

**A CITIZENS' GUIDE TO
UNDERSTANDING THE YOBE
STATE BUDGET OF RECOVERY,
CONSOLIDATION AND
REJUVENATION**

Produced by:
Ministry of Budget and Economic Planning,
April 2021



All rights reserved.

Users are restricted from selling and/or creating derivative works or other uses for commercial purposes without the express written consent of the Yobe State Ministry of Budget and Economic Planning. While users are free and welcome to reproduce and redistribute this publication or parts thereof for non-commercial use, they must do so in a way that does not suggest that the Ministry of Budget endorses the user to its use. Ministry of Budget and Economic Planning shall exercise any and all legal remedies available in case of violation of any of the foregoing restrictions.

The 2021 Appropriation Act is available for download from our website.

<https://budget.pfm.yb.gov.ng>

should you require further clarification on the content of the 2021 Budget, do not hesitate to contact us @ Eastern Wall, Governor's Office, Damaturu, Yobe State.

YOBE STATE BUDGET OF RECOVERY, CONSOLIDATION AND REJUBENARATION



..... In the next fiscal year, one of our primary targets is completion of all ongoing projects in the quest for provision of basic infrastructure to pave the way for attracting local and foreign investment and development in all facets. Within the scope of our limited resources, we have also made substantial provision for youth and the less-privileged empowerment to enable them to live a more dignified and prosperous life.

..... In the implementation of the budget, I wish to assure you that we would continue to uphold the values of transparency, accountability, due process and discipline. We would also explore more internally generated revenue sources with a view to getting additional funds to finance capital projects.

- **His Excellency, Governor Mai Malah Buni** while assenting into Law the 2021 Finance and Appropriation Act

FORWARD

The 2021 Budget of Recovery, Consolidation and Rejuvenation has been carefully put together to ensure that the state recovers from the hardship and economic downfall in a resilient manner. As we progress work on the development of new version of State Development Plan (YOSERA IV), we shall continue to ensure effective linkage between the annual budget and the state development plan. The 2021 Budget is based on the FGN's Economic Sustainability Plan, which is a transit plan between the Economic Recovery and Growth Plan 2017-2020 (ERGP) and the successor MTNDP.

The Citizens Guide to the Yobe State Government 2021 Budget attempt to inform the average citizens on the principles and processes that are involved in making the government's budget. It also outlines the key deliverables of the budget for the citizens, with emphasis on completion of as many ongoing projects as possible. It is therefore, 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.

Citizens are therefore encouraged to utilise this easy-to-read summary of the Yobe State Government's Budget to improve their knowledge, and be able to take advantage of the opportunities it offers. I am optimistic that this will improve the level of citizens' participation and the overall governance outcome. 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.



Hon. Muhammad Garba Gagiyo
Honourable Commissioner

LIST OF ACCRONYMS

CBN	Central Bank of Nigeria
COVID-19	Corona Virus Pandemic
CRF	Consolidated Revenue Fund
CSDP	Community and Social Development Project
DLI	Disbursement Link Indicator
FAAC	Federation Account Allocation Committee
GDP	Gross Domestic Product
M&E	Monitoring and Evaluation
MCHC	Maternal & Child Health Care
MDA	Ministries, Departments and Agencies
N-Cares	Nigerian Cares Programme
NGN	Nigerian Naira
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
UNFPA	United Nation Fund for Population Activities
USD	United State Dollars
VAT	Value Added Tax
YESSO	Youth Employment and Social Support Operation

CONTENTS

FORWARD.....	4
LIST OF ACCRONYMS	5
CONTENTS.....	6
INTRODUCTION	7
THE BUDGET PROCESS.....	8
REVIEW OF 2020 BUDGET.....	9
2021 BUDGET OVERVIEW	12
KEY MACROECONOMIC ASSUMPTIONS.....	15
BREAKDOWN of REVENUE.....	16
BREAKDOWN of EXPENDITURE	17
SECTORAL ALLOCATION	18
TOP 10 MDA ALLOCATIONS IN THE 2021 BUDGET	18
MAJOR CAPITAL PROJECTS IN THE 2021 BUDGET	21
CONCLUSION	23
SOME USEFUL BUDGET TERMS.....	24

INTRODUCTION

What is Budget?

Budget is the main instrument for implementing government policies, programmes, projects, initiatives, plans and priorities in a fiscal period (typically a year) to manage the economy in order to enhance growth, stability, employment and infrastructural development. It is an estimation of revenue and expenditure over a specified period of time and is usually compiled and re-evaluated on a periodic basis (budget performance). Budgets can be made for a person, a group of people, a business, a government, or just about anything else that makes and spend money.

Budget encompasses the following:

- A plan of how government intends to raise revenue from different sources to pay for its routine activities;
- A plan of how the government intend to spend taxpayer's money to implement policies to achieve set objectives, targets and goals;
- A plan for government borrowing or the repayment of borrowed funds.

Why do we need a Budget?

