



## **ADDRESS BY HIS EXCELLENCY, GOVERNOR YAHAYA BELLO OF KOGI STATE AT THE PRESENTATION OF THE 2021 BUDGET PROPOSALS TO KOGI STATE HOUSE OF ASSEMBLY ON 1<sup>ST</sup> DECEMBER, 2020**

### **Protocols**

1. The Rt. Honourable Prince Matthew Kolawole, Speaker, and the Honorable Members of the Kogi State House of Assembly, I am honoured to attend this hallowed Chambers once again to fulfill this most important of duties, to wit, presentation of the 2021 Kogi State Draft Budget.
2. I commend this House for approving the revised 2020-2022 Medium Term Expenditure Frameworks, Fiscal Strategy Paper and the passage of the Revised 2020 Appropriation Bill into law in record time to ameliorate disruptions from the Covid-19 Pandemic to our fiscal positions. Such responsiveness is the hallmark of a Legislature in tune with current affairs and committed to citizens' welfare.
3. The good people of Kogi State have remained patient and cooperative with our efforts to reposition the State for improved sustainability and liveability. Despite the trying times our people have shown great understanding and perseverance. I am therefore grateful to Kogites for their cooperation and support for my administration despite the constraints of governance in the present dispensation.
4. The Honorable members are fully aware that our nation, and indeed the whole world, is faced with precarious economic times due to the Covid-19 Pandemic. Our revenues have significantly plummeted - both from Federal Transfer and Internally Generated sources. This necessitated our coming before the House to revise our 2020 Budget for more realistic outlook. The situation has not improved much as the contraction is still very much around. Thus, the challenge while preparing this budget proposal was how to strike the right balance between realism and optimism in what is still a dire situation.

5. By the grace of God, we were able to take some unpopular but common sense governance steps in response to the pandemic so that our State was largely spared of cases of COVID-19. Till today, Kogi remains one of the state with the lowest incidence according to the official tally. We were however not so lucky with its punishing socio-economic effects. As you know, our economy is still largely dependent on the badly battered oil sector, which is still highly volatile. From 2016, when as an administration we first experienced a recession alongside the rest of the country, till now, the oil sector has remained painfully unpredictable.
6. Like I noted earlier, COVID-19 proved to be overly disruptive and compromised the 2020 Budget assumptions so much that we were compelled to review them downwards. Accordingly, this year's budget was revised downwards from N176 Billion to N122 Billion in our effort to respond proactively to relentlessly dwarfing revenues and COVID-19 induced priorities.
7. As you know, the 2020 Revised Budget was projected on crude oil benchmark of \$57 Dollars per barrel but, as at the end of the 1st Quarter of 2020, the price of crude oil had fallen to \$17/barrel. Thereafter it oscillated between \$20 and \$40/ barrel. All other Budget assumptions showed noticeably discouraging signals too, including exchange rate, inflation rate, GDP growth rate, volume of crude oil sales etc. This development significantly slowed down socio-economic activities in the State and, by implication, our momentum to translate our "Let's Do More" mantra into reality.
8. Mr. Speaker, Honourable Members, as we speak, major economies around the world, Nigeria inclusive, are technically in recession after experiencing 2 consecutive quarters of negative growth while many are projected to follow suit. China is the lone exception after growing by 4.9% in the last quarter.
9. On a happier note, Pfizer and several leading pharmaceutical companies have recently announced successes in their experimental COVID-19 vaccine programmes. Given other credible initiatives

towards finding a cure for COVID19, we can cautiously project that many countries, currently distressed by the pandemic will start bouncing back to the path of growth, all things being equal. It is our sacred duty to ensure that not only Nigeria, but our dear Kogi State, is not left behind.

10. It is on this note, Mr. Speaker sir, that we have carefully crafted the 2021 Budget to capture only realizable revenues, enhance Internally Generated Revenue (IGR), aggressively pursue repayment of debt owed us by the Federal Government, reduce significantly the cost of governance and provide more justification for our development partners across the world to contribute to the State economy. Most importantly, we intend to discover and eliminate all avenues for waste of government funds and resources which may have eluded us before now while blocking any remaining leakage in our Internally Generated Revenue portfolio. Common sense demands that we avoid 'white elephant' and ego massaging projects. We will therefore be prioritizing payment of salaries to our workforce and completion of on-going projects. New projects will be introduced to meet only critically important infrastructure needs.

