

## 2022 BUDGET CALL CIRCULAR



Government of Kano state

# MINISTRY OF PLANNING AND BUDGET

(Audu Bako Secretariat)

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Date: 30<sup>th</sup> August, 2021

The Chief of Staff,  
Government House,

The Permanent Secretary,  
Deputy Governor's office,

The Clerk,  
Kano State House of Assembly,

The Secretary to the State Government,  
Cabinet Office,

The Chairman,  
Civil Service Commission,

The Head of Civil Service,  
Office of the Head of Civil Service,

All Permanent Secretaries,

The Chief Registrars,  
High Court of Justice/Shari'ah Court of Appeal,

The Secretary,  
Judicial Service Commission,

The Auditor General  
State/Local Government Audit,

All Directors General,

All Head of Extra-Ministerial Departments,

All Chief Executives of Government Owned Companies/Parastatals

### **CALL CIRCULAR FOR THE SUBMISSION OF 2022 BUDGET PROPOSALS**

In keeping with the principles of transparency and accountability in governance, which is the cardinal objective of the state budget and finance reform process as well as in compliance with section 10 Sub section (1) of the public financial management law 2020 that empowers our ministry to issue appropriate guidelines, directions and instructions to MDAs on budget preparation and submission. I have the pleasure to issue call circular containing detailed requirements and expectations on the preparation and submission of the year 2022 budget proposals.

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The issuance of this instrument and detailed requirements contained herein signifies the commencement of the year 2022 budget process, where MDAs are expected to ensure compliance with the stipulated guidelines and instructions outlined in the succeeding paragraphs of this document.

The purpose of this circular is to request all Government Ministries, Departments and Agencies (MDAs); and other stakeholders to Prepare and submit their proposed Revenue and Expenditure Estimates for the 2022 fiscal year. The proposal should capture Revenue, Personnel cost (establishments, basic salary and allowances) Non-personnel Services (Overhead Costs) Debt services and Capital Expenditure including Capital Receipts as approved in the work plan.

It is imperative for all revenue generating MDAs to separate statutory, taxes, MDAs rates and levies, Capital Receipts as well as estimates of Corporate Social Responsibility separately, and prepare effective cost proposal of it as agreed upon or approved in the work plan for the case of draw down. This is to allow adequate budgetary provision and subsequent tracking of performance in the Budget.

It is important also for MDAs to submit all Actuals on Revenue, including Capital Receipts, Expenditure incurred in the previous fiscal year of Jan – Dec 2020 and also Jan – June 2021 period under review.

Equally, for the Sectors in the State Development Plan (KSDP), MDAs should note that 2022 Budget is, aligning with 52-digit Budget Classification and Chart of Account (BC & CoA) and Medium Term Sector Strategy (MTSS). Further to the foregoing, training and capacity building are expected to hold.

### SECTION 17: REVIEW OF 2021 BUDGET PERFORMANCE

The half year performance of 2021 Budget shows that the total actual collection from the Federation Account Allocation Committee (FAAC) which consists of Statutory Allocation, VAT, and other receipts stood at Forty Billion, Three Hundred and fifty-Six Million, Six Hundred and Thirty one Thousand, Eight Hundred and Fifty Five Naira Nineteen kobo only (**N40,356,631,855.19**) from January to June against approved estimates of Eighty Two Billion, Six Hundred and Twenty one Million, Two Hundred and One Thousand Two Hundred and Ninety one Naira only (**N82,621,201,291**) representing only **49%**-naira achievement.

On the part of Internally Generated Revenue (IGR), the sum of Fifteen Billion, Fifty Four Million, two Hundred and forty eight Thousand, Five Hundred and Seven Two Naira Fifty Eight Kobo. (**N15, 054,248,572.58**) had been collected for

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the period out of the approved Budget of Twenty-Five Billion Two Hundred and Seventeen Million, One Hundred and Fifty-Nine Thousand Eight Naira Seventy-Eight Kobo only (**N25,217,159,008.78**) which indicated only **60%** performance.

