



**CITIZENS' GUIDE TO UNDERSTANDING THE
YOBE STATE 2020 REVISED BUDGET:
COVID-19 RESPONSIVE**



Prepared by:



Yobe State Ministry of Budget and Economic Planning
Governor's Office, Damaturu.

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FORWARD

The Yobe State Budget outlines how the State Government intends to raise funds, allocate resources and provides public goods and services to the citizenry.

Being the instruments for translating government's development policies into action. It is important for citizens to understand the budget, especially its key deliverables and play their role in its implementation. When citizens do not fully understand the budget, it significantly limits their ability to engage with the budget process and hold government accountable for the prudent management of financial resources entrusted to it.

To advance the quality of citizens – government engagements, Yobe State has taken a step further to provide this citizens' reader-friendly version of 2020 revised budget.

The Yobe State Government is committed to formulate sound policies and implementation of different programme that would address the critical needs of the people in agriculture, education, healthcare, water supply and infrastructural development among others.

A handwritten signature in blue ink, appearing to read 'G. Gagiyo', written over the printed name.

Hon. Muhammad Garba Gagiyo
Honourable Commissioner



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LIST OF ACCRONYMS

COVID-19	Corona Virus
CBN	Central Bank of Nigeria
DLI	Disbursement Link Indicator
FAAC	Federation Account Allocation Committee
GDP	Gross Domestic Product
IDPs	Internally Displaced Persons
M&E	Monitoring and Evaluation
OPEC	Organisation of Petroleum Exporting Countries
OSSAP	Office of the Special Assistant to the President
PAYEE	Pay-As-You-Earn
SDG	Sustainable Development Goals
SEMA	State Emergency Management Agency
SFTAS	State Fiscal Transparency, Accountability & Sustainability
TETFund	Tertiary Education Trust Fund
UBEC	Universal Basic Education Commission
USD	United State Dollars
VAT	Value Added Tax



INTRODUCTION

Due to the ravaging effect of COVID-19 pandemic on the global economy, it becomes imperative that the 2020 Approved Budget be revised to make adequate provisions to cater for COVID-19 expenditure as part of state governments effort to contain the spread of the virus, and improves the living condition of its citizenry.

The Oil price was \$57pb in the original budget but dropped to \$20pb because of low demand in the oil market due to COVID-19 pandemic. Oil Production was projected at 2.18mbpd in the original Budget 2020 but reviewed to 1.7mbpd in the revised budget, based on OPEC production quota. The exchange rate naira/dollar in the original budget was ₦305/USD but due to depreciation in naira value, it is now officially ₦360/USD.

The GDP has declined to ~ 4.42% currently, instead of 2.93 % as projected in the original budget 2020. This is due to economic downturn as a result of COVID -19 Pandemic; and in conformity with the recommendations by the World Bank and NGF in the Guidelines for the SFTAS Additional Financing DLI1.

However, VAT has increased based on FGN's Policy of upward review from 5.0% to 7.5%. Likewise, Internally Generated Revenue (IGR) slightly increased as a result of increase in PAYE due to implementation of new minimum wage and refund of PAYE of FGN employees working in the state. The State maintained the ₦250m expected from Conditional Grant Scheme (CGS) of OSSAP-SDGs as the only source. Other grants such as UBEC and TETFund are not recognised in the budget as the funds are paid directly to the institutions.

In respect of External Grants, the state has already received the sum of ₦2.2b from SFTAS Programme and ₦1.6b from Saving One Million Lives Programme. In addition, the State is expecting another ₦2.0b SFTAS Programme Grant, ₦1.8b (5m USD) additional financing ~ DLI 1 and ₦1.65b from Saving One Million Lives Programme.



The total Expenditure of ₦108.314b was reduced to ₦86.049b due to fall in revenue projections as a result of COVID-19 Pandemic. This represents a drop of about 20% compared with the original budget. In the reviewed budget, recurrent expenditure represents 60% and Capital expenditure 40%. Out of the ₦86.049b of the reviewed budget, the sum of ₦10.053b which represents 11.68% is earmarked for COVID-19 responsive expenditure.

Similarly, Recurrent Expenditure was reduced from ₦57.795b to ₦51.894b representing about 10%. Personnel cost was reduced due to favourable negotiation of Minimum wage and embargo on employment with the exception of essential services. In the same vein, Overhead Cost was reduced slightly due to ban on non-essential travels and increase in COVID-19 palliative activities.

Public debt services have been reduced due to slow drawdown of Contract Financing facility for construction of Markets, Airport, Trailer Parks etc. Similarly, the state experienced slow drawdown on Family Home Funds Facility as a result of late take-off of the project. In addition, CBN also granted waiver on repayment of loan facilities to states.

