

CONSOLIDATION

ADDRESS BY THE EXECUTIVE GOVERNOR OF KOGI STATE, HIS EXCELLENCY, ALHAJI YAHAYA BELLO ON THE OCCASION OF THE PRESENTATION OF THE 2019 BUDGET PROPOSAL TO THE STATE HOUSE OF ASSEMBLY ON 24TH DECEMBER, 2018

Protocols:

1. I thank the Almighty God for another opportunity to stand before the Kogi State House of Assembly. It has been an eventful year since the last time I was here and we have weathered many storms together as we worked to serve our people. To God Almighty Alone be the Glory.
2. There is no doubt that mutual respect and cordiality has enabled both Arms to function optimally in our joint efforts to reposition Kogi State through accelerated development and the ideals of probity, accountability, equity and justice.
3. I am here to present the Kogi State 2019 budget proposals and to secure your continuing support for our policies, programmes and projects in the coming year through your expeditious consideration and passage of this Budget.
4. Mr. Speaker, Honourable members of the House, We have always done our best to align the expectations of our people with our New Direction Agenda through judicious use of resources appropriated in successive Budgets.
5. This is our 3rd Budget and we have chosen to tag it, BUDGET OF CONSOLIDATION' for the simple reason that it will help us build on previous successes while simultaneously laying the foundation for fresh growth.
6. Distinguished members, the outgoing 2018 'Budget of Sustainable Growth' provided a framework for sustaining momentum on various growth and development initiatives kick-started in previous years, and given the resources available we did not underachieve set objectives.
7. At the core of any budget is credibility, thus the objective of our 2019 Budget is consolidation of what we have been doing in the last 3 years, mainly the completion and commissioning of key infrastructure projects and reinvigoration of ongoing human development programmes.
8. In addition to minimizing extra-budgetary expenditure, this Budget of Consolidation is critical to the attainment of sundry macroeconomic goals including the effective delivery of public services through fair distribution of resources.
9. Above all, it will assist compliance with the budgetary objectives and principles stated in the Medium Term Expenditure Framework (MTEF) as well as the Fiscal Strategy Paper (FSP) approved by this Honourable House.
10. As you are aware, the principal objectives of these instruments are wealth creation, poverty reduction, employment generation, security of lives and properties, peace-building, and ensuring fairness, transparency, and accountability in the governance of Kogi State.

11. With this Budget, as with previous ones, the Administration's commitment to honest and realistic implementation remains unshaken while our Blueprint for a New Direction of multidimensional poverty reduction and wealth creation remains a priority.

12. Mr. Speaker Sir, Honourable members, you may wish to recall that the nation is only just recovering from a recession but the danger remains present and apposite with the Central Bank of Nigeria warning that if the right things are not done, Nigeria might slip back into recession.

13. Thus, we, the Executive, the Legislature and the Judiciary, have a joint mandate to provide foresighted leadership in order to render our domestic economy impervious to recession while ensuring that Kogites get the most mileage from all categories of public resources.

14. One way the Executive is working to promote economic stability is to key into the Economic Recovery and Growth Plan (ERGP) of the Federal Government, backed by a hard schedule of fiscal discipline - financial cost-cutting, blocking of leakages and elimination of wastage from government processes.

15. Mr. Speaker, permit me to say that government validates its legitimacy and reputation from the support it enjoys among the governed. That goodwill is directly proportional to the benefits flowing to the people from the policies of government.

16. In 2019, in addition to programmes for multidimensional poverty reduction and wealth creation, we are investing even more in human capital development by dedicating a massive 15% of this Budget to Education, both formal and non-formal.

17. We are also making provisions in this budget to attract investors, stimulate economic activities, empower our people, and raise standards of living even as we explore fresh options for increasing the revenue base and improving the overall economy of the state.

18. It is with the foregoing in mind that I call on this honorable House, as well as all men and women of goodwill to co-operate with the Administration so that the policies, programmes and projects contained in this Budget Proposal can be implemented holistically.

