

6th December, 2018

The Honourable Speaker,
Katsina State House of Assembly,
Katsina.

Attention:

Chairman, Appropriation Committee
Katsina state House of Assembly

Dear Sir,

INTRODUCTION

The Coalition wishes to congratulate the Honorable House for the successful conduct of the election of new Speaker of the House following the election of the former Speaker to the House of Representatives. We pray for the guidance of Allah to the Speaker in running the affairs of the House and in all of his undertakings.

The Rt. Hon. Speaker may wish to note that the Coalition of Civil Society Organizations (CCSOs) has been engaging the legislation processes of the state budget with the support and cooperation of the Honourable house from 2013 to date. Hence, as part of what is used to be the culture in our relationship with the house, we are presenting this position paper on the proposed 2019 budget. It is our hope that, like every year, the House will look into the submissions made in this paper in the process of 2019 budget legislation.

Following the budget analysis made by the Coalition with special considerations to key priority areas of this administration, the CCSOs wishes to make the following submissions on the 2019 Budget estimates as it relates to service delivery of the MDAs:

- a) **INTERNALLY GENERATED REVENUE:** The uncertainty of revenue derivable from the National purse coupled with increasing cost of running government coupled and growing population of Katsina State no doubt call for effective and efficient strategies for improving revenue generation in the state. Decline in the

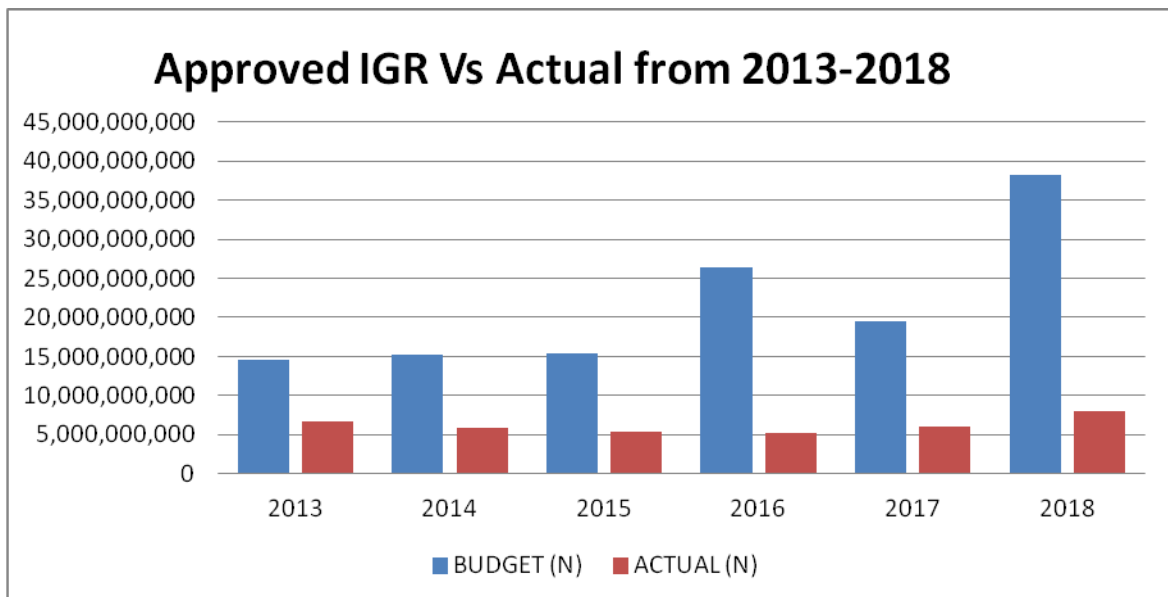


price of oil in recent years has led to a decrease in the funds available for distribution to the states. Hence, the thrust of this administration is to enhance revenue generation from the non-oil sector. The need for state and local government to generate adequate revenue from internal sources has therefore become a matter of extreme urgency and importance. This need underscores the eagerness on the part of state and local governments and even the federal government to look for new sources of revenue or become aggressive and innovative in the mode of collecting and remitting revenue from existing sources. The projected Internally Generated Revenue of the State for 2018 was N38.284 billion which represents 19.07% of the Total Budget for the year. However, as at 30th September, 2018, only N7.975 billion (representing 20.83% of the projection) was realized with PAYE contributing 45.62% of the amount generated and Miscellaneous Receipts (comprising Fertilizer proceeds and refund from Local Government Councils) contributing 41.24%; thus, revenue from other sources (comprising Licenses, Fines and Fees) contributed only 13.14%.

Worthy of note is a release of N972.037 million as 10% of IGR payable to the Board of Internal Revenue of the State.

