



# **GOVERNMENT OF ENUGU STATE OF NIGERIA**

## **CITIZENS BUDGET**

### **BUDGET OF PEACE, EQUITY AND PROSPERITY**

**APPROVED 2019 – 2021 MULTI-YEAR BUDGET**

Ministry of Budget and Planning

April, 2019

# **MINISTRY OF BUDGET AND PLANNING**

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## **FOREWORD**

The Budget has been described by many as a very complex document, and thus very difficult to understand the underlying facts. This is due mainly to the template adopted from different reform agencies over the years to prepare the document. Time over time, the method of preparing the budget has undergone different transformations, from the very simple to the not very complex to complex format that makes it difficult for the ordinary citizen whom the budget is made to serve to find it easy to understand.

Mindful of this development, international Organizations like the UN, DFID, and World Bank has been making stringent call to developing nations to simplify the budget in such a way that it will be reader citizens friendly. The budget, as a document that guides development spending should be done in such a manner, that less-literate users can understand the budget presentation to enable them monitor its implementation.

We believe that the citizen is the end-user of the budget, and thus should be able in a glance to understand what the budget is set to achieve without being bored by the flamboyance of figures. That is why this document was prepared as an abridged copy of the 2019 Enugu State Budget whose earlier comprehensive volume had been prepared and produced, is being presented to enable the citizens to understand how we intend to generate the money to be used to finance the year's budget, and its expenditure items in a more simplified manner.

It is hoped that you will find this document useful as we have tried our best to remove all the clumsy figures that will make it difficult for the ordinary citizen to appreciate the budget. I wish to thank the staff of our department of measurement and evaluation, and of-course all the staff of the Ministry of budget and Planning, for the production of this maiden edition of the citizen's budget.

**K.C. Ugwu**

Permanent secretary

Ministry of Budget and Planning

Enugu State.

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# Introduction

## **What is a Budget?**

A budget is a financial statement presenting estimated revenues and expenditures for a period of time maybe twelve months or more that is often presented to the legislature for approval and signed into law by the chief executive. A budget is also a financial document used to project future income and expenses. It shows details of revenue expected to be generated by government, grants and loans expected to be received and details of programmes and projects that government plans to spend our common wealth for the benefit of all.

## **What is the main purpose of a Budget?**

The purposes of budgeting are for scarce resource allocation, planning, coordination, control and implementation guidelines. It is also an important tool for decision making, monitoring projects performance and forecasting income and expenditure. With proper budgeting, limited resources are managed efficiently.

## **What is a Citizens Budget?**

A Citizens Budget is a simpler, less technical version of a government's budget specifically designed to present key information that is understandable by the general public. Citizens Budgets are designed to present key public finance information to a general audience. They are typically written in accessible language and incorporate visual elements to help non-specialist readers understand the information.

## **Why is a Citizens Budget Important?**

A Citizens Budget is important because it simplifies the usually technical budget document into understandable format; since the annual budget is normally long and complex and accompanied by a number of detailed supporting information. Even for technical experts, understanding the budget sometimes can be a difficult and time consuming task. Governments ensure citizens have a firm understanding of the many ways the budget affects their lives; by presenting budget information in a more accessible format than most standard budget documents to enable the general public understand government programmes and projects. Citizens Budgets foster greater understanding of how public money is being managed. Citizens have to know the constraints the government is facing in its spending, whether in terms of revenues and expenditures.

# **Budget Glossary**

## **Total Budget Expenditure**

This is the total Recurrent and Capital expenditure for the given period of twelve months. It is the total budget size that explains how the government plans to spend, on behalf of the citizens, within the scarce resources.

## **Recurrent Revenue**

Recurrent Revenue are the amount of money the government is expecting to generate during the year; this is simply money government collected on behalf of citizens. It includes taxes, licenses, fees, fines, sales, earnings, rent, investment income and share of Federal Accounts Allocation (FAAC).

## **Capital Receipt**

Capital Receipt are the amount of money the government is expecting to receive through grants, loans both local and international etc.; this is simply money government collected on behalf of citizens.

## **Grants**

Grants are non-refundable funds disbursed to the government to execute capital projects. They are like gifts to the government by international agencies.

## **Loans**

Loans are borrowed money received by government for financial institutions on behalf of citizens which it will pay back with interest at an agreed term to execute capital projects.

## **Recurrent Expenditure**

Recurrent expenditure are regular expenses, be they monthly, quarterly, semi-annually, or annually. Also known as an operational budget, a recurrent budget includes personnel costs, overhead costs and consolidated revenue fund charges.

## **Capital expenditure**

Capital expenditure is primarily expenditure on the creation of fixed assets and on the acquisition of land, buildings, and intangible assets. It includes construction of roads, bridges, hospital, schools and purchase of security equipment.

## **PROCEDURE OF PREPARING A BUDGET**

A budget procedure refers to the process by which governments create and approve a budget, they include the following:

1. Preparation of Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS).
2. Pre-budget meeting with Stake Holders.
3. Issue a call circular to MDAs for inputs.
4. Form a Budget Committee for examination of inputs.
5. Collation of returns (Budget proposal) from MDAs.
6. Bi-lateral discussions with MDAs.
7. Analysis of MDAs submissions.
8. Preparation of the draft budget.
9. Presentation of the draft budget to the EXCO Members.
10. Presentation of the draft budget by the Executive Governor to the House of Assembly for approval.
11. Approval by the House of Assembly
12. Assent by the Executive Governor of the Appropriation Bill

Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) provides analyses of recent economic developments at global, national and state levels and considers the implications of these for the fiscal framework. It presents key economic indicators, including for the petroleum sector. It also examines prior year budget performance and implications of this for the current and next budget years.

## 2019 Budget Assumptions

13. Oil price benchmark of US\$60 per barrel.
14. Oil production estimate of 2.3 million barrels per day, including condensates.
15. An exchange rate of N305/US\$.
16. Real GDP growth of 3.01%.
17. Inflation Rate of 9.98%.