11. Mr. Speaker, Honourable Members, today's presentation is part of the ongoing efforts by our Administration to improve the quality and timeliness of our budgeting processes. We have therefore worked hard to ensure early submission of the 2021-2023 Medium Term Expenditure Frameworks and Fiscal Strategy Paper as well as the 2021 Appropriation Bill. In the same vein, and going by your excellent track records in years past, I have no doubt that this Honourable House will work assiduously to promptly review and ensure quick passage of this Draft Appropriation Bill into law.

12. I will now present highlights of the Year 2021 Draft Budget and briefly scan through the Budget Performance for the 2020 Fiscal Year. The Honourable Commissioner for Finance, Budget and Economic Planning will later provide details of the Budget proposals.

## **2020 BUDGET PERFORMANCE**

13. Honourable Members will recall that our 2020 Revised Budget was tagged, 'BUDGET OF PROSPERITY'.
14. The total Revised Budget for year 2020 was N122,970,958,009 for both Recurrent and Capital Expenditures. The revised recurrent revenue for this year was N101,063,669,855, of which we collected N55,128,793,509 as at the end of September, 2020 representing a 54.55% performance.
15. The revised capital receipts for the same period was N21,907,288,154 out of which N11,167,268,798 was realized, representing 50.98% performance as at the end of September, 2020.
16. A total sum of N78,706,230,122 was approved for recurrent expenditure in 2020. However, the sum of N50,236,159,342 was spent as at September, 2020, representing 63.83% performance.
17. The revised capital expenditure for 2020 was N44,264,727,887 out of which the sum of N11,753,646,685 was expended as at September, 2020, representing 26.55% performance. This low performance is attributed to the aforesaid deleterious effects of the COVID-19 Pandemic.
18. Mr. Speaker sir, permit me to mention some of the projects and programs on which we have sustained attention in this difficult year due to their strategic importance in creating economic hubs in hitherto uncharted localities, creating access to key social services for neglected communities and stimulating socio-economic growth and wealth creation:
  - a. Prompt payment of Salaries, Pension and Gratuity;
  - b. Project Light up Kogi East;
  - c. Establishment of Confluence University of Science and Technology, Osara, which has secured the much needed approval by NUC;
  - d. Construction of Okene Township Roads;
  - e. Establishment of Garri Processing Plants at Osara, Ageva, Achonze, Ogbadu and Aiyetoro-Gbede;
  - f. Establishment of Fish Feed Mills at Geregu, Idah and Ejiba;

- g. Rehabilitation of fish ponds at Idah, Geregu, Ejiba and Adavi-Eba with perimeter fencing.
- h. Land clearing with tractorization of 300 hectares of land at Ojapata, Osara with cassava inputs such as NPK fertilizers, cassava stems and chemical distribution to farmers;
- i. Procurement of assorted consignments of GEO PLUS NPK 24:10:10 and GEO GREEN UREA for distribution to dry season farmers in the State to boost food security;
- j. Sustained Training and Extension activities to farmers in the State in collaboration with the World Bank's APPEALS project;
- k. On-going Erosion control projects at Agasa, Adum road and Ozuri;
- l. Control of Erosion and construction of Embankment at Greater Lokoja Water Pump Station to forestall flood menace;
- m. Provision of rural water schemes, including motorised motorized boreholes at Okofi Ette and Adangere;
- n. Provision of step-down transformers at Odu-Atte, Odu-gegeli, Odu-Ofomu in Dekina LGA and installation of 30 differential time meters at Isanlu in Yagba East LGA of the State;
- o. Signing of a CMA on Renewable Energy (Waste to Wealth);
- p. Reclamation of 40 hectares degraded Forest reserves in Okura Oinyin and Osara;
- q. Provision of solar powered Boreholes and streetlights to selected Rural Communities across the three senatorial districts under the NEWMAP initiative;
- r. Procurement of HYDROMET, Installation, training and automated flood early warning System through NEWMAP;
- s. Payment of year 2019/2020 SUBEB intervention counterpart fund;
- t. Construction of blocks of classrooms and renovation of school buildings.

19. Others include:

- a. Drilling of 54 motorized boreholes in schools across the State and construction of VIP toilet facilities in response to SDGs target 6.2 which seeks to achieve access to “adequate and equitable sanitation and hygiene for all” and to end open defecation by 2030.