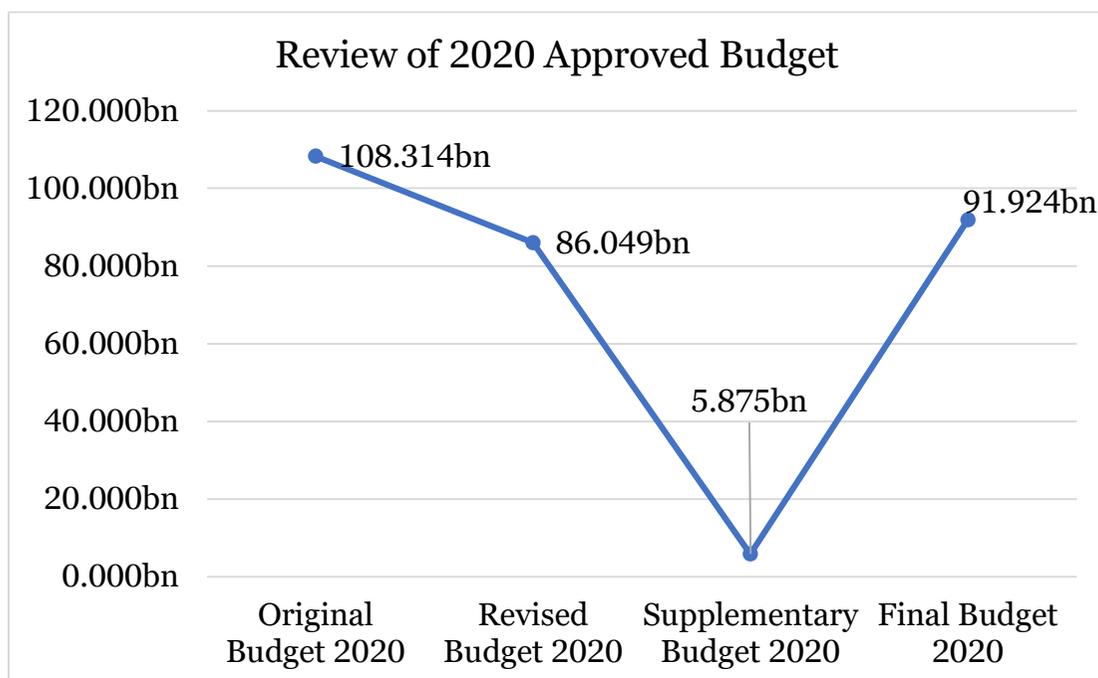
As contained in section 121 of the 1999 Constitution of Federal Republic (as Amended) the Governor shall cause to be prepared and laid before the House of Assembly at any time before the commencement of each financial year estimates of the revenues and expenditure of the State for the next following financial year as no moneys shall be withdrawn from the Consolidated Revenue Fund of the State except to meet expenditure that is charged upon the Fund by this Constitution or where the issue of those moneys has been authorised by an Appropriation Law, Supplementary Appropriation Law or Law passed in pursuance of section 121.

THE BUDGET PROCESS

STAGE	ACTIVITY	TIME-FRAME (MONTH)									
		03	04	05	06	07	08	09	10	11	12
01	Annual Sector Performance Review										
02	Preparation of EFU-FSP-BPS										
03	Review and Roll-over of MTSSs										
04	Submission of EFU-FSP-BPS to ExCo										
05	Citizens/Stakeholders' Consultations (CSOs, CBOs etc)										
06	Submission of EFU-FSP-BPS to SHoA										
07	Issuance of Budget Call Circular										
08	Preparation of MDA's Budget Proposals										
09	Bilateral Discussions with MDAs										
10	Consolidation of MDA's Proposals										
11	ExCo review and approval of draft budget										
12	Presentation of proposed budget to SHoA by H.E										
13	Budget defense by MDA's before SHoA										
14	Debate and approval of budget by SHoA										
15	Governor's Assent										

Initially MoBEP requests inputs from the MDAs and the general public, afterwards holds a consultation meeting with them on what should go into the Budget. It then supports all MDAs in reviewing their draft Budgets to ensure that their activities are in line with the State Development Plan (YOSERA), Medium-Term Sector Strategy (MTSS) and does not exceeds the ceilings issued to them. The draft document (proposed) is submitted to Executive Council for approval. His Excellency the Executive Governor will thereafter present the Proposed Budget to the State House of Assembly, which is then considered, debated, approved, and passed into the Law as the Appropriation Act. The Approved Budget would then be assented to by the Executive Governor.

REVIEW OF 2020 BUDGET



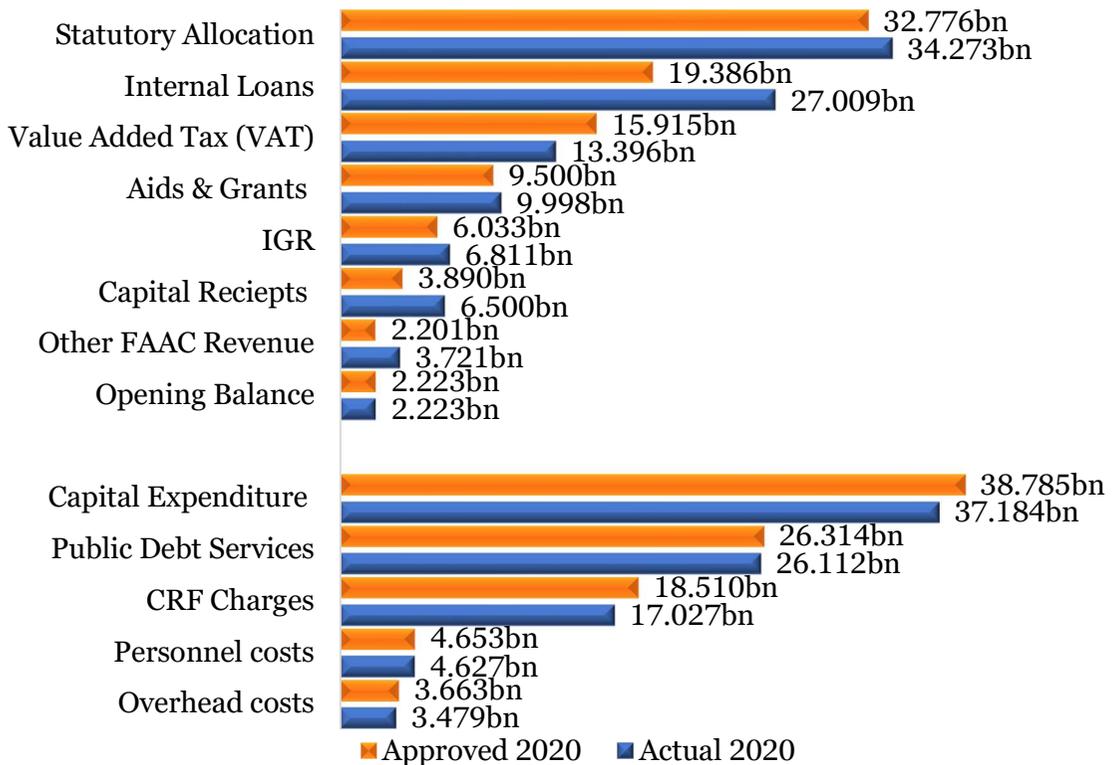
The 2020 Budget faces series of economic downturns. The total amount earlier approved was ₦108.314 billion. However, the devastating effect of the COVID-19 pandemic on the global economy, necessitated the scale down of the initial provision of the Budget to ₦86.049 billion representing 20.56% decreased. This was later followed by a supplementary provision of ₦5.875 billion which is upwardly increase the size to ₦91.924 billion translating into 6.83% increase.