19. The Honourable Speaker, Honourable members, Distinguished Ladies and Gentlemen, before I give the details of the 2019 Budget Proposal I will now review the performance of the 2018 budget and the achievements we made in the outgoing year.

HIGHLIGHTS OF YEAR 2018 BUDGET PERFORMANCE.

20. The total Budget package for year 2018 was N151,677,854,494 for both Recurrent and Capital Expenditure.

21. The total recurrent revenue approved for year 2018 was N90,834,787,658, out of which N46,895,199,757 was collected as at the end of August, 2018 representing 51.63% performance.

22. The approved capital receipts for 2018 was N60,843,066,836 out of which N4,312,367,201 was realized representing 7.09% performance as at the end of August, 2018.

23. A total sum of N66,694,526,233 was approved for recurrent expenditure in year 2018, however, only N28,506,097,331 was spent as at 30th August, 2018 representing 42.74% performance.

24. The approved capital expenditure for 2018 was N84,983,328,261 out of which the sum of N13,812,132,688 was expended representing 16.25% performance as at August, 2018. This lean performance is due to the current economic downturn in the country which has bedeviled our income expectations from various sources.

2019 BUDGET OF CONSOLIDATION

25. Macro-economic indicators show an uptick in global growth at 3.8% and gradual recovery on the national front from recession, and a reduction in the inflation rate.

26. As a State Government with no control over monetary policy, the state budget is our key fiscal policy tool for strengthening our economy and safeguarding against unforeseen shocks. The budget is also our most important mechanism towards achieving our State Development Plans and socioeconomic aspirations.

27. By a combination of budgeting best practices and development partner demands, it is therefore imperative for the state to present a realistic and implementable Budget going forward, thus this 2019-2021 multi-year budget is based on conservative, but realistic, projections.

28. Mr. Speaker, Honorable Members, the 2019-2021 Multi-Year Budget is based on Zero-Based Budgeting principles and is tailored towards actualization of our State Development Plan. From a fiscal perspective, the key targets of this budget are:

1. Ensuring the actualization of the development priorities of the government as articulated in the State Development Plan and respective Sector Implementation Plans (SIPs).
2. Maintaining a favourable proportion of Capital to Recurrent Expenditure.
3. Completing all on-going projects and adding new projects in the critical area of needs.
4. Expanding our revenue generation capacity so as to reduce over dependence on federation allocation.
5. Maintaining a sustainable debt position thereby reducing our State Domestic Debt profile.
6. To provide a conducive environment for investors and Donor Agencies to operate in the State.
7. To enhance greater transparency, accountability and proper public expenditure management.

BUDGET POLICY STATEMENT

1. The fiscal strategy of Government is anchored on the on-going Public Financial Management (PFM) Reforms, therefore over the period 2019-2021 the Kogi State Government's fiscal policy will be directed at:

1. Improving the efficiency and effectiveness of spending.
2. Greater control of the wage bill.
3. Directing capital expenditure to critical infrastructure such as Road, Housing, Education, Health and such other thematic areas as Job creation, Youth Engagement, Infrastructure and Utilities as well as Public Sector and Pension Reforms.

4. Boosting revenue receipts by identifying and blocking revenue leakages; and gradual fiscal consolidation in order to achieve a level of public spending consistent with macroeconomic stability and sustainable debt.

BUDGET OBJECTIVES AND TARGETS

2. The 2019 Budget is designed to give expression to our overall aspirations within the context, but the specific fiscal objective is simply effective allocation of scarce resources to identified critical programmes and projects, with the following major targets:

3. To improve security of lives and properties in Kogi State and enhance further her current good standing in the top three on several security, peace and low crime statistics among Nigerian states.

1. To improve the quality of education at all levels and make it accessible and affordable to all citizens in order to produce the skilled manpower needed for our economic transformation.