- b. Supply of infra-red thermometers to all schools in the State as part of our Covid-19 Response programme;
- c. Health related Financial assistance to indigent Kogi citizens;
- d. Construction and Remodeling of Presidential Lodge in Government House, Lokoja;
- e. Renovation and furnishing of Deputy Governor's Lodge;
- f. Maintenance of greater Lokoja Water Scheme;
- g. Construction of Administrative Building for Graphics News Paper and procurement of modern printing and publishing equipment, making it the leading state-owned firm of its kind - at least in Northern Nigeria;
- h. Renovation and facelift of Kogi State Council Hall;
- i. Construction of a Chapel and a Mosque at Government House for Christian and Muslim devotions respectively;
- j. Renovation of Various Office Accommodation within Government House and creation of Sport Complex for the Government House community and environs;
- k. Purchase of operational and security vehicles and assorted equipment for security agencies;
- l. Procurement of specialized SD Biosensor Antigen Rapid Testing Kits as part our Covid-19 responses;
- m. On-going Construction of additional facilities at Kogi State Specialist Hospital;
- n. On-going Construction of the Reference Hospital, Okene;
- o. On-going Construction of Ultra-Modern Hospital Eganyi in Ajaokuta LGA;
- p. Ongoing construction of ultra-modern Hospital at Gegu-beki in Kogi LGA;
- q. Ongoing construction of Psychiatric Ward at the State Specialist Hospital, Lokoja;
- r. Replacement of Transformer and connection of Government House, State Secretariat and State Specialist Hospital, Lokoja, to 33KVA power line;
- s. Others.

20. Details of the above projects/programmes along with others embarked upon during the period under review will form part of the

Budget breakdown to be given by the Honourable Commissioner of Finance, Budget and Economic Planning in due course.

21. Mr. Speaker, Honourable Members, I am glad to inform you that even as we expend money on the long list above, we have been careful to maintain utmost transparency. In fact, we have institutionalised probity via some far-reaching Public Financial Management Reforms.
22. Our efforts in this regard has drawn the attention of both domestic and international accountability bodies and made us the *primus inter pares* among Nigerian States. Kogi State scored an unprecedented 100% in the 2019 Annual Performance Assessment (APA) under the State Fiscal Transparency, Accountability and Sustainability (SFTAS) program for result. Based on this feat, we were ranked first among the 36 and the FCT. This entitled us to a grant of about \$20 Million US Dollars from the Federal Government through the SFTAS program of the World Bank. As you can imagine, this money is a lifesaver for our economy.

## **2021 BUDGET OF ACCELERATED RECOVERY**

23. Honourable Members of the Kogi State House of Assembly, I hereby present to you, the 2021 Kogi State Budget titled 'BUDGET OF ACCELERATED RECOVERY'.
24. Mr. Speaker, Distinguished Honourable Members, I am of the firm belief that the proposed 2021 Budget is clearly indicative of our fair, sincere and frank assessment of the amount the State can generate on its own, in addition to what it is projected to receive from the Federation Account and other sources. Given the indices earlier espoused herein, this Draft Budget is higher than that of 2020 based on credible and realistic assumptions on the available State Revenue Cash Flow.
25. This Honourable House is aware, and I have mentioned it briefly above, of a number of initiatives designed to enhance

resilience and help governments cushion the effects of COVID-19. One of such is a restructured State Fiscal Transparency, Accountability and Sustainability (SFTAS) program, which saw the introduction of new Disbursement Linked Indicators (DLIs).

26. Worthy of mention are key Budget-related DLIs which we won in the 2019 SFTAS assessment, for preparing and implementing a realistic Budget on one hand and for amending the 2020 Budget in line with COVID-19 realities on the other hand. These attracted grants of 1 Million and 5 Million US Dollars respectively to us.

27. In the 2019 SFTAS Assessment Kogi State, which came 2nd after Kaduna in the 2018 surged to first place. I must, on this note, strongly commend our financial team, led by the Honourable Commissioner of Finance, Budget and Economic Planning, Asiwaju Asiru Idris, for their hard work and excellence.