Revenue Performance

The revenue performance for 2020 is much higher than the projected by over 10%. As shown in the figure below the sum of ₦32.776b was projected as Government Share of Statutory Allocation, but actually ₦34.273b was received, representing 104.57% performance, the Internal Loan of ₦27.009b was received as against the projected ₦19.386b, translating into 139.32% increase. Government Share of Value Added Tax witnessed an 84.18% performance, Aids & Grants on the other hand records a 5.24% increase, ₦9.998 billion as against ₦9.500 billion projection.

The Internally Generated Revenue also witnessed an increase of 12.90% against the initial projection of ₦6.033 billion; Capital receipts records 67.10% (₦6.500bn) increase compared to the initial provision of ₦3.890 billion. Revenues accruable to the government from share of FAAC Allocation other than Statutory Allocation and VAT witnessed another increase of 69.04% (₦3.721bn) as against ₦2.201 billion earlier projected.

Overview of 2020 Budget Implementation



Expenditure Performance

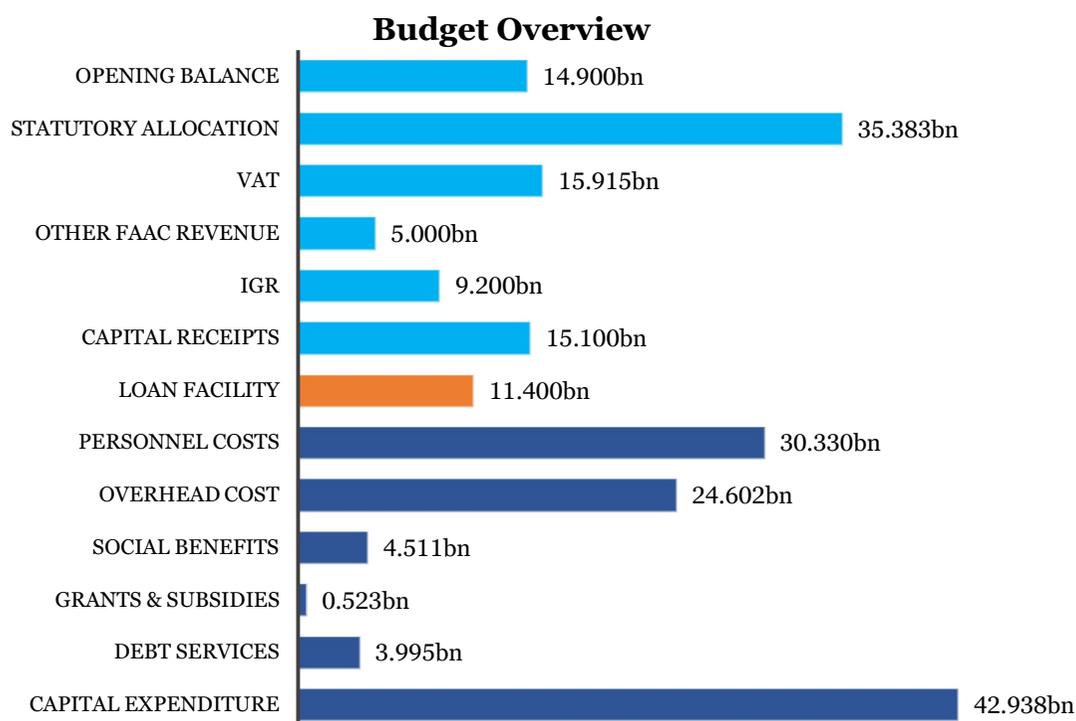
Out of the sum of ₦53.140 billion earmarked for recurrent expenditure in the 2020 Budget, the actual amount expended was ₦51.246 billion representing 96.44% success. The capital expenditure was expected to gulp ₦38.785 billion but the actual amount spent in this area was ₦37.184 billion indicating 95.87% success. The overall performance of the 2020 budget for both recurrent and capital expenditure was ₦88.429 billion showing 96.20% success out of which, recurrent expenditure occupies 57.95% while the capital expenditure takes the remaining 42.05%.

This performance includes but not limited to the following major highlights:

- i. Construction and rehabilitation of court buildings, office and other public structures, provision of furniture, books, journals, computers, ICT materials and other office equipment for the Ministries, Departments and Agencies;
- ii. Construction works of the International Cargo Airport, Damaturu;
- iii. Construction of school buildings and payment of registration, tuition and examination fees;
- iv. Construction and rehabilitation of inter-community roads and township roads and drainages for easier movement of goods and services across the State and beyond;
- v. Electrification of some locations in Damaturu and the major towns, maintenance of solar street lights as well as for procurement of a 650KVA generator for the Yobe State University Teaching Hospital;
- vi. Procurement of utility vehicles for the Ministries, Department and Agencies, security operatives as well as for our pilgrims in Saudi Arabia;
- vii. Construction of Modern Markets in Damaturu Gashua, Nguru and Potiskum;
- viii. Construction of 3,600 houses across the 17 Local Government Areas through the Family Homes Programme;
- ix. Payment for servicing of short-term borrowings and internal public debt.

2021 BUDGET OVERVIEW

SN	DESCRIPTION	APPROVED BUDGET
<u>Revenue</u>		
1.	Opening Balance	14,900,000,000
2.	Statutory Allocation	35,383,273,429
3.	Government Share of VAT	15,914,739,818
4.	Other Federation Account	5,000,000,000
5.	Internally Generated Revenue	9,200,486,529
6.	Capital Receipts	15,100,000,000
7.	Loan Facility	<u>11,400,000,000</u>
	Total	<u>106,898,499,776</u>
<u>Expenditure</u>		
1.	Personnel (Including CRF Charges)	30,330,107,733
2.	Overhead cost	24,601,734,034
3.	Social Benefits	4,511,000,000
4.	Grants and Subsidies	522,730,000
5.	Debt Services	3,995,000,000
6.	Capital Expenditure	<u>42,937,928,009</u>
	Total	<u>106,898,499,776</u>



Macroeconomic Assumptions

Due to lack of independent macroeconomic indices, such as the State GDP, Inflation among other indices, the state opt for what is obtainable in the central government. As proposed by the Federal Government at the National Economic Council meeting, the Oil Price was \$40 per barrel, Oil Production benchmark of 1.86 million barrel per day, Exchange Rate NGN:USD 379, GDP Growth 3.00%, Inflation 11.95%, and Mineral ratio 30%.

