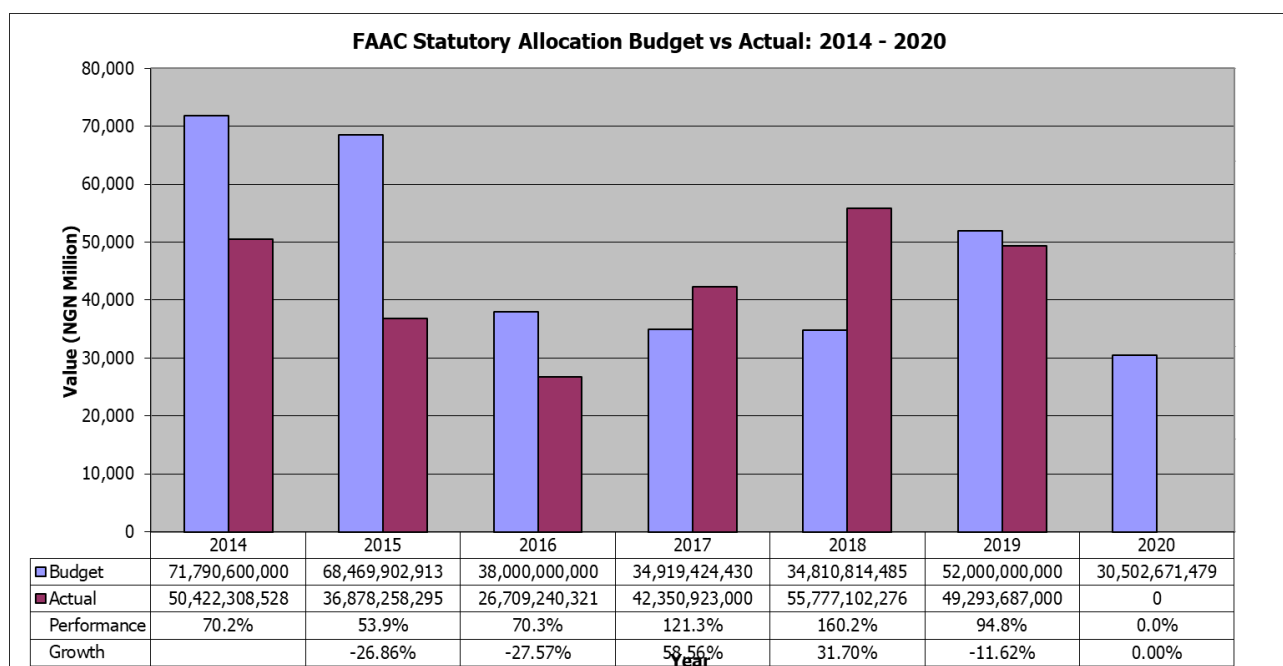
- i. Prioritize Funding of Capital Projects: amidst the looming downturn, investments in the fundamentals for growth and development will be robustly pursued;
- ii. Cut Personnel Costs and Depress Overheads: the government will cut overhead expenses by 50% and centralize expenses like purchase of equipment, vehicles, fuel and stationery. It will impose an immediate embargo on foreign travel;
- iii. Use of Debit Cards for Residual Overheads: KDSEG will introduce debit cards as the sole mechanism for funding those overhead expenses of MDAs that have not been centralized. This will promote transparency and limit expenses;
- iv. Ensure and Enhance Payroll Integrity: measures will be taken to promote payroll integrity and ensure that the nominal roll of the public service is accurate. In the interim, the Head of Service will issue a circular that removes all cases of duplicate BVNs from the state payroll. Public servants who do not present evidence of their Retirement Savings Accounts (RSAs) will also be temporarily removed from the payroll;
- v. Restrict New Employment: the government will continue its push to refresh and revitalize public service ranks by injecting new blood. While it will conclude its ongoing recruitment process, resumption of new recruits will be put on hold until the fiscal situation is clearer;
- vi. Expand Revenue Base: by getting more citizens to pay ground rent, presumptive tax and development levy;
- vii. Local government councils will be encouraged to adopt similar cost-cutting and revenue enhancement measures to preserve their ability to discharge critical obligations.

2.5 Fiscal Updates

Revenues

48. On the Revenue side, the document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – original budget versus actual for the period 2014-2019 (six year historic) and 2020 budget.

Figure 2. Statutory Allocation



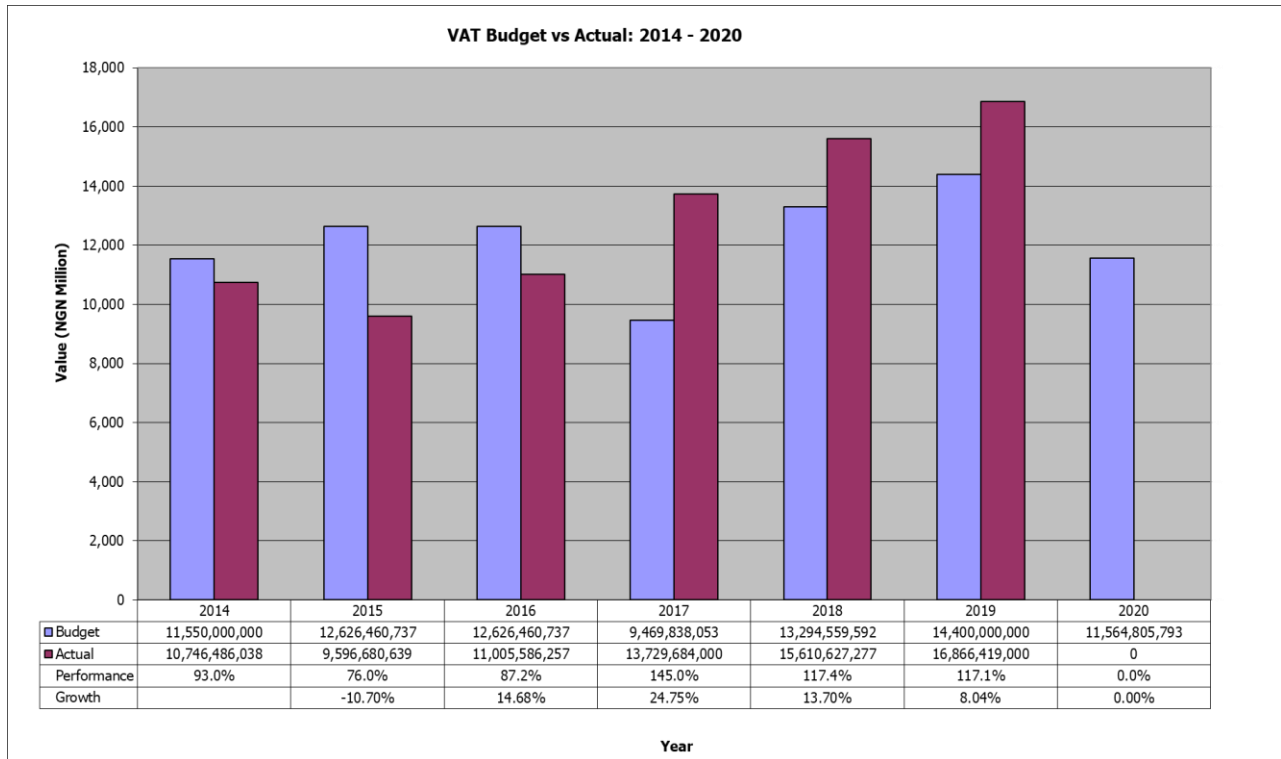
49. FAAC Statutory Allocation constitutes all Federal account transfers (excluding VAT and other Statutory Transfers). There has been a steady increase in Statutory Allocation since 2016/2017 economic recession. This increase is as a result of the rise of global oil prices, stability in crude oil production owing to the improved security in the oil rich Niger Delta Region and improved economic activities which directly affects Company Income Tax (CIT) and Customs and Excise Duties (C&E).

50. Other factors leading to the improved FAAC Statutory Allocation include the Federal Government's zeal to improve the non-mineral revenue to reduce its over-dependence of oil and gas as its major revenue sources. Great reforms were introduced mainly in FIRS and Nigerian Custom Service which yields positive results.

51. We expect to see a decline of Statutory Allocation in 2020 due to the effects on the Novel Covid-19 pandemic which caused global oil prices to crash below \$20/barrel and the negative effects of the lockdown which affected economic activities most especially VAT, CIT and C&E.

The State has consistently recorded an improved consistency of budget performance over the years and expects 2020 budget performance to exceed previous years.

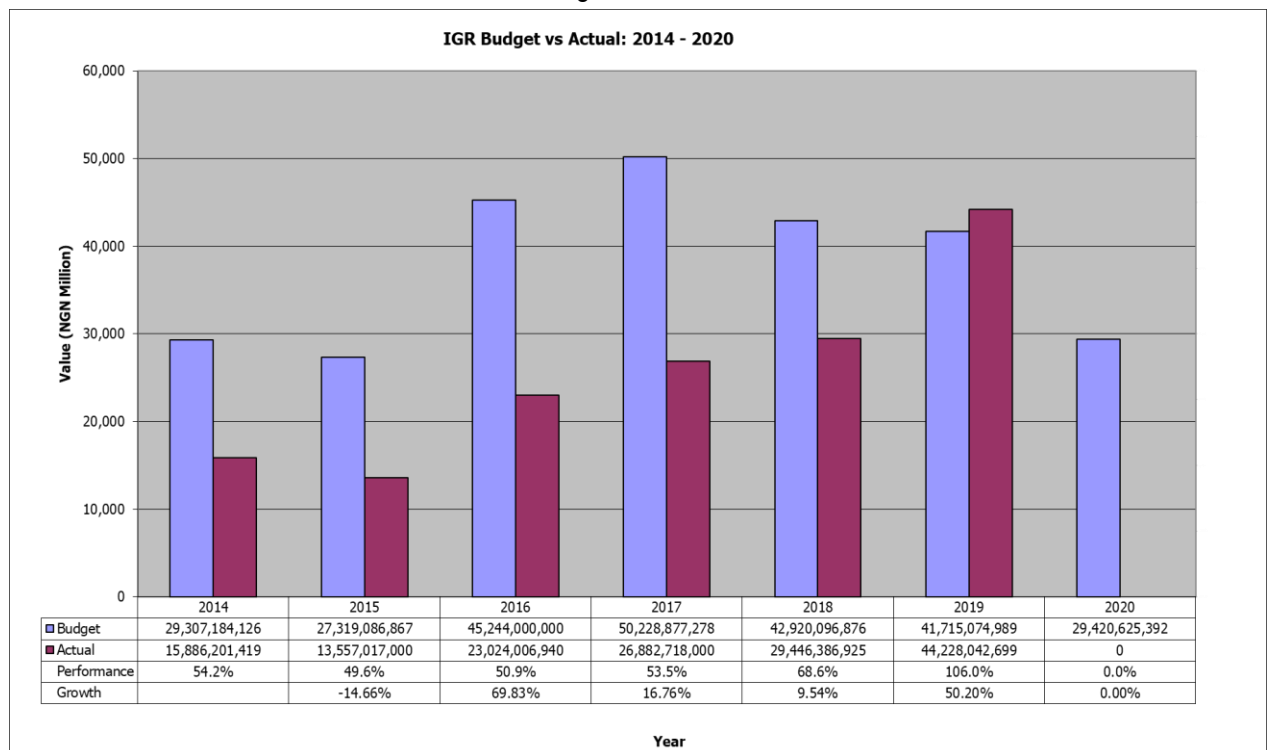
Figure 3. VAT



52. VAT has constantly surge ever since the country exited recession in 2017. It is collected by the Federal Inland Revenue Service (FIRS) which has undergone reforms in recent time to improve collection. The Nigerian Legislators passed the Finance Bill 2020 which was signed into law by the Federal Government with effect from February 2020. The Finance Bill increased VAT by 2.5% from 5% to 7.5%.

53. It is expected that there will be more revenue to finance key government projects especially in the areas of health, education and critical infrastructure. Kaduna State's VAT is tied to capital projects and it is expected that budget performance to exceed previous years even though the lockdown caused by the Covid-19 Pandemic has slowed economic activities.

Figure 4. IGR

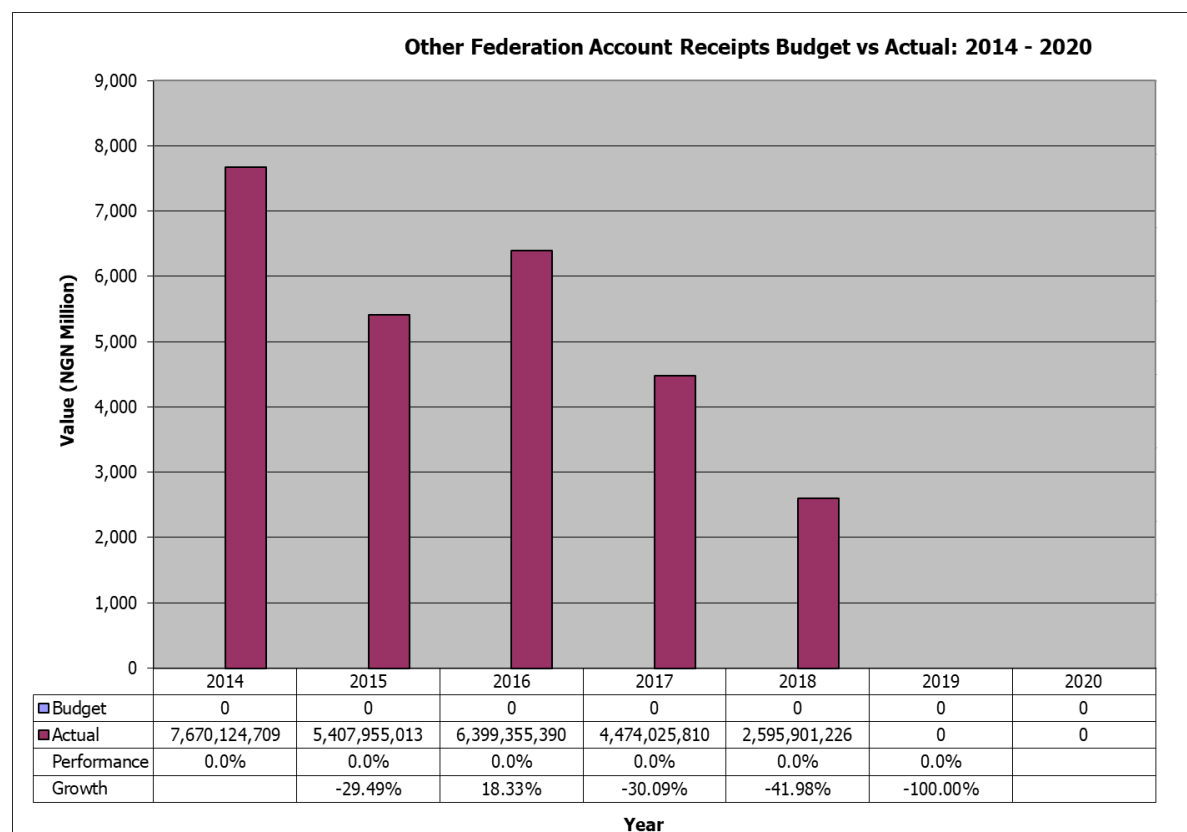


54. The Kaduna State Tax Codification and Consolidation Law has greatly enhanced collections and blocked leakages. Since its passed and signed into law in 2016, the State has continued to

witness a steep rise in its IGR Making it the 6th highest and the 1st in the country and the North respectively. Its Rise from 2015 to 2019 is more than 200% increment.

