



**2023-2025
MULTI-YEAR BUDGET
CALL CIRCULAR**

**Kaduna State Government
Planning and Budget Commission**

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21st July, 2022

The Principal Private Secretary,
Office of the Governor,
Sir Kashim Ibrahim House,
Kaduna.

The Secretary to the State Government,
General Hassan Usman Katsina House,
Kawo – Kaduna.

The Head of Service,
General Hassan Usman Katsina House,
Kawo – Kaduna.

All Honourable Commissioners,

The Clerk to the Legislature,
Kaduna State House of Assembly,
Kaduna.

The Chief Registrar,
High Court of Justice,
Kaduna.

The Chief Registrar,
Sharia Court of Appeal,
Kaduna.

The Chief Registrar,
Customary Court of Appeal,
Kaduna.

The Accountant-General,
Ministry of Finance,
Kaduna.

The Chairman,
Civil Service Commission,
Kaduna.

The Chairman,
Local Government Service Board,
Kaduna.

The Chairman,
State Independent Electoral Commission (SIECOM),
Kaduna.

The Chairman,
Assembly Service Commission,
Kaduna.

The Auditor-General (State),
Kaduna State Audit Department,
Kaduna.

The Auditor-General (Local Governments)
Local Government Audit Department,
Kaduna.

All Chief Executives of Parastatals

Executive Summary

In line with efforts to ensure timely passage of the budget, the State Government is sending out this call circular to MDAs to serve as a guide to the 2023 budget preparation process.

As outlined in Chapter 3 of the Kaduna State Government Financial Instructions, you are required to submit realistic Multi-year Budget Estimates for 2023 – 2025 based on the State's potentials.

The State Development Plan (SDP) 2021-2025 consolidates the gains of the previous plan 2016-2020 SDP, hence MDAs are directed to align their budget proposals based on their submissions in the 2021 – 2025 SDP. MDAs are also advised to ensure judicious allocation of resources in the face of the current fiscal realities.

To ensure coherent development across the State, each Ministry, in collaboration with its parastatals and agencies are to make recourse to the State Development Plan 2021-2025 through the Sector Implementation Plans to come up with Programmes and Projects. The Sector Implementation Plans (SIP) are designed to help in accelerating the Implementation of the SDP.

In preparing the budget, Financial resources as allocated in the budget will be strictly dedicated to meet the objectives outlined in the State Development Plan. The State adopted the Multi-Year Budgeting (MYB) Framework to actualize this Medium-Term Plan (2023-2025).

The 2023-2025 Multi-Year budget will emphasize on the following:

- i. It will serve strictly as the Financial implementation plan of the revised State Development Plan with strengthened budget and expenditure management systems and processes;
- ii. It will cover a three-year period, from 2023 to 2025.

To support this approach, the budget preparation process laid down below are expected to guide Ministries, Departments and Agencies (MDAs) in implementing the MYB in a timely and efficient manner:

1. **Template:** The adopted budget costing template has been modified and an updated version will be used to formulate the 2023 – 2025 Multi-Year budget. This will be provided to the MDAs through the Commission's website pbc.kdsg.gov.ng. Two hundred and forty (240) officials (two per MDA)

will be re-trained in the use of this template. MDAs are to ensure they nominate staff from their budget team who will be involved in drafting the 2023 – 2025 budget proposals.

2. **Envelopes:** Both recurrent and capital envelopes have been provided for each MDA along with this circular. Each MDA is expected to discuss collectively with its Departments to arrive at individual allocations aligned with the goals of the SDP as it relates to each MDA.
3. **Helpdesk and support:** The Planning and Budget Commission (PBC) will provide support desk officers via the email addresses: **pbcbudget@kdsg.gov.ng** and **budget.pbc@kdsg.gov.ng** and these phone numbers; **+2348036494022** and **+2348055520252**. A physical Help-desk will also be provided at the PBC Secretariat to resolve any concerns that may arise in the process. All Ministries will be expected to coordinate with their agencies to ensure attendance at the consultative visits if there is need, and ensure all MDA Staff involved in the budgeting exercise (especially those trained on the Multi - Year Template) are present at these visits.
4. MDAs are advised to ensure that all ongoing projects that are unlikely to be completed and paid for in 2022 are captured in their 2023 Budget. New projects are not to be integrated into the 2023 budget except priority projects of utmost importance as contained in the new SIPs. Where ongoing projects exceed ceilings, they should be spread to 2024 – 2025 columns of the Multi-Year budget.
5. In line with the Governor’s directive, a strict timeline has been put together for the budgeting exercise. MDAs must adhere to the timeline to ensure a smooth budget process. The key dates in this timeline are summarized below:

Action	Executor	Date
Circular distributed to MDAs to begin the budget process	PBC	21 st July, 2022
Final budget templates shared with MDAs in soft copies to be downloaded on the Commission’s website: pbc.kdsg.gov.ng	PBC	21 st July, 2022
Support Help desk available to MDAs to complete budget	PBC	26 th July to 19 th August, 2022

Review/Refresher Training Workshop for MDAs on Multiyear Costing Template	PBC	1 st to 5 th August, 2022
Final date for submission of detailed budget proposals to PBC	PBC	1 st September, 2022
Budget Estimates Committee Bi-lateral sessions with MDAs to defend Budget proposals	Estimates Committee	6 th to 9 th September, 2022

The next section details the budget approach for 2023 - 2025 and provides guidance on how the MDAs can design an effective budget. It also contains relevant, more detailed information on the guidelines, timelines and formats for submitting budget proposals to the PBC.

CALL CIRCULAR FOR SUBMISSION OF 2021-2023 BUDGET ADVANCE PROPOSALS

Preamble

Despite the headwinds created by the global health and economic crisis, the economy is recovering. The funding of the State Budget remains dependent on the statutory allocation from the Federation account which has over the years maintained a staggery pattern moving from dwindling to skyrocketing. This is even more evident in the global and domestic economic outlook where key parameters and other macroeconomic projections driving the medium-term revenue and expenditure framework are indicative of gradually rebounding activities in both the global and domestic economy. The administration has resolved to facilitate service delivery to respond adequately to the prevailing circumstances, which cannot be achieved without appreciable funding, hence, the need for the State to explore the only other option of looking inwards and harnessing its revenue potentials.

This underscores the need for the Revenue Generating Agencies to perform maximally for the State to meet the challenging and obviously increasing demands of its citizens. The review of the laws that govern revenue generation in the State has repositioned the State Internal Revenue Service (KADIRS) to be able to achieve the ultimate goal of generating the much-needed revenue in the State.

Furthermore, Section 121 (1) of the 1999 Constitution of the Federal Republic of Nigeria and Chapter 3 of the Financial Instructions 2005 assigned the Executive Arm of Government the responsibility of preparing Annual Budgets for presentation to the Kaduna State House of Assembly. The Planning and Budget Commission is the office within the arm of the Executive that is charged with fulfilling this responsibility and is issuing this circular to formally launch the preparation process for the 2023-2025 Multi-Year Budget.

Context

The State Government has its revised State Development Plan – SDP (2021-2025) which encompasses inputs made by the MDAs in all sectors of the State. It outlines the “Urban Renewal” aspirations of the State Government aimed at restoring Kaduna to its former glory, including a strategic framework to realize the vision and resource projections to guide and prioritize expenditure, as well as an implementation plan to deliver results and monitor progress.

In preparing the Budget and given the fiscal circumstances of the State, financial resources will be strictly dedicated to enable Government respond adequately to the prevailing challenges brought up by constraints in the fiscal space due to the harsh economic environment, while meeting the objectives outlined in the State Development Plan 2021-2025 in the medium term.

Bearing this in mind, you are requested to:

- Make realistic 2023 -2025 Recurrent Expenditure estimates using the Multiyear costing Template.
- For Capital Receipts, only Ministries/Agencies with Loans and Grants funding requirements should make submissions on the attached format.
- You would equally recall the State adopted the Multi-Year Budgeting Framework to actualize this term plan and in continuation of this, the frame work will be a veritable tool to still deliver on the aspiration to meet the demands of the people. Hence the 2023-2025 multi-year budget will emphasize on the following:
 - i. It will serve strictly as the financial implementation plan of the revised State Development Plan (SDP) with strengthened budget and expenditure management systems and processes.
 - ii. It will cover a three-year period, from 2023 to 2025
 - iii. It will action the revised State Development plan 2021-2025, hence MDAs will focus on delivering the outputs and strategies that will deliver the outcomes specified in the revised SDP.

The 2023 Budget will also adhere to key fiscal objectives outlined by this administration which focus on the following:

- Ensuring the actualization of the development priorities of the Government as articulated in the revised State Development Plan (SDP)
- Maintaining a favorable proportion of Capital to Recurrent expenditure (at least a target of 60%:40%);
- Ensuring adequate provision of 2022 projects likely to be completed in 2023;
- Maintaining the expanded Revenue generating capacity of the State;
- Eliminating wastages and other unjustifiable expenditure that are not clearly linked to policy objectives; and

- Inclusion of new projects must be strictly in line with the revised SDP objectives after considering all ongoing projects.