**Budget assumptions** are expected or presumed income and expenses.

**Oil price benchmark** is a crude oil that serves as a reference price for buyers and sellers of crude oil.

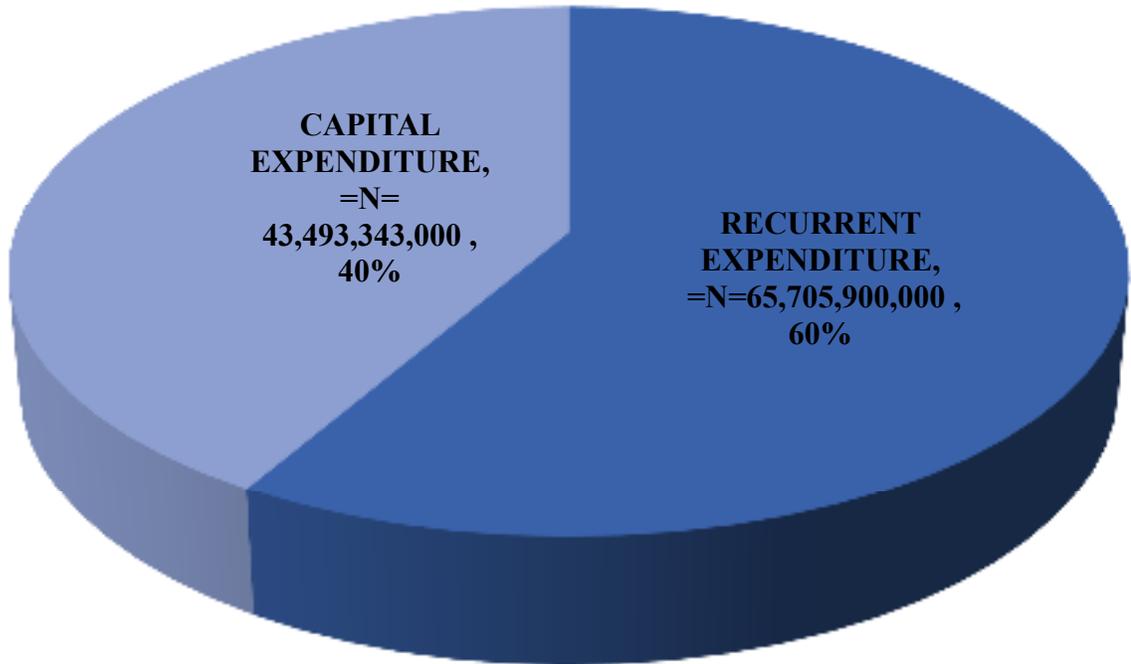
**Oil production estimate** is total amount of oil that can be produce.

**An exchange rate** is the rate at which one currency will be exchanged for another. It is also regarded as the value of one country's currency in relation to another currency.

**Real gross domestic product (GDP)** is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year prices, and is often referred to as "constant-price," "inflation-corrected" GDP or "constant dollar GDP."

**Inflation** is the rate at which prices increase over time, resulting in a fall in the purchasing value of money. Inflation is also a sustained increase in the general price level of goods and services in an economy over a period of time.

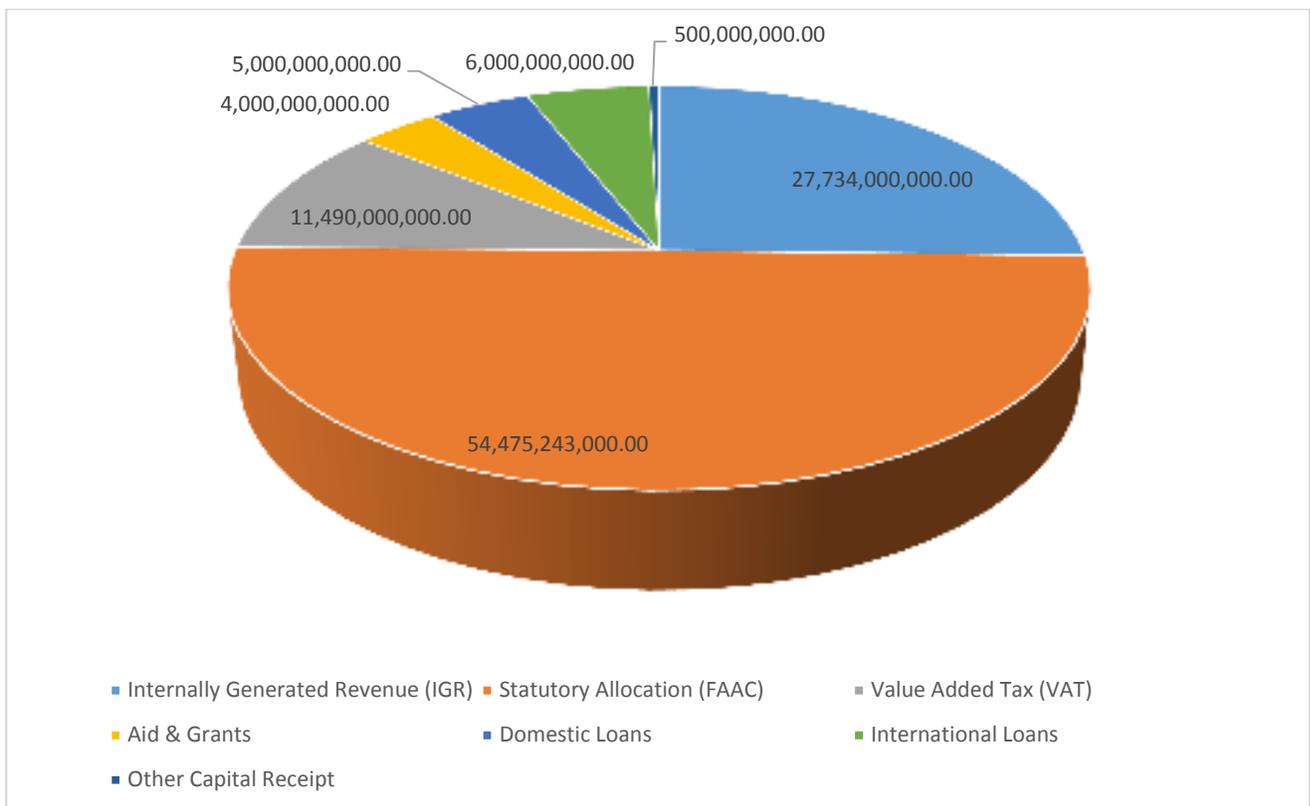
**2019 APPROVED BUDGET SIZE**  
**=N=109,199,243,000.00**



The 2019 Approved Budget is a deficit budget. Budget deficit happens when the government spends more than it earns as revenue; then the government must borrow money from internal or external sources.