55. The Covid-19 lockdown may affect businesses and other sources of IGR especially in the Q2 and Q3 of 2020. Major sources of IGR such as MDAs' Revenue, Direct Assessment, Road Taxes and other taxes may be greatly affected. Only PAYE is expected to maintain its current trend.

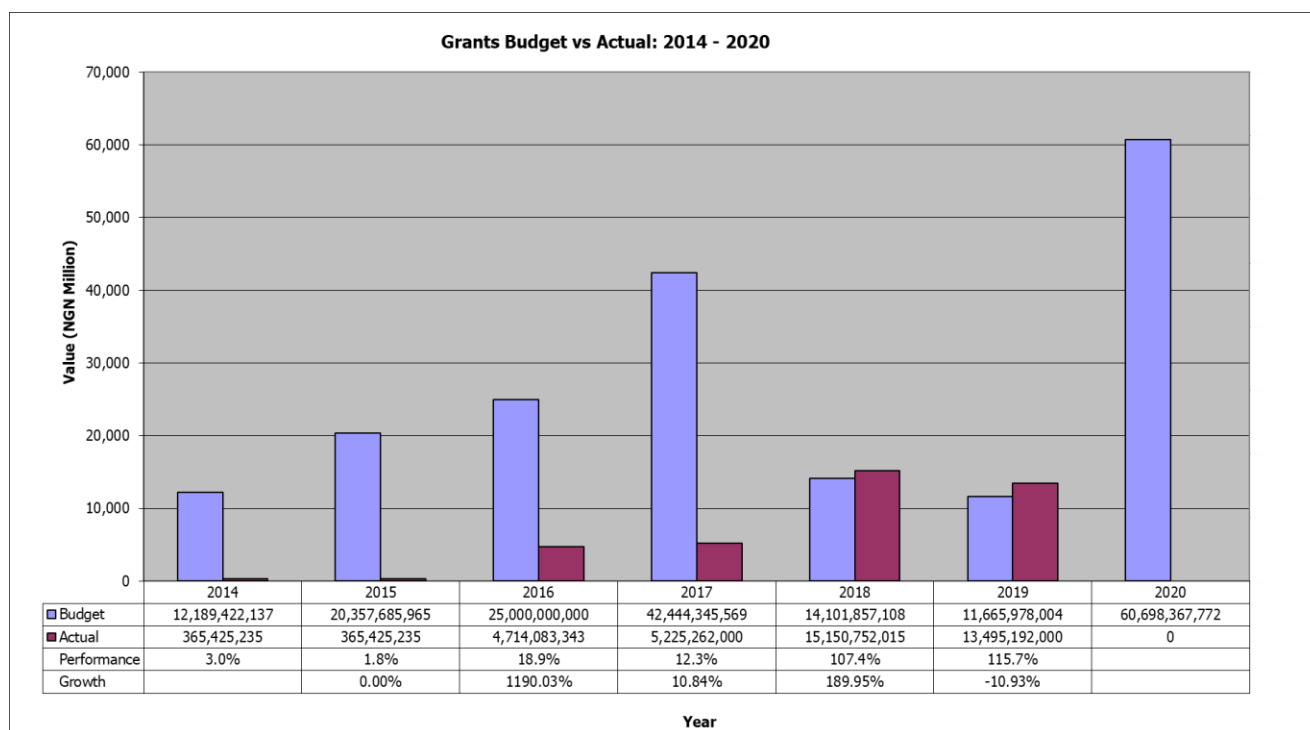
Figure 5. Other Capital Receipt



56. The above figure only reflects the actual figures while the budgeted is being captured in the Statutory Allocation as a one-line revenue item. Budgeting for Other Federation Account is risky and difficult because it's at the discretion of the Federal Government and the State has no clear data to make projection.

57. Other Federation Account Receipts comprises The Nigerian National Petroleum Corporation (NNPC) Refund, Augmentation, Exchange Gains, and Nigerian Liquefied Natural Gas (NLNG) etc. These are difficult to forecast and budget for 2021-2023 considering inadequate knowledge, timing and amount of receipts of such revenues.

Figure 6. Grants

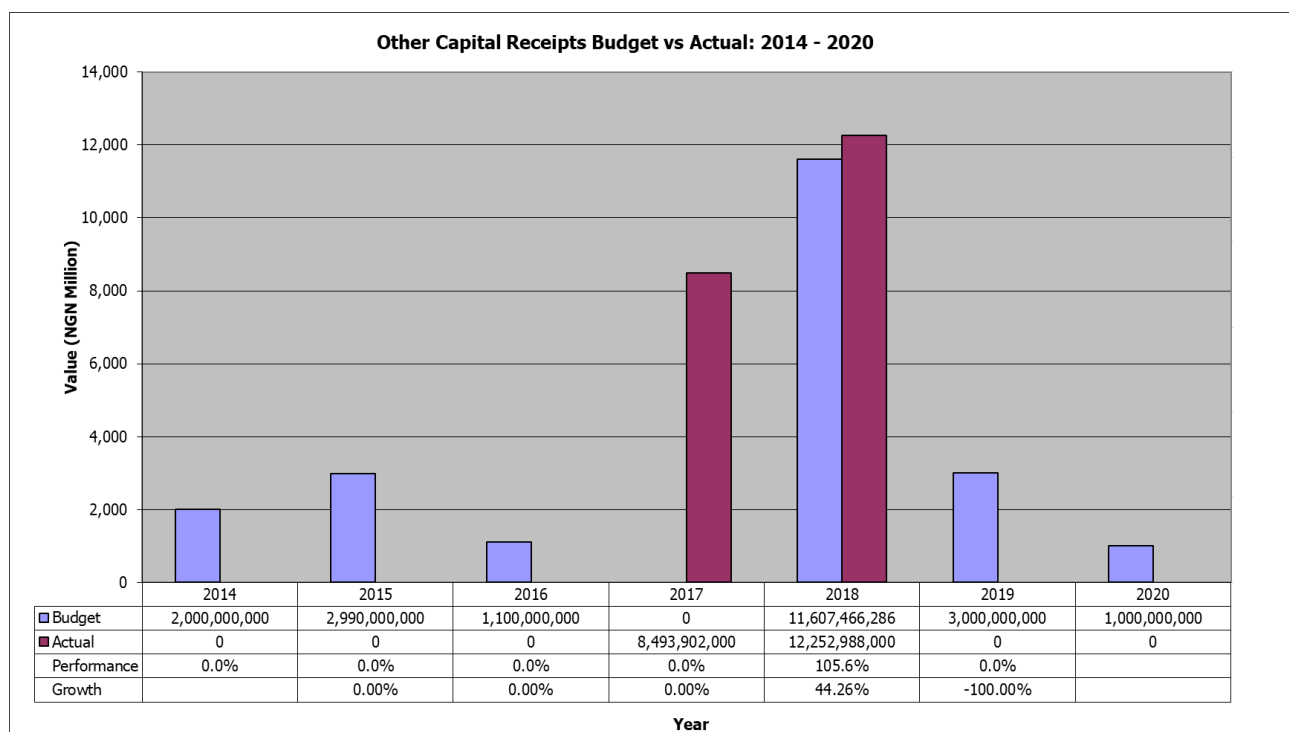


58. The budget for grants between 2014 and 2017 has been very unrealistic with a poor performance in collection. This is partially attributed to the none-capture in governments accounts of funds granted by Development Partners, they tend to carry out programmes and projects directly with Implementing Partners (MDAs) without passing through bank accounts that are under the control of the OAG.

59. Other reasons for poor performance include delays in the negotiations with Implementing Partners and non- timely payment of counterpart funds and other requirements from the State Government.

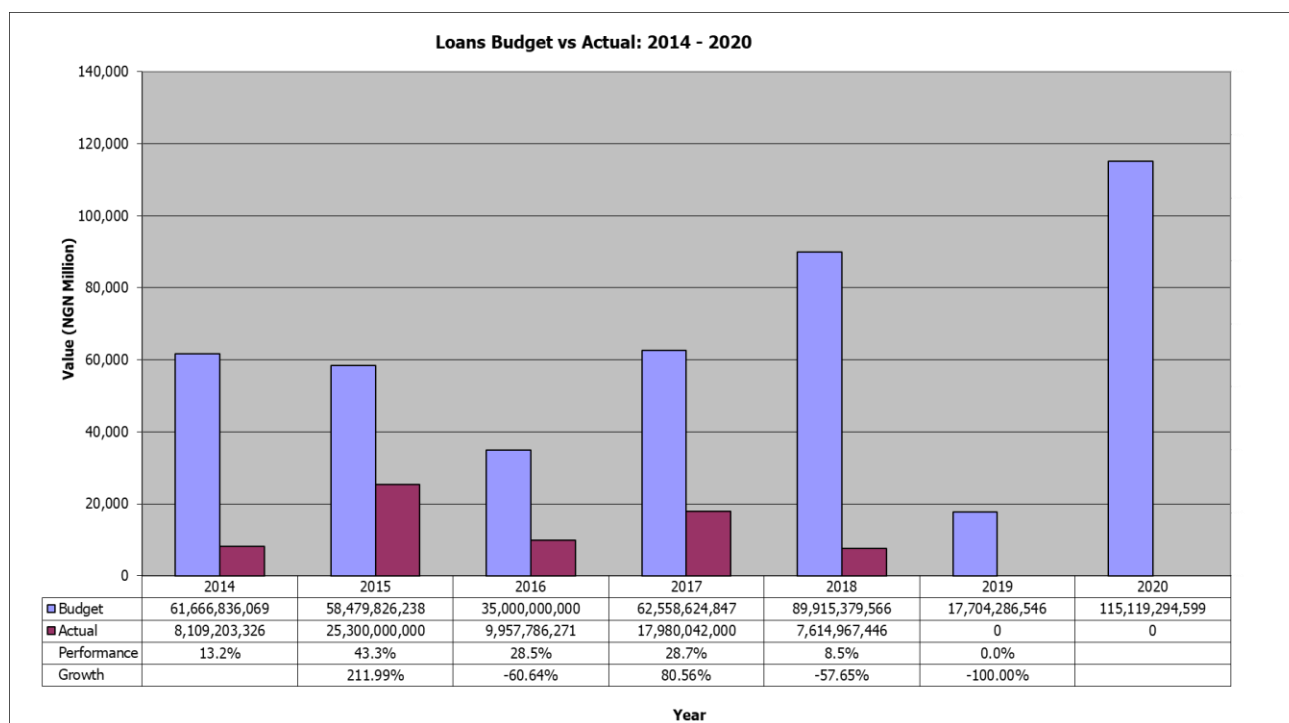
60. The launch of the Kaduna State International Development Coordination Framework (2017-2020) has greatly contributed in addressing the aforementioned challenges. This can be seen in the figure above where the State recorded an over performance of Grants in 2018 and 2019. We foresee an even better performance in 2020.

Figure 7. Other Capital Receipt



61. Other Capital receipts comprises revenue from sales of capital assets dedicated for capital expenditure. Survey and demarcation of layouts, development levy by land allottees, Ecological Fund, etc. Although capital receipt has been consistently budgeted since 2013, there has been no budget performance except for 2017 and 2018 largely due to government commitments to reforms and these are mainly Paris Club Refund.

Figure 8. Loans

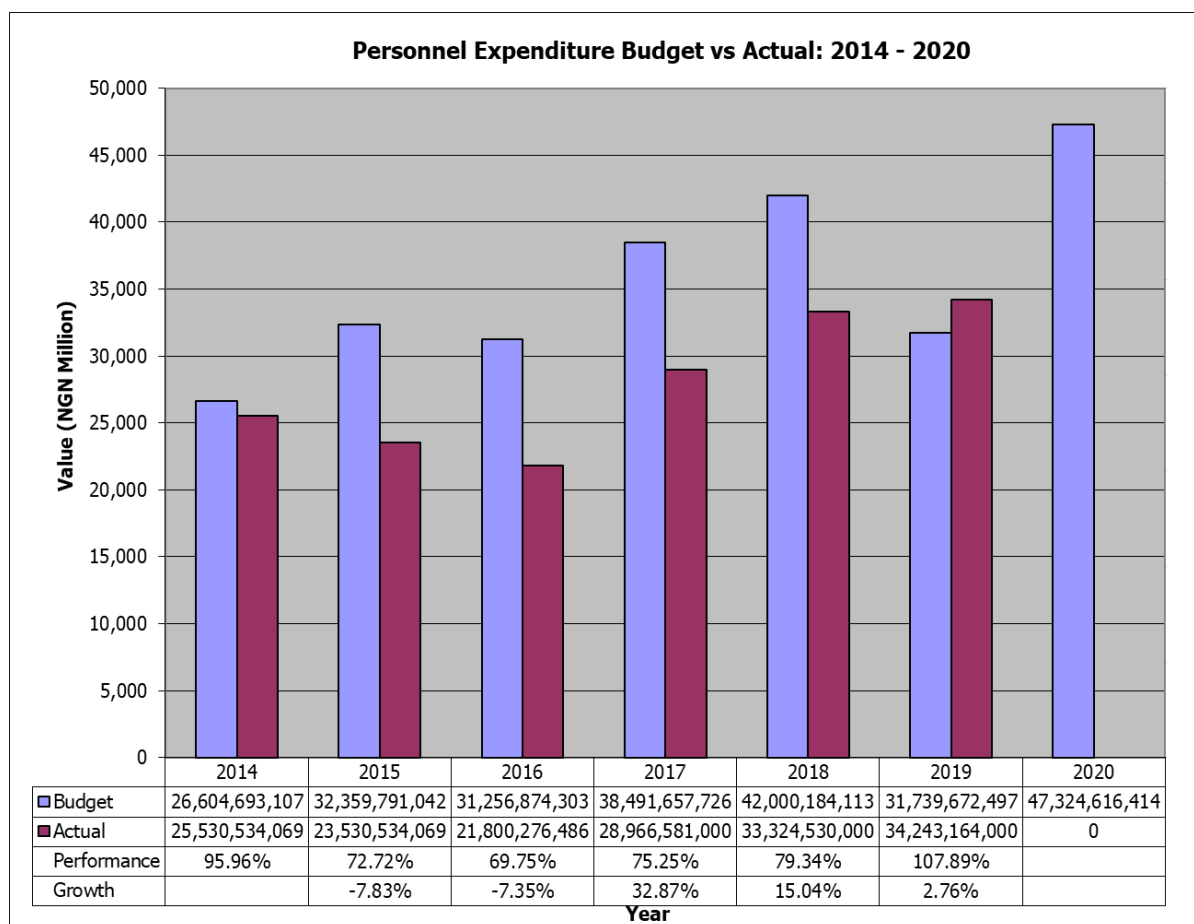


62.

Expenditure Side

On the expenditure side, the document looks at Recurrent (Personnel & Overheads) and Capital Expenditure – budget versus actual for the period 2014-2019 (six years) and 2020 budget.