Budget Preparation Process

Each MDA should follow the steps below in preparing its 2023 budget:

- i. *Ensure New Projects align with the goal of the revised SDP; and*
- ii. *Allocate Resources.*
- iii. ***Tertiary institutions should ensure that third-party funds are captured on the revenue side and reflected on expenditure side of their budget.***

2022 Ongoing Projects: All MDAs must ensure that projects included in their 2022 budget which from all indication will not be completed and/or paid for in 2022 are fully reflected in the 2023 budget proposal. Where all payments for outstanding and ongoing projects gulps the entire MDA's ceiling, new projects aligned to the revised SDP should only be included in the 2024 to 2025 columns of the budget proposal. For the avoidance of doubt, MDAs are urged not to consider completed and handed over projects but only those with outstanding Certificates of Valuation (CVs).

Ensure New Projects emerge only from the revised SDP: For new projects, each sector should work with its respective MDAs to review its Sector Implementation Plan (SIP) against the revised State Development Plan (SDP). Sector Development priorities should then be prioritized based on MDA's capital ceilings allocated. MDAs may wish to hold internal management meetings to ensure a coherent strategy, but these must be aligned with overall sector priorities in line with the revised SDP overall goal.

Allocate resources: Resources should be allocated starting from the highest priority activities and continuing in sequence down to lower priority activities until the budget ceiling is exhausted. This becomes the cut-off point for resource allocations for that year, except for projects with special funding arrangements (e.g. Grant allocations). Projects that do not make the cut for 2023 can then be moved to 2024 and 2025 respectively.

Community participation: MDAs are encouraged to engage with Civil Society Organizations, Community Based Organizations and relevant Stakeholders in their Budget preparation process. Inputs from such engagements should be in line with the aspirations of the Government as contained in the revised State Development Plan (SDP). This is to give room for community participation in the Budget process.

Preparation of Procurement plan. In line with the Public Procurement reforms embarked by the administration, MDAs are expected to prepare their annual Procurement plan which will be forwarded to the Public Procurement Authority and a copy sent to the Planning and Budget Commission.

Centralized Budget Heads: The following Budget lines have been centralized under some few MDAs as outlined below:

- I. Office Stationery/Consumables, Motor Vehicle fuel cost, Duty Tour Allowance (DTA), Motor Vehicle Procurement, Printing of Security Documents – Ministry of Finance.
- II. Generator Fuel Cost, Maintenance of Public Buildings – Kaduna State Facilities Management Agency (KADFAMA).
- III. Audit Fees – Office of the State Auditor General.
- IV. Training – Office of the Head of Service, with few exceptions.
- V. Construction of New Government Buildings - Ministry of Housing and Urban Development, with few exceptions.
- VI. Honorarium & Sitting Allowances and Donations to Institutions & Organisations - Office of the Secretary to the State Government.
- VII. Internet - Office of the Chief Information Officer and Ministry of Business Innovation and Technology.
- VIII. Drugs Procurement - Kaduna State Health Supplies Management Agency (KADHSMA).
- IX. Inherited Liabilities - Ministry of Finance (Liabilities' Management Committee).
- X. Publicity and Advertisement – Office of the Special Adviser (S.A.) Media to the Governor.

Notes:

- i. Maintenance of Motor Vehicles has been decentralized from the Ministry of Public Works and Infrastructure to the respective MDAs Budget.*
- ii. Funds should not be tied to Centralized budget lines as that will be centrally provided for under the above MDAs.*

Budget inputs:

Each MDA will receive the following key inputs outlined below from the Planning and Budget Commission (PBC).

- I. **Budget envelopes:** Budget envelopes (Annex 1) which reflect the State's drive for a realistic and feasible budget have been attached. These envelopes have been developed based on

the economic and financial update of the Country and key fiscal objectives of the State centered around achieving more balanced capital to recurrent spending, eliminating wastages and achieving a fully funded budget and thereby enhancing credibility. As such, 2023-2025 budget envelope is differently allocated for Recurrent and Capital expenditure.

- Recurrent Expenditure Envelopes: For Recurrent Expenditure, each MDA has an allocated recurrent envelope for Overhead ceilings while Personnel estimates will be computed based on the Staff strength and nominal roll.
- Capital Expenditure Envelopes: Capital expenditure envelopes have been provided for each MDA, which should be allocated to Projects based on priority to action on the MDA's goals as contained in the revised SDP.

MDAs should note that their allocated budget envelopes are intended to serve as a guide, and not a target, as each of the proposed items must be justified. These envelopes, though indicative, must be treated as ceilings.