Revenue Composition

The revenue composition comprises of the Treasury Opening Balance of ₦14,900,000,000, Statutory Allocation of ₦35,383,273,429 which is projected based on the trend of actual receipt from FAAC using the elasticity forecast method, VAT of ₦15,914,739,818 has been projected based on FGN Policy of upward review from 5.0% to 7.5%.

Other FAAC Revenues of ₦5,000,000,000 comprising Excess Crude Oil ₦2,201,000,000, Exchange Gain Differential of ₦1,749,000,000, Excess Bank Charges ₦50,000,000 and Ecological Fund ₦1,000,000,000 respectively.

The Internally Generated Revenue (IGR) of ₦9,200,486,529 has been projected considering the increase in PAYE due to implementation of ₦30,000 new minimum wage and also refund of PAYE of FGN employees working in the state. Refund of PHCN ground rent of ₦5,700,000,000 has been earmarked to be received in 2021 fiscal year. The total recurrent revenues including the treasury opening balance stood at ₦95,498,499,776 available to fund recurrent and other capital expenditures.

Capital Receipts

The state maintained the ₦250,000,000 expected from Conditional Grant Scheme (CGS) of OSSAP-SDGs and ₦3,000,000,000 for Development of Natural Resource from the Federal Government. In respect of External Grants, the state projected the sum of ₦6,750,000,000, which includes ₦3,000,000,000 SFTAS Programme DLI (World Bank), and ₦3,750,000,000 from Nigerian Cares Programme respectively.

Other capital receipts of ₦5,100,000,000 constitutes ₦2,059,769,625 being refund from Federal Government on overpayment of Foreign Loan Deduction and ₦3,040,230,375 refund from Federal Government (Security).

Like many years' budget, this year's budget also has a deficit of ₦11,400,000,000 which is expected to be sourced from Commercial Bank Loan - UBA Contract Financing ₦9,400,000,000 for the completion of Damaturu Modern Market, Cargo International Airport, Constructions of Markets at Gashua, Potiskum, Nguru, Geidam, Potiskum Trailer Park as well as Nguru-Bulanguwa road. and ₦2,000,000,000 COVID -19 Health Care Support.

Total Expenditure

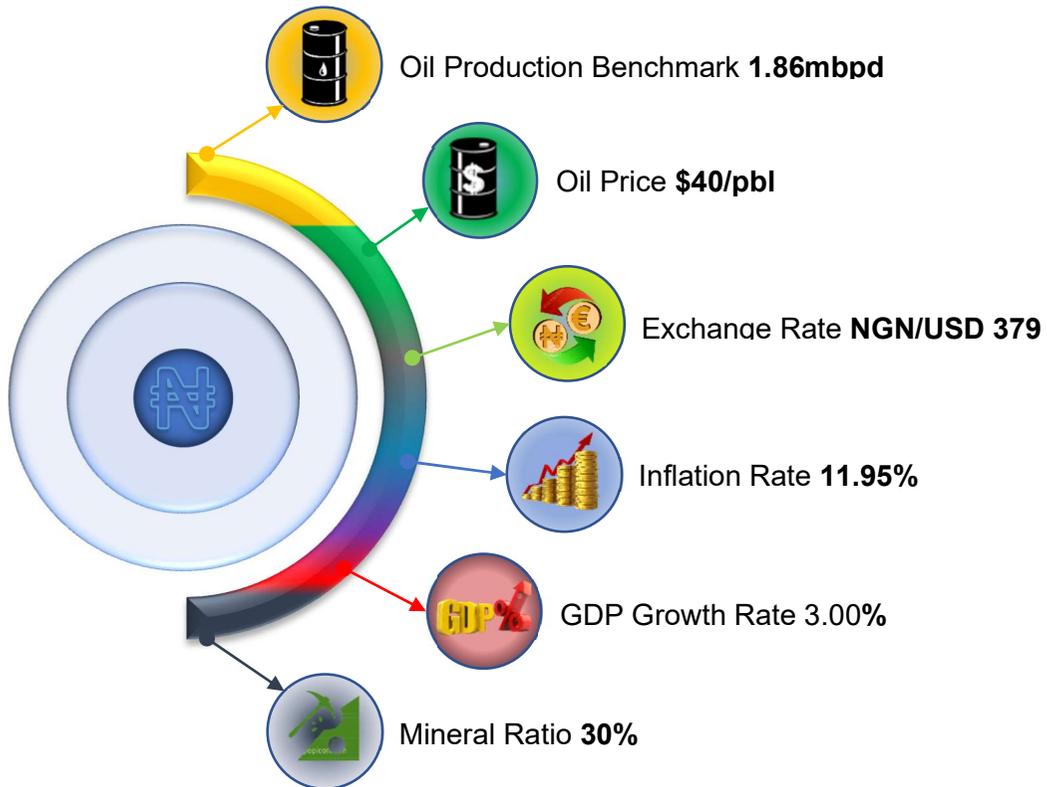
The total expenditure of ₦106,898,499,776 is estimated for the 2021 fiscal year. The Recurrent Expenditure is ₦62,150,571,767 which represent 58.01% of the total budget size. Personnel cost is ₦30,045,107,733 Overhead Cost of ₦18,950,464,034 is projected in the 2021 fiscal year.

The Consolidated Revenue Fund Charges of ₦14,965,000,000, which include Debt Services of ₦9,915,000,000 and ₦5,050,000,000 is for payment of pension, gratuity, death benefit etc.

Capital Expenditure in the other hand is ₦42,937,928,009 representing 41.95% of the total budget size. This comprises ₦29,030,950,009 for Economic Sector; ₦8,149,000,000 Social Sector; ₦896,000,000 Law and Justice and ₦4,861,978,000 for Administrative Sector.