Figure 9. Personnel Costs



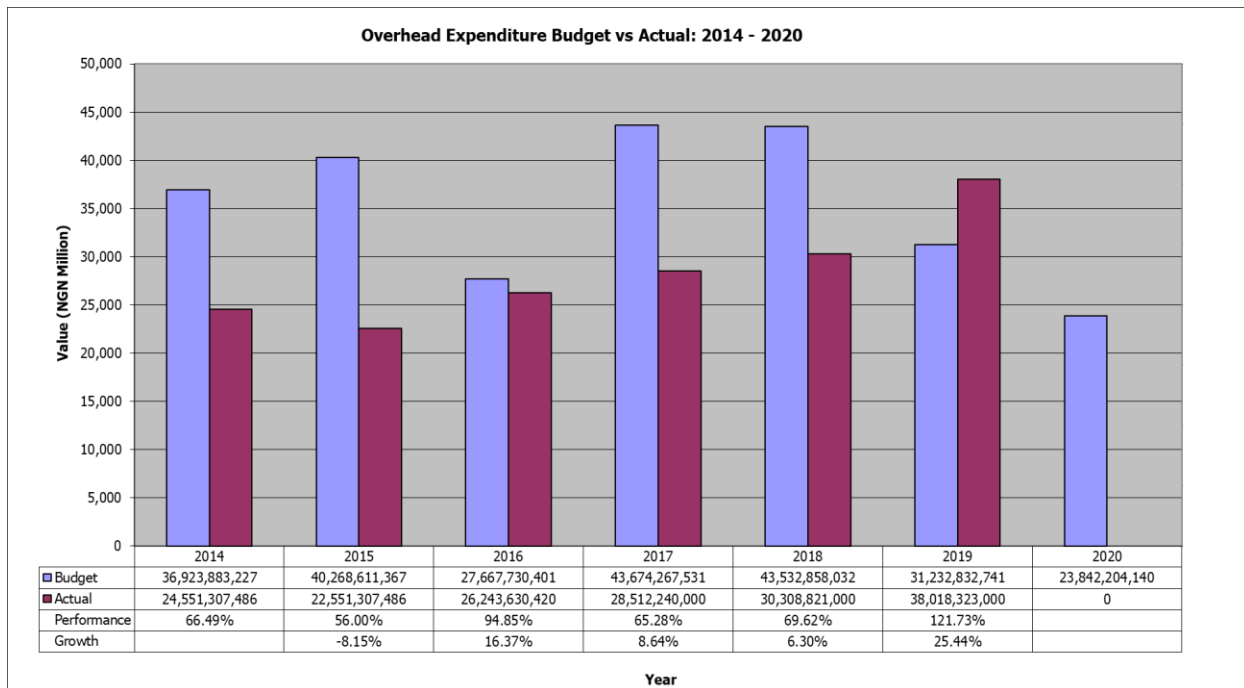
63. Remunerations due to the employees of the State which is paid centrally through the Treasury Single Account (TSA) make up the overall personnel cost. With the introduction and implementation of the new Pension scheme and re-structuring of the Civil Service, the State recorded a sizeable decline in the number of staff from the service. This further contributed to the decrease in the personnel cost in 2016. In addition to this is the introduction and implementation of the IPSAS Chart of Account where some Component of the personnel cost is now being captured as overheads.

64. There was a significant increase in budgeted and actual personnel expenditure in 2017 – this is due to the capture of 60% contribution from Local Government Councils for the Primary Health Care personnel costs and also plans for additional staff into the service has informed the increase in the Budgeted Personnel figure of 2017 and 2018.

65. Performance of personnel cost from 2016-2018 experienced a steady rise due to employments in key Ministries such as Ministry of Health, Education, Planning and Budget Commission among others.

66. The imminent implementation of the new N30,000 minimum wage, will translate into a projected increase in the personnel cost in the 2020 budget and beyond.

Figure 10. OverHead Cost

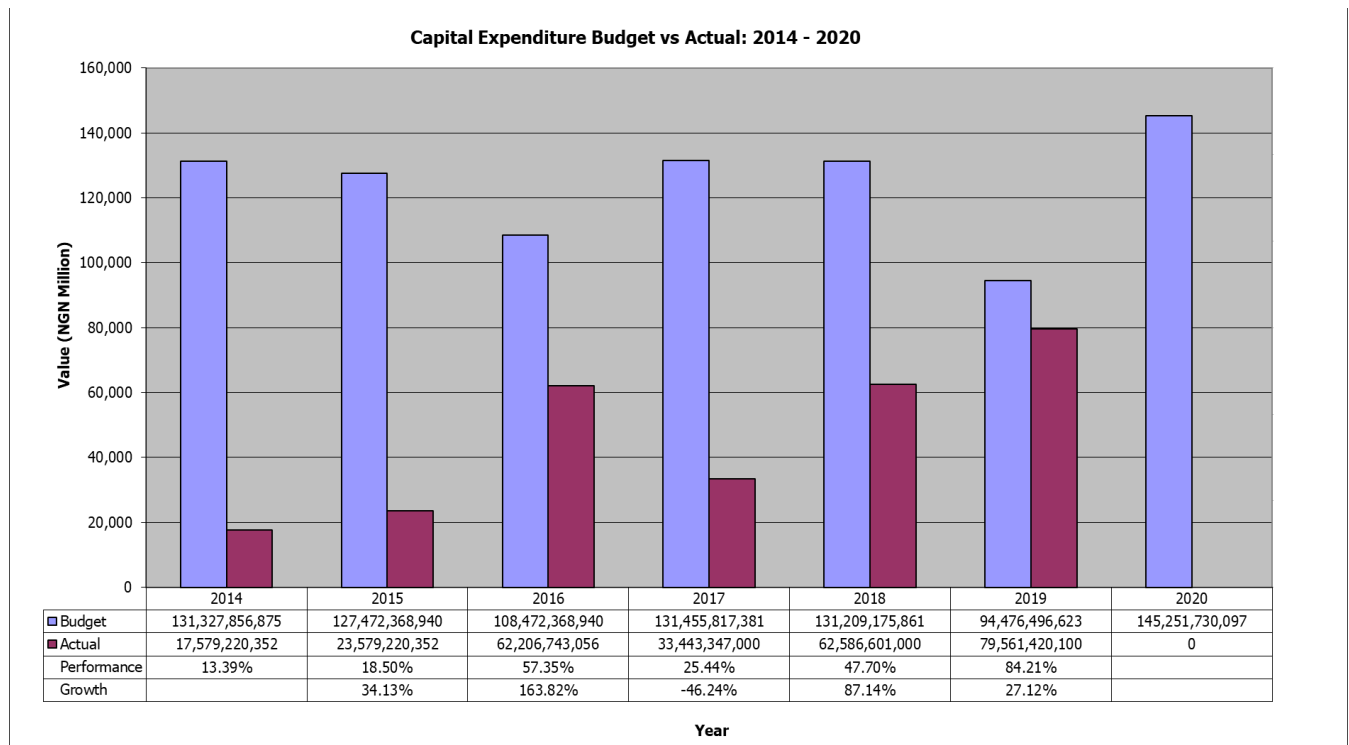


67. Overhead costs, often referred to as overhead or operating expenses, refer to those expenses associated with running the government that can't be linked to creating or producing a product or service. They are the expenses the government incurs due to day-to-day running of the government. The adoption of zero based budgeting (ZBB) system, cutting down of overhead cost to 60%, the reduction of ministries from 24 to 13 were all targeted at reducing the cost of governance in the State, blocking leakages and wastes.

68. As global oil prices plummeted in 2015/2016 Kaduna State adopted a Budget Adjustment Mechanism which is aimed to prioritise CAPAX over Recurrent Expenditure most especially Overhead Cost. The effect can not be seen in the figure above because of the Government's decision to pay outstanding and three years backlogs of gratuities it inherited.

69. Furthermore, the implementation of IPSAS is another reason for the sharp increase which takes away gratuity as personnel component to overheads. Once, this backlog is cleared, it is expected that the Overhead cost should decline drastically. We expect to see a fall in Overhead Performance in 2020 because of the effect of Covid-19 Pandemic which necessitates cut on non-essential spending especially overheads.

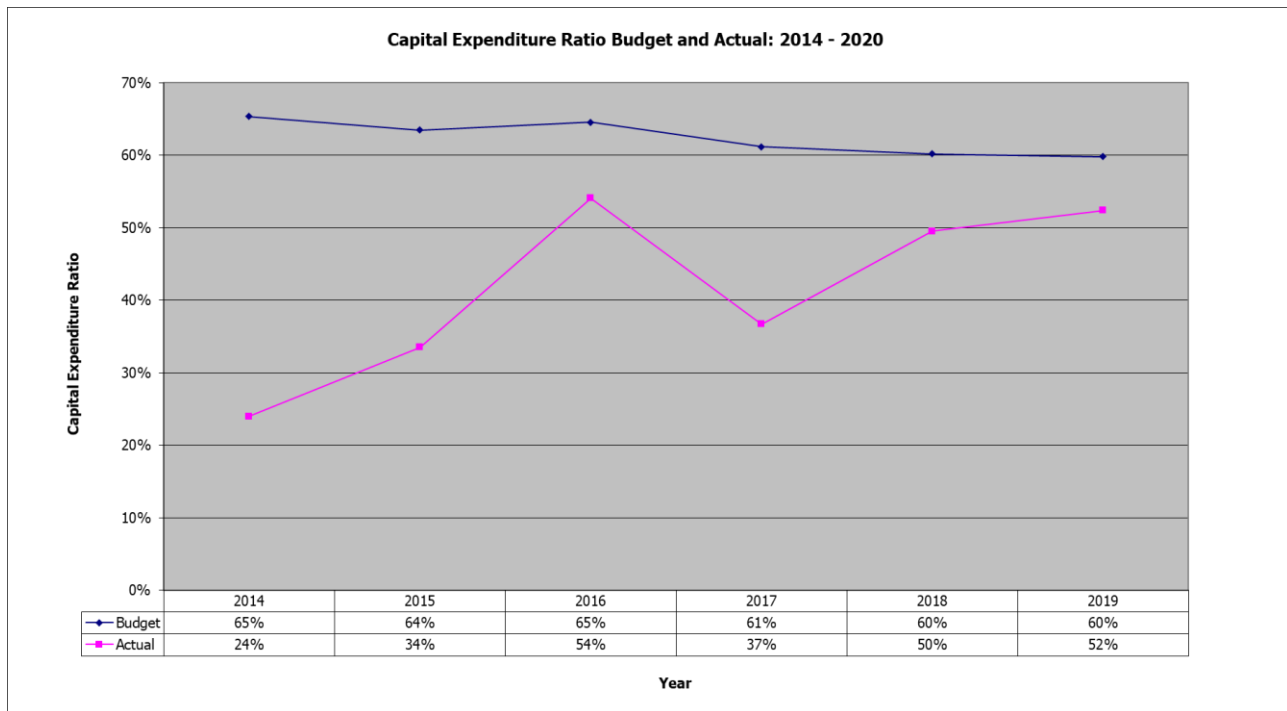
Figure 11. Capital Expenditure



70. The drawdown of the World Bank Loan has led to an increase of Actual Capital Expenditure in 2019 which recorded 84.21% performance. The decline in 2019 budgeted as compared with previous years follows a realistic approach, capturing only undisputable revenue that are set to accrue to the State. Which was as a result of the State's resolve to make a modest revenue projection in line with the actual trend to avoid mismatch between budget and the actual.

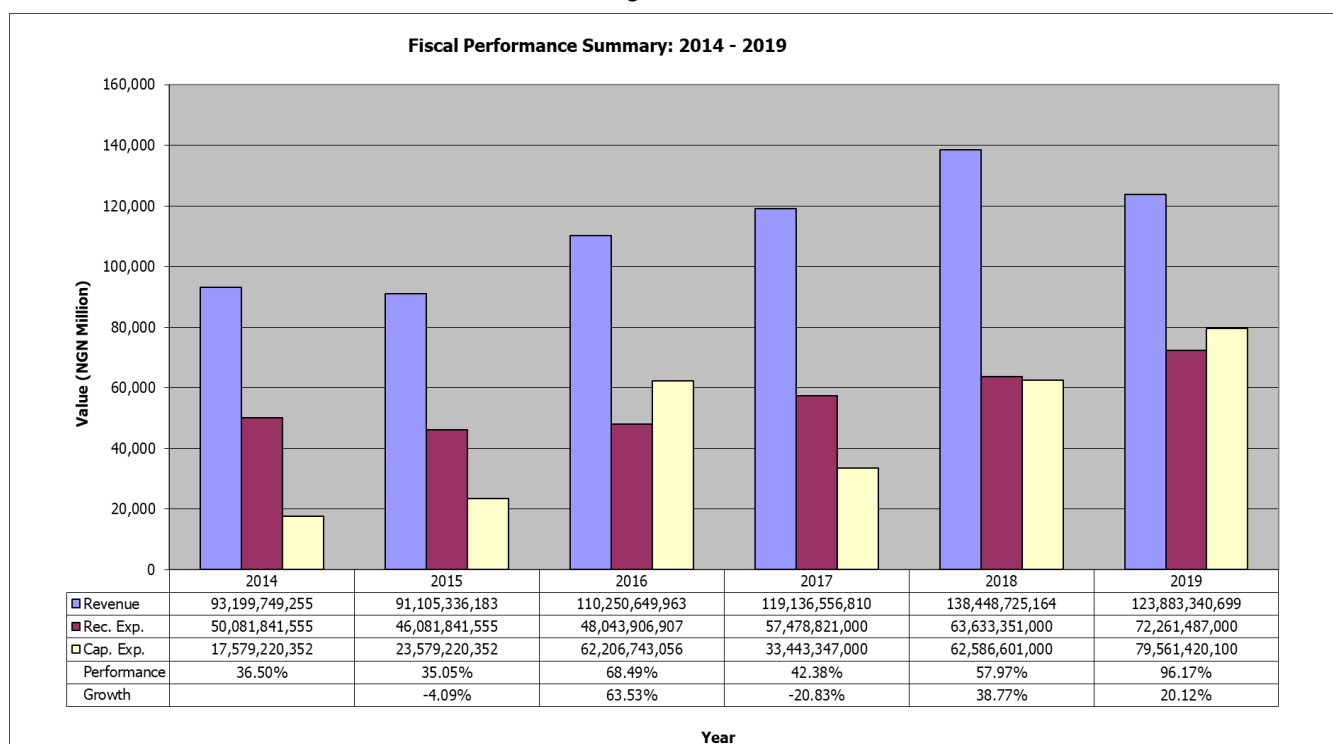
71. A better Performance will be likely seen in 2020 as the State Launched an Urban Renewal Programme which gives all projects under it as the State's priority, their funding will also be prioritised as well this will result in a much better performance.