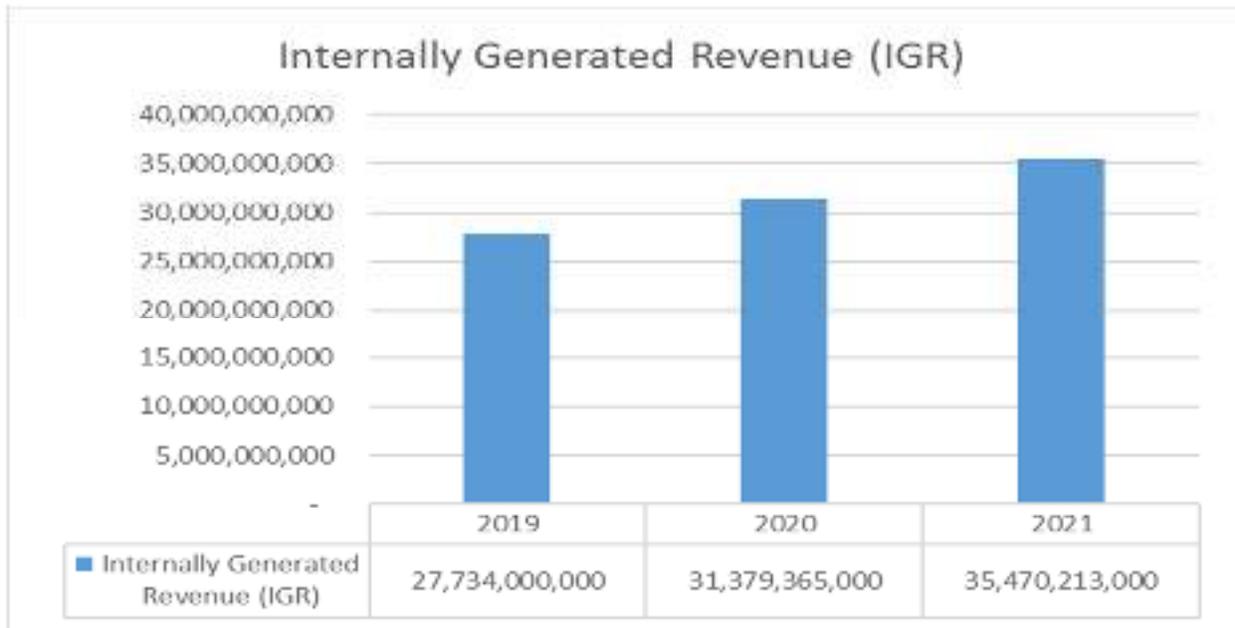
## WHERE WILL THE MONEY COME FROM?

S/N	Description	Amount (N)	%
<b>A</b>	<b>RECURRENT REVENUE:</b>		
1	Internally Generated Revenue (IGR)	27,734,000,000.00	25.40
2	Statutory Allocation (FAAC)	54,475,243,000.00	49.89
3	Value Added Tax (VAT)	11,490,000,000.00	10.52
<b>B</b>	<b>CAPITAL RECEIPT:</b>		
1	Aid & Grants	4,000,000,000.00	3.66
2	Domestic Loans	5,000,000,000.00	4.58
3	International Loans	6,000,000,000.00	5.49
4	Other Capital Receipt	500,000,000.00	0.46
	<b>TOTAL</b>	<b>109,199,243,000.00</b>	<b>100.00</b>

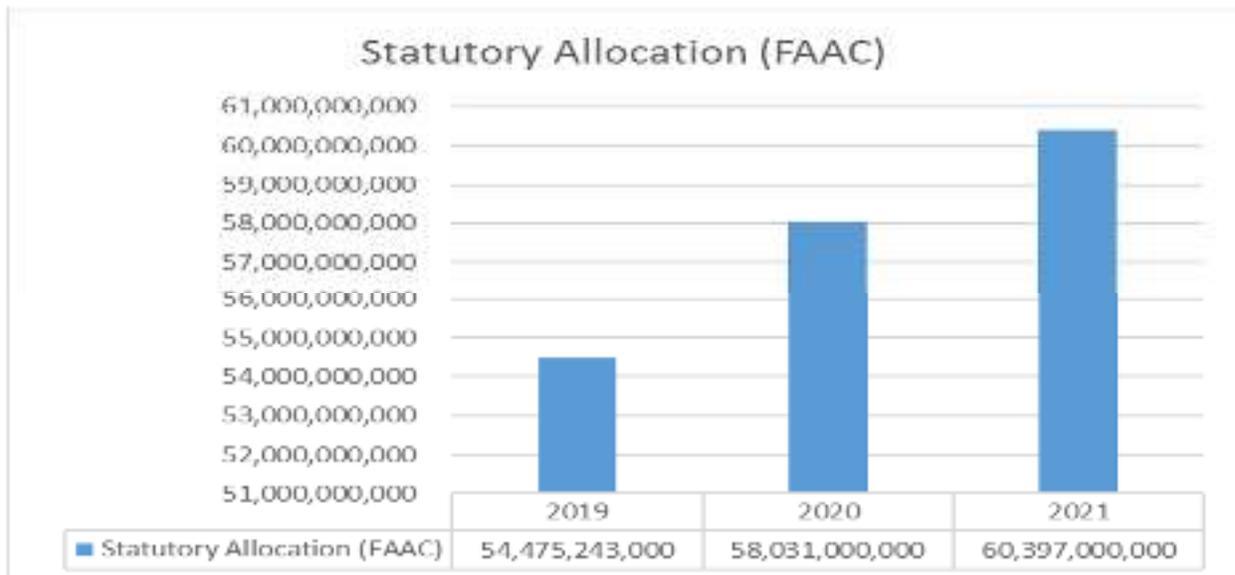


The State is estimating an opening balance of N14,940,550,986.00.