Therefore, the total recurrent Revenue (FAAC) + IGR) collected for the half year period stood at Fifty-Five Billion Four Hundred and Ten Million Eight Hundred and Eighty Thousand Four Hundred and twenty-Seven Naira Sixty Kobo only. (**N55,410,880,427.60**) out of the expected total collection of one Hundred and Seven Billion, Eight Hundred and Thirty-Eight Million, Three Hundred and Sixty Thousand, Two Hundred and Ninety-Nine Naira Seventy-Eight Kobo Only (**N107,838,360,299.78**) showing **51.38%** performance.

On the part of capital receipts comprising Grants, contributions and loans which are funds earmarked to finance capital projects, the actual draw down for the period was only Thirty one Billion three hundred and sixty one Million Eight Hundred and Seven Eight Thousand one Hundred and Twenty Eight Naira (**N 31,361,878,128**) against total approved of Sixty Nine Billion Eight Hundred and Thirty Five Million, Two Hundred and Sixty Four Thousand Two Hundred and Forty Two Naira Seventy Three kobo only (**N 69,835,264,242.73**) representing 45% achievement.

The Recurrent expenditure side of the budget consists of the Personnel Cost (PC), Overhead Cost (OC) and other recurrent cost. The performance of personnel cost (PC) showed that, the sum of thirty-three Billion, two hundred and twenty- nine million, seventy-seven thousand, four hundred and seven naira forty-four kobo only (**N33,229,077,407.44**) was spent out of sixty Billion, nine hundred and forty-nine million, one hundred and thirty-one thousand eight hundred and, ninety-five naira fifty-one kobo only (**N60, 949,131,895.51**) was expended on Personnel Cost.

while on the part of Overhead Cost the record indicated actual expenditure of six Billion Five Hundred and Nine Million, five hundred and fifty-one thousand Six hundred and forty seven naira twenty five kobo only (**N6,509,551,647.25**) was released out of the approved amount of sixteen Billion eighty five million, four hundred and three Thousand, two hundred and sixty two naira only (**N16, 085,403,262.09**).

On the other hand, the other recurrent cost constitutes of Public Debt Services, Grants, Contribution and Subsidy to various Government Agencies/ Individuals which had an actual expenditure of Four Hundred and Ninety-One Million, Eighty-Eight Thousand, Seven Hundred and Ninety-One Naira Fifty-Five Kobo (**N 491, 088,799.55**) against approved budget of six Billion, Four Hundred and

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Fifty Two Million, Two Hundred and Ninety Six Thousand, Six Hundred and Twelve Naira (**N 6, 452,296,612**) representing 8% of the payment within the half year period.

On the part of the capital expenditure side of the budget, the performance was satisfactory due to the actual draw down collected from the capital receipts to the tune of thirty one Billion three hundred and sixty one Million, eight hundred and seventy eight thousand, one Hundred and twenty eight Naira (**N31,361,878,128**) which when added with total releases from the treasury on projects and programs amounting to the tune of fourteen Billion, two hundred and seventy seven million, nine hundred and ninety two thousand, eight hundred and thirty four naira twenty six kobo only (**N 14,277,992,834.26**) which provide a cumulative expenditure of forty five billion, six hundred and thirty nine million, eight hundred and seventy thousand, nine hundred and sixty two naira two Kobo. (**N 45,639,870,962.20**) against approved capital expenditure budget of ninety four billion, four hundred and forty nine million, eight hundred and ninety eight thousand, seven hundred and seventy naira forty Kobo (**N 94,449,898,770.40**) representing 48% performance.