- II. Multi-Year Budget (MYB) Templates (non-personnel): This is provided on the Commission's website in soft copy (Annex 2) and will form the basis for budget computation and analysis. Two nominees from every MDA will undergo training on using the template and it is imperative that these individuals are the same to work on your organization's proposal.
- III. Personnel Cost templates: The Personnel Cost template is also provided on the Commission's website in soft copy (Annex 3) to estimate the cost of all payroll staff in 2023. This must include the PSN and Bank Verification Number (BVN) of every staff. Personnel cost estimates will have to be justified with a validated staff list (Annex 4) signed by the Chief Executive of the MDA.
- IV. Other supporting reference information: The following numbered appendices also contain relevant information that will be useful reference material in the budget preparation process
 - Annex 1: Expenditure Ceilings;
 - Annex 2: Multi-Year Costing Template;
 - Annex 3: Personnel Cost;
 - Annex 4: Staff list;
 - Annex 5: Capital Receipt with Local and Foreign Financing;

- Annex 6: Project with Internal Source of Funding;
- Annex 7: Project with External Source of Funding.

Soft copies of all the annexes are available for download on the Commission's website, for ease of entry.

Budget Estimate considerations

The following will be helpful to keep in mind as you assess each activity within the budget:

I. General

- Budget estimates should be prepared for all units, sub-units and facilities in the organizations for which the MDA is responsible

II. Personnel Costs

- All staff on the payroll, including political, and public office holders must be properly reflected in the Staff List (Annex 4) that should accompany the proposal submission. The Staff List must be updated versions reflecting the current actual staff position of the MDA, and should be signed off by Chief Executives who assume responsibility for ensuring the veracity of the information provided.

III. Personnel cost estimates (Annex 3) should consider any changes in staffing levels including annual increments, promotions, leave grants, retirement and other forms of attrition. It should also consider implications for annual salary and all other approved allowances.

- i. Recruitment that is not approved by the Government before the submission of this estimate should not be captured
- ii. For approved recruitment, approval authorization should be included with the submission

IV. Capital Expenditure

- Capital expenditure estimates must be consistent with the revised 2021 – 2025 Kaduna State Development Plan (SDP)
- Capital projects that are tied to specific sources of funds (grants, loans, etc), should be matched with the expected drawdown schedule of those specific funds and any Counterpart funds provided by the State
- Where the drawdown of the specified funds is conditional on the provision of Counterpart funds, it should be clearly indicated in the submission

- MDAs should ensure that they always forward requests for payment of Capital projects alongside Consultancy components of the project.

Budget submission: Support, timelines and format

- I. Support: The PBC will provide three types of support to help with the preparation of the Multi-Year Budget:
 - A. *Help Desk*: The PBC will run a help desk daily from 8am – 5pm from 26th July – 19th August 2022. The help desk will be available to answer any questions and provide step by step guidance on filling in the templates. They can be reached via emails at: **pbc.budget@kdsg.gov.ng** and **budget.pbc@kdsg.gov.ng** or through the following phone numbers: **+2348036494022**; and **+2348055520252**. Desk officers will also be physically available at the PBC. All queries received from MDAs will be responded to within 24 hours.
 - B. *Review/Refresher Training Workshop*: Two officials per MDA will be re-trained in the use of the Multiyear Costing and other budget templates. MDAs are to ensure their nominees are staff who will actually be involved in drafting the budget proposals.
 - C. *In Person Visits*: Consultative visits will be arranged for all MDAs. All MDA staff involved in the budget exercise must be present at these meetings with any draft budgets that have been created up to that point.
- II. Time-table: The key time-table for preparing the budget is given below. **Note that these dates are strict dates and should be diligently adhered to.**

Action	Date (2022)
Circular distributed to MDAs to begin the budget process (including templates)	21 st July
Support Help desk available to MDAs to complete budget	26 th July – 19 th August
Review/Refresher Training Workshop for MDAs on Multiyear Costing Template	1 st – 5 th August
Final date for all MDAs to submit detailed budget proposals to PBC	1 st September
Budget Estimates Committee bi-lateral sessions with MDAs to defend budget proposals	6 th – 9 th September

III. Submission formats:

- Budget proposals are to be submitted in Annex 1 to Annex 7.
- Ceilings given to MDAs are to be adhered to in preparing the Budget.

IV Return of Submissions:

- All submissions in response to this Circular should be forwarded to the Commission's email addresses: **pbc.budget@kdsg.gov.ng** and **budget.pbc@kdsg.gov.ng**.
- Budget submissions should be made in line with the above time-table and should reach the PBC no later than 1st September, 2022.
- Deadlines are essential. MDAs that fail to submit their budget in time may not have their desired expenses captured in next year's Budget.

Final Note

MDAs are advised to desist from presenting over-ambitious budgets as previous budget implementation rates have provided ample evidence of absorptive capacity issues across MDAs and the revenue generating capacity of the State. In addition, the State Medium Term Expenditure Framework of 2023-2025 will project modest revenues for the future.

It is the State's desire to produce a realistic and implementable Multi-year budget for the 2023-2025 period. Now and always, accept the assurances of the Commissioner's highest regards, please.

BASHIR MUHAMMAD mni
Permanent Secretary
For: Commissioner