Figure 12. Recurrent- Capital Expenditure Ratio



72. Political considerations negatively affect budget realism in 2017, 2018 and 2019. The 60:40 Budget ratio is being adhered to during budget allocation; however, this is not the case in terms of actual expenditure except in 2016 where both budgeted and actuals reflected the 60:40. In 2019 the State accessed the first tranche of the World Bank P4R Loan, this is expected to significantly increase capital expenditure as 80% of the funds are allocated to capital. This trend is expected to continue through to 2021. This means the Capital expenditure performance will be at a minimum of 60% in 2020 and 2021. There is a risk of reversing this trend in 2022 when the P4R loan is exhausted

Figure 13. Summary of Fiscal Performance



By Sector

Budget and actual expenditure of the sectors and sub-sectors in terms of personnel, overhead and capital expenditure are presented in Tables below. The sub-sectors can be further categorized into the major sectors of Governance, Social, Economic and Law and Justice

Table 6. Personnel Expenditure by Sector

Personnel Expenditure by Sector											
No.	Sector	2016 Budget	2016 Actual	2017 Budget	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2019 Actual	Performance	Average Budget/Average Actual
1	Governance - Government House	758,616,437	647,671,001	85,392,286	146,162,860	76,432,502	171,829,713	146,169,381	503,332,228	137.73%	0.73%
2	Governance - Office of the Head of Service & Parastatals	373,081,291	303,765,777	324,824,668	331,665,369	209,818,144	314,326,581	193,607,249	147,189,017	99.60%	0.76%
3	Governance - Secretary to the State Government	827,234,154	644,977,601	489,997,744	509,023,417	899,075,910	919,835,743	900,719,360	803,691,220	92.32%	2.14%
4	Governance - Planning and Budget Commission	180,159,389	166,319,861	315,675,039	61,407,179	321,407,981	157,582,411	279,633,887	217,736,241	54.98%	0.75%
5	Governance - Ministry of Finance & Parastatals	1,371,346,798	671,993,949	2,230,448,236	612,399,662	2,269,556,232	671,459,816	706,782,412	860,193,915	42.81%	4.52%
6	Governance - Ministry for Local Government	32,587,856	86,804,414	85,778,041	28,928,745	51,171,701	55,959,304	28,928,745	74,498,997	124.05%	0.14%
7	Governance - Office of the State Auditor-General	50,618,101	100,726,432	105,881,972	94,737,177	89,612,578	72,812,626	95,775,093	87,185,297	103.97%	0.23%
8	Governance - Office of Auditor-General (Local Govt)	89,172,871	95,862,788	99,805,620	108,633,734	97,687,812	85,851,445	108,633,734	100,842,149	98.96%	0.27%
9	Governance - Public Procurement Authority	30,261,455	0	28,255,781	26,213,370	28,670,835	38,233,887	58,772,810	52,004,039	79.78%	0.10%
10	Governance - Local Government Service Commission	669,468,576	39,799,032	30,937,034	453,030,901	31,162,884	29,878,010	41,478,728	26,546,826	71.05%	0.53%
11	Governance - Civil Service Commission	62,640,114	47,718,772	534,111,189	46,822,839	48,154,100	40,946,874	48,652,203	56,942,902	27.75%	0.48%
12	Governance - Kaduna State Indep. Electoral Commission	97,259,328	84,678,721	60,758,154	103,431,964	70,125,631	90,067,372	103,431,964	100,454,124	114.19%	0.23%
13	Governance - State Emergency Management Agency	0	0	82,601,188	74,007,207	76,195,720	57,338,913	74,007,207	78,767,336	90.25%	0.16%
15	Health	834,539,105	6,063,013,583	13,380,891,366	6,672,452,454	15,168,166,362	9,136,459,713	8,031,188,739	10,494,135,459	86.51%	25.72%
16	Education	11,647,267,297	8,812,230,063	15,829,766,274	6,658,893,294	15,735,660,963	13,749,799,543	13,820,065,504	16,510,894,522	80.19%	39.20%
17	Social Welfare	354,213,224	185,073,828	260,547,145	103,981,869	259,500,707	169,529,794	250,701,655	0	40.76%	0.77%
18	Works and Infrastructure	251,795,312	303,699,063	1,235,426,488	1,086,072,702	1,846,743,770	984,841,612	1,208,580,695	1,656,129,720	88.73%	3.12%
19	Rural & Community Development	541,699,006	62,559,558	81,793,381	59,650,004	121,073,074	51,172,010	76,896,073	0	21.11%	0.56%
20	Agriculture	656,704,425	665,951,083	857,097,961	710,526,771	858,334,401	604,479,710	710,522,771	786,484,609	89.77%	2.12%
21	Water	13,822,541	69,354,049	71,254,715	95,079,414	75,824,906	74,009,878	100,829,836	0	91.10%	0.18%
22	Environment	141,901,380	194,199,107	143,908,633	180,933,045	145,619,452	130,103,008	150,933,045	179,147,766	117.52%	0.40%
23	Commerce	68,443,788	80,739,471	275,021,797	189,044,849	203,291,626	147,270,435	189,044,849	194,668,545	83.14%	0.51%
24	Internal Security, Law and Justice - Ministry of Justice	0	150,899,676	159,020,839	179,093,248	2,296,618,393	1,925,002,926	2,553,507,141	2,209,498,996	89.13%	3.44%
25	Internal Security, Law and Justice - Other Non-SIP MDA's	12,607,058,449	1,594,417,515	2,051,039,976	1,708,881,554	703,053,137	1,151,871,812	1,360,675,703	823,034,977	31.56%	11.49%
	Total	31,763,540,612	21,750,233,941	40,157,338,555	21,469,430,891	42,057,437,402	31,081,016,207	31,506,341,272	36,016,214,949	75.83%	100.00%

Table 7. Overhead Expenditure by Sector

Overhead Expenditure by Sector											
No.	Sector	2016 Budget	2016 Actual	2017 Budget	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2019 Actual	Performance	Average Budget
1	Governance - Government House	1,710,504,218	1,305,757,693	816,331,176	1,519,450,737	1,935,503,232	3,154,810,084	1,060,031,160	3,783,115,009	176.79%	3.67%
2	Governance - Office of the Head of Service & Parastatals	1,090,185,000	443,166,892	820,786,809	622,142,403	707,739,914	299,157,107	607,062,906	247,056,402	49.96%	2.14%
3	Governance - Secretary to the State Government	3,281,361,000	298,130,786	4,303,098,752	3,719,978,570	3,823,118,664	3,673,296,452	2,824,940,112	2,874,082,608	74.23%	9.46%
4	Governance - Planning and Budget Commission	161,532,000	183,076,615	218,012,739	152,263,312	245,584,710	236,862,398	259,234,812	188,250,136	85.99%	0.59%
5	Governance - Ministry of Finance & Parastatals	18,170,485,500	11,453,293,134	27,182,330,292	19,028,448,855	23,768,890,853	15,463,753,264	14,915,120,946	15,255,846,076	72.83%	55.83%
6	Governance - Ministry for Local Government	454,445,000	361,180,304	445,570,494	402,567,730	521,559,507	404,324,138	339,013,679	352,031,998	86.34%	1.17%
7	Governance - Office of the State Auditor-General	27,281,000	27,206,966	31,287,246	34,330,328	36,872,800	30,641,030	23,967,320	24,570,546	97.77%	0.08%
8	Governance - Office of Auditor-General (Local Govt)	31,058,000	16,294,700	29,610,215	16,194,601	43,577,100	28,160,668	28,325,115	19,955,561	60.80%	0.09%
9	Governance - Public Procurement Authority	32,434,000	0	8,995,356	7,140,943	167,255,200	41,209,594	108,715,880	104,226,352	48.07%	0.21%
10	Governance - Local Government Service Commission	1,297,000	1,024,793	2,390,500	1,017,909	4,856,200	1,136,201	3,156,530	795,869	33.97%	0.01%
11	Governance - Civil Service Commission	18,625,000	15,132,289	17,558,812	17,540,759	27,295,366	25,353,633	17,741,988	49,187,365	132.00%	0.05%
12	Governance - Kaduna State Indep. Electoral Commission	20,665,000	15,252,452	18,028,501	17,991,259	18,699,070	15,127,508	12,154,396	10,967,904	85.32%	0.05%
13	Governance - State Emergency Management Agency	0	0	147,458,920	188,490,102	148,094,620	134,219,444	96,261,503	182,205,671	128.87%	0.26%
15	Health	713,460,067	971,591,089	961,368,787	473,758,595	1,977,384,995	397,863,817	2,303,775,857	950,049,965	46.90%	3.96%
16	Education	3,520,046,195	2,176,593,467	4,170,735,739	1,763,400,312	4,289,312,391	2,202,383,523	3,195,740,001	3,716,405,109	64.96%	10.08%
17	Social Welfare	294,915,000	304,136,195	253,294,760	60,484,562	247,984,715	205,576,196	226,612,578	0	55.75%	0.68%
18	Works and Infrastructure	153,509,000	19,523,340	466,680,869	143,819,854	951,421,924	285,092,535	737,812,225	594,971,924	45.18%	1.53%
19	Rural & Community Development	317,283,000	87,325,942	152,149,014	84,628,740	36,538,000	27,081,099	23,749,700	0	37.57%	0.35%
20	Agriculture	33,061,000	18,103,840	37,293,665	31,187,351	40,883,750	32,995,694	25,664,438	28,645,624	81.03%	0.09%
21	Water	21,021,000	81,204,106	21,155,543	15,779,515	64,239,350	28,320,600	54,755,577	0	77.75%	0.11%
22	Environment	55,670,000	53,807,323	50,671,906	59,148,226	125,654,401	49,052,749	91,675,361	57,572,384	67.84%	0.22%
23	Commerce	44,806,000	9,756,001	175,777,126	99,246,831	139,296,744	106,979,632	90,542,884	84,080,719	66.62%	0.30%
24	Internal Security, Law and Justice - Ministry of Justice	126,852,000	43,811,867	69,265,216	83,397,713	1,119,171,395	592,048,468	852,316,911	1,880,133,524	119.92%	1.44%
25	Internal Security, Law and Justice - Other Non-SIP MDA's	357,693,000	242,600,219	407,095,507	375,337,485	2,655,055,923	4,720,934,864	3,296,376,893	2,196,603,235	112.20%	4.46%
	Total	32,208,447,901	19,674,217,034	43,634,863,831	31,580,652,452	43,409,913,858	32,371,827,837	31,265,834,281	32,606,572,789	77.22%	100.00%

Table 8. Capital Expenditure by Sector

Capital Expenditure by Sector											
Sector	2016 Budget	2016 Actual	2017 Budget	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2019 Actual	Performance	Average Budget	Average Actual
Governance - Government House	7,101,594,690	3,067,138,884	7,150,078,245	1,533,616,368	0	486,686,054	0	486,686,054	39.11%	3.06%	2.53%
Governance - Office of the Head of Service & Parastatals	49,618,550	870,000	227,016,400	0	41,700,000	0	20,000,000	0	0.26%	0.07%	0.00%
Governance - Secretary to the State Government	2,100,000,000	1,372,800,000	2,627,641,006	250,000,000	4,959,498,770	4,535,307,597	2,910,162,926	4,535,307,597	84.89%	2.70%	4.85%
Governance - Planning and Budget Commission	1,393,440,000	1,928,453,140	3,214,973,002	919,667,929	1,984,686,712	556,160,287	2,919,519,992	556,160,287	41.63%	2.04%	1.80%
Governance - Ministry of Finance & Parastatals	5,988,353,052	5,996,404,827	5,306,802,500	2,470,731,288	9,187,518,085	3,293,608,367	5,041,673,996	3,293,608,367	58.98%	5.47%	6.83%
Governance - Ministry for Local Government	131,078,000	55,506,129	347,990,064	0	362,183,322	9,858,401	235,408,602	9,858,401	6.99%	0.23%	0.03%
Governance - Office of the State Auditor-General	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Governance - Office of Auditor-General (Local Govt)	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Governance - Public Procurement Authority	0	0	0	0	98,200,000	3,737,895	36,000,000	3,737,895	5.57%	0.03%	0.00%
Governance - Local Government Service Commission	0	0	0	0	85,250,000	0	0	0	0.00%	0.02%	0.00%
Governance - Civil Service Commission	0	0	0	0	0	0	0	0	0.00%	0.00%	0.00%
Governance - Kaduna State Indep. Electoral Commission	1,100,000,000	1,099,447,806	1,013,002,500	0	1,013,002,200	100,000,000	100,000,000	100,000,000	40.28%	0.69%	0.59%
Governance - State Emergency Management Agency	0	0	92,550,002	0	0	0	80,550,000	0	0.00%	0.04%	0.00%
Health	6,661,683,064	1,620,580,739	10,490,384,271	3,111,542,644	17,576,392,531	5,571,365,122	13,252,536,696	5,571,365,122	33.09%	10.29%	7.21%
Education	27,989,429,588	15,129,401,678	44,847,334,630	6,134,710,969	31,710,601,337	7,568,656,587	25,411,508,484	7,568,656,587	28.01%	27.87%	16.52%
Social Welfare	254,151,200	158,404,561	2,303,668,000	138,822,237	941,472,400	319,815,714	543,990,060	319,815,714	23.17%	0.87%	0.43%
Works and Infrastructure	30,135,565,941	22,334,634,678	29,391,981,823	13,079,964,930	27,797,166,960	32,221,683,451	13,995,963,685	32,221,683,451	98.56%	21.73%	45.33%
Rural & Community Development	2,977,051,117	1,451,283,238	7,079,453,000	659,703,373	5,612,547,401	403,868,074	6,978,426,506	403,868,074	12.89%	4.86%	1.32%
Agriculture	5,577,475,528	1,079,018,110	4,665,051,846	726,707,393	4,013,798,115	642,929,425	1,181,385,516	642,929,425	20.03%	3.31%	1.40%
Water	11,403,208,639	4,355,314,452	8,602,882,812	1,116,948,657	11,211,327,691	2,006,090,820	10,195,836,711	2,006,090,820	22.90%	8.88%	4.31%
Environment	2,115,820,161	1,709,699,081	4,888,786,060	2,098,467,117	3,745,946,260	1,679,817,979	3,376,659,697	1,679,817,979	50.74%	3.03%	3.25%
Commerce	1,336,000,000	359,565,676	1,551,537,348	418,313,709	1,113,265,426	403,068,220	771,701,322	403,068,220	33.19%	1.02%	0.72%
Internal Security, Law and Justice - Ministry of Justice	119,785,000	0	247,835,850	75,132,910	2,348,374,667	482,790,669	1,946,130,684	482,790,669	22.32%	1.00%	0.47%
Internal Security, Law and Justice - Other Non-SIP MDA's	439,320,000	372,820,000	978,008,250	82,080,387	1,546,320,730	1,317,082,818	1,810,621,724	1,317,082,818	64.70%	1.02%	1.40%
Total	107,287,774,530	62,091,342,998	135,026,977,609	32,816,409,911	129,530,895,282	62,689,126,961	94,476,498,623	62,689,126,961	47.24%	100.00%	100.00%

Debt Position

A summary of the consolidated debt position for Kaduna State Government as at December 2019 is provided in the table below.

