

SECRET



MINISTRY OF FINANCE, BUDGET AND PLANNING

OFFICE OF PERMANENT SECRETARY, BUDGET AND PLANNING

P. M. B. 1093

Maiduguri, Borno State.

email: budget@bornostate.gov.ng

Ref:.....

Date.....18th July 2022...

The Chief of Staff to His Excellency,
Principal Secretary to the Deputy Governor,
The Secretary to the State Government,
The Head of Service,
The Clerk of the House of Assembly,
All Honourable Commissioners,
All Chairman of Commissions and Boards,
The Registrars of High Court and Sharia Court,
All Chief Executive of Extra – Ministerial Departments and Parastatals.
The Director General Borno State CSOs Network.

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BUDGET CALL CIRCULAR FOR 2023 BUDGET PREPARATION

1. Introduction

1.1 This is to remind all accounting officers of their responsibility to prepare the 2023

budget proposals for their respective Ministries, Departments and Agencies (MDAs) pursuant to section 121 of the 1999 Constitution of the Federal Republic of Nigeria, Cap V.E 121 (1) – (2) as amended.

- 1.2 This Call Circular sets out the requirements and instructions that must be followed in the preparation of the 2023 fiscal year Budget Proposal. Thus, all Accounting Officers and other officers responsible for the budget preparation are advised to read this Budget Call Circular carefully and adhere to the guidelines and instructions including, the cost Control measures contained herein.
- 1.3 All MDAs should take into consideration the policies/strategies contained in the Borno State Development Plan (SDP) and the fiscal forecast as contained in the 2023 - 2025 Economic and Fiscal Update-Fiscal Strategy Paper-Budget Policy Statement (EFU–FSP–BPS) set the limits for the projections of the recurrent and development priorities of the State in the 2023 budget preparation.
- 1.4 All MDAs, Boards, Commissions, etc. are, to closely study the 9 Strategic Pillars – Development Sectors – and the Strategic Transformation Initiatives (STIs), the premises of the State Development Plan (SDP) in accordance with the estimated ceiling of the 2023 - 2025 MTEF.
- 1.5 All MDAs are expected to go through the 25 Year Development Framework & 10 Year STIs for proper guidance on capital budgeting. Electronic copy of the same document is available via website www.acsdhr.bo.gov.ng
- 1.6 **The Strategic Objectives of the 2023 Borno State Budget are as follows: -**
 - i. To ensure that the 2023 revenue forecast and expenditure proposal are realistic and achievable, specifically targeting at actual total budget expenditure performance deviation of less than 15% as set in the State Fiscal Transparency, Accountability and Sustainability (SFTAS) on full implementation of budget.
 - ii. Diversify the internal revenue base and also reviewing revenue projections to reflect current realities.
 - iii. To build greater transparency, accountability, and comprehensiveness into the budget process by deepening citizens` engagement and adopting reforms.

- iv. To use the budget to further the goals of job creation through agri-business, resuscitate the education sector and enhance access, poverty reduction, induce agricultural growth and respond to economic meltdown occasioned by insecurity and Covid-19 and revitalize economic activities in the state.
- v. create efficiencies in personnel and overhead expenditure to allow greater resource for capital development.
- vi. To ensure that the 2023 budget is in line with the policy thrust and development goals articulated in the third year of the SDP
- vii. To ensure that all capital projects/programmes reflect the STIs of the SDP and budgeted under the appropriate Development Sector.
- viii. To ensure that ongoing capital projects receive priority funding over new projects/programmes in the 2023 budget.
- ix. To ensure that capital investment funds are directed to the government's developmental priority areas of Agricultural Development; Educational & Human Capital Development; Healthcare; Reconstruction, Rehabilitation & Resettlement; Infrastructural Development; Trade, Commerce & Investment; Environment; and Peace Building.
- x. To ensure that Education, Health, Water and Sanitation Sectors that have already developed their Medium – Term Sector Strategy (MTSS) are aligned to the State Development Plan (SDP) and prepare their budgets in line with the Strategic Transformation Initiatives (STIs) articulated in the SDP.
- xi. To minimize consumption expenditure and improve the capital to recurrent expenditure ratio to stimulate economic growth and development as articulated in the SDP.
- xii. Continue to ensure reduction in non-essential overheads.
- xiii. Ensure to minimize overlap of mandate while preparing the 2023 fiscal year estimate.

2. Strategic Priorities

Every spending MDAs are advised to ensure that all activities that are urgent and important in the 2023 fiscal year in accordance with the SDP are included in their proposal by way of strategic sector priorities within the allocated envelop.

3. Fiscal Framework 2023 to 2025

3.1 Key Assumptions: -

- i. The assumption is in accordance with the fiscal forecast for 2023 – 2025 as provided in Table I below.