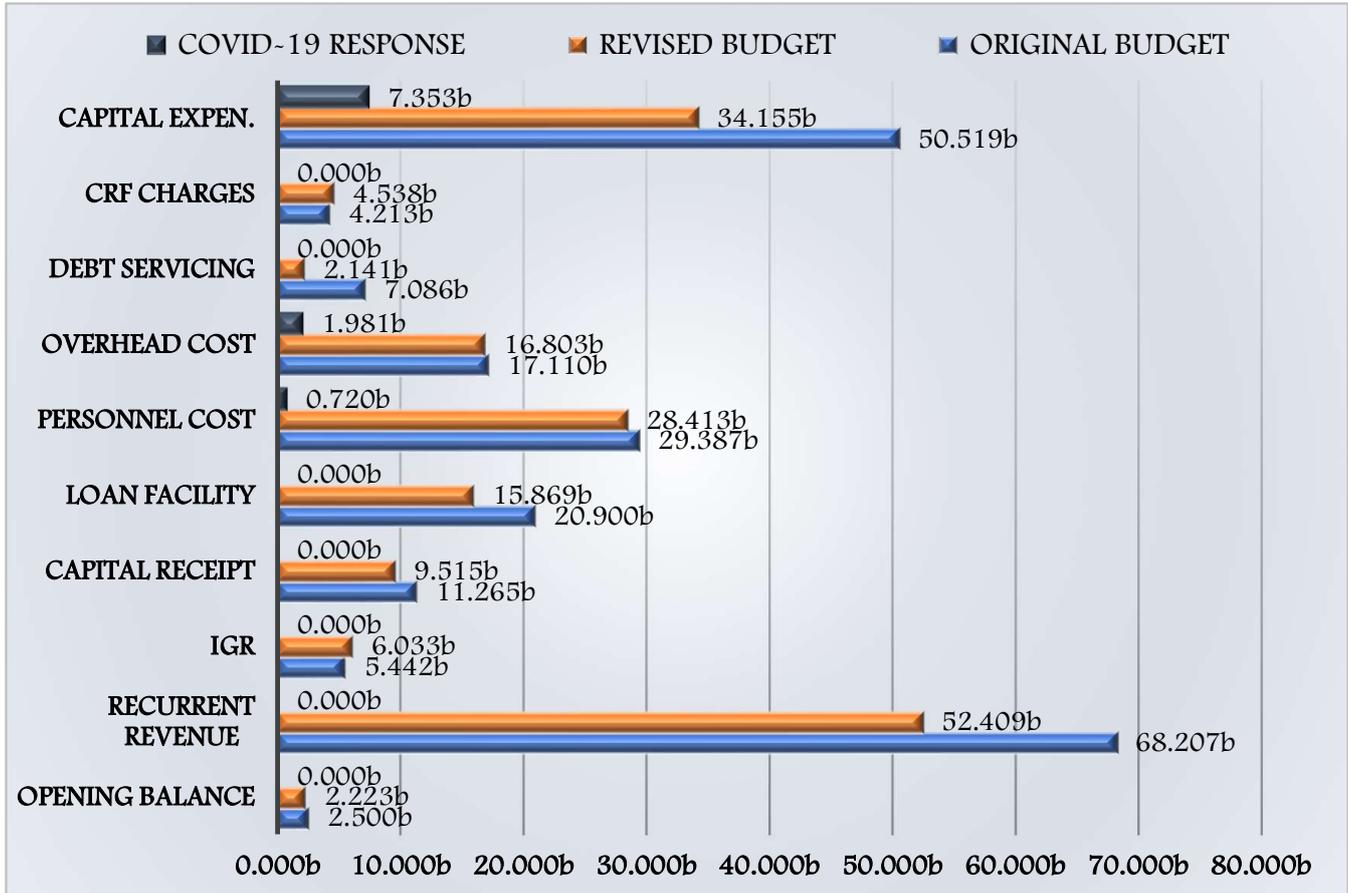
The budget review, while considering COVID-19 responsive activities had slightly increased Consolidated Revenue Fund Charges due to error in projection of pension allowance in the original budget. Capital Expenditure on the other hand has been reduced due to removal of administrative capital expenditure and focus on completion of on-going projects only.

The domestic loans of the state constitute of CBN Credit Support for Health Sector, Commercial Bank – UBA and Mortgage Loans – Family Homes Funds Limited, which have been secured to finance the deficit and recurrent revenue shortfalls. The reduction in the domestic loans in the reviewed budget was as a result of cancellation of uncommitted loans. However, the process of disposal of unserviceable government's assets is ongoing, The revised budget has no financing gap; therefore, the state government is not anticipating any new expenditure arrears.