28. Apart from making our mark on the national scene and winning keenly contested financial prizes, we have also developed The Kogi State Covid-19 Action Recovery and Economic Stimulus (CARES) Programme to support our home economy through these trying times. This program was conceived to ameliorate the impact of COVID-19 on the vulnerable citizens and businesses in our society. In our estimation, the CARES program will provide some buffer to the State in 2021 by helping to halt the slide in revenues.

29. In addition to the expected \$20 Million under the SFTAS Program, the State is also expecting the sum \$20 Million US Dollars from the CARES performance based grant over the the next 18 to 24 months. As performance based grants, we must demonstrate seriousness and commitment to best practices to be able to access the grants. The CARES program will be largely implemented through the existing World Bank projects in the State. It will support the 3 results areas of micro-projects and vulnerable members of society under result area one, rural agriculture under result area two and Micro, Small and Medium Enterprises (MSMEs) under result area three.

## **BUDGET POLICY STATEMENT**

30. The fiscal strategy of Government is anchored on the on-going Public Financial Management Reform (PFM). Over the period 2021-2023, the State Government fiscal policy is directed at:
- a. improving the efficiency and effectiveness of spending;
  - b. achieving better balance between capital and recurrent expenditure;
  - c. achieving greater control of the wage bill;
  - d. directing capital expenditure on critical infrastructure such as Agriculture, Health, Road, Education, Security, Water, Youth engagement etc;
  - e. boosting revenue receipts by identifying and blocking revenue leakages; and
  - f. gradual fiscal consolidation in order to achieve a level of public spending consistent with macroeconomic stability and sustainable debt.

## **BUDGET OBJECTIVES AND TARGETS**

31. The specific fiscal objectives of Kogi State is effective allocation of scarce resources to identified critical programmes and projects, with the following major targets:
- a. To improve the quality and affordability of education available to citizens at all levels in order to produce the articulate and skilled manpower required for economic transformation of the State;
  - b. To improve quality and access to healthcare leading to improvement in efficiency of the healthcare delivery system;
  - c. To ensure food security and generate a high proportion of the GDP from agriculture;
  - d. To exploit the full commercial potentials of our location and endowments as a State and expand trade to ensure that products from agricultural and industrial activities have access to markets locally and internationally;

- e. To ensure gainful employments for our youths, create entrepreneurship opportunities, especially in Agriculture and Infotech, and develop their talents for livelihood;
- f. To achieve sustainable development and promote social cum economic development through culture and tourism;
- g. To establish necessary frameworks for a robust mining and solid minerals sector, with an aim to branding Kogi State as the foremost mining and minerals exploitation destination in the country;
- h. To improve the road network in the State through continued construction of new roads and bridges and rehabilitation of existing ones in both urban and rural areas;
- i. In view of climate change, to continually improve on environmentally friendly practices and enhance our disaster management capabilities in order to secure our people better;
- j. To improve the quantity, quality and access to safe water for domestic, commercial and industrial uses as well as improve sanitation and hygiene practices among the citizens;
- k. To ensure sustainable use of the environment and continuous management of environmental challenges such as pollution, degradation and gully erosion;
- l. To ensure easy and equitable access to lands for agricultural, residential, commercial and industrial uses to all citizens and investors to facilitate the social and economic development of the State;
- m. To improve the quantity of decent housing available to citizens and expand affordable housing options through the use of public private partnership arrangements;
- n. To improve and facilitate the creation of viable urban communities in the state;
- o. To reduce average power outage by expanding the generation and distribution of electricity across the state through regular and renewable options;
- p. To rejuvenate the transportation sector and all its players to facilitate Internally Generated Revenue;
- q. To provide an enabling environment to facilitate economic and social development in the State as well as introduce and implement reform measures to strengthen governance

institutions, i.e. the Civil Service, Pensions Administration, etc.;

- r. To increase security of lives and property in the state;
- s. To continue to expand the State's revenue base in the area of Internally Generated Revenue (IGR) and
- t. To reduce the level of Domestic Debt Profile of Kogi State.

## **SUMMARY OF THE 2021 DRAFT REVENUE AND EXPENDITURE ESTIMATES**

### **REVENUE LEG OF THE DRAFT BUDGET**

32. In summary, the draft Revenue Budget has an estimated outlay of N130,546,068,026. This total Budget outlay of N130,546,068,026 is divided into Recurrent Revenue of N82,464,412,854 representing 63.17% and Capital Receipts of N48,081,655,172 representing 36.83%.