Table 6. Debt Position

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2019
	Solvency Ratios		Percentage
1	Total Domestic Debt/Total Recurrent Revenue	50%	71.47%
2	Total Domestic Debt/IGR	150%	178.39%
3	Total External Debt/Total Revenue	50%	153.29%
4	Total Public Debt/Total Revenue	100%	224.76%
5	Total Public Debt/State GDP Ratio	40%	No GDP Figure Available
	Liquidity Ratios		
6	External Debt Service/Total Revenue	10%	2.97%
7	Total Debt Service/Total Revenue	15%	5.30%
8	Domestic Debt Service/IGR	10%	5.81%
			2019 Actual
B	PUBLIC DEBT DATA AS AT 31st DECEMBER 2019		Naira
1	Total Domestic Debt		78,898,311,155
2	Total External Debt		169,208,480,189
3	Total Public Debt		248,106,791,344
4	Total Domestic Debt Service 2019		2,571,031,230
5	Total External Debt Service in 2019		3,274,569,729
6	Total Public Debt Service		5,845,600,959
C	STATE GDP FOR 2019		
1	State GDP		0

19. **External Loans:** These loans are multilateral loans sourced from different financial institutions for various infrastructure development projects. The financial institutions include International Development Association (IDA), African Development Bank (AfDB), Islamic Development Bank (IDB), etc. The Federal Ministry of Finance (MoF) obtains the credit facility and on-lends to State Governments through the subsidiary loan Agreement.
20. **Internal Loans:** These constitute commercial bank loans (N122,644,161 Million), Federal Government Loan comprising (Salary Bail-Out of N13,2 Billion, Budget support Facility of N16.7 Billion, contractors' arrears N16 billion, Pension & Gratuity Arrears **N21.2** billion and Excess Crude Account Loan of N9,25 Billion) all totalling N78.9 Billion Naira as at December 2019. As part of plans to settle the debt, state Government had agreed to set aside 5% of its internally generated revenue monthly to service the debts an account was opened. An account in that regards was opened but no deposit made yet. Furthermore, a debt clearance framework was developed which sets out guideline for settlement of debt. The State through the Debt Management Department will continue to planned to conduct Debt Sustainability Analysis (DSA) to ascertain the exact debt position and document.
21. **Solvency:** This measures the ability of the State to meet its future debt obligations. From the above analysis, Kaduna State has exceeded all of the sustainable threshold limit.
22. **External Debt Service to Total Revenue:** The External Debt Service to Total Revenue ratio as indicated above is 2.25%. This assessment evaluates the level of pressure put on revenue in providing adequate cover for external debt service. Accordingly, the above assessment clearly shows the robustness of the State's Total Revenue in meeting the External Debt repayment. The risk for external

debt is the potential devaluation of the Naira as occurred in mid-2016. This resulted in a significant one-off increase in the value (and level of servicing) of foreign debt.

23. **Total Debt Service to Total Revenue:** This is a measure of the liquidity position of the State, which assesses the State's ability to meet annual debt service liabilities as they fall due. The ratio of 4.98% as indicated above shows that the liquidity position is good.
24. **Domestic Debt Service to IGR:** This ratio assesses the capacity of the State's Internally Generated Revenue in meeting its domestic debt service obligations. The figure has dropped from 10.49% in 2017 (which was above marginally the 10% threshold) to 9.58% in 2018 as a result of the increases in IGR collection in 2018. It should be noted that the debt servicing figures do not include payment of contract liability arrears. If these were included, both the Total Debt Service to Total Revenue and Domestic Debt Service to IGR would increase quite substantially.

Section 3. Fiscal Strategy Paper

The Macroeconomic framework is based on several different sources of information. For National Inflation and Real GDP growth, figures have been taken from IMF World Economic Outlook April 2019.

Crude Oil production figures from NNP are only available to December 2017 – the trend in the second half of 2017 was 1.95 MBPD. Recent press reports suggest the current production level is close to 2.1 MBPD which is still well below the federal benchmark for 2018 of 2.3. A rate of 2.1 MBPD seems to be prudent although this might be updated based on any production quota changes from OPEC and/or updated official production data from NNPC. There is also the possibility that the move away from JV arrangements may also bring in efficiencies in the market which may also increase production. However the elections in 2019 as well as the broader global outlook will provide downside risks which balance out the above upsides – hence the current rate of production is the most appropriate outlook. (

In predicting the Oil Price Benchmark for the period 2019 - 2021 the current (May 2018) Bonny Light Crude Oil Price (as reported by OPEC) of \$77.73, EIA (June 2018 short term outlook) price outlook for 2019 of \$67.74 (Brent Oil – this translates to around \$70 for Bonny Light)) and the IMF forecasts a 6.5% drop in Crude Oil prices in 2019, and average annual decreases of 2.1% per annum for the following four-year period up to and including 2023 have all been taken into consideration. The EIA / IMF projections would suggest a price of approximately \$67 in 2021.

As with production, there are upsides in terms of the benchmark as the new administrations in 2019 are likely to apply upwards political pressure. Hence the most appropriate assumption for the period is the current rate of \$51 which still allows for a 25% buffer between forecast and benchmark in 2021.

The CBN official exchange rate of N305/\$ (As at 15th June 2018) was considered and the estimate for the exchange rate is pegged at N305/\$ given the relatively steady official exchange rate over the period.

The mineral ratio reflects the percentage of the crude oil sales that get to the federation account. The ratio has improved over the last 12 months however it is still less than 20% based on a 12 month moving average to end of Q1 2018. It is assumed that when the Petroleum Industry Bill (PID) is passed in full (all element) and other reforms around the petroleum industry is implemented, the ratio will increase significantly. However prudence in this respect is strongly advised.

Table 7. Kaduna State Macro Economic Framework

Macro-Economic Framework

Item	2020	2021	2022	2023
National Inflation	12.20%	15.00%	11.30%	11.40%
National Real GDP Growth	-3.40%	1.70%	2.40%	2.70%
Oil Production Benchmark (MBPD)	1.4	1.7	2.0	2.0
Oil Price Benchmark	\$20.00	\$33.00	\$55.00	\$55.00
NGN:USD Exchange Rate	360	360	360	360
Other Assumptions				
Mineral Ratio	34%	34%	35%	38%

Fiscal Strategy and Assumptions

Policy Statement

The overall policy of government when considering its budget remain along the line of the State Development Plan revised edition 2021-2025 which seeks to consolidate the achievements previous Plan. It also considered the following key criteria:

- Invest in education, healthcare and social welfare to ensure Kaduna residents are healthy, productive and competitive.
- Sensitize and protect citizens of the State against public health diseases
- Foster the security of lives and property throughout Kaduna State by targeting the roots and symptoms of intolerance and communal violence.
- Institute a good governance system that is founded on a competent and responsive public service with zero tolerance for corruption.
- Maintain and expand infrastructure particularly water supply, electricity and road networks to accelerate economic growth and create jobs;
- Promote agriculture and food security and reform land administration as a basis for wealth creation and capital formation, while preserving and enhancing environmental management.

Objectives and Targets

The key targets from a fiscal perspective are:

- Ensuring the actualization of the development priorities of the government as articulated in the State Development Plan (SDP) revised edition and respective Sector Implementation Plans (SIPs);
- Maintaining a favourable proportion of Capital to Recurrent expenditure (at least a target of 60%:40%);
- Maintain a sustainable debt position in line with Federal Debt Management Office (FDMO) criteria and State Debt Clearance Framework;
- Expand the revenue base of the state by exploring untapped sources;
- Improve economic growth through investment in infrastructure under State urban renewal project;
- Eliminating wastages and other unjustifiable expenditure that are not clearly linked to policy objectives;

- Ensuring adequate provision of 2020 projects likely to be completed in 2021 or over the period of 2021 - 2023; and
- Ensure the inclusion of sector wide public works programs with significant potential for job creation across all local governments of the state.

Indicative Three-year Fiscal Framework

The indicative three-year fiscal framework for the period 2021-2023 is presented below;

Table 8. Kaduna State Fiscal Framework

Recurrent Revenue	2020	2021	2022	2023
Statutory Allocation	32,900,543,670	45,999,103,189	69,499,135,182	76,541,217,848
VAT	17,205,498,775	19,055,333,813	20,843,255,790	22,714,425,035
IGR	41,700,000,000	29,000,000,000	36,000,000,000	40,000,000,000
Excess Crude / Other Revenue	0	0	0	0
Total Recurrent Revenue	91,806,042,445	94,054,437,002	126,342,390,972	139,255,642,882

Recurrent Expenditure

Personnel	29,394,752,758	34,000,000,000	35,700,000,000	37,485,000,000
Overheads	31,232,832,741	31,232,832,741	31,232,832,741	31,232,832,741
Total	60,627,585,499	65,232,832,741	66,932,832,741	68,717,832,741

Transfer to Capital Account	31,178,456,947	28,821,604,261	59,409,558,232	70,537,810,142
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Capital Receipts

Grants	26,301,049,389	20,391,329,840	9,268,576,582	9,268,576,582
Other Capital Receipts	6,700,000,000	0	0	0
Total	33,001,049,389	20,391,329,840	9,268,576,582	9,268,576,582

Capital Expenditure	135,866,560,996	88,223,056,789	98,143,358,592	89,271,610,502
Discretionary Funds	91,861,225,060	51,221,604,261	79,409,558,232	70,537,810,142
Non-Discretionary Funds	44,005,335,936	37,001,452,528	18,733,800,361	18,733,800,361

Financing	71,687,054,660	39,010,122,688	29,465,223,778	9,465,223,778
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Total Budget Size	196,494,146,495	153,455,889,530	165,076,191,333	157,989,443,243
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Ratios				
Growth in Recurrent Revenue	-16.83%	2.45%	34.33%	10.22%
Growth in Recurrent Expenditure	-16.10%	7.60%	2.61%	2.67%
Capital Expenditure Ratio	69.15%	57.49%	59.45%	56.50%
Deficit to Total Expenditure	36.48%	25.42%	17.85%	5.99%

Assumptions

25. **Statutory Allocation** - is based on an elasticity forecast for non-mineral revenues (CIT and Customs) consistent with the macroeconomic framework displayed above using 2018 actuals and 2019-2022 real GDP growth and inflation. Historical elasticities are calculated for the period 2013-2018. Mineral revenues are based on the benchmarks and the current proportion of crude oil sales proceeds that are converted into fiscal resources.
26. The budgeted figures for Statutory Allocation do not include any excess crude or other Federation Account receipts.
27. **VAT** - The estimate for VAT is based on elasticity using 2013-2018 actuals and 2019-2022 real GDP growth and inflation. Historical elasticities are calculated for the period 2013-2018.
28. **Excess Crude** - There is no provisions for revenue from excess crude.
29. **Internally Generated Revenue (IGR)** - A base of 2018 actual collections is used as the basis for the IGR forecast, and subsequent it is assumed that the IGR will grow by 15% per annum. Total IGR collections January to June in 2019 is N22.40 billion which includes N10.billion arrears of Tax Collection from Federal Institutions located in the State.(grossing this up to a full 12 month at the same monthly collection rate would give N25 billion for the full year). The total actual IGR figure for 2018 stood at N29.4 which includes the Sales of Government Non-Essential Houses.
30. With this, IGR would need to grow by an additional 10.8% per year between 2019 to 2020 (total 32.31% growth per year) in order to achieve the forecast amount of N38.9 billion in 2020.
31. **Grants** - Grants are very hard to predict and the recording of actual grant receipts is not very accurate as a lot of expenditure is off budget. The forecasts are based on current commitments from Federal Government and the Development Partners (including UN System, DFID, BMGF, and the World Bank group). Since grant funding is non-discretionary, these funds are tied to the implementation of specific programs/projects. If the funds are not forthcoming, the programs/projects will not be implemented. The estimates for 2020- 2022 are based on the 2019 budget and estimates of which grants will carry over beyond 2019.
32. **Miscellaneous Capital Receipts** - Based on the sale of non-essential government houses the state still expect negligible amount in the year 2020. This going forward will not be seen as IGR but rather other capital receipts.
33. **Financing (Loans)** - Sourcing of loans currently ongoing in the State. The 2018 budgets were heavily dependent on the World Bank PforR credit facility which affected the implementation of the budgets due to non-approval of the loan by the National Assembly. For 2019 budget, the State has tread with caution by not including the PforR loan facility in the estimates. Once it is approved, a revise budget will be product to include the loan component for the year under review (2019).
34. A schedule of estimated capital receipts is captured in Annex 1.
35. **Personnel** – Personnel expenditure for January to April 2019 was N10.06 billion suggesting a full year figure of just over N30 billion. For 2020 it is assumed the combined impact of minimum wage and other salary increases, as well as any personnel costs associated to new MDAs, will take the total personnel costs to N34 billion. Thereafter a 5% annual increment is assumed.
36. **Overheads** – overhead expenditure year to date (January to April) in 2019 has been very low – little more than N1 billion per month compared to a budget of slightly more than N2.5 billion per month. In order to attain a 60% capital expenditure ratio in 2020 it is proposed that total overhead expenditure

is capped at the same level as in the 2019 budget, i.e. N31.2 billion, and this should be maintained for 2021 and 2022.

37. **Contingency and Planning Reserves** - No provision is made for contingency and Planning Reserves.
38. **Capital Expenditure** - This is based on recurrent account surplus plus Capital receipts, i.e. internal and external grants, internal and external loans as well as other capital receipts. Capital expenditure is budgeted at 60% of total expenditure in 2020. It falls below 60% in 2021 and 2022 however emerging Grants and Loans should help increase the capital expenditure ratio for these outer years as we move closer to their realisation.

Fiscal Trend

Based on the above envelope, plus actual figures for 2014-2019 (using the same basis for forecasting as noted in the sub-sections above), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below.