The state adopted the federal Government new macro-economic projections and assumptions in order to ensure that the year 2022 budget is in line with current situations, and this can be seen in table 1 below:

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**Table 1:**

2021 Approved Budget 2020 Actual Budget 2022 Projected Resources Profile				
RECURRENT REVENUE	2020 Actual Jan-Dec. (Nbn)	2021 Approved Estimates (Nbn)	2021 Actual Jan- June. (Nbn)	2022 Proposed Estimates (Nbn)
Statutory Allocation	52,553	52, 250	21,553	68,299
Value Added Tax (VAT)	26,281	28,402	17,948	37,556
Internally Generated Revenue (IGR)	31,820	25,217	15,054	33,862
Others	7,677	1,969	855	7,126
<b>TOTAL RECURRENT REVENUE</b>	<b>118,330</b>	<b>107,838</b>	<b>55,410</b>	<b>146,845</b>
<b>RECURRENT EXPENDITURE</b>				
Consolidated Revenue Fund Charges (CRF)	Included in pc& oc	Included in pc& oc	Included in pc& oc	Included in pc& oc
Personnel Costs	62,973	60,949	33,229	61,993
Overhead Costs	21,679	16,085	6,509	20,189
Other Recurrent		6,452	491	6,291
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>84,652</b>	<b>83,486</b>	<b>40,229</b>	<b>88,474</b>
<b>Transfer to Capital Dev. Funds</b>	<b>33,637</b>	<b>24,352</b>	<b>15,181</b>	<b>73,371</b>
<b>CAPITAL RECEIPTS</b>				
Miscellaneous General	903	6,572		
Grants General/ Loans	24,661	63,263	31, 362	34,509
Treasury Opening Balance	17,875	263	263	15,000
<b>TOTAL CAPITAL RECEIPTS</b>	<b>43,439</b>	<b>70,098</b>	<b>31,625</b>	<b>49,509</b>
<b>TOTAL CAPITAL DEVELOPMENT FUNDS</b>	<b>77,076</b>	<b>94,450</b>	<b>46,806</b>	<b>122,880</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>77,076</b>	<b>94,450</b>	<b>46,806</b>	<b>122,880</b>
<b>TOTAL EXPECTED REVENUE</b>	<b>161,769</b>	<b>177,936</b>	<b>87,035</b>	<b>196,354</b>
<b>TOTAL BUDGET ESTIMATES (REC &amp; CAP)</b>	<b>161,769</b>	<b>177,936</b>	<b>87,035</b>	<b>196,354</b>

The Analysis of the half year Performance of the 2021 Approved Budget, Medium Term Expenditure Framework (MTEF) as well as Budget Policy Statement provides bases for forecasting the entire State's resource profile.

Specifically, the Actual Revenue collection, Actual Expenditure and other macro-economic parameters such as GDP Growth, Inflation rate, Crude Oil

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Price, Oil Production, Mineral ratio, IGR growth etc. All these form the basis for the projections of 2022 resource profile for the State. As may be clearly observed in the above table, the preliminary Revenue and Expenditure Projections for 2022 is gloomy and point to tight financial year due to the post Covid – 19 pandemics, situations of insecurity and other Bi-lateral/ multilateral conflict etc. It is in line with the above development that the Government had come up with some policy statement, objectives and target to guide the focus and Preparation of the 2022 Budget.

### **FOCUS AND DIRECTION OF THE 2022 BUDGET**

#### **Policy Statements**

- Continuation of Free and compulsory Education in Primary & Secondary school levels.
- Sustenance of policy development for the created four (4) No. additional Emirate Council.
- Security of lives and property of citizenry.
- Agriculture and Food Security.
- Fight against corruption.
- Improving Health Care Service delivery .
- Encourage Public Private Partnership Arrangement.
- Empowerment project Program.

#### **Objective**

- Efficient and Effective Public spending through Public Financial Management Law (PFM) 2020
- To continue Synergy and collaboration with various Stakeholders

#### **Target**

- Ensure Transparency and Accountability
- Continue with process of Participatory Budgeting

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### **SECTION 11: SPECIFIC GUIDELINE FOR SUBMISSION OF THE 2022 BUDGET PROPOSALS**

#### **REVENUE:**

In view of the current Economic realities in the country and impact of post Covid-19 pandemic on economy, the revenue expectation from both IGR and Federal account transfers as mentioned above has been affected. Base on this, all revenue generating MDAs are to reflect reality projections on revenue mechanism through separation of Statutory taxes, MDAs rates and levies, capital receipt as well as estimates on corporate social responsibility projects. This will ensure effective realization of revenue growth in the state.