The Table and graph below depict the critical trend of IGR for the past six years in terms of proposal and generation:

YEAR	BUDGET (N)	ACTUAL (N)	AMOUNT NOT REALIZED (N)	% COLLECTED	REMARKS
2013	14,561,712,645	6,686,687,647	7,875,024,998	45.92	
2014	15,224,641,735	5,868,569,616	9,356,072,119	38.55	
2015	15,435,622,400	5,333,261,616	10,102,360,784	34.55	
2016	26,370,811,525	5,254,181,679	21,116,629,846	19.92	
2017	19,532,296,540	6,029,850,858	13,502,445,682	30.87	
2018	38,276,773,735	7,975,503,123	30,301,270,612	20.84	As at 30/9/18



Based on the above analysis, we want call on:

- i) Increasing the tax payer base by identifying tax payers that are not already paying tax, implement new taxes or increase tax rates.
- ii) Improving tax payer compliance through routine audit, raising penalties and enforcing outstanding debts.
- iii) Developing potentials of non-tax revenue sources and ensuring full collection of existing sources.
- iv) Put in place, mechanism for ensuring optimum remittance of tax collected to the government purse
- v) Taking bold measures towards improving the IGR projection and collection to cover at least amount budgeted for state's recurrent expenditure for the year

b) Education: Education is a crucial sector that is given priority by Katsina State government. This is in recognition to the role played by the sector in promoting development of any society. The proposed total allocation for the Sector shows the lion share of 15.75% though a drop of about 2.13% is noticed from the 17.88% approved in the Year 2018

The Table below reflects the provisions made for the Sector:

S/N	DETAILS	2018		2019		REMARKS
		APPROVED (=N=)	NO. OF STAFF	PROPOSED (=N=)	NO. OF STAFF	
1	Personnel Cost					
	Ministry	5,709,345,660	15,758	5,981,862,985	16,762	
	Parastatals	1,313,426,485		1,286,003,935		
	Higher Education	17,918,250	40	23,149,870	57	
	Tertiary Institutions	4,716,155,760		3,999,263,545		
2	Overheads					
	Ministry	884,807,450		940,047,450		
	Parastatals	1,093,260,510		1,133,600,510		
	Higher Education	59,237,635		60,687,870		
	Tertiary Institutions	320,826,550		320,826,550		
3	Capital					
	Ministry	9,423,601,515		5,243,356,100		
	Parastatals	5,233,340,595		4,928,559,335		
	Higher Education	3,233,542,925		2,302,542,925		
	Tertiary Institutions	6,141,078,720		5,400,309,100		
	TOTAL	38,207,229,925		31,620,209,995		
	% on Total Budget	17.88%		15.75%		

The above Table indicates total budget for Education in Katsina as proposed in the Year 2019 with comparative figures of Year 2018. Based on the details in the Budget document, about 15.75% of the total Budget of =N=200.742 Billion was allocated to the Education Sector.

Our position as in the previous years is that considering the falling standard of education and the low performance of students in external examinations (WAEC/NECO) which is popularly attributed to the quality and quantity of human resources among other factors, there is dire need for the state to embark on serious human capital development to address the gross inadequacies and quality of teaching staff in our Educational Institutions. Equally to be focused on here is the provision of instructional materials, furniture and fittings, textbooks and laboratory apparatus to enhance efficient teaching and learning. This we believe would restore the disenchantment in the sector.

On the whole, the total allocation to the sector decreased by 2.13% and is still below UNESCO standard (26%).

- c) Agriculture:** Agriculture remains an important sector that moves economic activities of the State. Katsina being an agrarian State can harness the sector by investing more in the provision and timely distribution of Agricultural Inputs, Manpower development especially in Extension Services and Marketing.

The Katsina State Government proposed the following as costs of funding the Agricultural Sector in 2019:

S/N	DETAILS	2018		2019		REMARKS
		APPROVED (=N=)	NO. OF STAFF	PROPOSED (=N=)	NO. OF STAFF	
1	Personnel Cost					
	Ministry	414,256,555	394	322,419,980	385	
	Parastatals	615,707,320		448,145,905		
2	Overheads					
	Ministry	29,327,115		36,927,115		
	Parastatals	33,086,710		33,086,710		
3	Capital					
	Ministry	11,518,200,000		8,625,371,880		
	Parastatals	2,163,392,395		1,898,965,200		
	TOTAL	14,773,970,095		11,364,916,790		
	% on Total Budget	6.92%		5.66%		

The Table above indicates a proposal of about 76% of the funds earmarked for agricultural sector to be spent on Capital items and as observed in Education, the Agricultural Sector requires more of Human Capital development than Capital projects that are largely for supply of Fertilizer that takes 35% of the total Capital budget of the Sector.