Figure 14. Revenue trend

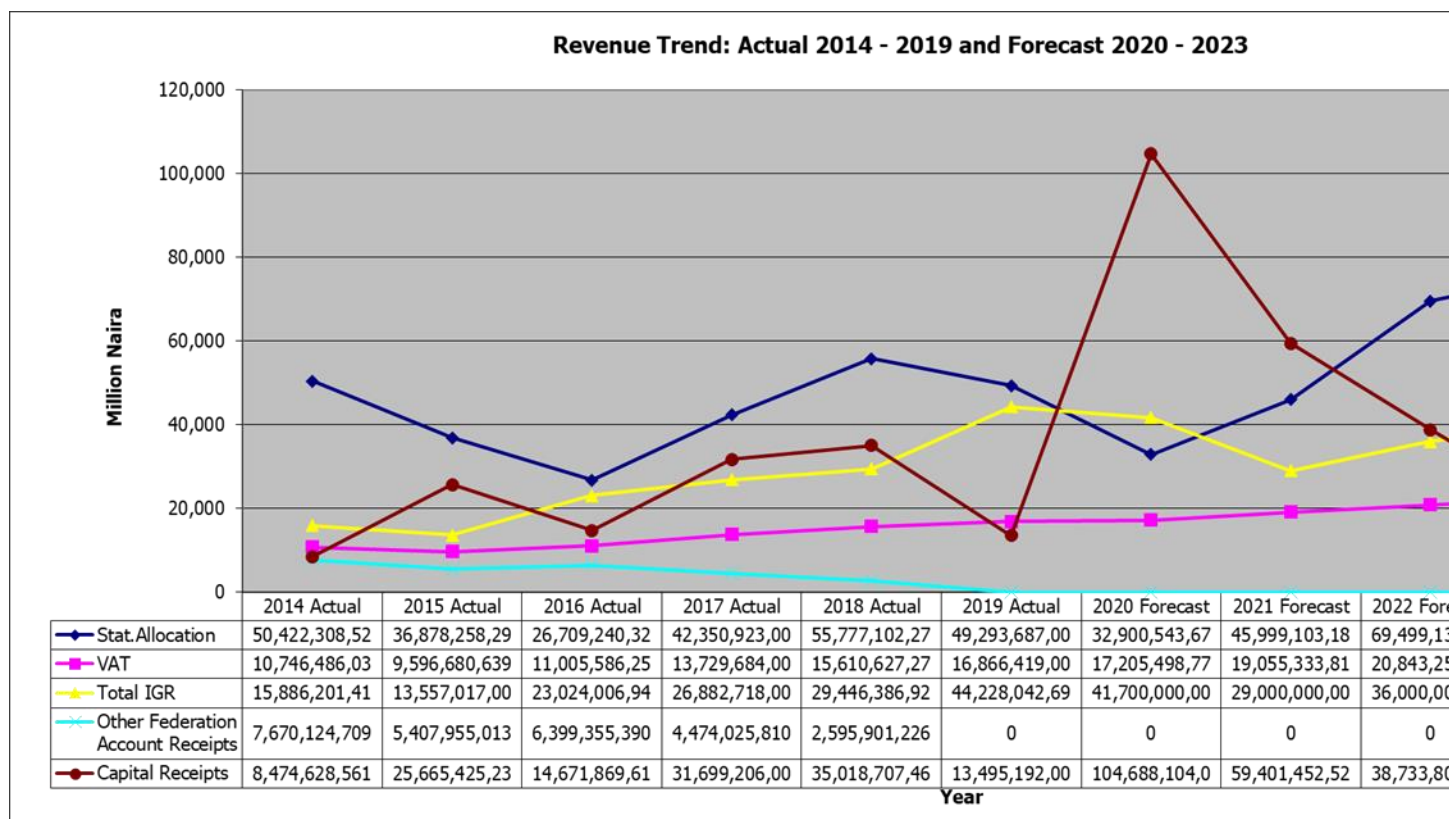
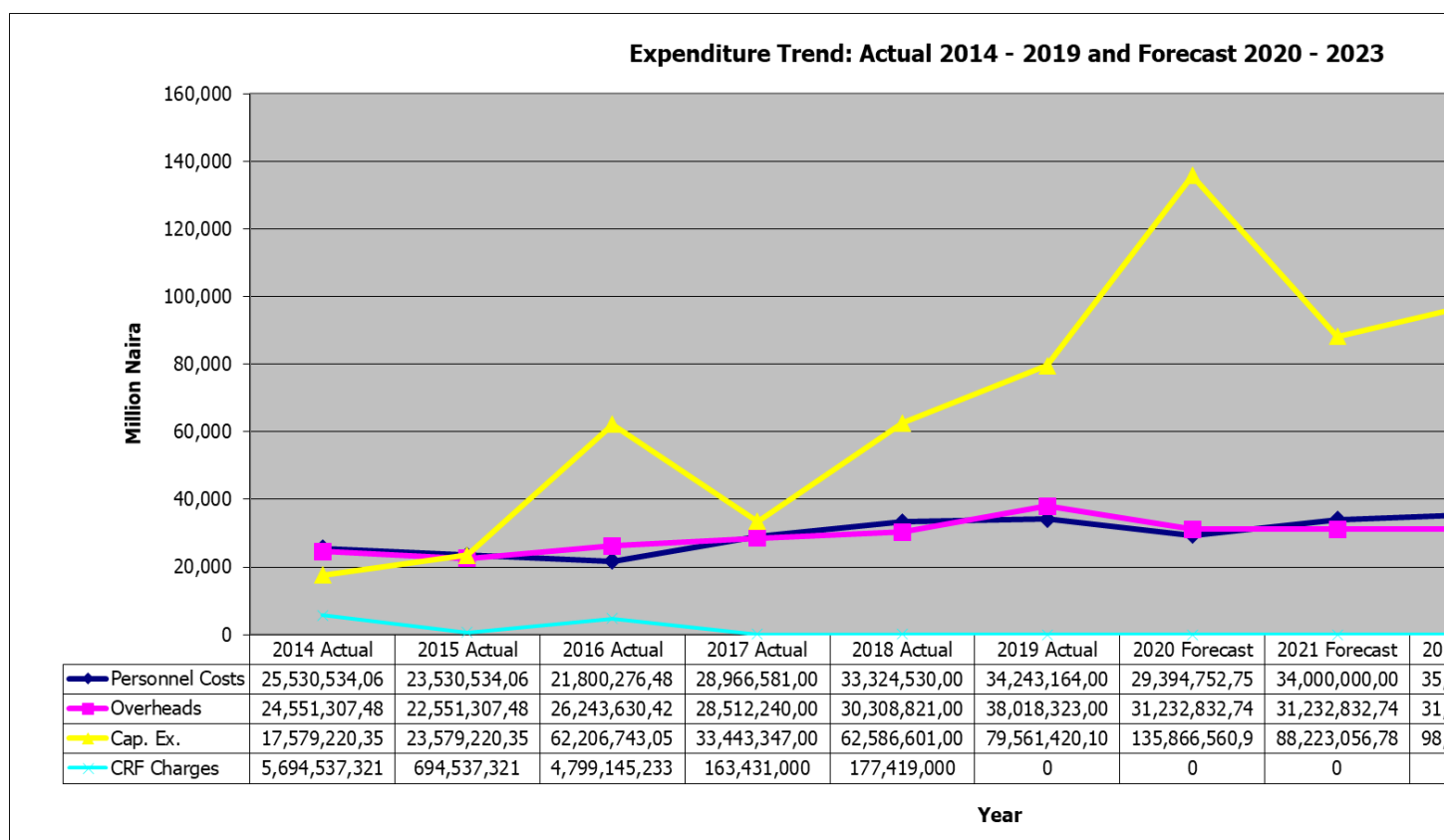


Figure 15. Expenditure Trend



Fiscal Risk

The analysis and forecasting basis as laid out above implies some fiscal risks, including but not limited to.

Table 9. Fiscal Risk

Risk	Likelihood	Impact	Reaction
Risks to Statutory Allocation based on Oil Price or Production shock and Covid-19 Pandemic	High	Short fall in Statutory Allocation from FAAC (High)	In the long term, Kaduna State would have to be less dependent on Statutory Allocation to fund its expenditure. This would be achieved through higher IGR collections. In the short term, capital projects would be prioritized and overhead expenditure should be made

			flexible for reduction if short term falls are further experienced. Also use of prudent mineral assumptions in the budget (below those used by Federal Government)
Threat to security in Kaduna and neighboring States which could reduce economic activity by taxpayers.	Medium	Reduced IGR and increased Overhead (Medium)	Proactive engagement with Communities in the State and neighbouring States – through collaborative effort with the Ministry of Internal Security and Home Affairs, Northern Governor’s Forum, etc. – to reduce risk as well as “pooling of resources” to combat insecurity
Floods and other natural disasters which could adversely affect farming and other economic activity	Low	Reduced IGR and increased Overhead (Low)	Increased investment to raise the level of climate resilience (flood control and irrigation) adaptation and awareness.
Security situation nationwide deteriorates causing reductions in Federal transfers	Medium	Reduced Statutory Allocation and VAT from FAAC (High)	In the long term, Kaduna State would have to be less dependent on Statutory Allocation and VAT to fund its expenditure. This would be achieved through higher IGR collections. In the short term, capital projects would be prioritized and Overhead expenditure should be made flexible for reduction if short term revenue falls are further experienced.
No materialisation of Capital Receipts	Low	Medium	Loans that are at risk of not materialising must be ring fenced to specific activities and the risk should be spread reasonably across sectors to the extent possible, and on lower priority projects.
With successful conduct of 2019 general elections there is going to be high economic activities in part of 2019 and beyond	High	Increased IGR and VAT Revenues (High)	Budgetary forecasts should reflect potential impact of growth on IGR and VAT
Increase expenditure in curtaining Corvid-19	High	Reduced non-essential expenditures	
Reduction in IGR as a result of implementation of Tax relief	Medium		

Local Government Forecasting

Based on the Macroeconomic assumptions in section 3.A, the forecasting techniques noted in section 3.B and the vertical and horizontal sharing ratios from May 2020, the Federation Account revenues have been forecasted for the 23 Local Governments (LGs) of Kaduna State. In addition, LG share of IGR (LG receive 60% of Land Use Charge) which is estimated to constitute 2.5% of the IGR estimate contained in the State Fiscal Framework

Table 10. Local Government FAAC and Share of State IGR Estimates

Section 4: Budget Policy Statement

1.A Budget Policy Thrust

39. To achieve its vision the current administration will focus on four areas namely Economic Development, Social Welfare, Security and justice, and Governance. Consequently, financial resources will be strictly dedicated to meet the objectives outlined in the State Development Plan.
40. The Multi-Year Budgeting Framework will be utilized and the 2020-2022 multi-year budget will emphasize on the following:
 - Serve strictly as the financial implementation plan of the State Development Plan;
 - Cover the three-year period, 2020-2022;
 - Action the costed Sector Implementation Plans (SIPs) of Ministries, Departments and Agencies with strengthened budget and expenditure management systems and processes.
41. The 2020 Budget will also adhere to key fiscal objectives outlined by the current administration which focus on the following:

- Ensuring the actualization of the development priorities of the government as articulated in the State Development Plan and respective Sector Implementation Plans (SIPs);
- Maintaining a favorable proportion of Capital to Recurrent Expenditure (at least a target of 60%:40%);
- Ensuring adequate provision is made to complete 2019 projects in 2020;
- Expanding the revenue generation capacity of the State; and
- Eliminating wastages and other unjustifiable expenditure that are not clearly linked to policy objectives.

1.B Sector Allocations (3 Year)

42. Presented in the table below are the indicative three envelopes for sectors and sub-sectors. The basis for 2020-2022 recurrent expenditure envelopes (Personnel, Overheads) is an average for the period 2015-2019 budget allocations.
43. For Capital Expenditure, non-discretionary resources have automatically been allocated to their relevant sectors. The main premise for overall allocation is to maintain to a large extent the percentage allocations from 2019. The reason for this is there is likely to be a carry over of projects from 2019 into 2020. It is assumed that funding of projects in 2019 has been uniform across sectors and MDAs – therefore each sector/MDA should carry over a similar proportion of their projects to 2020. If it is the case that some sectors have enjoyed more funding in 2019 than other, these sectors may not get such a high level of funding in 2020.
44. Other considerations include:
 - Commitment of Kaduna State Government to spend 45% on Education and Health;
 - Policy to spend the proceeds from the Kaduna State Economic Transformation Performance for Results programme on Urban Renewal and Infrastructure;
 - Merging of Water and Rural and Community Development into Works and Public Infrastructure Sector;
 - Creation of Ministry of Internal Security and Home Affairs under Security and Justice Sector (movements of overhead and capital allocation from SSG to Internal Security, Law and Justice - Other Non-SIP MDA's);
 - Creation of Ministry of Housing and Urban Development (contained within Works and Infrastructure allocation); and
 - Names changes (but no influence on allocations):
 - i. Ministry of Women Affairs is now the Ministry of Human Services and Social Development;
 - ii. Ministry of Commerce, Industry and Tourism is now the Ministry of Business, Innovation and Technology;
 - iii. Ministry of Youth and Sports is now the Ministry of Sports Development; and
 - iv. Ministry of Works, Housing and Transport is now Ministry of Public Works and Infrastructure.

Table: Indicative Sector Personnel Expenditure Ceilings 2021-2023

Personnel Expenditure by Sector							
No.	Sector	% 2021	2021 Allocation	% 2022	2022 Allocation	% 2023	2023 Allocation
1	Governance - Government House	0.68%	230,962,574	0.68%	242,510,703	0.68%	254,636,238
2	Governance - Office of the Head of Service & Parastatals	0.73%	247,692,504	0.73%	260,077,130	0.73%	273,080,986
3	Governance - Secretary to the State Government	2.29%	777,165,305	2.29%	816,023,570	2.29%	856,824,748
4	Governance - Planning and Budget Commission	0.78%	265,426,673	0.78%	278,698,007	0.78%	292,632,907
5	Governance - Ministry of Finance & Parastatals	4.07%	1,382,400,932	4.07%	1,451,520,978	4.07%	1,524,097,027
6	Governance - Ministry for Local Government	0.13%	43,349,203	0.13%	45,516,663	0.13%	47,792,496
7	Governance - Office of the State Auditor-General	0.25%	84,590,872	0.25%	88,820,416	0.25%	93,261,437
8	Governance - Office of Auditor-General (Local Govt)	0.29%	97,352,179	0.29%	102,219,787	0.29%	107,330,777
9	Governance - Public Procurement Authority	0.12%	39,973,945	0.12%	41,972,643	0.12%	44,071,275
10	Governance - Local Government Service Commission	0.45%	153,482,246	0.45%	161,156,358	0.45%	169,214,176
11	Governance - Civil Service Commission	0.41%	140,169,012	0.41%	147,177,462	0.41%	154,536,335
12	Governance - Kaduna State Indep. Electoral Commission	0.25%	84,315,382	0.25%	88,531,151	0.25%	92,957,708
13	Governance - State Emergency Management Agency	0.17%	59,498,302	0.17%	62,473,218	0.17%	65,596,878
15	Health	25.67%	8,728,484,744	25.67%	9,164,908,981	25.67%	9,623,154,430
16	Education	40.13%	13,645,697,417	40.13%	14,327,982,288	40.13%	15,044,381,403
17	Social Welfare	0.78%	264,433,319	0.78%	277,654,985	0.78%	291,537,734
18	Works and Infrastructure	3.97%	1,351,001,551	3.97%	1,418,551,629	3.97%	1,489,479,210
19	Rural & Community Development		0	0.00%	0	0.00%	0
20	Agriculture	2.15%	729,689,844	2.15%	766,174,337	2.15%	804,483,054
21	Water		0	0.00%	0	0.00%	0
22	Environment	0.42%	141,455,063	0.42%	148,527,816	0.42%	155,954,207
23	Commerce	0.52%	178,367,974	0.52%	187,286,373	0.52%	196,650,691
24	Internal Security, Law and Justice - Ministry of Justice	4.38%	1,487,638,832	4.38%	1,562,020,774	4.38%	1,640,121,813
25	Internal Security, Law and Justice - Other Non-SIP MDA's	10.06%	3,420,008,525	10.06%	3,591,008,951	10.06%	3,770,559,398
	Total	100.00%	34,000,000,000	100.00%	35,700,000,000	100.00%	37,485,000,000