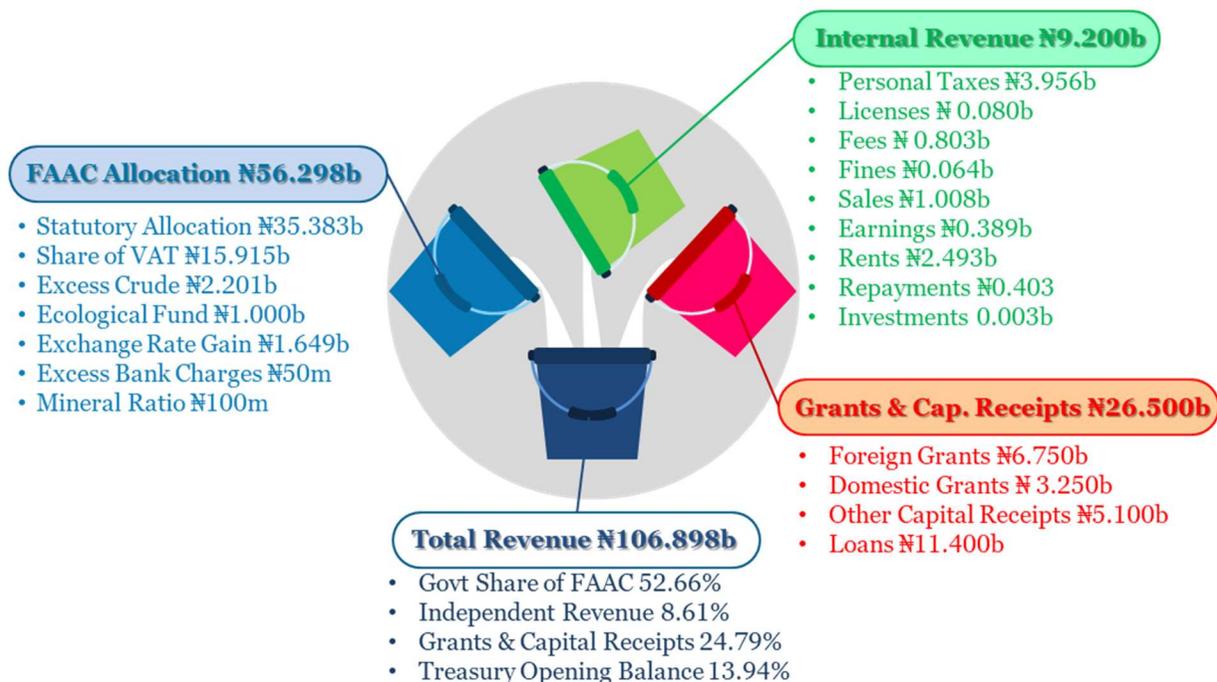
KEY MACROECONOMIC ASSUMPTIONS

The Underlying assumptions driving the Macroeconomic parameters and targets for the 2021 budget are depicted in the figure below. However, due to unavailability of the State Macroeconomic indices such GDP Growth Rate, Inflation Rate among other indices, the state adopted what is obtainable at the Federal Government.



As indicated above, the Oil price was projected at \$40 per barrel, Oil Production Benchmark was projected at 1.86 million barrel per day. The Exchange Rate projected at ₦379 against 1 United State Dollars. Inflation rate is projected to be 11.95%, GDP Growth Rate projected at 3.00% and Mineral ratiion at 30% respectively.

BREAKDOWN of REVENUE

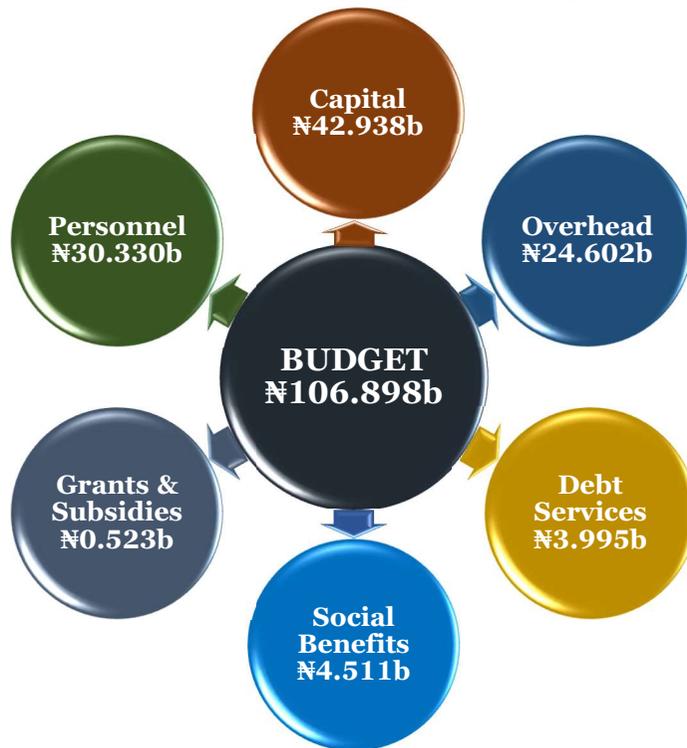


The above illustration shows the perceived origins of the anticipated revenue available for 2021 budget expenditure. As shown in the figure above, amongst the three major sources of revenue for the 2021 fiscal year's budget, largest share of the revenue would from Federation Accounts amounting to ₦56.298b, which translates into 52.66% of the total projected revenues; the remaining 47.34% is made up of ₦26.500b Grants and other Capital Receipts, representing 24.79%; Internally Generated Revenues of ₦9.200b represents 8.61%, and the Treasury Opening Balance, of ₦14.900b which is the financing figure, represents 13.94% of the overall revenue estimates.

Out of the ₦26.500b earmarked as Grants and Capital Receipts, Internal Loans occupies 43.01%, Foreign Grants 25.47%, Other Capital Receipts 19.25% and Domestic Grants occupies the remaining 12.26%. Government Share of FAAC Allocation in the other hand, which is about 52.66% of the total revenue, 62.85% would come from Statutory Allocation, 28.27% Government Share of VAT, 3.91% Excess Crude Oil, 2.93% Exchange Gain Differential, 1.78% Ecological Fund and 0.27% from Mineral Ratio (0.18%) and Excess Bank Charges (0.09%).

As for the Internally Generated Revenues (IGR), which barely contributes 8.61% of the overall budget estimates, 43.00% of this amount would be received from Personal Taxes (i.e. P.A.Y.E), Rents 27.10%, Sales 10.96%, Fees 8.73%, Repayments (Refunds) 4.38%, Earnings 4.23%, the remaining 1.60% is made up of Licenses (0.87%), Fines (0.70%) and Investment Income (0.003%).