### **EXPENDITURE LEG OF THE DRAFT BUDGET**

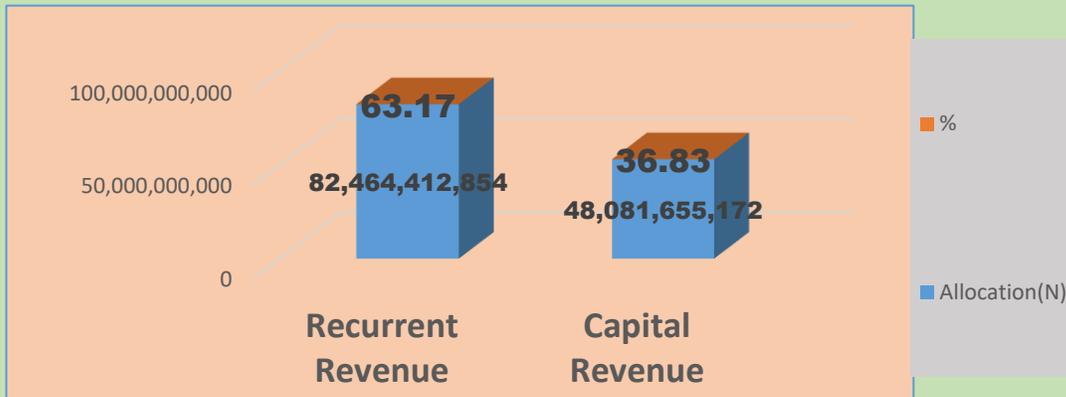
33. In summary, the draft expenditure Budget has an estimated outlay of N130,546,068,026. This total Budget outlay of N130,546,068,026 is divided into Recurrent Expenditure of N74,047,160,482 representing 56.72% and Capital Expenditure of N56,498,907,544 representing 43.28%.
34. The above summaries are represented in the tables and graphs below:

<b>Revenue Item</b>	<b>Allocation(₦)</b>	<b>%</b>
<b>Recurrent Revenue</b>	82,464,412,854	63.17
<b>Capital Revenue</b>	48,081,655,172	36.83
<b>Total</b>	130,546,068,026	100.00

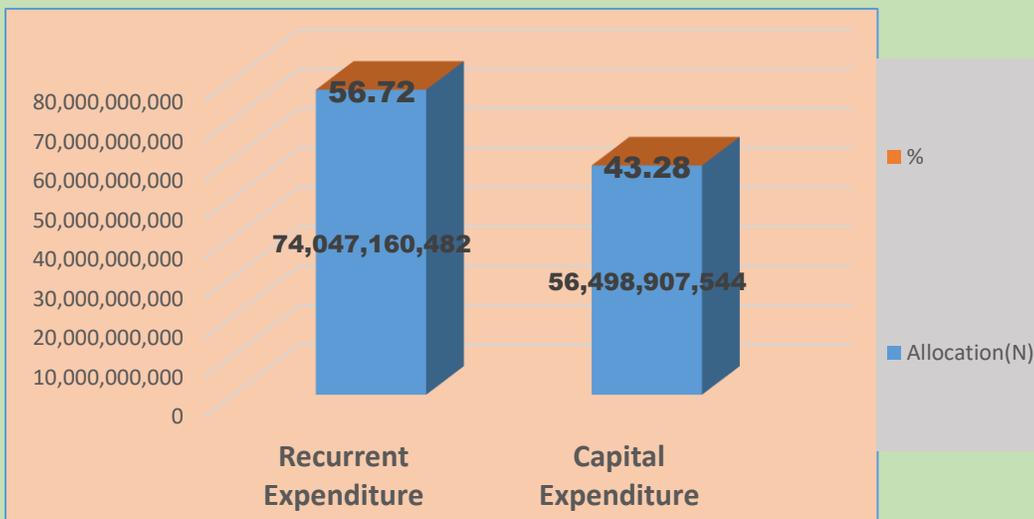
<b>Expenditure Item</b>	<b>Allocation(₦)</b>	<b>%</b>
<b>Recurrent Expenditure</b>	74,047,160,482	56.72
<b>Capital Expenditure</b>	56,498,907,544	43.28
<b>Total</b>	130,546,068,026	100.00