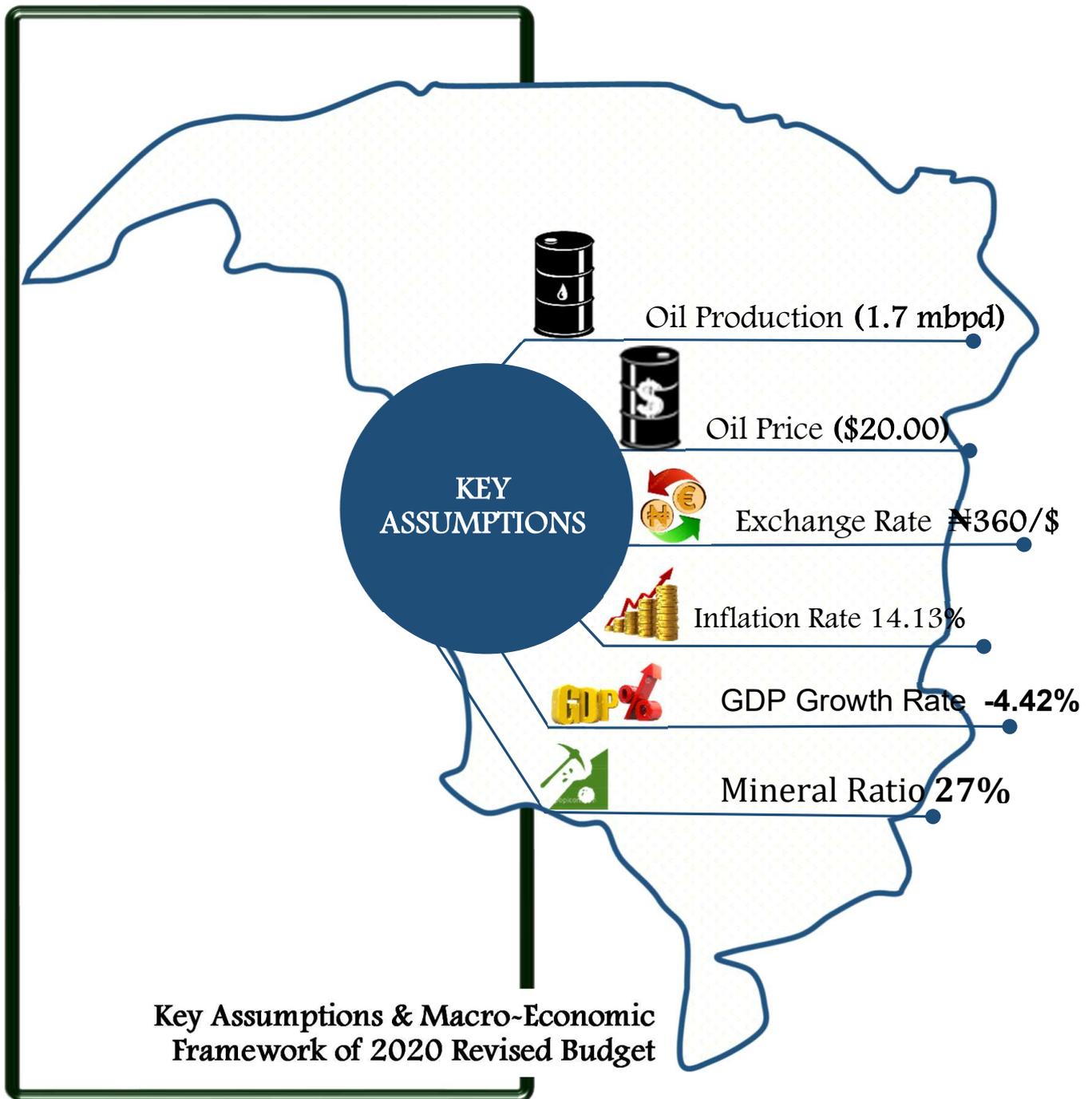
HIGHLIGHTS OF THE 2020 REVISED BUDGET

SN	DESCRIPTION	ORIGINAL BUDGET	AMENDED BUDGET	COVID-19 RESPONSE
Revenue				
1.	Opening Balance	2,500,000,000	2,223,232,298	
2.	Rec. Revenue	68,206,605,414	52,408,787,616	
3.	IGR	5,442,495,668	6,032,895,848	
4.	Capital Receipt	11,265,000,000	9,515,000,000	
5.	Loan Facility	20,900,000,000	15,869,195,343	
	Total	108,314,101,082	86,049,111,105	
Expenditure				
1.	Personnel cost	29,386,790,820	28,412,987,994	720,000,000
2.	Overhead cost	17,109,714,034	16,802,718,534	1,980,500,000
3.	Debt servicing	7,086,254,228	2,141,254,228	0.0
4.	CRF Charges	4,212,542,000	4,537,542,000	0.0
5.	Capital Expen.	50,518,800,000	34,154,608,348	7,353,000,000
	Total	108,314,101,082	86,049,111,104	10,053,500,000