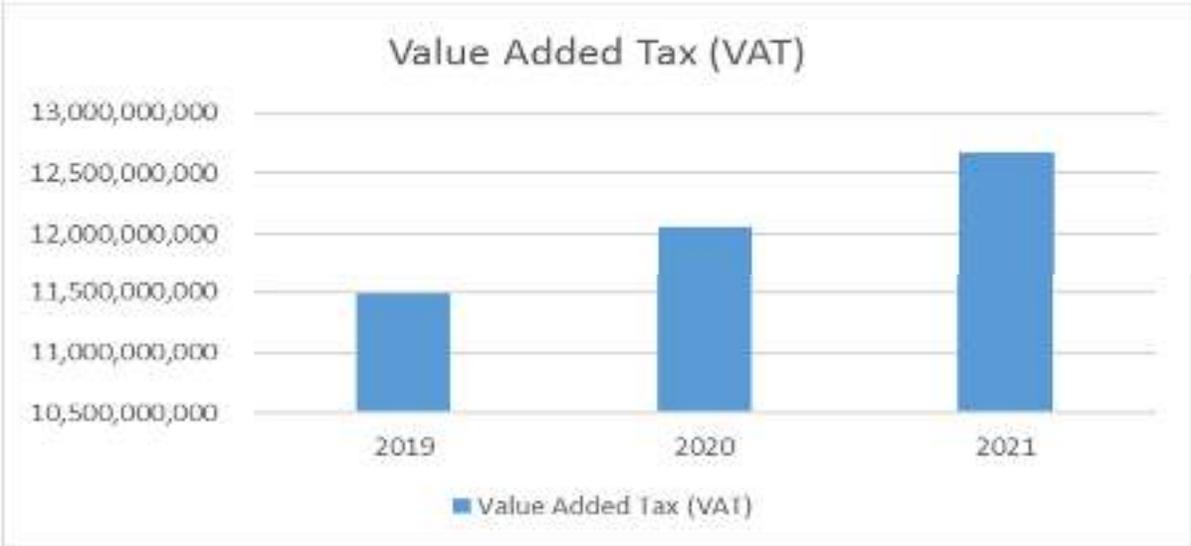
Recurrent Revenue and Capital Receipt are the amount of money the government is expecting during the year; this is simply money government collected on behalf of citizens.



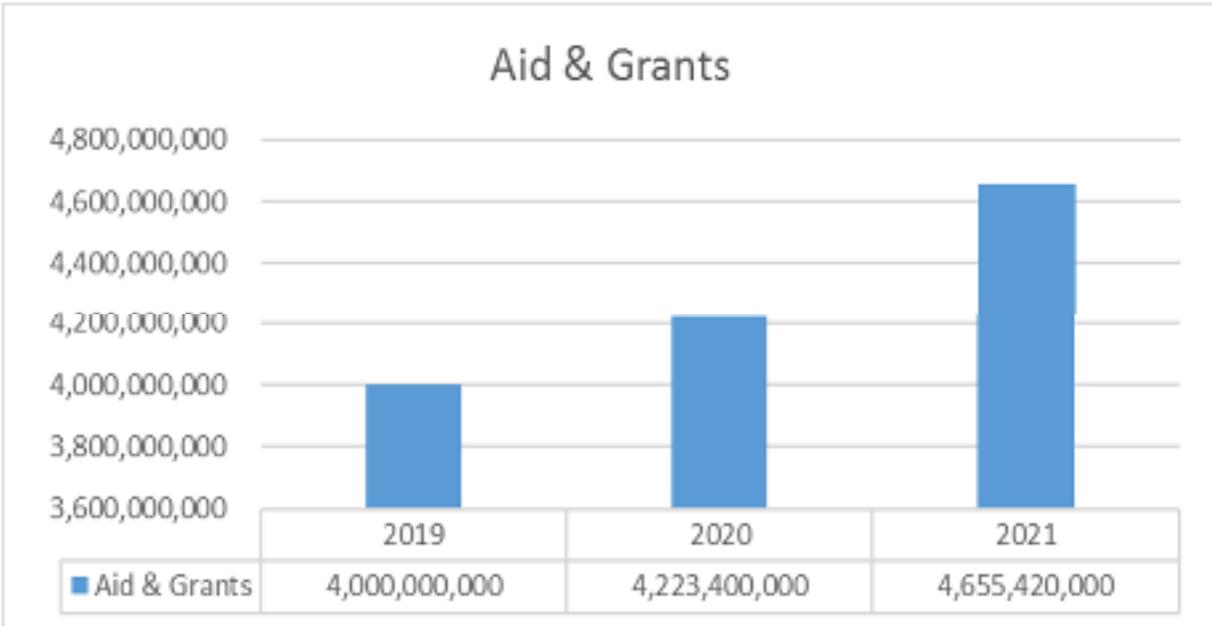
Internally Generated Revenue (IGR) is the revenue that State Governments generate within the areas of their jurisdiction. The various sources of internal revenue available to state governments includes taxes, fines, fees, licenses, earnings, sales, rent on government property, interests and dividends, among others.



Statutory allocation is the revenue from Federal Government to the State Government. It includes excess crude, ecological fund, special reserve, refund from Paris Club and non-oil revenue etc.



Value Added Tax (VAT) is a consumption tax on goods and services. It is added to a product's sales price by percentage.