BREAKDOWN of EXPENDITURE



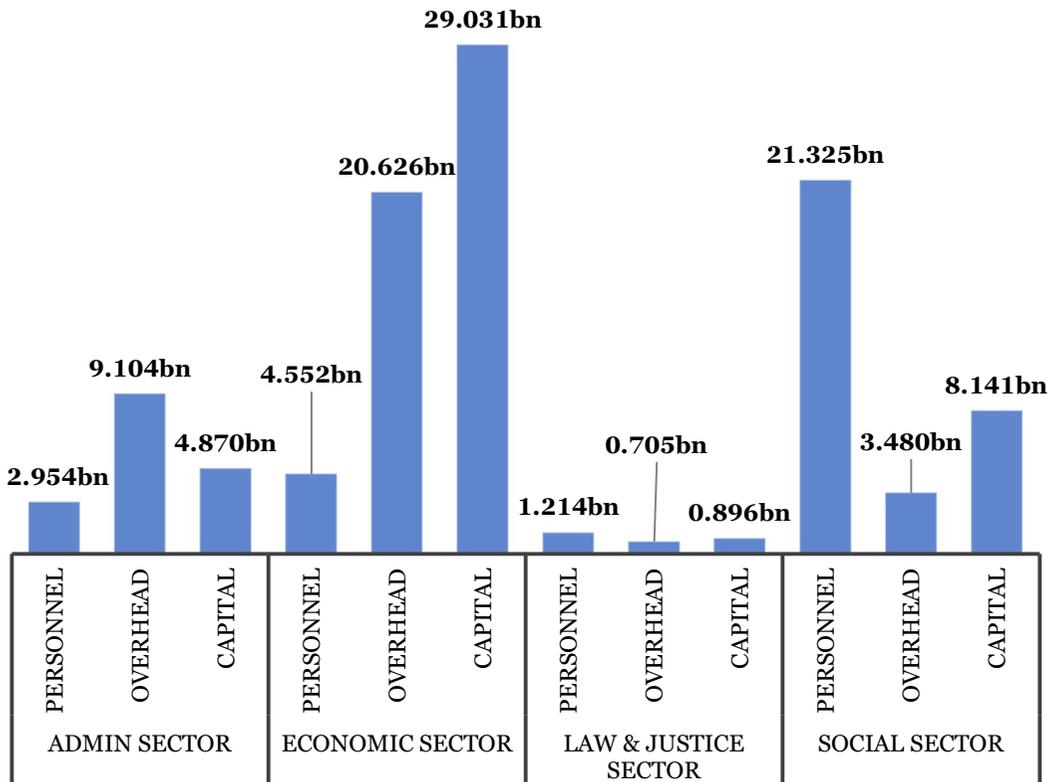
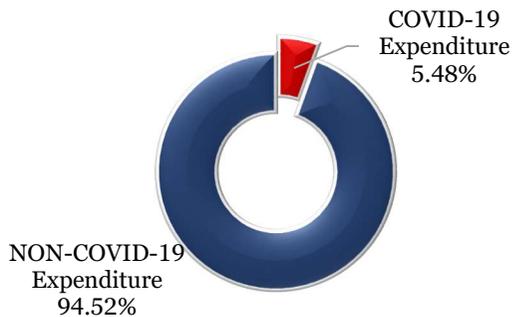
S/N	Expenditure	Original Budget
1.	Personnel (Including CRF Charges)	30,330,107,733
2.	Overhead cost	24,601,734,034
3.	Social Benefits	4,511,000,000
4.	Grants and Subsidies	522,730,000
5.	Debt Services	3,995,000,000
6.	Capital Expenditure	42,937,928,009
	Total	106,898,499,776

As indicated in the diagram above, capital expenditure occupies 40.17% of the overall budget estimates, followed by Personnel costs (including CRF Charges for statutory transfers and other allowances), overhead cost occupies 23.01%, social benefits 4.22%, Debt services 3.74%, the least is grants and subsidies which 0.49%.

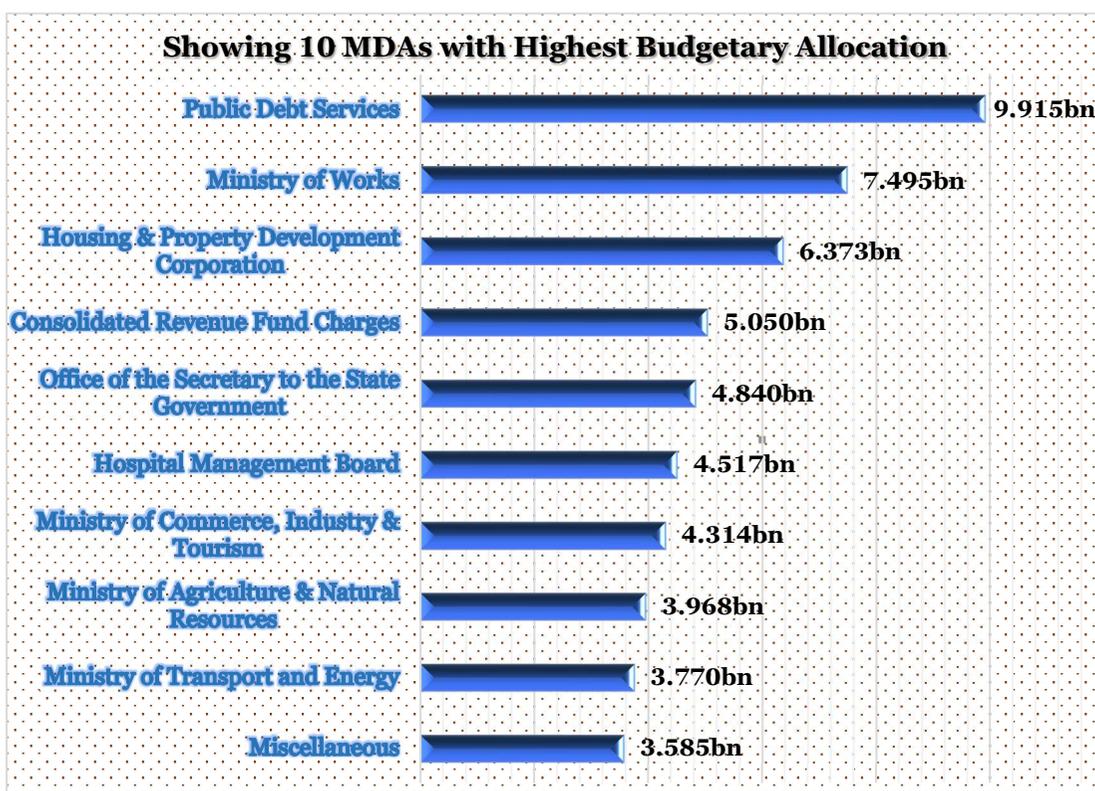
SECTORAL ALLOCATION

As shown in the figure below, out of ₦106.898b approved budget, ₦54.209b representing 50.71% has been earmarked for Economic Sector, ₦32.946b or 30.82% for Social Sector, ₦16.928b or 15.84% for Administrative Sector and ₦2.815b or 2.63% for Law and Justice Sector.