Table: Indicative Sector Overhead Expenditure Ceilings 2021-2023

Overhead Expenditure by Sector							
No.	Sector	% 2021	2021 Allocation	% 2022	2022 Allocation	% 2023	2023 Allocation
1	Governance - Government House	3.61%	1,128,499,592	3.61%	1,128,499,592	3.61%	1,128,499,592
2	Governance - Office of the Head of Service & Parastatals	2.10%	656,765,208	2.10%	656,765,208	2.10%	656,765,208
3	Governance - Secretary to the State Government	2.37%	740,701,122	2.37%	740,701,122	2.37%	740,701,122
4	Governance - Planning and Budget Commission	0.64%	198,597,305	0.64%	198,597,305	0.64%	198,597,305
5	Governance - Ministry of Finance & Parastatals	54.21%	16,930,046,034	54.21%	16,930,046,034	54.21%	16,930,046,034
6	Governance - Ministry for Local Government	1.15%	359,990,086	1.15%	359,990,086	1.15%	359,990,086
7	Governance - Office of the State Auditor-General	0.08%	24,610,274	0.08%	24,610,274	0.08%	24,610,274
8	Governance - Office of Auditor-General (Local Govt)	0.09%	27,665,825	0.09%	27,665,825	0.09%	27,665,825
9	Governance - Public Procurement Authority	0.24%	74,408,914	0.24%	74,408,914	0.24%	74,408,914
10	Governance - Local Government Service Commission	0.01%	2,572,886	0.01%	2,572,886	0.01%	2,572,886
11	Governance - Civil Service Commission	0.05%	17,027,421	0.05%	17,027,421	0.05%	17,027,421
12	Governance - Kaduna State Indep. Electoral Commission	0.04%	13,973,157	0.04%	13,973,157	0.04%	13,973,157
13	Governance - State Emergency Management Agency	0.27%	84,273,543	0.27%	84,273,543	0.27%	84,273,543
15	Health	4.64%	1,448,967,175	4.64%	1,448,967,175	4.64%	1,448,967,175
16	Education	10.11%	3,157,672,178	10.11%	3,157,672,178	10.11%	3,157,672,178
17	Social Welfare	0.69%	215,061,343	0.69%	215,061,343	0.69%	215,061,343
18	Works and Infrastructure	2.12%	661,145,535	2.12%	661,145,535	2.12%	661,145,535
19	Rural & Community Development		0	0.00%	0	0.00%	0
20	Agriculture	0.09%	27,853,436	0.09%	27,853,436	0.09%	27,853,436
21	Water		0	0.00%	0	0.00%	0
22	Environment	0.23%	72,045,436	0.23%	72,045,436	0.23%	72,045,436
23	Commerce	0.30%	92,859,946	0.30%	92,859,946	0.30%	92,859,946
24	Internal Security, Law and Justice - Ministry of Justice	1.70%	530,107,445	1.70%	530,107,445	1.70%	530,107,445
25	Internal Security, Law and Justice - Other Non-SIP MDA's	12.68%	3,959,775,098	12.68%	3,959,775,098	12.68%	3,959,775,098
	Total	100.00%	31,232,832,741	100.00%	31,232,832,741	100.00%	31,232,832,741

Table: Indicative Sector capital Expenditure Ceilings 2021-2023

Capital Expenditure by Sector		Total Capital Envelope				
No.	Sector	% 2021	2021 Allocation	% 2022	2022 Allocation	2023 Allocation
1	Governance - Government House	0.0%	0	0.0%	0	0
2	Governance - Office of the Head of Service & Parastatals	0.0%	0	0.0%	0	0
3	Governance - Secretary to the State Government	0.4%	384,162,032	0.6%	595,571,687	529,033,576
4	Governance - Planning and Budget Commission	6.3%	5,536,648,128	2.4%	2,382,286,747	2,116,134,304
5	Governance - Ministry of Finance & Parastatals	1.7%	1,536,648,128	2.4%	2,382,286,747	2,116,134,304
6	Governance - Ministry for Local Government	0.0%	0	0.0%	0	0
7	Governance - Office of the State Auditor-General	0.0%	0	0.0%	0	0
8	Governance - Office of Auditor-General (Local Govt)	0.0%	0	0.0%	0	0
9	Governance - Public Procurement Authority	0.0%	0	0.0%	0	0
10	Governance - Local Government Service Commission	0.0%	0	0.0%	0	0
11	Governance - Civil Service Commission	0.0%	0	0.0%	0	0
12	Governance - Kaduna State Indep. Electoral Commission	0.0%	0	0.0%	0	0
13	Governance - State Emergency Management Agency	0.0%	0	0.0%	0	0
15	Health	17.3%	15,261,603,342	21.8%	21,367,595,226	19,593,245,609
16	Education	33.4%	29,470,851,103	31.5%	30,950,086,338	28,732,149,316
17	Social Welfare	0.3%	256,108,021	0.4%	397,047,791	352,689,051
18	Works and Infrastructure	23.8%	20,989,061,704	32.9%	32,264,243,293	28,715,544,057
19	Rural & Community Development	5.0%	4,368,300,000	0.0%	0	0
20	Agriculture	2.6%	2,268,324,064	2.7%	2,691,143,373	2,558,067,152
21	Water	5.4%	4,800,000,000	0.0%	0	0
22	Environment	1.3%	1,174,432,085	1.8%	1,738,191,165	1,560,756,203
23	Commerce	0.6%	512,216,043	0.8%	794,095,582	705,378,101
24	Internal Security, Law and Justice - Ministry of Justice	0.6%	512,216,043	0.8%	794,095,582	705,378,101
25	Internal Security, Law and Justice - Other Non-SIP MDA's	1.3%	1,152,486,096	1.8%	1,786,715,060	1,587,100,728
	Total	100.00%	88,223,056,789	100.00%	98,143,358,592	89,271,610,502

Table: Indicative Sector Capital Expenditure Ceilings 2021-2023

Expenditure by Sector	2021					2022					2023				
	Personnel	Overhead	Discretionary Capital	Non-Discretionary Capital	Total Envelope	Personnel	Overhead	Discretionary Capital	Non-Discretionary Capital	Total Envelope	Personnel	Overhead	Discretionary Capital	Non-Discretionary Capital	Total Envelope
Governance - Government House	230,962,574	1,128,499,592	0	0	1,359,462,167	242,510,703	1,128,499,592	0	0	1,371,010,295	254,636,238	1,128,499,592	0	0	1,383,135,830
Governance - Office of the Head of Service & Parastatals	247,692,504	656,765,208	0	0	904,457,713	260,077,130	656,765,208	0	0	916,842,338	273,080,986	656,765,208	0	0	929,846,195
Governance - Secretary to the State Government	777,165,305	740,701,122	384,162,032	0	1,902,028,458	816,023,570	740,701,122	595,571,687	0	2,152,296,378	856,824,740	740,701,122	529,033,576	0	2,126,559,446
Governance - Planning and Budget Commission	265,426,673	198,597,305	1,536,648,128	4,000,000,000	6,000,672,106	278,698,007	198,597,305	2,382,286,747	0	2,859,582,059	292,632,907	198,597,305	2,116,134,304	0	2,607,364,517
Governance - Ministry of Finance & Parastatals	1,382,400,932	16,930,046,034	1,536,648,128	0	19,849,095,093	1,451,520,978	16,930,046,034	2,382,286,747	0	20,763,853,759	1,524,087,027	16,930,046,034	2,116,134,304	0	20,570,277,365
Governance - Ministry for Local Government	43,249,203	359,990,086	0	0	403,239,289	45,516,663	359,990,086	0	0	405,506,749	47,792,496	359,990,086	0	0	407,782,582
Governance - Office of the State Auditor-General	84,580,872	24,610,274	0	0	109,201,147	88,820,416	24,610,274	0	0	113,430,690	93,261,437	24,610,274	0	0	117,871,711
Governance - Office of Auditor-General (Local Govt)	97,352,179	27,665,825	0	0	125,018,003	102,219,787	27,665,825	0	0	129,885,612	107,330,777	27,665,825	0	0	134,996,602
Governance - Public Procurement Authority	39,973,945	74,408,914	0	0	114,382,859	41,972,643	74,408,914	0	0	116,381,556	44,071,275	74,408,914	0	0	118,480,189
Governance - Local Government Service Commission	153,482,246	4,572,886	0	0	158,055,131	161,156,358	2,572,886	0	0	163,729,244	169,214,176	2,572,886	0	0	171,787,062
Governance - Civil Service Commission	140,169,012	17,027,421	0	0	157,196,433	147,177,462	17,027,421	0	0	164,204,883	154,536,335	17,027,421	0	0	171,563,756
Governance - Kaduna State Indep. Electoral Commission	84,315,382	13,973,157	0	0	98,288,539	88,531,151	13,973,157	0	0	102,504,308	92,957,708	13,973,157	0	0	106,930,865
Governance - State Emergency Management Agency	59,498,302	84,273,543	0	0	143,771,845	62,473,218	84,273,543	0	0	146,746,760	65,596,878	84,273,543	0	0	149,870,421
Health	8,728,484,744	1,448,967,175	10,244,320,852	5,017,282,490	25,439,055,261	9,164,908,981	1,448,967,175	15,881,911,646	5,485,683,580	31,981,471,382	9,623,154,430	1,448,967,175	14,107,562,028	5,485,683,580	30,665,367,214
Education	13,645,697,417	3,157,672,178	12,805,401,085	16,665,450,038	46,274,220,699	14,327,982,088	3,157,672,178	19,852,389,538	11,097,696,780	48,435,740,804	15,044,361,403	3,157,672,178	17,634,452,535	11,097,696,780	46,934,202,896
Social Welfare	264,433,319	215,061,343	256,108,021	0	735,602,683	277,654,985	215,061,343	397,047,791	0	889,764,119	291,537,734	215,061,343	352,689,051	0	859,288,127
Works and Infrastructure	1,351,001,551	661,145,535	20,488,641,704	500,420,000	23,001,208,791	1,418,551,629	661,145,535	31,763,823,203	500,420,000	34,343,940,457	1,489,479,210	661,145,535	28,215,124,057	500,420,000	30,866,168,802
Rural & Community Development	0	0	0	4,368,300,000	4,368,300,000	0	0	0	0	0	0	0	0	0	0
Agriculture	729,689,844	27,853,436	768,324,064	1,500,000,000	3,025,867,345	766,174,337	27,853,436	1,191,143,373	1,500,000,000	3,485,171,146	804,483,064	27,853,436	1,058,067,152	1,500,000,000	3,390,403,642
Water	0	0	0	4,800,000,000	4,800,000,000	0	0	0	0	0	0	0	0	0	0
Environment	141,455,063	72,045,436	1,024,432,085	150,000,000	1,387,932,584	148,527,816	72,045,436	1,588,191,165	150,000,000	1,958,764,417	155,954,207	72,045,436	1,410,756,203	150,000,000	1,788,755,846
Commerce	178,367,074	92,859,946	512,216,043	0	783,443,963	187,286,373	92,859,946	794,055,582	0	1,074,241,901	196,650,691	92,859,946	705,378,101	0	994,888,739
Internal Security, Law and Justice - Ministry of Justice	1,487,638,832	530,107,445	512,216,043	0	2,529,962,320	1,582,020,774	530,107,445	794,055,582	0	2,886,223,801	1,640,111,813	530,107,445	705,378,101	0	2,875,607,359
Internal Security, Law and Justice - Other Non-SIP MDA's	3,420,008,525	3,959,775,098	1,152,486,096	0	8,532,269,718	3,591,008,951	3,959,775,098	1,786,715,060	0	9,337,499,109	3,770,559,398	3,959,775,098	1,587,100,728	0	9,317,435,225
Total	34,000,000,000	31,232,832,741	51,221,604,261	37,001,452,528	153,455,889,530	35,700,000,000	31,232,832,741	79,409,558,232	18,733,800,361	165,076,191,333	37,485,000,000	31,232,832,741	70,537,810,142	18,733,800,361	157,989,443,243

Table: Total Envelope by Sector 2021-2023

Total Expenditure by Sector		2021					
No.	Sector	Personnel	Overhead	Discretionary Capital	Non-Discretionary Capital	Total Envelope	% of Total Envelope
1	Governance - Government House	230,962,574	1,128,499,592	0	0	1,359,462,167	0.89%
2	Governance - Office of the Head of Service & Parastatals	247,692,504	656,765,208	0	0	904,457,713	0.59%
3	Governance - Secretary to the State Government	777,165,305	740,701,122	384,162,032	0	1,902,028,458	1.24%
4	Governance - Planning and Budget Commission	265,426,673	198,597,305	1,536,648,128	4,000,000,000	6,000,672,106	3.91%
5	Governance - Ministry of Finance & Parastatals	1,382,400,932	16,930,046,034	1,536,648,128	0	19,849,095,093	12.93%
6	Governance - Ministry for Local Government	43,349,203	359,990,086	0	0	403,339,289	0.26%
7	Governance - Office of the State Auditor-General	84,590,872	24,610,274	0	0	109,201,147	0.07%
8	Governance - Office of Auditor-General (Local Govt)	97,352,179	27,665,825	0	0	125,018,003	0.08%
9	Governance - Public Procurement Authority	39,973,945	74,408,914	0	0	114,382,859	0.07%
10	Governance - Local Government Service Commission	153,482,246	2,572,886	0	0	156,055,131	0.10%
11	Governance - Civil Service Commission	140,169,012	17,027,421	0	0	157,196,433	0.10%
12	Governance - Kaduna State Indep. Electoral Commission	84,315,382	13,973,157	0	0	98,288,539	0.06%
13	Governance - State Emergency Management Agency	59,498,302	84,273,543	0	0	143,771,845	0.09%
15	Health	8,728,484,744	1,448,967,175	10,244,320,852	5,017,282,490	25,439,055,261	16.58%
16	Education	13,645,697,417	3,157,672,178	12,805,401,065	16,665,450,038	46,274,220,699	30.15%
17	Social Welfare	264,433,319	215,061,343	256,108,021	0	735,602,683	0.48%
18	Works and Infrastructure	1,351,001,551	661,145,535	20,488,641,704	500,420,000	23,001,208,791	14.99%
19	Rural & Community Development	0	0	0	4,368,300,000	4,368,300,000	2.85%
20	Agriculture	729,689,844	27,853,436	768,324,064	1,500,000,000	3,025,867,345	1.97%
21	Water	0	0	0	4,800,000,000	4,800,000,000	3.13%
22	Environment	141,455,063	72,045,436	1,024,432,085	150,000,000	1,387,932,584	0.90%
23	Commerce	178,367,974	92,859,946	512,216,043	0	783,443,963	0.51%
24	Internal Security, Law and Justice - Ministry of Justice	1,487,638,832	530,107,445	512,216,043	0	2,529,962,320	1.65%
25	Internal Security, Law and Justice - Other Non-SIP MDA's	3,420,008,525	3,959,775,098	1,152,486,096	0	8,532,269,718	5.56%
	Total	34,000,000,000	31,232,832,741	51,221,604,261	37,001,452,528	153,455,889,530	100.00%