Aid and Grants are non-refundable funds disbursed to the government to execute projects. They are like gifts to the government.

## INTERNAL AID & GRANTS



N300,000,000  
Grants for ENSACA



N200,000,000 Federal Government  
Grants for Food Security NPFS



N600,000,000  
Education Tax Fund for Primary,  
Secondary & Tertiary Institutions  
Development



N2,000,000,000  
Federal Government Grants for UBE

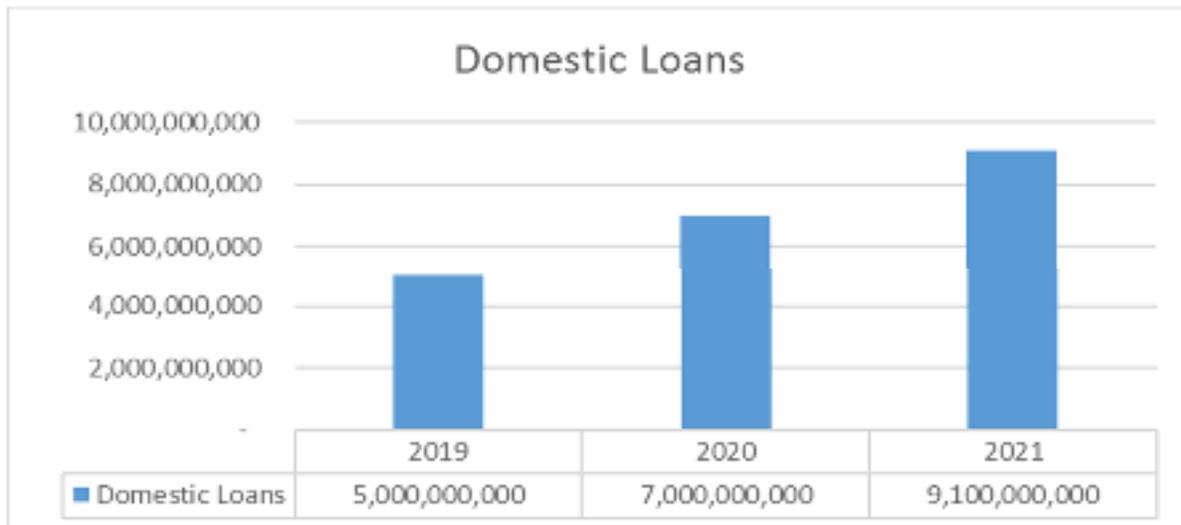


N550,000,000  
Federal Government Grants for SDGs

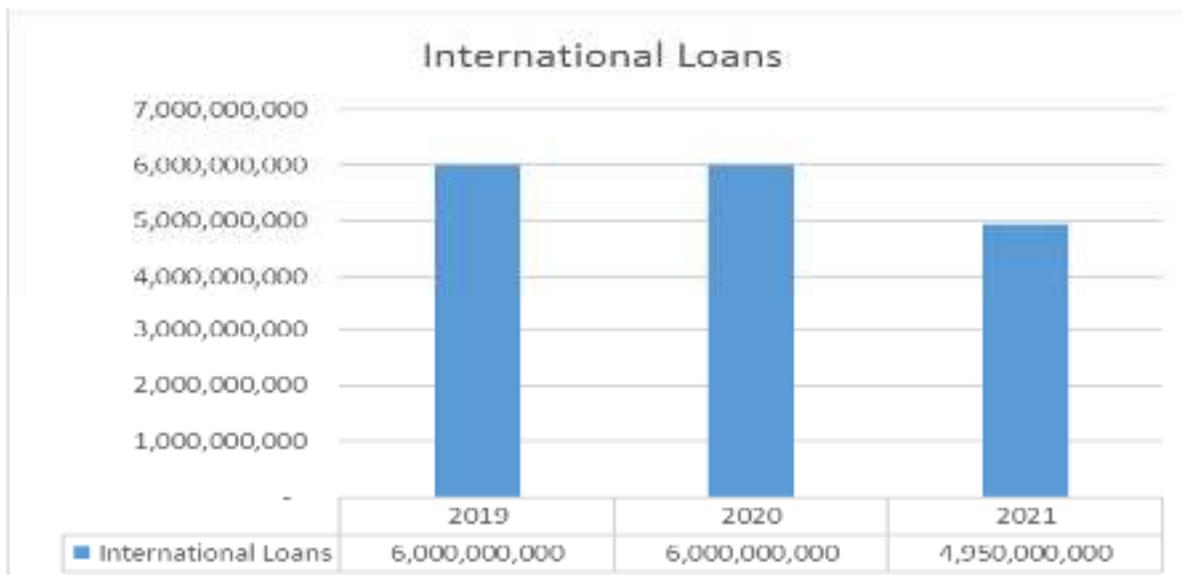
## EXTERNAL AID & GRANTS



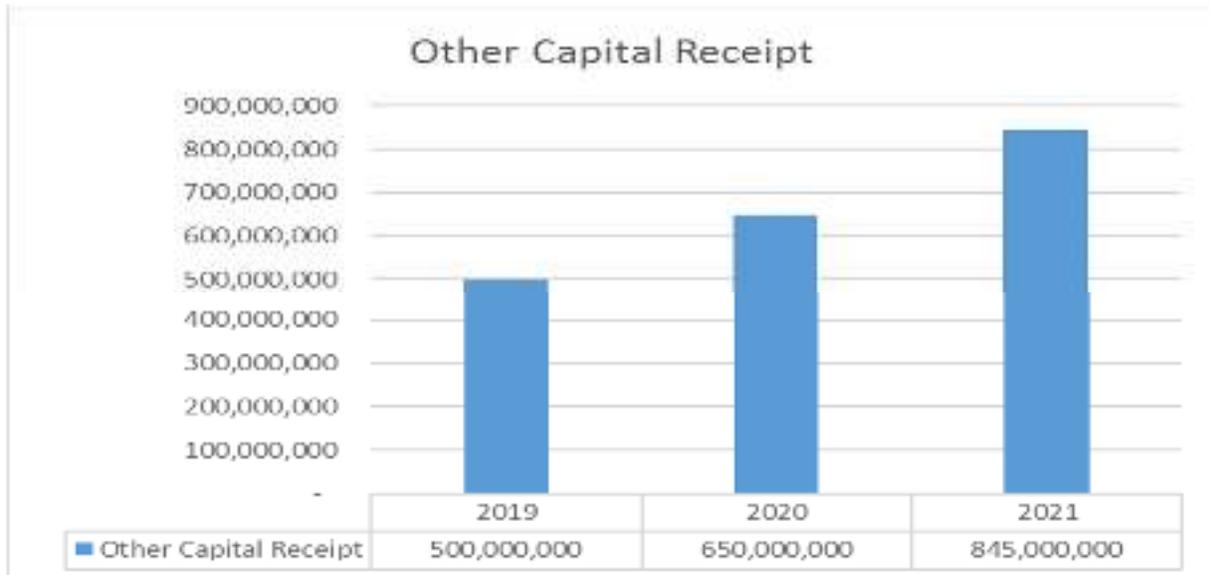
N350,000,000  
Grants from UNICEF