However, the sum of ₦5.859b, representing 5.48% of the total budget size has been earmarked to contain the scourging effect of COVID-19 pandemic, of this amount, the sum of ₦4.418b (75.41%) would be expended on social sector, ₦0.920b (15.70%) on economic sector and ₦0.521b (8.89%) on administrative sector, where 60% (i.e., 3.519b) would be expended on current services.



TOP 10 MDA ALLOCATIONS IN THE 2021 BUDGET



The chart above shows the MDAs that has the highest budgetary allocation in the 2021 fiscal year's budget. As indicated, the sum of ₦9.915b has been earmarked for the settlement of outstanding government's liabilities (creditors' obligation), ₦7.495b, for the completion of ongoing roads construction across the state, ₦6.373b, for the provision of affordable housing accommodation to the general public at a subsidised rate i.e. completion of the ongoing construction 1 bedroom rural 2 and 3 bedroom flat urban housing estate across the 17 LGAs of the state.

The sum of ₦5.050b earmarked for the payment of statutory transfers, CRF charges among others charges, the account of which is domiciled in the Ministry of Finance, ₦4.840b, for the procurement of motor vehicles and as well as payment of entitlements for security personnel engaged by the state government to fight insurgency and restore peace in the state under the Office of the Secretary to the State Government.

The sum of ₦4.517 has been earmarked in HMB for the procurement of medical equipment, payment of salaries and allowances to the frontline health workers, construction and rehabilitation of health facilities and isolation centres, facilitate COVID-19 immunisation etc. ₦4.314b MCI&T, earmarked for the completion of Damaturu, Potiskum, and Gashua Modern Markets and construction of one at Nguru in order to decongest the markets. The sum of ₦3.968b has been earmarked for the procurement of agricultural equipment, procurement and rehabilitation of agricultural facilities, irrigation facilities, training of farmers and provision of softloan to farmers.

The sum of ₦3.769b has been earmarked for the construction of Cargo International Airport, connecting rural communities to National Grid, installation of solar street lights as well as rehabilitation and repairs of the existing ones etc. while the sum of 3.585b has been earmarked to cater for unforeseeable expenses and expenditures the government might have incurred during the course of discharging its day-to-day activities where the account is domiciled in the Ministry of Finance under Miscellaneous Expenses.

MAJOR CAPITAL PROJECTS IN THE 2021 BUDGET

MDA	PROJECT	AMOUNT (₦)
House of Assembly	✓ Construction/Provision of Office Building	250,000,000
	✓ Construction of Other Building	220,000,000
Office of the Head of Service	✓ Construction/Provision of Office Building	300,000,000
Office of the Secretary to the State Government	✓ Counterpart Fund	250,000,000
	✓ CSDP N-Cares Programme	600,000,000
	✓ Purchase of Motor Vehicles	1,000,000,000
Ministry of Agriculture & Natural Resources	✓ Counterpart Fund	1,667,500,000
Ministry of Commerce, Industry & Tourism	✓ Construction of Markets	3,800,000,000
Small Scale Industries & Credit Scheme	✓ Purchase of Industrial Equipment	200,500,000
Ministry of Transport & Energy	✓ Construction/Provision of Other Infrastructures	200,500,000
	✓ Purchase of Trucks, Rigs etc.	700,000,000
	✓ Electricity Transmission Network	830,350,000
	✓ Construction of Airports	1,600,000,000
Rural Electrification Board	✓ Electricity Transmission Network	1,000,000,000
Ministry of Works	✓ Rehab./Repairs of Roads	250,000,000
	✓ Purchase of Trucks, Bull Dozers, Rigs etc.	250,000,000

MDA	PROJECT	AMOUNT (₦)
	✓ Construction of Sewage/Drainage & Culverts	500,000,000
	✓ Construction of Roads & Bridges	6,024,000,000
Yobe State Road Maintenance Agency	✓ Rehab./Repairs of Roads	300,000,000
Ministry of Budget & Economic Planning	✓ Social Investment Programme	1,275,000,000
Ministry of Water Resources	✓ Boreholes & Other Water Facilities	500,000,000
Housing & Property Development Corporation	✓ Construction/Provision of Residential Building	6,300,000,000
Ministry of Basic & Secondary Education	✓ Rehab./Repairs of School Building	550,000,000
	✓ Construction/Provision of School Building	600,000,000
	✓ Tuition, Registration & Exam Fees	600,000,000
State Universal Basic Education Board	✓ Counterpart Fund	1,490,000,000
Yobe State Scholarship Board	✓ Tuition, Registration & Exam Fees	415,000,000
Ministry of Health	✓ Construction/Provision of Hospital/Health Centres	250,000,000
	✓ Rehab./Repairs of Hospital Building	280,000,000

CONCLUSION

Achieving government's budget objectives require bold, decisive and urgent actions. Government remains mindful of the need to provide safety nets to cushion the impact of reform measures on the vulnerable segments of the population.

We are optimistic that this approach will keep the citizens and the general public well-informed of on all aspects of the budget execution, which by extensions will give 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.

SOME USEFUL BUDGET TERMS

- **Accrual Based Budgeting** The term “accrual” refers to a fundamental accounting concept concerning the timing of recognition of economic events in financial reports. Accrual accounting is a system of accounting in which transactions and other flows between institutional units are recognized when economic value is transferred, increased, or lost, regardless of the timing of the related cash receipts or payments. This contrasts with the cash basis under which transactions and other events are recognized only when the related cash is received or paid. “Accrual” when applied to accounting and reporting—as in accrual accounting—indicates the preparation of ex post financial statements on an accrual basis, in accordance with applicable accounting principles and standards.
- **Balance Budget:** A balanced budget (particularly that of a government) is a budget in which revenues are equal to expenditures. Thus, neither a budget deficit nor a budget surplus exists (the accounts “balance”). More generally, it is a budget that has no budget deficit, but could possibly have a budget surplus. A cyclically balanced budget is a budget that is not necessarily balanced year-to-year, but is balanced over the economic cycle, running a surplus in boom years and running a deficit in lean years, with these offsetting over time.
- **Budget Deficit:** A budget deficit is when spending exceeds income. The term applies to governments, although individuals, companies, and other organizations can run deficits. A deficit must be paid. If it isn't, then it creates debt.
- **Budget Policy Statements (BPS):** The Budget Policy Statement (BPS) sets out the Government's priorities for the next accounting year. 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.