2. To improve access to healthcare leading to improvement in efficiency of the healthcare delivery system.

3. To ensure food security and generate a high proportion of the GDP from agriculture.

4. To exploit the full potentials of our economy and expand trade and commerce in the State.

5. To ensure that products from our agricultural and industrial activities have access to markets locally and internationally.

6. To ensure gainful employment of youths and create opportunities for the development of their talents.

7. To achieve sustainable development and promote social and economic development through culture and tourism.

8. To establish the necessary framework for a robust mining and solid minerals sector, and to brand Kogi State as the nation's foremost solid minerals mining destination.

9. To expand the road network in urban and rural areas through construction of new roads and bridges and rehabilitation of existing ones.

10. 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.

11. To ensure sustainable use of the environment and continuous management of environmental challenges such as flooding, pollution, degradation and gully erosion.

12. To facilitate the social and economic development of Kogi State by ensuring easy access to lands for agricultural, residential, commercial and industrial uses to all citizens and investors.

13. To improve the quantity of decent housing and facilitate the creation of viable urban communities in the state.

14. To improve and expand affordable housing options through public private partnerships.

15. To reduce average power outage through the generation and distribution of adequate electricity in the urban and rural areas in Kogi State.

16. To rejuvenate the transportation sector in all its layers and to facilitate mobility of goods and services.

4. In absolute terms, Mr. Speaker, we will strive to complete every single project we have started in each of our 21 Local Government Areas, and to pay the contractors we have commissioned to work for us, even as we continue to cut the cost of government and ensure that our people are the ultimate beneficiaries of public resources.

SUMMARY OF THE 2019 DRAFT REVENUE AND EXPENDITURE ESTIMATES

5. The summary of the draft 2019 Revenue and Expenditure Estimates is as follows:

1. The proposed 2019 Budget has an estimated outlay of N146,736,042,510. This total budget outlay of N146,736,042,510 is divided into Recurrent Expenditure of N71,841,314,458 representing 48.96% and Capital Expenditure of N74,894,728,051 representing 51.04%. This is represented in the table below:

Expenditure Item

Allocation

%

Recurrent Expenditure

N71,325,314,459

48.61%

Capital Expenditure

N75,410,728,051

51.39%.

Total

N146,736,042,510

100%

2. The total Budget expenditure outlay is given in the following sectors:

Code

Sectors

Allocation

%

01

Administration

45,198,834,158

30.80

02

Economic

51,753,811,012

35.27

03

Law and Justice

7,446,791,251

5.08

05

Social

42,336,606,089

28.85

Total

N146,736,042,510

N100%

THE TOTAL BUDGET PACKAGE

1. The total Budget package for year 2019 is N146,736,042,510 as against N151,677,854,494 approved for year 2018. This is a decrease of N4,941,811,984 or 3.26% when compared with the 2018 Revised Budget. In addition to earlier stated reasons, inherent in the reduction is a tactical move to match new indicators released by the World Bank which will determine access to budget support funding.

2. Mr. Speaker Sir, Honourable Members, Distinguished Guests, Ladies and Gentlemen, I now present to you the year 2019 Draft Budget for your consideration and approval. The Honourable House is invited to note that:

1. We have budgeted a total estimated recurrent revenue of N104,341,267,675 consisting of N20,172,740,733 from internal sources, N60,972,262,719 as State's share from the Federation Account, N17,500,000,000 revenues from Value Added Tax (VAT), N2,243,973,366 from Excess crude, N130,893,199 as refund from Federal Government, N2,000,000,000 from Non-Oil Revenue, N200,698,829 from Foreign Exchange Equalisation and N120,698,829 from Excess Bank charges.

2. Recurrent Revenue for the year 2019 stands at N104,341,267,675. Out of the above figure, the estimated personnel cost for the period is N36,153,682,517 whereas N35,687,631,941 is Overhead Costs, thereby giving N71,325,314,459 as a total recurrent expenditure for the year 2019.