Internal/Domestic Loans is the part of the total government debt in a country that is owed to lenders (Commercial banks and other financial institutions) within the country.



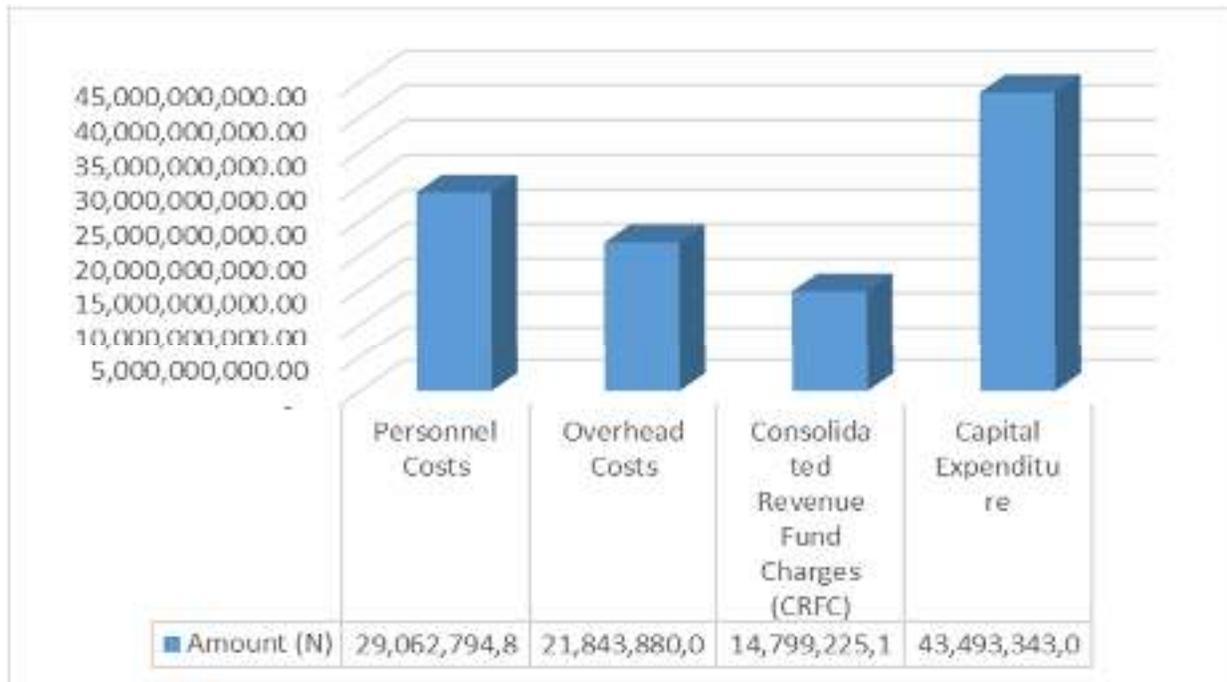
External/International Loans are money borrowed from a source outside the country by government. External debt can be obtained from foreign commercial banks, international financial institutions like IMF, World Bank, ADB etc and from the government of foreign nations.

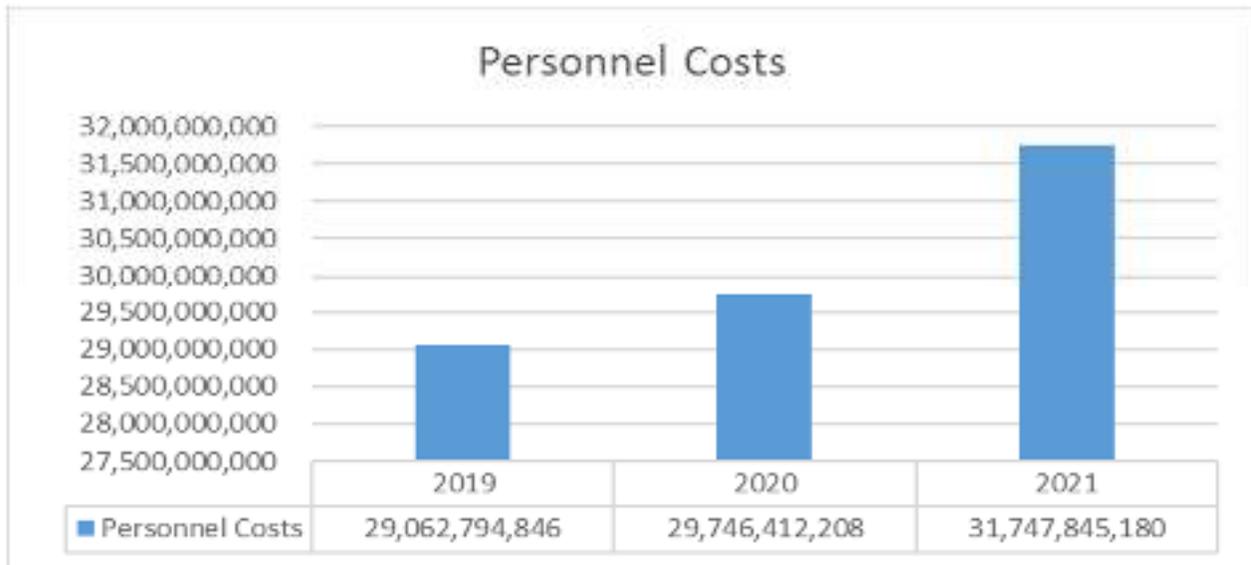


Other Capital Receipts are fund receive from Commercialization/Privatization of Government Companies, Rural Electrification Partnership, Micro Credit Scheme and Development Charge – Statutory Right of Occupancy etc