Table: Total Envelope by Sector 2022-2023

Total Expenditure by Sector		2022					
No.	Sector	Personnel	Overhead	Discretionary Capital	Non-Discretionary Capital	Total Envelope	% of Total Envelope
1	Governance - Government House	242,510,703	1,128,499,592	0	0	1,371,010,295	0.83%
2	Governance - Office of the Head of Service & Parastatals	260,077,130	656,765,208	0	0	916,842,338	0.56%
3	Governance - Secretary to the State Government	816,023,570	740,701,122	595,571,687	0	2,152,296,378	1.30%
4	Governance - Planning and Budget Commission	278,698,007	198,597,305	2,382,286,747	0	2,859,582,059	1.73%
5	Governance - Ministry of Finance & Parastatals	1,451,520,978	16,930,046,034	2,382,286,747	0	20,763,853,759	12.58%
6	Governance - Ministry for Local Government	45,516,663	359,990,086	0	0	405,506,749	0.25%
7	Governance - Office of the State Auditor-General	88,820,416	24,610,274	0	0	113,430,690	0.07%
8	Governance - Office of Auditor-General (Local Govt)	102,219,787	27,665,825	0	0	129,885,612	0.08%
9	Governance - Public Procurement Authority	41,972,643	74,408,914	0	0	116,381,556	0.07%
10	Governance - Local Government Service Commission	161,156,358	2,572,886	0	0	163,729,244	0.10%
11	Governance - Civil Service Commission	147,177,462	17,027,421	0	0	164,204,883	0.10%
12	Governance - Kaduna State Indep. Electoral Commission	88,531,151	13,973,157	0	0	102,504,308	0.06%
13	Governance - State Emergency Management Agency	62,473,218	84,273,543	0	0	146,746,760	0.09%
15	Health	9,164,908,981	1,448,967,175	15,881,911,646	5,485,683,580	31,981,471,382	19.37%
16	Education	14,327,982,288	3,157,672,178	19,852,389,558	11,097,696,780	48,435,740,804	29.34%
17	Social Welfare	277,654,985	215,061,343	397,047,791	0	889,764,119	0.54%
18	Works and Infrastructure	1,418,551,629	661,145,535	31,763,823,293	500,420,000	34,343,940,457	20.80%
19	Rural & Community Development	0	0	0	0	0	0.00%
20	Agriculture	766,174,337	27,853,436	1,191,143,373	1,500,000,000	3,485,171,146	2.11%
21	Water	0	0	0	0	0	0.00%
22	Environment	148,527,816	72,045,436	1,588,191,165	150,000,000	1,958,764,417	1.19%
23	Commerce	187,286,373	92,859,946	794,095,582	0	1,074,241,901	0.65%
24	Internal Security, Law and Justice - Ministry of Justice	1,562,020,774	530,107,445	794,095,582	0	2,886,223,801	1.75%
25	Internal Security, Law and Justice - Other Non-SIP MDA's	3,591,008,951	3,959,775,098	1,786,715,060	0	9,337,499,109	5.66%
	Total	35,700,000,000	31,232,832,741	79,409,558,232	18,733,800,361	165,076,191,333	100.00%

Table: Total Envelope by Sector 2022-2023

Total Expenditure by Sector		2023					
No.	Sector	Personnel	Overhead	Discretionary Capital	Non-Discretionary Capital	Total Envelope	% of Total Envelope
1	Governance - Government House	254,636,238	1,128,499,592	0	0	1,383,135,830	0.88%
2	Governance - Office of the Head of Service & Parastatals	273,080,986	656,765,208	0	0	929,846,195	0.59%
3	Governance - Secretary to the State Government	856,824,748	740,701,122	529,033,576	0	2,126,559,446	1.35%
4	Governance - Planning and Budget Commission	292,632,907	198,597,305	2,116,134,304	0	2,607,364,517	1.65%
5	Governance - Ministry of Finance & Parastatals	1,524,097,027	16,930,046,034	2,116,134,304	0	20,570,277,365	13.02%
6	Governance - Ministry for Local Government	47,792,496	359,990,086	0	0	407,782,582	0.26%
7	Governance - Office of the State Auditor-General	93,261,437	24,610,274	0	0	117,871,711	0.07%
8	Governance - Office of Auditor-General (Local Govt)	107,330,777	27,665,825	0	0	134,996,602	0.09%
9	Governance - Public Procurement Authority	44,071,275	74,408,914	0	0	118,480,189	0.07%
10	Governance - Local Government Service Commission	169,214,176	2,572,886	0	0	171,787,062	0.11%
11	Governance - Civil Service Commission	154,536,335	17,027,421	0	0	171,563,756	0.11%
12	Governance - Kaduna State Indep. Electoral Commission	92,957,708	13,973,157	0	0	106,930,865	0.07%
13	Governance - State Emergency Management Agency	65,596,878	84,273,543	0	0	149,870,421	0.09%
15	Health	9,623,154,430	1,448,967,175	14,107,562,028	5,485,683,580	30,665,367,214	19.41%
16	Education	15,044,381,403	3,157,672,178	17,634,452,535	11,097,696,780	46,934,202,896	29.71%
17	Social Welfare	291,537,734	215,061,343	352,689,051	0	859,288,127	0.54%
18	Works and Infrastructure	1,489,479,210	661,145,535	28,215,124,057	500,420,000	30,866,168,802	19.54%
19	Rural & Community Development	0	0	0	0	0	0.00%
20	Agriculture	804,483,054	27,853,436	1,058,067,152	1,500,000,000	3,390,403,642	2.15%
21	Water	0	0	0	0	0	0.00%
22	Environment	155,954,207	72,045,436	1,410,756,203	150,000,000	1,788,755,846	1.13%
23	Commerce	196,650,691	92,859,946	705,378,101	0	994,888,739	0.63%
24	Internal Security, Law and Justice - Ministry of Justice	1,640,121,813	530,107,445	705,378,101	0	2,875,607,359	1.82%
25	Internal Security, Law and Justice - Other Non-SIP MDA's	3,770,559,398	3,959,775,098	1,587,100,728	0	9,317,435,225	5.90%
	Total	37,485,000,000	31,232,832,741	70,537,810,142	18,733,800,361	157,989,443,243	100.00%

Consideration for the Annual Budget Process

45. Each MDA should follow the steps below in preparing its 2021 budget:
 - Prioritization of 2020 Ongoing Projects
 - Ensure New Projects emerge from the revised SDP 2021- 2025 and SIP 2021 - 2023
 - Efficient Allocation of Resources
46. Capital Expenditure: MDAs are advised to ensure that all ongoing projects that are unlikely to be completed and paid for in 2020 are captured in their 2021 Budget. Where ongoing projects exceed ceilings, the MDA's 2020 budget is to be limited to the value of ongoing projects only. Ensure New Projects emerge only from SIP/SDP: For new projects, each Ministry should work with its respective MDAs to reassess its Sector Implementation Plan (SIP) against the State Development Plan (SDP). Sector development priorities should then be prioritized based on MDA capital ceilings allocated. MDAs may wish to hold internal management meetings to ensure a coherent strategy, but these must be aligned with overall sector priorities as defined in the SIP.
47. Allocate resources: Resources should be allocated starting from the highest priority activities and continuing in sequence down to lower priority activities until the budget ceiling is reached. This becomes the cut-off point for resource allocations for that year, except for projects with special funding arrangements (e.g. grant allocations). Projects that do not make the cut for 2020 can then be moved to 2021 and 2023 respectively.
48. The following will be helpful to keep in mind as you assess each activity within the budget:
 - General - Budget estimates should be prepared for all units, sub-units and facilities in the organizations for which the MDA is responsible
 - Personnel Costs - All staff on the payroll, including Political, Public office holders must be properly reflected in a Staff List that should accompany the proposal submission. The Staff list must be updated versions from the biometric verification exercise and should be signed off by the Chief Executives who assume responsibility for ensuring the veracity of the information provided. Chief Executives are also expected to perform an independent assessment of the true staff position of their MDAs and ensure this is reflected in the staff list to be sent to the PBC.
 - Personnel cost estimates should consider any changes in staffing levels including annual increments, promotions, leave grants, retirement , implementation of the minimum wage and other forms of attrition. It should also consider implications for annual salary and all other approved allowances.
 - Recruitment that is not approved by the Government before the submission of this estimate should not be captured
 - For approved recruitment, approval authorization should be included with the submission
 - Capital Expenditure - Capital expenditure estimates must be consistent with Kaduna State Development Plan. Capital projects that are tied to specific sources of funds (grants, loans, etc.), should be matched with the expected drawdown schedule of those specific funds and any Counterpart funds provided by the State.
 - Where the drawdown of the specified funds is conditional on the provision of Counterpart funds, it should be clearly indicated in the submission

Section 5: Summary of Key Points and Recommendation

49. We summarise below a list of the key points arising in this document:

- The Commissioner, Planning and Budget Commission (PBC) should present the draft MTEF document to the Executive Council (ExCo), and the Governor should present the final MTEF to State House of Assembly (SHoA) for their buy-in and approval in accordance with the Fiscal Responsibility Law (FRL).
- The State budget estimates should be based on the MTEF document, which has historically provided more realistic estimates than have been included in the Annual Budget.
- Loans expected to be drawn as capital receipts should be captured in the budget only when they have been approved and commitment fees are paid, and documentation is lodged with Debt Management Department (DMD).
- For all loans, the precise impact on debt sustainability ratios should be assessed, and a detailed analysis of the impact of the associated expenditure (for example, Economic & Financial Analysis) is also undertaken to help justify the funding to the Senate Committee on Foreign Loans (this should be undertaken for the World Bank P4R loan).
- A full assessment of 2019 Capital Project implementation (funding) should be undertaken prior to the finalisation of the 2020 budget so as adequate provisions are made to complete all ongoing projects
- The Accountant General's Report format should be harmonized with the budgeting system.
- PBC and the Ministry of Finance (MoF) to hold harmonization meetings on quarterly basis.
- PBC and MoF to ensure the sustainability of the MTEF Working Group.

Annex 1. Detailed Capital Receipts

Table .. Capital Receipts

ITEM	2020	2021	2022	2023	Discretionary / Non-Discretionary	If Non-Discretionary, Specify Sector
Internal Grants						
UBEC Special Education Intervention	5,917,339,963	4,438,004,973	4,438,004,973	4,438,004,973	Non-Discretionary	Education
Tertiary Education Trust Fund (COE) Normal Intervention (2010-2019)	529,103,580	396,827,685	396,827,685	396,827,685	Non-Discretionary	Education
Tertiary Education Trust Fund (KASU) from 2015 to Date Normal	197,025,410	147,769,058	147,769,058	147,769,058	Non-Discretionary	Education
Tertiary Education Trust Fund (KASU) from 2015 to Date Special	1,331,951,000	998,963,250	998,963,250	998,963,250	Non-Discretionary	Education
Identification, Assessment and Addressing of Ecological Problem	200,000,000	150,000,000	150,000,000	150,000,000	Non-Discretionary	Environment
Saving One Million Lives Performance for Results (P4R)	552,000,000	414,000,000	414,000,000	414,000,000	Non-Discretionary	Health
2017 TETFUND intervention (Zonal Students Dignity Project)	75,000,000	56,250,000	56,250,000	56,250,000	Non-Discretionary	Education
2018 TETFUND Intervention (2852/2018)	417,628,900	313,221,675	313,221,675	313,221,675	Non-Discretionary	Education
TETFUND Special Intervention 2017-2018	3,240,000,000	0	0	0	Non-Discretionary	Education
TETFUND Special Intervention 2019	690,600,000	517,950,000	517,950,000	517,950,000	Non-Discretionary	Education
Presidential need assessment	193,000,000	144,750,000	144,750,000	144,750,000	Non-Discretionary	Education
UBEC Intervention Fund 2017- 2019	8,068,842,601	2,017,210,650	0	0	Non-Discretionary	Education
UBE Intervention on Infrastructure		3,267,634,849			Non-Discretionary	Education
UBE Intervention on SBMC		7,500,000			Non-Discretionary	Education
Tax Refund from Federal Government		0			Non-Discretionary	Governance - Ministry of Finance & Planning
Expected Refund from Federal Government		0			Non-Discretionary	Water
state Fiscal Transparency Accountability and Transparency		4,000,000,000			Non-Discretionary	Governance - Planning and Budget Commission
Reducing Emission From Deforestation and Forest Degradation (REDD+)		400,000,000			Discretionary	Environment
Sub-Total Internal Grant	21,412,491,455	17,270,082,140	7,577,736,640	7,577,736,640		

External Grants						
Global Partnership for Education (NIPEP World Bank)	1,987,486,550	331,247,758	0	0	Non-Discretionary	Education
Teachers Development Project (TDP) - DFID Joint Projects	54,071,500		55,840,000	55,840,000	Non-Discretionary	Education
Malaria Control Programme (Global Fund)	500,000,000	300,000,000	300,000,000	300,000,000	Non-Discretionary	Health
Neglected Tropical Disease Control Programme (ONCHO)	37,000,000	30,000,000	0	0	Non-Discretionary	Health
Community and Social Development Programmes (WB)						
Development Partners Funds (Gates and Dangote)	360,000,000	360,000,000	360,000,000	360,000,000	Non-Discretionary	Health
Better Education Service Delivery for all (BESDA) Project for Res	974,999,942	974,999,942	974,999,942	974,999,942	Non-Discretionary	Education
Better Education Service Delivery for all (BESDA) Advance Payme	974,999,942	0	0	0	Non-Discretionary	Education
Kaduna Solar for General Hospitals Project (EU)		1,125,000,000			Non-Discretionary	Health
PHC and Routine Immunisation Mou						
Sub-Total External Grant	4,888,557,934	3,121,247,700	1,690,839,942	1,690,839,942		
Grant Balancing Item / Blue Sky						
Total Grants	26,301,049,389	20,391,329,840	9,268,576,582	9,268,576,582		

Internal Loans						
Rice Anchor Borrowers Programme (CBN Loan)	320,000,000	1,500,000,000	1,500,000,000	1,500,000,000	Non-Discretionary	Agriculture
Kaduna Metropolitan Rapid Rail Transport (ECA Loan)	500,420,000	500,420,000	500,420,000	500,420,000	Non-Discretionary	Works and Infrastructure
Installation and maintenance of integrated Solar Power Street Light		2,000,000,000			Discretionary	Works and Infrastructure
Total	820,420,000	4,000,420,000	2,000,420,000	2,000,420,000		

External Loans						
Zaria Water Supply and Expansion Project IsDB.	6,140,928,615	4,800,000,000	0	0	Non-Discretionary	Water
Zaria Water Supply and Expansion Project AfDB.	2,273,837,779	0	0	0	Non-Discretionary	Water
Kaduna State Power Supply Company Exim Bank (India)	4,000,000,000	4,368,300,000	0	0	Non-Discretionary	Rural & Community Development
Construction / Equipping of 300-Bed Specialist Hospital Project (IsDB)	4,323,401,090	2,700,000,000	4,323,401,090	4,323,401,090	Non-Discretionary	Health
Development of 6 No Science Secondary Schools (IsDB)	57,416,572	3,053,120,198	3,053,120,198	3,053,120,198	Non-Discretionary	Education
Kaduna State Tuberculosis and Leprosy CP (DSTB) Netherlands I	45,423,728	45,423,728	45,423,728	45,423,728	Non-Discretionary	Health
Kaduna State Tuberculosis and Leprosy CP (DRTB) Netherlands I	42,858,762	42,858,762	42,858,762	42,858,762	Non-Discretionary	Health
Kaduna State Economic and Transformation PforR	53,982,768,114	20,000,000,000	20,000,000,000	0	Discretionary	
6MW Solar Malali WaterWorks (Bilateral India)						
Total	70,866,634,660	35,009,702,688	27,464,803,778	7,464,803,778		
Loan Balancing Item / Blue Sky						
Total Loans	71,687,054,660	39,010,122,688	29,465,223,778	9,465,223,778		
Other Capital Receipts						
Sale of Non-Essential Government Houses	3,000,000,000	0	0	0	Discretionary	
Airport Refunds	3,600,000,000	0	0	0	Discretionary	
Refunds for Operation Sharan Daji	100,000,000	0	0	0	Discretionary	
Total	6,700,000,000	0	0	0		
	104,688,104,050	57,001,452,528				
OCR Balancing Item / Blue Sky						
Total Other Capital Receipts	6,700,000,000	0	0	0		
		59,401,452,528				