<b>Code</b>	<b>Sectors</b>	<b>Allocation(₦)</b>	<b>%</b>
<b>01</b>	Administration	43,453,592,566	33.28
<b>02</b>	Economic	35,203,688,981	26.97
<b>03</b>	Law and Justice	5,917,291,902	4.53
<b>05</b>	Social	45,971,494,577	35.22
	<b>Total</b>	130,546,068,026	100.00

### REVENUE ITEM



### EXPENDITURE ITEM





### **2021 TOTAL BUDGET PACKAGE**

35. The total Budget package for the year 2021 is N130,546,068,026 as against N122,970,958,009 of the Amended Budget for year 2020. This represents an increase of N7,575,110,017 or 6.16% when compared with the 2020 final Budget.

36. Mr. Speaker, Honourable Members, Distinguished Guests, Ladies and Gentlemen, I now present to you the highlights of year 2021 Kogi State Draft Budget for your consideration and approval.

37. The Honourable House is invited to Note that:

- a. A total estimated recurrent revenue of N82,464,412,854 consisting of N20,978,554,789 from internal sources, N45,428,800,000 as statutory allocation from the Federation Account, N13,500,000,000 from Value Added Tax (VAT), N120,000,000 from Excess Crude, N35,466,037 from Budget Augmentation, N1,000,000,000 from Exchange Differentials, N130,893,199 as refund from Federal Government,

N500,000,000 from Non-oil revenue, N150,000,000 from forex equalization, and N120,698,829 Excess Bank Charges and Solid Minerals N500,000,000.

- b. That the Recurrent Revenue for the year 2021 stands at N 82,464,412,854 while the estimated personnel cost, overhead cost and Public Debt Charges for the same period stand at N43,848,566,472, N28,198,594,010 and N2,000,000,000 respectively, putting the total recurrent expenditure for 2021 at N74,047,160,482
38. Based on the above, we have a total estimated Transfer Surplus of N8,417,252,372 as part of Capital Development Fund.
39. That the estimated Capital Receipt is N48,081,655,172 comprising Internal and External Loans, Aids and Grants. However, if the transfer Surplus of N8,417,252,372 is added to this amount, we shall have N56,498,907,544 as available fund for capital development projects.
40. That the total estimated capital expenditure, therefore, stands at N56,498,907,544
41. That the total estimated revenue (i.e recurrent revenue and capital receipts) stands at N130,546,068,026 for the year 2021 and the total estimated expenditure i.e Recurrent and Capital stands at N130,546,068,026 for the year 2021 making the 2021 Draft Budget a balanced budget.
42. Mr. Speaker, Honourable Members, Distinguished Guests, Ladies and Gentlemen, it is my pleasure to now formally present to this prestigious hallowed Chamber, the year 2021 draft Budget Estimate for deliberation. We request that you approve:
- a. The total estimated revenue (Recurrent Revenue and Capital Receipts) of N130,546,068,026.
  - b. The total estimated expenditure (Recurrent and Capital) of N130,546,068,026.
  - c. A balanced budget of N130,546,068,026

43. Let me begin to conclude by saying that our current situation as a nation should invite all of us as leaders to rethink the basic suppositions of our relationship with the citizens. While leaders continue to carry on in the belief that they are doing their best, or that citizens should be glad for whatever they can get given the various challenges of leadership, the citizens are becoming increasingly frustrated with a polity that is no longer meeting their basic yearnings and aspirations.
44. The truth is that leadership has a social contract with the led that is in most respects akin to a marriage. It is not enough for one partner to believe that he or she is doing their best if the other wets their bed every night with tears and recriminations from an unending barrage of painful experiences and deprivations.
45. Recent upheavals in the country, including the lamentable fallouts of the #EndSARS protests should tell us that our best intentions as leaders will come to naught if we do not immediately discover, 'magically' if there is no other way to it, how to resolve issues of human rights, internal security, food security and economic empowerment.
46. We have tried to craft a budget for next year with which we will urgently begin to address these pressing existential issues at state level while hoping that similar urgencies will be activated at all other levels across the country so we are not unwitting victims, consumed by the generalised disenchantment currently spreading across the land instead of any sin of our own.
47. I wish you all a very Merry Christmas and a peaceful, prosperous and fulfilling New Year.
48. God Bless Kogi State
49. God Bless the Federal Republic of Nigeria
50. I thank you all.