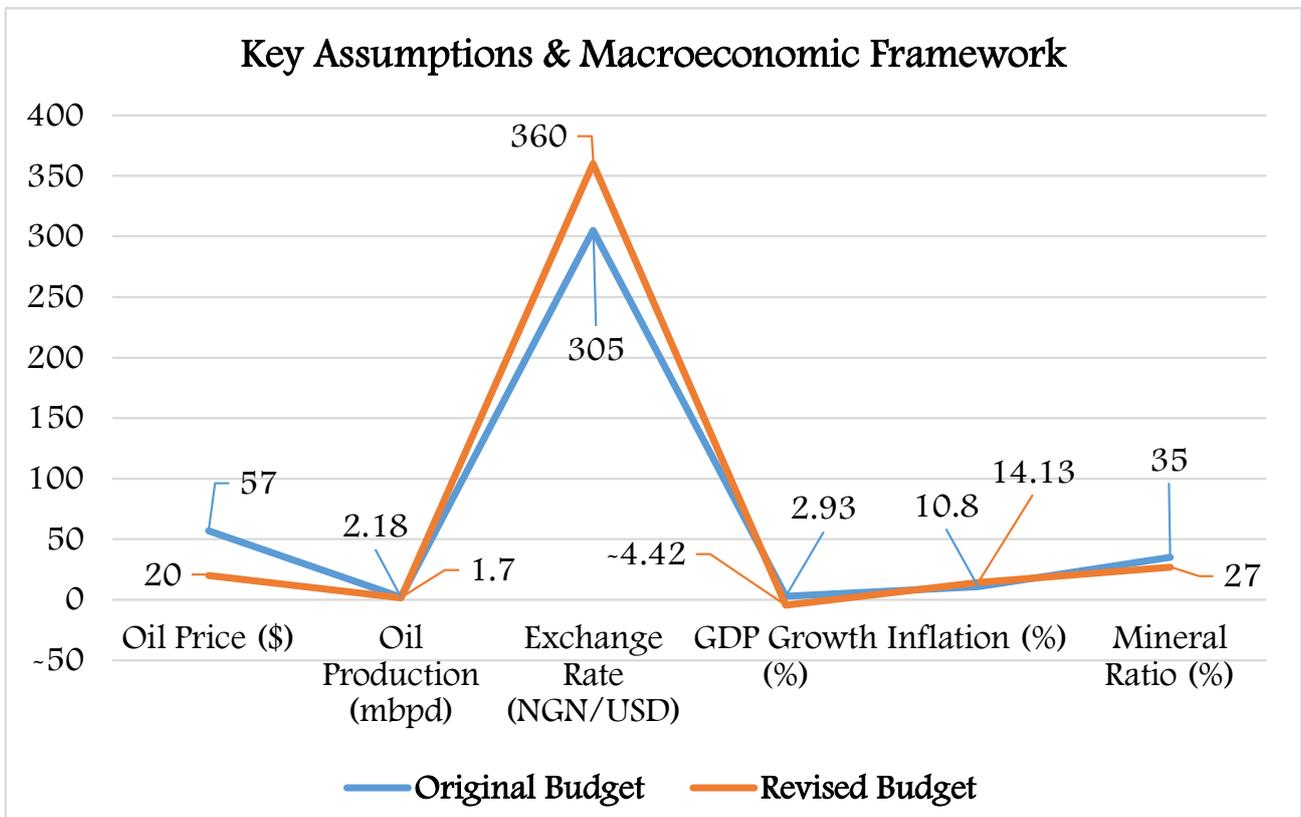
KEY ASSUMPTIONS & MACROECONOMIC FRAMEWORK



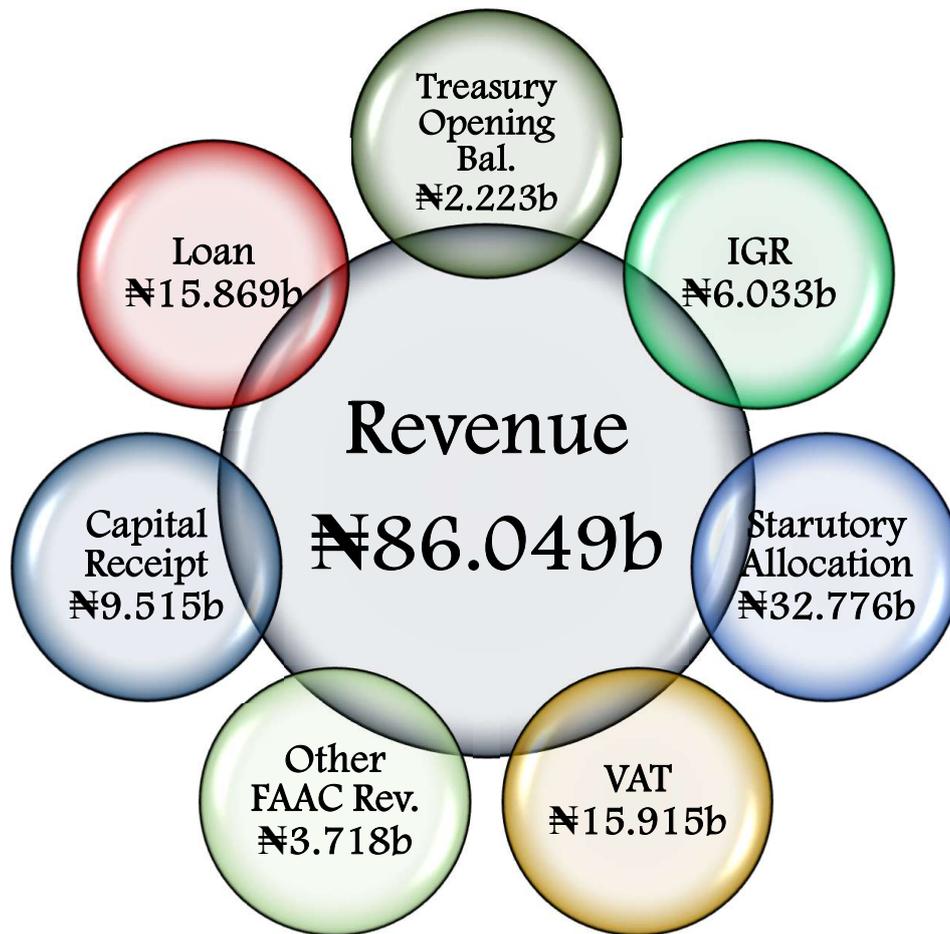


As shown in the graph below, Oil price was \$57pb in the original budget but dropped to \$20pb. In the same vein, Oil Production was projected at 2.18 mbpd in the original Budget 2020 but reviewed to 1.7 mbpd. The Exchange Rate increased from ₦305/USD to ₦360/USD due to depreciation in naira value. GDP was initially projected at 2.93 % but declined to -4.42%.

However, inflation was initially projected at 10.8% but increased to 14.13%, likewise Mineral ratio has been decreased from 35% in original budget to 27% respectively.



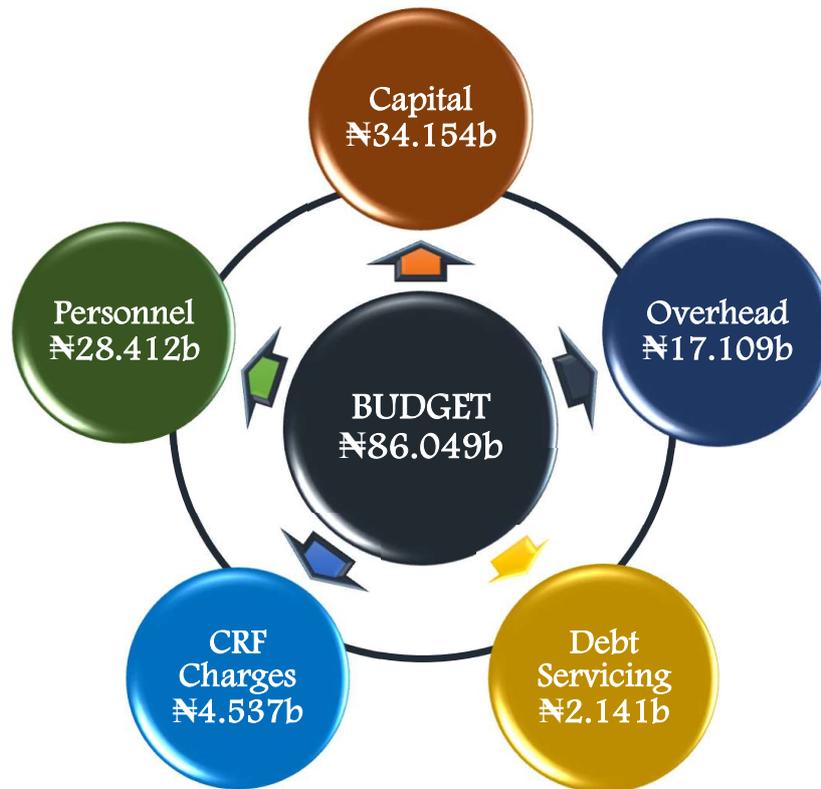
REVENUE SOURCE



The actual treasury opening balance was ₦2.223b as against the projected opening balance of ₦2.500b in the original budget. The sum of ₦52.018bn was projected as the state's share of FAAC Allocation in the initial budget, but due to COVID-19 effect on the economy, it was reduced from ₦52.018bn to ₦32.776bn, while other FAAC Revenues remains the same as projected in the original budget. VAT has increased from ₦12.471bn to ₦15.915bn due to FGN's policy on the upward review of VAT from 5% to 7.5%.