Table I – Indices for 2023 Fiscal Forecast

S/N	Description	Basis of 2023 Budget Forecast
1	Crude Oil Price (US\$/barrel)	75.00
2	Crude Oil Production (mbpd)	1.50
3	Inflation Rate (%)	13.10
4	Exchange Rate (N/\$)	415.00
5	GDP Growth Rate (%)	3.10
6	Mineral Ratio (%)	22.0

Source: Min. of Finance, Budget and Planning. Draft MTEF 2023-2025

4. Guidelines for Budget Preparation

4.1 As noted earlier, Accounting Officers are personally responsible for the preparation of advance proposals and draft estimates for their respective MDAs. In discharging this responsibility, Accounting Officers are advised to be mindful of their duty to ensure transparency and accountability in the mobilization and utilization of public resources. Accordingly, every Accounting Officer is requested to personally sign the budget proposal before submission to the relevant Office in the Department of Budget and Planning.

4.2 General Instruction: -

- i. MDAs are advised to be mindful of their budget ceilings provided in the 2023 – 2025 MTEF and work within the set limit as provided in para 4.4 (viii) for Personnel cost, 4.5 (iv) for Overhead cost and 4.6 (v) for Capital Expenditure in this circular.
- ii. Measures Guiding the Budget Preparation –
 - All budget proposal for 2023 must be on the prescribed Templates and shall reflect the budget classification codes contained in the revised domesticated chart of accounts. The Templates are numbered and described as Annexures RR I for Personnel Revenue; CR IIA – CR IID for Capital Receipts; PC III – PC IV for Personnel Cost; OC V for Overhead Cost; and CE VI – CE VIII for Capital Expenditure.
 - The budget preparation will be in line with the Administrative, Economic, Functional, Developmental and Locations Segments of the Revised Domesticated Chart of Accounts.
 - The Development Segment is introduced to our chart and accounts from the SDP and reflects the 9 Strategic Transformation Pillars articulated in the SDP. Each Development Sector has a number of Strategic Transformation Initiatives (STIs) or Policies based on which programmes and projects are identified and budgeted for. Some of these programmes and projects are shared responsibilities of a number of MDAs which are now classified under the relevant Development Sectors. Detailed listing of the STIs – Development Policies – under each Sector and the Development Sector grouping of the MDAs are provided in the SDP document.
 - Estimates should be supported with underlying assumptions rationalizing the bases for the inclusion of the figures in the budget.

- Every MDAs is required to constitute a Ministerial Budget Technical Committee to prepare the draft budget in accordance with the requirements of the budget call circular by the Hon, Commissioner with the Permanent Secretary and all Directors as Members while DPRS or Planning Officer to serve as Secretary. In the case of Boards, Commissions, Institutions, Offices and other Entities, the Accounting Officer shall chair.
- MDAs are advised to note citizen`s needs for projects and programmes and reflect such inputs in the budget proposal. In this regard, the Budget Technical Committee should not hesitate to clarify any issues raised by the citizens or Civil Society Organization (CSOs) and should be open to discussion with the CSOs & Labour at the preparation phase.

4.3 Revenue – requirements for revenue estimates and how to prepare revenue estimates.

- i. All revenue generating MDAs are advised to fully capture all revenue sources and make realistic projections.
- ii. Revenue proposals must be supported with underlining assumptions justifying the estimate.
- iii. MDAs with revenue proposals should liaise with chairman, Internal Revenue Service (IRS) for technical support and to clear their proposals. To ensure realistic revenue estimates, the Chairman IRS is advised to set up a Technical Support Desk to facilitate the 2023 revenue projection timely.
- iv. Where challenges are anticipated to undermine realization of revenue estimates, MDAs are advised to support their projections with explanatory details of strategies to overcome such challenges.
- v. Tertiary Institutions and other entities enjoying grants/interventions are enjoined to ensure that their revenue are wholly captured, clearly showing grants and projects funded from the grants as well as conditions attached to them, if any. This is to ensure full accountability for aggregate resources injected into the development of the state. Accordingly, Tertiary Institution are specifically requested to provide a summary of their budget on **Annex TE IX**.
- vi. Revenue Estimates are to be submitted on **Annex RR I**.

4.4 Personnel Cost Estimate-

- i. All MDAs are reminded of the subsisting conditions for new employment and must restrict their personnel cost proposals to the existing Staff Nominal Roll provided on Annex PC III.
- ii. Ensure that the personnel cost proposals covers the cost of annual increment, staff promotion and exits.
- iii. The Personnel Cost Proposal Summary to be provided on Annex PC IV must reconcile or agree with the staff Nominal Roll.
- iv. All MDAs that have recruited staff in 2022 or planning to do so in 2023 must support their proposals for new establishments with copies of executive approval to the effect.
- v. In making the 2023 Personnel Cost Proposals, all MDAs are advised to be guided or regulated by the approved personnel cost of their respective MDAs in the 2022 fiscal year budget.
- vi. All MDAs are advised to extract the Nominal Roll of staff proceeding on retirement in 2023 indicating the exact dates for each and submit it as an addendum.
- vii. The Accountant General in collaboration with pension office are advised to prepare a realistic estimate of pension and gratuity for 2023 to avoid tying down limited resources in recurrent cost. Estimates for gratuity should be supported with the Nominal Roll of Staff retiring in 2023, providing an explanatory summary of net cost savings due to migration from salary to pension.
- viii. Your MDA's Personnel Cost Envelop for 2023 Budget Proposal and 2023 - 2025 MTEF are:

2023 N	2024 N	2025 N

4.5 Overhead Cost Estimate –

- i. In the 2023 budget, Government is pursuing significant improvement in the capital to recurrent budget ratio. This is imperative using the budget as a tool to stimulate economic growth and development, the ideals of the SDP.