- **Budget surplus:** A surplus budget is a condition when income or receipts overreach costs or outlays (expenditures). A surplus budget normally refers to the financial conditions of the governments, where revenue exceeds expenditure. However, individuals choose to use the term ‘savings’ rather than ‘budget surplus.’
- **Capital Development Fund (CDF)** This account accommodates other revenues accruable to the government from capital receipts capital aids and grants, miscellaneous capital receipts, sales of obsolete fixed assets, surplus balances of CRF specifically for the execution of developmental programmes and projects.
- **Capital Expenditure:** Capital expenditures refer to funds that are used for the purchase, improvement, or maintenance of long-term assets to improve the efficiency or capacity of the government. Long-term assets are usually physical, fixed and non-consumable assets such as property, equipment, or infrastructure, and that have a useful life of more than one accounting period. 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.
- **Capital Receipts** This is the amount sourced or received by government from sales of fixed asset, loans, aids and grants received, dedicated for the development of infrastructures and procurement of other durable goods.
- **Cash-Based Budgeting** Cash-based budgeting is the budget system that proposes cash-based appropriations, which “guarantees and authorizes payments for the items (goods and services) that are included in the budget over a limited period of time, generally corresponding to the fiscal year in consideration.” In contrast, obligation-based budgeting proposes obligation-based appropriations, 6 which authorize government agencies “to enter into contractual commitments and to make payments according to these commitments, without a predetermined time limit

- **Consolidated Revenue Fund (CRF):**

Consolidated Revenue Fund (CRF) A fund established by section 81 of the Constitution, consists of all revenues and moneys raised or received by the executive government of the Commonwealth. The CRF is self-executing in nature, which means that all money received by the Commonwealth automatically forms part of the CRF.

This is an account containing the recurrent revenues accruable to the government such as FAAC revenues, internally generated revenues and other currents aids and grants receivable etc, dedicated to fund recurrent services where the excess balances after exhausting total recurrent expenditures is transferred to capital development fund.

- **Earnings**

Earnings, on the other hand, represents the profit a government has earned; it is calculated by subtracting expenses, interest, and taxes from revenue. In order to evaluate a government 's performance, it's important for investors to take into consideration both revenue and earnings.

- **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.

- **FAAC Revenue:**

This is the share of revenue accruable to the State from the Federation Distributable Pool Account. It is the account out of which inter alia, the monthly statutory allocation due to each state of the borrower is drawn. Federation Account means the Federal Account stated in section 162 of the Constitution of the Federal Republic of Nigeria 1999. Vertically, the Federation Account is currently distributed in the proportion of 48.50%, 26.72%, 20.60%, 4.18% to the Federal Government, States, Local Government, and federally controlled special funds respectively.

- **Inflation:** Inflation is the decline of purchasing power of a given currency over time. A quantitative estimate of the rate at which the decline in purchasing power occurs can be reflected in the increase of an average price level of a basket of selected goods and services in an economy over some period of time. The rise in the general level of prices, often expressed a percentage means that a unit of currency effectively buys less than it did in prior periods. The rate of increase in general price level of goods and services over a period of time.
- **Intangible Asset** An intangible asset is an asset that lacks physical substance. Examples are patents, copyright, franchises, goodwill, trademarks, and trade names, as well as software. This is in contrast to physical assets (machinery, buildings, etc.) and financial assets (government securities, etc.). An intangible asset is usually very difficult to evaluate. They suffer from typical market failures of non-rivalry and non-excludability.
- **Licenses** Licensing revenue is income earned by a government for allowing its copyrighted or patented material to be used by another government. Some examples of things that may be licensed include songs, sports team logos, and technology. Licensing revenues are a significant source of revenue for several publicly traded companies.
- **Macroeconomic Framework:** This provides a detailed economic overview, which analyses significant economic, political and social events both globally, nationally and states level which have being 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.
- **Mineral Ratio** This refers to the ratio between a mineral's weight and the weight of a specific volume of water (Water has a specific gravity of 1). Heavy minerals such as gold or platinum have very high specific gravity whereas light minerals such as graphite have low specific gravity.
- **Overhead cost:** Overhead costs are indirect costs that can't be traced back to a specific product as well as ongoing administrative expenses that do not generate revenues. These costs do not involve direct labor, direct materials, or direct expenses that customers pay for.

It also includes activities that are not directly related to the products or services that the firm offers, but they support the firm's profit-making activities. For example, paying the rent is not a profit-making activity, but it allows the firm to maintain a building and manufacture its products.

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.

- **Personnel cost:** Personnel costs are defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the reference period. This is made up of salaries and salary-related allowances, non-regular allowances, social security, gratuities etc paid to public servants.
- **Recurrent Expenditure** Recurrent expenditures are typically made more than once, and may even be made on a scheduled basis. Some expenses, such as wages and salaries made to employees by companies, are made periodically on a weekly or bi-weekly basis. Recurrent expenditures exclude payments

for capital assets, such as stock, bonds and property. Capital and recurrent expenditure are considered to be overall expenditure, and account for all fees and net lending that is doled out by governments.

- **Statutory Transfers:**

This is the subvention given to government agencies, treated as first-line-charges on the Consolidated Revenue Fund Account. 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.

- **Treasury Opening Balance**

The opening balance is the amount of money at the beginning of the accounting year, usually the first day of the month i.e., 1st January. Opening balance is the closing balance of the previous year the last day of the accounting year i.e., 31st December. Thus, it refers to the treasury balances (both cash at hand and cash in bank) as at 31st December of the preceding year, which formed part of the present year's financing figure.

- **Value Added Tax (VAT):**

A value-added tax (VAT) is a consumption tax that is levied on a product repeatedly at every point of sale at which value has been added. That is, the tax is added when a raw materials producer sells a product to a factory, when the factory sells the finished product to a wholesaler, when the wholesaler sells it on to a retailer, and, finally, when the retailer sells it to the consumer who will use it. The tax levied as value is added to goods and services at each stage of production.