3. From the foregoing, we have a total estimated Transfer Surplus of N33,015,953,216 as Capital Development Fund.

4. The estimated Capital Receipt is N42,394,774,835 comprising Capital receipts analysis by economic, Aids and Grants. However, if the Transfer Surplus of N33,015,953,216 is added to this amount, we shall have N75,410,728,051 as fund available for capital development projects.

5. Total estimated capital expenditure therefore stands at N75,410,728,051.

3. In summary, our total estimated revenue (i.e. recurrent revenue and capital receipts) stands at N146,736,042,510 for the year 2019 making total estimated expenditure (i.e, Recurrent and Capital) to stand at N146,736,042,510 for the year 2019 making our 2019 Budget a balanced budget.

4. Mr. Speaker Sir, Honourable Members, Distinguished Guests, Ladies and Gentlemen, it is now my pleasure to formally present to you the 2019 Draft Budget for your deliberation and approval.

JUDICIARY CRISIS

5. It will be very remiss of me to end this Presentation without addressing the needless injury and suffering our civil servants who work in the Judiciary are undergoing right now because of a needless impasse foisted on the state by the Judicial Arm.

6. Members may wish to recall that following a Collective Agreement signed with Organized Labour on the disbursement of the last Tranche of Paris Club Refunds, we embarked on Pay Parade cum Table Payment as the most transparent methodology for making sure that money reaches only genuine and actual civil servants in the form of salaries and pensions.

7. This Honourable House graciously encouraged her civil servants to participate and can testify that the process was speedy, dignified and effective in identifying civil servants, capturing their biometric data and paying them their due.

8. The Judiciary refused to participate citing notions of Independence and Autonomy which are at best dodgy in law and at worst extremely legalistic and were supported by the Judiciary Service Union of Nigeria which has proceeded on an indefinite strike.

9. The efforts of this House to broker a middle ground was stopped in its tracks by an ex parte injunction curiously obtained while the court staff were on strike, and at a time when no one else could transact any business in the various Court Registries because of the strike.

10. As things stand now, the genuine civil servants serving in the Judiciary are boycotting (or being forced to boycott) their own salaries and pensions while the money for their several months' pay sits in the bank.

11. I pray Mr. Speaker and the Honourable House to take notice of these curious events, to ask the right questions, especially why the payroll of the Kogi State Judiciary seem to be a document for the eyes of only some senior initiates alone, but above all, to assist us in resolving the impasse so that our people who have worked hard for their money can do the needful to receive it.

3RD ANNIVERSARY EVENTS

12. In my very first Budget Presentation here, I did reel out a long list of projects which we had embarked upon. I am glad to report that most, especially the civil engineering ones, are gradually winding down their contractual and construction cycles, and are nearing completion even as we speak.

6. In the last week of January 2019, we will observe our anniversary week as usual during which we intend to showcase major projects and achievements of the Administration across the 3 Senatorial Districts. We are also working to bring His Excellency, President Muhammadu Buhari and other dignitaries to assist us in commissioning some of them.

7. I shall therefore crave the indulgence of this honourable house to be my guests as we observe our 2019 Anniversary Week and Presentation of Compendium of Achievements.

IN CONCLUSION

13. Mr. Speaker, Honorable Members, this is the third time I have been admitted into this honorable House to present the annual budget, and it is only fitting that I express my gratitude again for the accommodation.

14. I am deeply grateful to honorable members for allowing maturity and mutual patience to characterize the relationship between this honourable House and the Executive over the last 2 years in particular.

15. We will all face critical elections next year, starting from February and I trust that the next time I stand here to interact with this House, we will have a contingent of legislators who will continue with the tradition of placing our state above personal interest. I have no doubt that many of you here now will be here then.

16. I wish all of you the very best.

17. Do enjoy a very Merry Christmas and I wish all of us a peaceful, prosperous and fulfilling New Year.

God Bless Kogi State.

God Bless the Federal Republic of Nigeria.

I thank you all.

YAHAYA BELLO

Executive Governor, Kogi State.