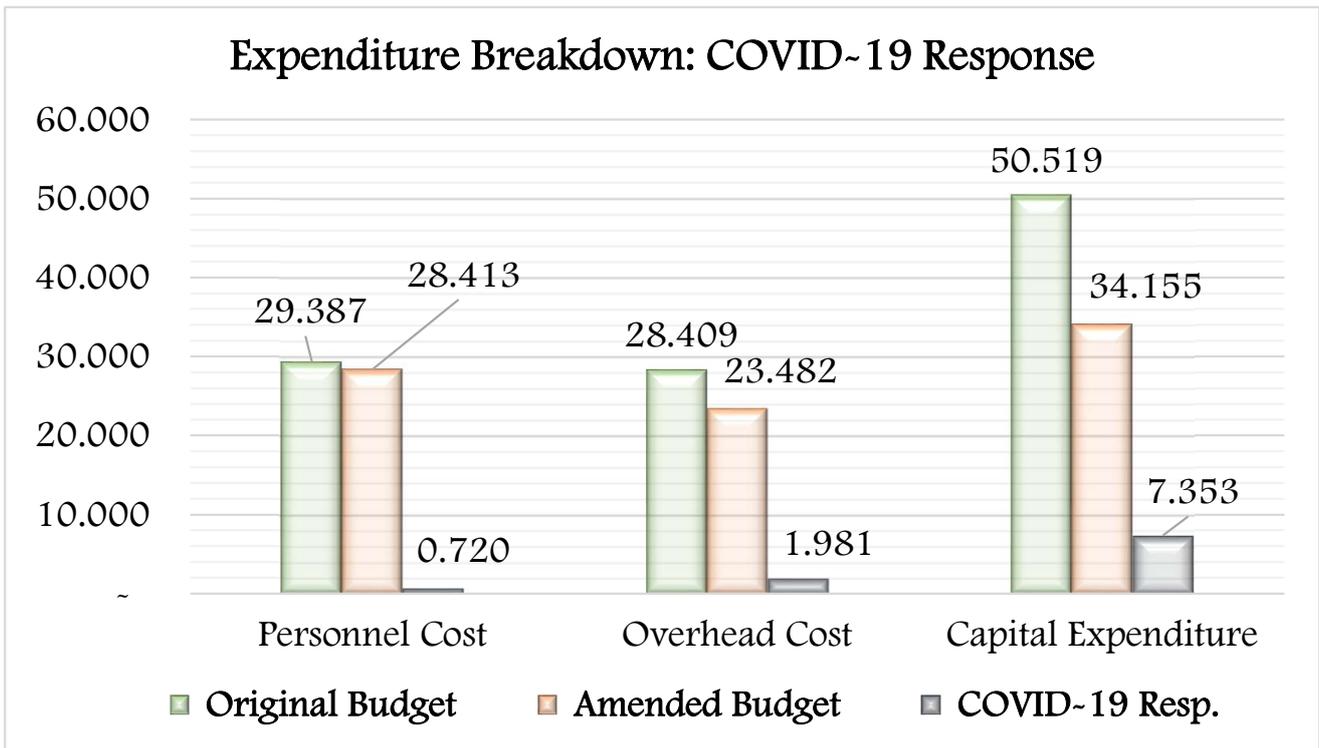
The state's internal revenue generation effort witnesses an increase of 10.85% (₦6.033bn) in the revised budget as against ₦5.442bn in the original budget, this is due to increase in PAYEE as a result of increase in salaries.

EXPENDITURE BREAKDOWN



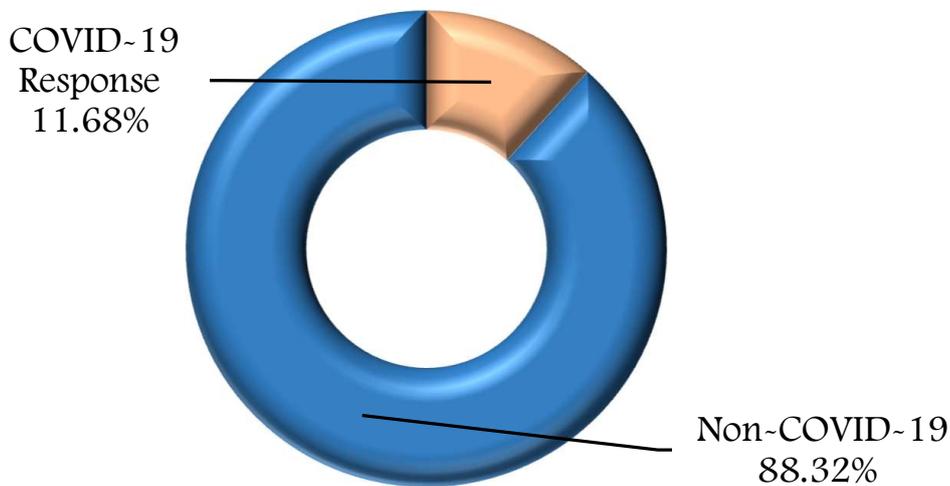
Expenditure	Original Budget	Revised Budget	COVID-19 Response
Personnel	29.387b	28.413b	0.720b
Overhead	17.110b	16.803b	1.981b
Debt Servicing	7.086b	2.141b	0.000b
CRF Charges	4.213b	4.538b	0.000b
Capital	<u>50.519b</u>	<u>34.155b</u>	<u>7.353b</u>
Total	108.314b	86.049b	10.053b

In response to COVID-19 pandemic, Personnel cost has slightly decreased from ₦29.386b as projected in the original budget to ₦28.412b. Overhead cost also witnessed a slight decrease from ₦17.109b to ₦16.802b. Capital expenditure suffered huge decrease from ₦50.518b in the original budget to ₦34.154b.



The 2020 Approved budget was reduced from ₦108.518b to ₦86.049b representing about 20.71% due to effect of COVID-19 pandemic on the global economy. Of the revised budget, the sum of the sum of ₦10.053b was earmarked to contain the spread COVID-19 pandemic, ₦750m to cater for allowances for the frontline Health workers; ₦1.981b for procurement of palliatives to IDPs and other vulnerable groups and ₦7.353bn capital expenditure to cater for procurement of safety kids and preventive equipment respectively.