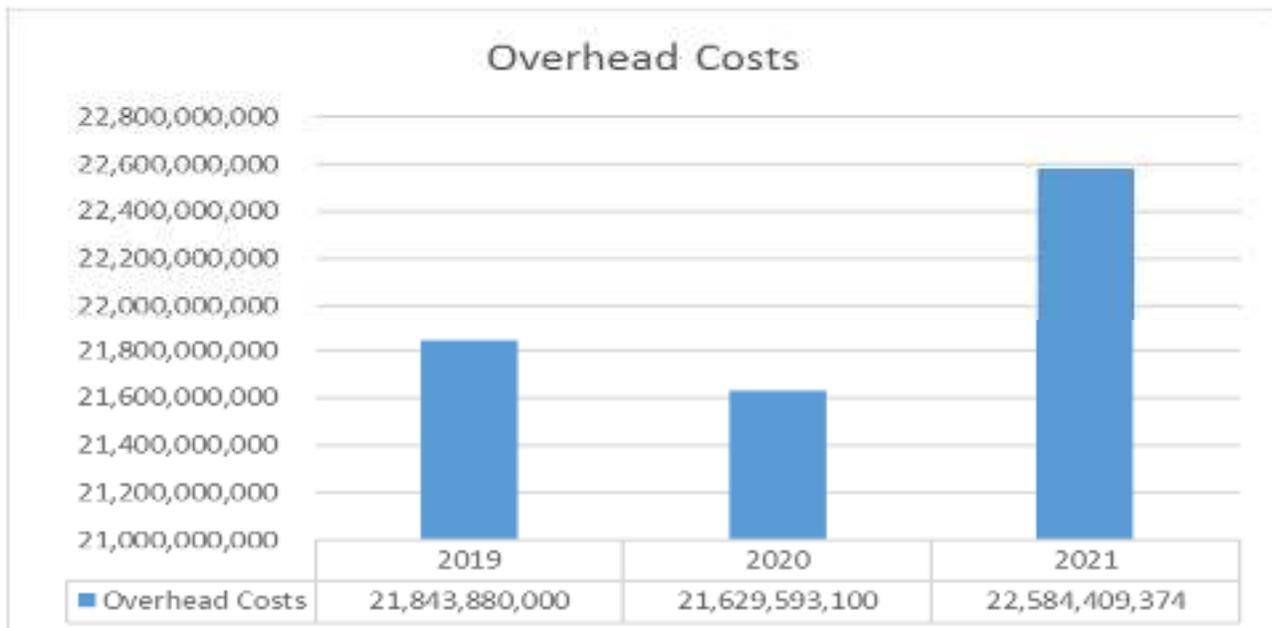
## WHERE WILL THE MONEY GO?

S/N	Description	Amount (N)	%
A	<b>RECURRENT EXPENDITURE:</b>		
1	Personnel Costs	29,062,794,846.00	26.61
2	Overhead Costs	21,843,880,000.00	20.00
3	Consolidated Revenue Fund Charges (CRFC)	14,799,225,154.00	13.55
B	Capital Expenditure	43,493,343,000.00	39.83
	<b>TOTAL</b>	<b>109,199,243,000.00</b>	<b>100.00</b>



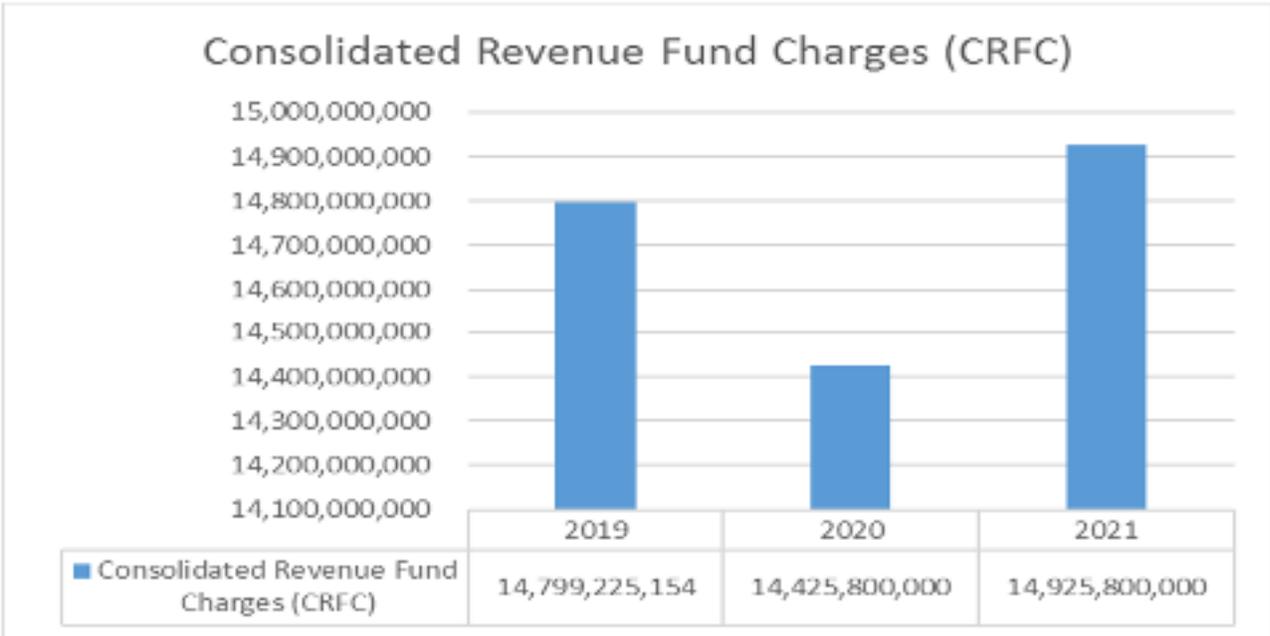


Personnel Costs are the total amount government pays to its workers (civil servants) like salaries, allowances and other benefits. These are the people the government employs to provide necessary needs of its citizens.