- Proposals on Revenue for 2022 should be clearly based on Realistic Estimate and according to the sources as outlined in the format attached as Appendix I/RV01.
- The basis of the Revenue Estimates should be clearly stated.
- Equally all Revenue Targets should be Realistic and Achievable.
- A detailed appropriate designed action plan and other strategies should be put in place by each MDA with a view of improving Revenue Generation.

#### **BUDGET CEILINGS**

In line with section 9, sub- section 3 (9:3) of the Public Financial Management Law 2020, Budget ceilings are allocated for each sectors/MDAs that will guide the consolidation of Budget estimates subject to the approval of the State Executive Council. Therefore, all sectors/MDAs should work within the limit of discretionary and non-discretionary funds provided for both Recurrent and Capital Expenditure that should not exceed the ceilings provided.

#### **RECURRENT EXPENDITURE**

##### **Personnel Cost**

Proposals on Personnel cost under Recurrent Expenditure should be in conformity with all instructions and Policy guidelines issued by Office of the Head of Civil Service. Therefore, as usual, Personnel cost ceilings are expressed in terms of establishment positions Approved by the Office of the Head of Civil Service and should not exceed the ceiling made available for each Sector /MDA.

##### **Overhead Cost**

All proposals in this respect shall be based on the current Budget ceilings provided in this circular being implemented by the Ministry of Finance through its monthly releases to MDAs. Equally, Covid-19 special expenditures shall be integrated with Budget proposal as there is need for its separate report at the

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end of each quarter to meet State Fiscal Transparency, Accountability and Sustainability (SFTAS) criteria.

### **Capital Expenditure Proposal**

As you are fully aware, the present Administration completed many inherited Capital projects from the previous administrations and new projects introduced at its inception to date. Priority attention was also given to the Covid-19 projects in order to restore the economy.

In view of these challenges therefore, one of the options is to undertake a detailed prioritization of the projects and ensure that ceilings provided are strictly allocated to ongoing projects and critical new ones. Therefore, all submissions on capital projects should be categorized into *Core A and, Core B* as follows: -

- Core A projects – On going Projects
- Core B projects – Critical new ones

Organizations are therefore required to use the relevant formats for each category while drawing their 2022 proposals. Equally, National Charts of Account (NCOA) template on 52 digit Budget Classification (BC) and Chart of account (CoA) will be provided for subsequent Presentation to the State House of Assembly followed by capacity building to strengthen your knowledge in completing the format/Template.

### **Medium Term Sector Strategy (MTSS)**

The main objective of the MTSS is to provide a robust framework for linking policy, planning and Budget across government. By now most MDAs are familiar with the reform imperatives as well as processes being followed to prepare MTSS.

The Present Administration is committed to adopting the MTSS/MTEF as a planning tool to provide the required framework for implementing programmes/projects over the medium term. Equally, the government had already examined its current and potential programmes/projects as well as activities which will largely involve around 11 Development Sectors as listed below:

1. Education
2. Health
3. Agriculture
4. Infrastructure Development
5. Manufacturing, Commerce, Industry and Tourism
6. Environment and Sanitation
7. Governance Institutions
8. Security, Justice and Emergency Services
9. Water Supply and Rural Development



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10. Transport Development

11. Women, Youth and People with Special Needs

It is envisaged that all the 11 sectors enumerated above will eventually be subjected to an MTSS process. Already the MTSS for nine (9) sectors had been developed, in order to link with 52 digits BC & CoA and 2022 budget.