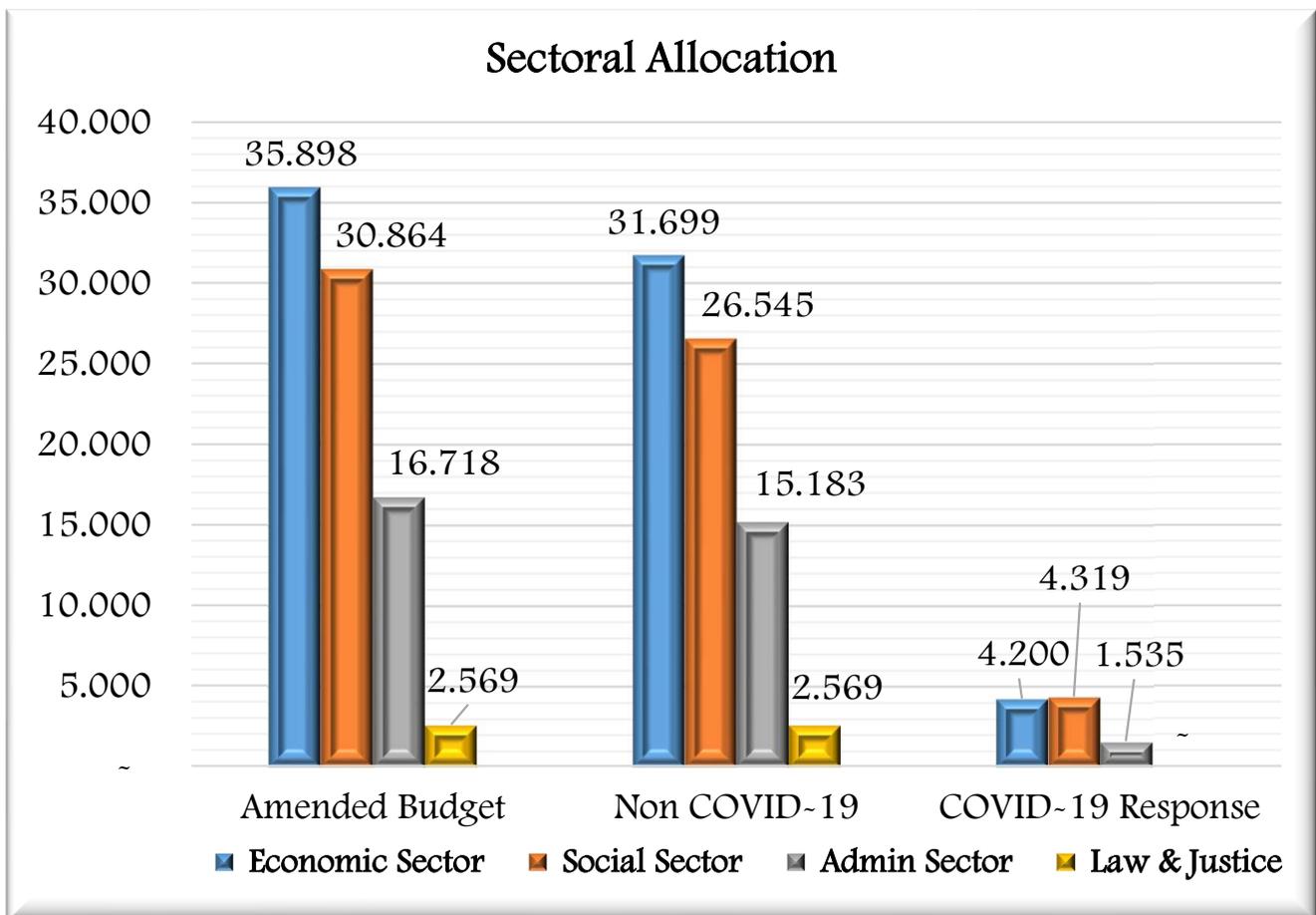
COVID-19 Response in the Revised Budget





SECTORAL ALLOCATION

As shown in the figure below, out of ₦86.049b revised budget, ₦35.898b was earmarked for Economic Sector, ₦30.864b for Social Sector, ₦16.718 for Administrative Sector and ₦2.569b for Law and Justice Sector. Of the ₦10.054b (11.68%) earmarked in the revised budget to contain COVID-19 pandemic, the sum of ₦4.200b would be expended on economic, ₦4.319b on social and ₦1.535b on Administrative Sectors.