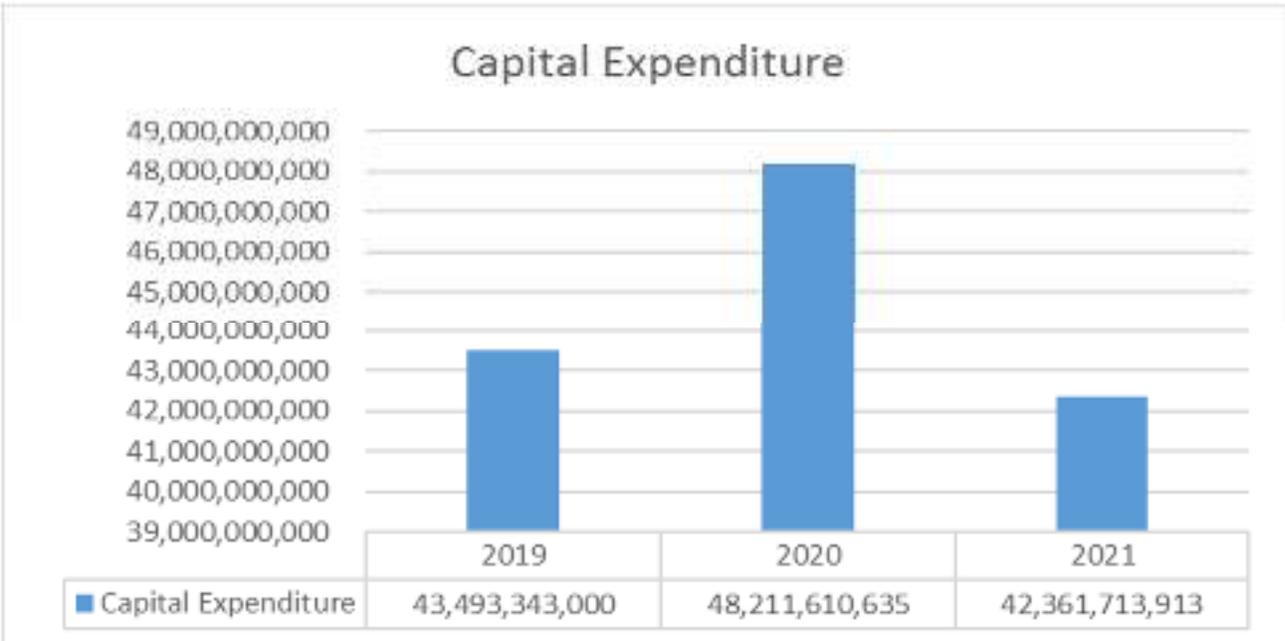


Overhead Costs are regular expenses for the maintenance and running of government activities. They are not paid directly to civil servants or other government workers, including amounts billed directly to customers.

Examples are: stationeries, electricity bills, telephone bills, internet access charges, seminar and conference expenses etc.



Consolidated Revenue Fund Charges (CRFC) are the total amount government pays to its political office holders and repayment of loans.



Capital Expenditure is total money spent by government for capital developments and projects in the areas of roads, power, housing, water, education, transport, electricity, security and good governance etc.

# CAPITAL EXPENDITURE

N43,493,343,000.00

## How will the Capital Expenditure be utilized?

Agriculture	Health		Power
N765,500,000	N3,794,226,000	Youth	N1,111,530,000
		N81,000,000	
Societal Re-Orientation			
N129,360,000	Education	Environment Improvement	
	N4,091,912,000	N768,300,000	
Poverty Alleviation			
N1,063,000,000	Housing and Urban Development	Private Sector	
	N1,451,900,000	N365,300,000	Road
Gender			N10,785,000,000
N207,500,000	Water Resources and Rural Development		
	N684,500,000		
Reform of Government and Governance			
N17,410,375,000	Information Communication and Technology		
	N783,940,000		

# SELECTED CAPITAL PROJECTS



**N10,785,000,000**  
**Construction/Rehabilitation of Roads and Bridges**



**N1,111,530,000**  
**Construction/Provision of Power**



**N3,794,226,000**  
**Provision of Health Facilities**



**N4,091,912,000**  
**Provision of Education Facilities**



**N1,451,900,000**  
**Housing and Urban Development**



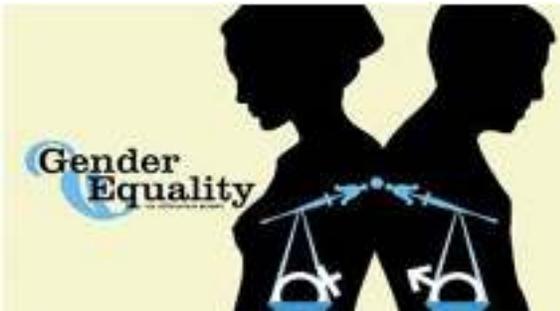
**N684,500,000**  
**Water Resources and Rural Development**



**N765,500,000**  
**Agriculture**



**N1,046,320,000**  
**Law and Justice**



**N207,500,000**  
**Gender**



**N783,940,000**  
**Information Communication and  
Technology**