Therefore, all MDAs under Education, Health, Agriculture, Infrastructure development, Manufacturing, Commerce, Industry and Tourism, Environment and Sanitation, water supply and rural development, transport as well as Women, Youth and People with Special Needs sectors should tailor their Budget proposals in line with their MTSS developed and Revised some project/program that are likely more deliverables to the agencies and ceilings allocated. Accordingly, Subsequent changes in the MTSS document should be attached with proposal for integration.

### Projects with Counterpart Funding Requirement

All Executing, Agencies implementing projects and programmes with counterpart funding are required to provide us with actual draw down from Jan. -Dec 2020 and Jan. – June 2021 as well as expected funds for the 2022. This will ensure that such projects/programmes are adequately catered for.

### Deadline for the Submission of Proposals

It is important for all the MDAs to note the intention of the government is to present the 2022 Proposed Budget to the State House of Assembly as early as possible, especially considering the time limit. Therefore, in order to ensure a hitch free take-off of the 2022 budget exercise in line with Government approved calendar, I must request you to please **submit your budget proposals officially to this Ministry** in soft and five (5) hard copies **on or before 30<sup>st</sup> September, 2021**. The Time-Table for subsequent bilateral budget discussions with MDAs will be conveyed in due course. You should however note that the discussions are expected to commence after submission of your budget proposal.

Sectors and MDAs should please note that, the Ministry Budget Support Team is available for each sector that requires technical support and assistance.

Attached with this call circular are the following: Budget Reporting Template and sector ceilings in soft & hard copies for your usage.

It is equally important to note that, MDAs should work with CSOs/NGOs in preparing their sector budget in order to enrich their proposals with community and citizen Demand generated as a result of Town hall meetings.

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Finally, I wish to reiterate that organizations should feel free to contact this Ministry for any enquiry or further explanation regarding the content of this circular, please.

Best regards.



**Nura Muhammad Dankadai**  
Honorable Commissioner.

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KANO STATE									
2022 SECTOR ALLOCATION									
No.	Sector	%	Personnel Cost	%	Overhead	%	Capital	%	Grand Total
1	AGRICULTURE	3.01	1,866,014,160	0.28%	56,460,662	3.91%	3,955,497,982	2.99	5,877,972,804
2	GOVERNANCE INSTITUTIONS	11.01	6,825,520,235	57.80%	11,669,512,804	8.55%	8,655,600,312	13.83	27,150,633,351
3	MANUFACTURING, INDUSTRIES, COMMERCE & TOURISM	0.44	272,772,834	0.26%	52,230,896	0.71%	723,632,505	0.53	1,048,636,235
4	ENVIRONMENT & SANITATION	1.25	774,922,824	1.04%	210,333,457	1.65%	1,675,083,140	1.35	2,660,339,422
5	EDUCATION	49.11	30,445,167,914	17.71%	3,575,437,527	17.44%	17,662,793,018	26.32	51,683,398,459
6	HEALTH	23.69	14,686,337,363	6.56%	1,324,637,249	15.11%	15,301,229,104	15.95	31,312,203,715
7	INFRASTRUCTURE	1.82	1,128,287,632	2.15%	433,174,370	31.89%	32,298,862,370	17.24	33,860,324,373
8	WATER	2.29	1,419,658,614	2.18%	439,289,780	12.43%	12,590,234,371	7.36	14,449,182,764
9	TRANSPORT	0.05	30,996,913	0.32%	65,575,513	6.19%	6,273,125,412	3.24	6,369,697,838
10	WOMEN, YOUTH & PEOPLE WITH SPECIAL NEEDS	0.30	185,981,478	2.30%	464,627,665	0.73%	739,070,338	0.71	1,389,679,481
11	SECURITY, JUSTICE & EMERGENCY	7.03	4,358,165,963	9.40%	1,897,391,911	1.38%	1,397,230,228	3.90	7,652,788,102
	CRF				6,291,082,883			3.20	6,291,082,883
	Planning Reserve / Contingencies				6,607,529,078			3.37	6,607,529,078
		100	61,993,825,930	100%	20,188,671,834	100%	101,272,358,780	100	196,353,468,505