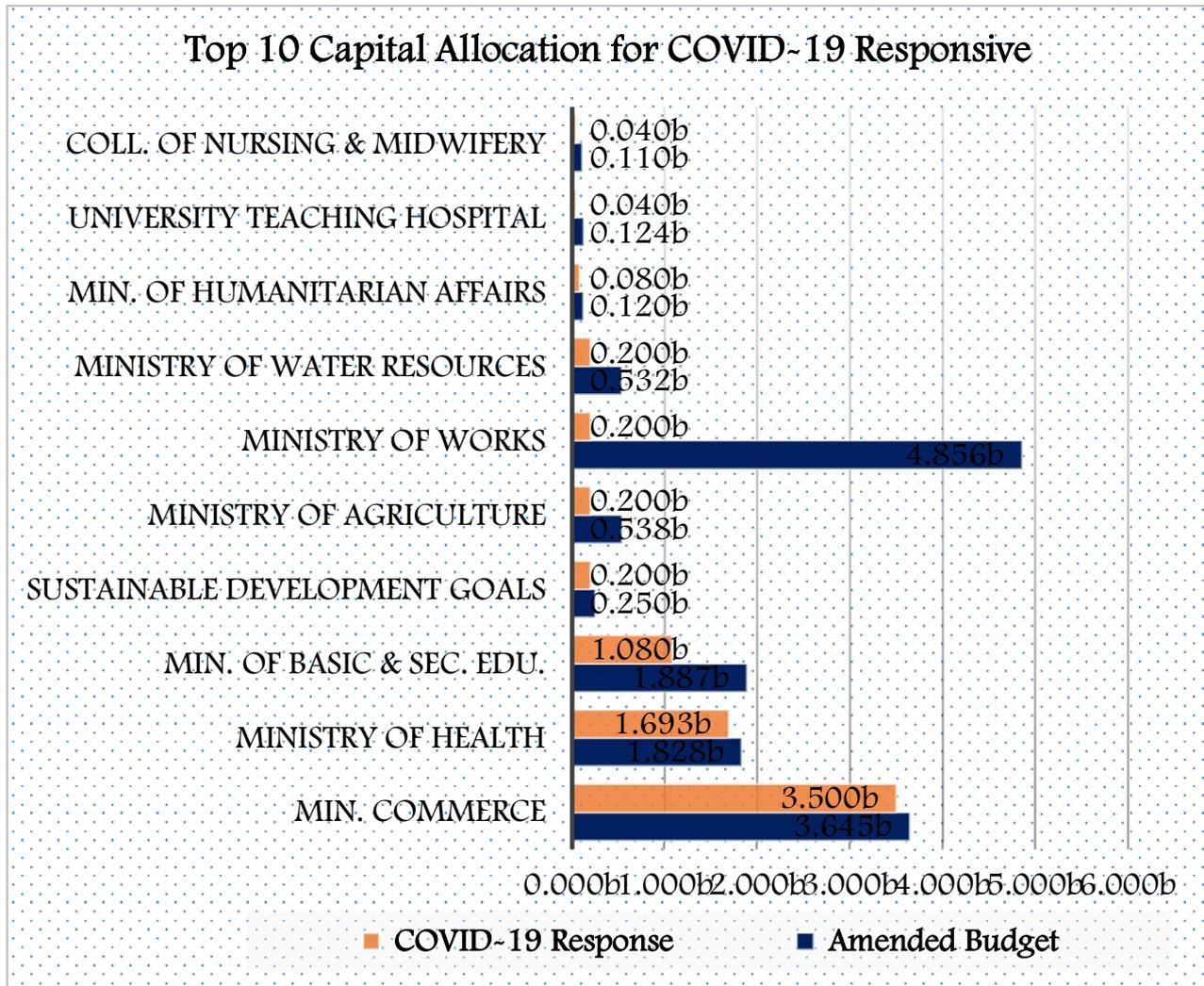


TOP 10 MDA CAPITAL ALLOCATION FOR COVID-19 RESPONSIVE IN THE 2020 REVISED BUDGET

MDA	AMENDED BUDGET	COVID-19 RESPONSE
Ministry of Commerce	3,645,000,000	3,500,000,000
Ministry of Health	1,828,000,000	1,693,000,000
Min. of Basic & Sec. Educ.	1,887,000,000	1,080,000,000
Ministry of Works	4,856,000,000	200,000,000
Ministry of Agriculture	538,000,000	200,000,000
Ministry of Water Resources	532,000,000	200,000,000
Sustainable Dev. Goals (SDGs)	250,000,000	200,000,000
Mi. of Humanitarian Affairs	120,000,000	80,000,000
University Teaching Hospital	123,500,000	40,000,000
Coll. Nursing & Midwifery	110,000,000	40,000,000
Total	<u>26,409,580,348</u>	<u>6,703,000,000</u>

The MDAs listed above has the highest capital allocation for COVID-19 responsive expenditures in the revised budget, as part of effort to contain the effect of COVID-19 on the citizens and the economy of the state. The sum of ₦3.5b has been earmarked for the completion of Damaturu Modern Market and construction of one-each at Nguru, Gashua and Potiskum to decongest markets.

The sum of N1.693b has been earmarked for the procurement of medical equipment, payment of allowances to the frontline health workers, construction and rehabilitation of health facilities and isolation centres etc, followed by the Ministry of Basic & Secondary Education (₦1.080b) to facilitates e-learning, construction of more classrooms to decongest students etc. ₦200m each was earmarked in Ministry of Works, Agriculture, Water Resources & SDGs for completion of ongoing roads, procurement of water pumps for irrigation activities, provision of potable drinking water, procurement of palliatives.



As shown in the chart above, ₦3.500b was earmarked in the Ministry of Commerce for completion of Damaturu Modern Market, and construction of Markets in Nguru, Gashua & Potiskum to decongest markets. Ministry of Health ₦1.693b for the construction and rehabilitation of health facilities and isolation centres, payment of allowances to frontline health workers, procurement of medical equipment etc; Ministry of Education is allocated the sum of ₦1.080b, to facilitate e-learning amidst COVID-19 pandemic, construction of more classrooms to decongest students. ₦200m each in Ministry of Agriculture and Ministry of Works, and Water, for the procurement of water pumps, irrigation and provision of potable drinking water.



MAJOR PROJECTS/INITIATIVES IN THE REVISED BUDGET

SDGs	₦
Health/Medical/Laboratory Equipment	75,000,000
Construction/Provision of Hospitals/Health Centres	50,000,000
Rehabilitation/Repairs of Hospital Building	50,000,000
Monitoring and Evaluation	25,000,000
SSGs OFFICE	₦
Purchase of Motor Vehicle	1,600,000,000
Counterpart Fund	209,000,000
Construction/Provision of Residential Buildings	150,000,000
Rehabilitation/Repairs of Residential Building	150,000,000
HOUSE OF ASSEMBLY	₦
Rehabilitation/Repairs of Office Building	207,600,000
Purchase of Chairs	156,000,000
Purchase of Motor Vehicle	63,600,000
MINISTRY OF INFORMATION	₦
Construction/Provision of Office Building	170,000,000
Purchase of Computers	110,000,000
OFFICE OF THE HEAD OF SERVICE	₦
Construction/Provision of Office Building	250,000,000
Rehabilitation/Repairs of Office Building	150,000,000
MIN. OF HUMANITARIAN AFFAIRS	₦
Foodstuff/Catering Materials Supplies (Palliative)	325,000,000
Purchase of Water Tankers for distribution of water to public during COVID-19 lockdown	80,000,000
Purchase of Fire fighting Equipment	40,000,000
Special Services (COVID-19 Palliative ~ SEMA)	800,000,000

**MINISTRY OF AGRICULTURE****₦**

Distribution of improved seeds and seedlings to farmers for food security	69,500,000
Water Supply Equipment: Supply of water pumps for Irrigation to Farmers	200,000,000

MINISTRY OF COMMERCE**₦**

Expansion of Markets at four major towns and Trailer park in Potiskum for social distancing	3,500,000,000
Purchase of Industrial Equipment to revitalised the industries	100,000,000

MINISTRY OF TRANSPORT & ENERGY**₦**

Construction of Airport	4,600,000,000
Electricity Transmission Network	340,000,000
Rehabilitation/Repairs of Electricity	200,000,000

RURAL ELECTRIFICATION BOARD**₦**

Electricity Transmission Network	1,400,000,000
Plant/Generator Fuel	290,000,000
Installation of gen sets at Isolation Centres, Hospitals and Doctors Quarters.	100,000,000
Maintenance of Plants/Generators	30,000,000