- ii. Accordingly, all MDAs are advised to note that Government mindful of any increase in overhead cost expenditure as this affects the quantum of surplus funds to finance capital expenditure. Thus, overhead cost estimates should be restricted to essential services and imperative overhead cost i.e. those necessitated by the implementation of capital.
- iii. All MDAs are advised to critically study their overhead cost performance based on the 2022 budget and further eliminate nonessential provision with a view to creating more savings to accommodate capital project proposals.
- iv. Your MDA's Overhead Cost Envelop for 2023 Budget Proposal is as below in the 2023 - 2025 MTEF are:

2023 N	2024 N	2025 N

4.6 Capital Expenditure Proposal –

- i. All MDAs are strongly advised to note that the SDP is the basis for all capital expenditure decisions for making capital expenditure proposals for 2023 Budget. The 2023 capital budget proposal is the index year to roll out the annual developmental expenditure from the 2021-2030 SDP document.
- ii. All MDAs are advised to ensure commitment to completion of ongoing projects and rollover any of such project that is not likely to be completed in 2022 to 2023.
- iii. All capital expenditure proposals must be restricted to Sector resource limitations provided and accordingly prioritize and sequence the proposal in the 2023 – 2025 MTEF.
- iv. The format for submission of capital expenditure proposal is provided in **Annexures CE VI – CE VIII.**
- v. Your MDA' s Capital Expenditure Envelop for 2023 Budget Proposal as obtained in the 2023 – 2025 MTEF as follows.

2023 N	2024 N	2025 N

4.7 Aid, Grants and Counterpart Funding –

- i. All MDAs are advised to note that Aid, Grant and Loans are part of the state resources and constitute a public fund for which the government is accountable to the citizens. These resources must be captured in the state budget.
- ii. All MDAs supported with any form of Aid or Grant are advised to disclose full details of the nature of the Aid/Grant, the projects funded, funding duration, etc. on **Annex CR IIA & CR IIB**.
- iii. MDAs with counterpart funded projects are advised to reflect such funding requirements and funding duration in their proposal. This should be supported with explanatory details of the project's impact.

4.8 Citizens Engagement in the Budgeting Process: Government has taken appropriate steps to ensure that the 2023 budgeting process is open, participatory and citizens centered.

- i. The constitution of the Budget Working Group (BWG) with representatives of Civil Society Organization (CSO) and labour as members is a milestone in the state's budget reform process.
- ii. The formation of the BWG has created avenues for citizens' participation through the involvement of CSO and Labour at the budget preparation level.

5. Submission and Defence of Budget Proposals:

5.1 All budget proposals must be prepared on the prescribed Budget Templates using Microsoft Excel. Three hard copies on the prescribed Budget Templates and soft copy on CD or via email should be submitted on or before Wednesday, **31st August 2022**.

5.2 All MDAs are requested to submit three copies of their Budget Proposals to the Director Budget Room B65 Ground Floor, Department of Budget and Planning, Musa Usman Secretariat and the soft copy on flash drive and via email maryamuphilemon36@gmail.com and copy lawangremaalkali@gmail.com

5.3 The timetable for the budget defense (bilateral discussions)/interaction sessions:

- i. A structured Time Table for Bilateral discussion will be made available by the Department of Budget and Planning soon by second week of August 2022.
- ii. The 2022 budget bilateral discussion will be conducted by the Budget working Group (BWG)/Department of Budget and Planning.

- iii. The BWG shall adopt a flexible time table that allows any MDA to come forward for discussion ahead of the stipulated time on the structured Time table, once the Group is put on reasonable notice to that effect.

6. Information on who to contact for further clarification or support:

6.1 Help Desk: all enquires and clarification regarding the 2023 budget proposals are to be directed to the following officers:

S/N	Name	Designation	GSM	Email
1.	Maryamu P. K. Diwa	Director Budget	09031191660	maryamuphilemon36@gmail.com
2.	Lawan Grema Alkali	Planning Officer	08062485851	lawangremaalkali@gmail.com

7. Conclusion

All MDAs are hereby advised to adhere strictly to their envelope for Personnel, Overhead and Capital proposals and also to comply with the guidelines outlined in this call circular, please.

The official website of Government is www.pfm.bo.gov.ng



Stephen J. Pakshar
Ag. Permanent Secretary (Budget & Planning)
For: Honourable Commissioner
(Finance, Budget and Economic Planning)