MINISTRY OF WORKS**₦**

Construction of Roads	4,500,000,000
Rehabilitation/Repairs of Roads	200,000,000
Sewage/Drainages and Culverts	60,000,000
Rehabilitation/Repairs of Water Facilities	50,000,000
Spare Parts and Tools	30,000,000

**MINISTRY OF WATER RESOURCE****₦**

Provision of portable water to improve hygiene for COVID-19 and PEWASH.	500,000,000
Rehabilitation/Repairs of Water Facilities	20,000,000
Sewage/Drainages and Culverts	10,000,000

WATER CORPORATION**₦**

Rehabilitation/Repairs of Water Facilities	120,000,000
Purchase of Power Generating Set	60,000,000
Boreholes and other Water Facilities	50,000,000
Purchase of Electrical Equipment	30,000,000

HOUSING & PROPERTY DEVELOPMENT**₦**

Construction/Provision of Residential Buildings	3,226,580,348
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MINISTRY OF BASIC & SECONDARY EDUCATION**₦**

Food Stuff/Catering Materials Supplies	650,348,000
Rehabilitation/Repairs of School Building	580,000,000
Construction/Provision of School Building	500,000,000
Tuition, Registration & Exam fees	500,000,000
Health/Medical/Laboratory Equipment	150,000,000
Beds & Beddings	100,000,000
Teaching Aids/Instruction Materials for virtual learning	50,000,000

MINISTRY OF HEALTH**₦**

Provision of state of the arts equipment such as ECGs, ECO and MRI Machines etc	650,000,000
Construction of more classrooms to decongest students' population	386,000,000
Establishment of sustainable Drugs and Medical Consumables Supply Systems	340,000,000
Rehab of Isolation Centres and Healthcare Facilities	300,000,000



Provision of Isolation Centres and Expansion of Health Facilities	250,000,000
Effective M & E of COVID -19 Prevalence	107,000,000
Prevention & Control of Infectious Diseases	96,000,000
Allowance for Health workers	90,000,000
Provision of Beds & Beddings to Isolation centres	50,000,000



CONCLUSION

The idea of revising the 2020 Approved Budget emanated from the ravaging effect of COVID-19 on the global economy. As part of effort to contain the spread and effect of COVID-19, emphasis are laid on the procurement of palliatives, payment of allowances to the frontline health workers, decongesting markets, schools and public gatherings, resuscitation of the industries, strengthening the small and medium scale enterprises and completion of ongoing projects that have direct bearing on the citizens and the economy of the state and thus increasing the revenue base of the state.

The general public is kept abreast on all aspects of the budget execution thereby giving them the opportunity to effectively monitor the implementation of the budget with a view to making any valid observation. The efforts of the Ministry of Budget and Planning and that of the State House of Assembly in engaging the citizens in the budget dialogue are quite commendable, as the public is gradually understanding the budget process through this means.

The citizens are hereby advised to closely monitor the budget's implementation and actively participate in the budget process to ensure that their priority projects are properly captured in the state's annual budget.



BUDGET TERMINOLOGIES

- **Budget deficit:** This occurs when Government estimated expenditure is greater than the expected revenue.
- **Budget surplus:** This occurs when government's estimated revenues exceed the targeted expenditure.
- **Balance budget:** This occurs when government expenditure is equal to government's estimated revenue.
- **Personnel cost:** This is made up of salaries and salary-related allowances, non-regular allowances, social security, gratuities etc paid to public servants.
- **Overhead cost:** This is made up of expenditures which includes provision of office consumables, staff welfare, maintenance of office furniture and fittings, procurement of fuel and lubricants etc. as a running cost and day-to-day activities of government entity.
- **Capital Expenditure:** This is money spent on major infrastructure projects such as roads, schools, hospitals, bridges, culverts and drainages, vehicles, trucks, transport, water supplies, power generating sets, plant and machinery etc.
- **Consolidated Revenue Fund charges (CRF):** This constitutes payment of statutory transfers, commissions established by government, the Civil Service Commission, State Independent Electoral Commission, Auditor-General, Judges, Law-makers, Members of the Executive Council etc
- **Economic & Fiscal Updates (EFU):** This provides economic and fiscal analysis which formed the basis for budget planning process. It is aimed primarily at policy makers and decision takers in the state. It also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.



- **Fiscal Strategy Papers (FSP):** Is a multi-year outline of the key fiscal parameters associated with the Government's budgetary operations, namely: revenue; expenditure; budget balance; financing; and debt. It provides revenue and expenditure estimates which are then embedded in the annual Budget Policy Statement.
- **Budget Policy Statements (BPS):** This reaffirms government's commitment to operate within its budget responsibility rules, which draws together key findings and policy recommendations from EFU and FSP into a cohesive statement on budget policy which then informs preparation of the annual budget, and produces the three year sector allocations (either for all expenditure, capital only, or capital and recurrent separately), which is prepared and approved prior to the issuance of (and be the basis for) the annual budget call circular.
- **Macroeconomic Framework:** This provides a detailed economic overview, which analyses significant economic, political and social events both globally, nationally and states level which have been influencing state economic and financial performance.
- **Medium Term Expenditure Framework (MTEF):** This is a transparent planning and budgeting formulation process within which the government established credible contacts for allocating public resources to their strategic priorities while ensuring overall fiscal discipline which involves setting fiscal targets and allocating resources to strategic priorities of the government.
- **Medium Term Sector Strategies (MTSS):** This sets out the projects and programmes that will be carried out in a particular sector over a three-year period, how much each programme and project will cost, where the money will come from and who will carry out the projects within the limitations of resource constraints, so that it is realistic which links policy, planning and budgets.



- **Statutory Transfers:** This is the subvention given to government agencies, treated as first-line-charges on the Consolidated Revenue Funds.
- **FAAC Revenue:** This is the share of revenue accruable to the State, derive from the Federation Distributable Pool Account.
- **Grants:** These are types of financial assistance, which is non-refundable in nature, given to the Government comprise of both internal and external, which is much often a non-discretionary grant.
- **Gross Domestic Product (GDP):** This refers to the total value of all goods and services produced in the state or country over a specified of time period, usually one year.
- **Inflation:** The rate of increase in general price level of goods and services over a period of time.
- **Value Added Tax (VAT):** The tax levied as value is added to goods and services at each stage of production.