Furthermore, as observed in 2016, the state had in the past, invested so much in establishing Fertilizer blending plants, we suggest utilization of at least 50% of the cost of supplying the fertilizer proposed in 2019 budget to revitalize the ailing plants with a mandate to supply at least 50% of the requirements against the 2019 wet & dry season farming. The effect of this option could be seen in harnessing the resources of the state, employment creation to the teeming youths in the respective fertilizer plants, value for money, boosting Internally Generated Revenue of the State and as well as curtailing the cost of supplying the fertilizer thereby making similar industries active.

Worthy of noting is the need for a special provision to cater for youth's skill acquisition in agriculture. The SONGHAI Initiative recently outsourced to Dangote Group should be encouraged to be fully functional with youth involvement thereby imparting knowledge and skills to the teeming youth who after graduation can be supported with loans guaranteed by the government to embark on agro-allied business that will lead to employment generation that could curve youth's restiveness and more revenue to the government; this initiative could be achieved through Public Private Partnership.

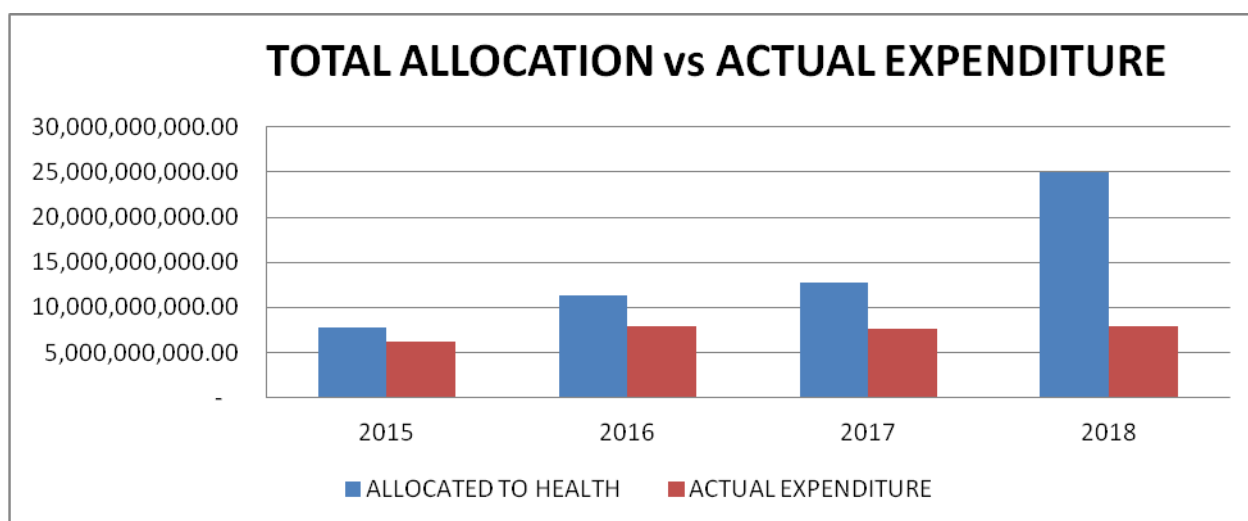
- d) Health:** This Sector like Education requires serious attention to Manpower, Drugs and Equipment (especially laboratory equipment) as an urgent activity that can improve the sector. It is however not the case, as shown in the following Table:

S/N	DETAILS	2018		2019		REMARKS
		APPROVED (=N=)	NO. OF STAFF	PROPOSED (=N=)	NO. OF STAFF	
1	Personnel Cost					
	Ministry	115,162,960	74	112,182,265	74	
	Parastatals	6,024,584,770		4,742,670,150		
2	Overheads					
	Ministry	467,000,000		95,882,315		
	Parastatals	409,975,055		407,834,555		
3	Capital					
	Ministry	17,838,933,065		19,680,750,495		
	Parastatals			955,000,000		
	TOTAL	24,855,655,850		25,994,319,780		
	% on Total Budget	11.63%		12.95%		

The Table indicates that a capital provision of over 50% of the total allocation to the Sector is given to construction and rehabilitation leaving out human resources which is critical in the success of efficient health care delivery.

KATSINA STATE HEALTH SECTOR BUDGET SCORECARD 2015-2018

	2015	2016	2017	2018
TOTAL BUDGET FOR THE STATE	110,080,741,165.00	114,034,251,670.00	140,162,092,690.00	213,636,773,378
APPROVED CAPITAL FOR THE HEALTH SECTOR	1,806,890,190.00	5,468,948,725.00	6,729,361,995.00	17,931,748,175.00
APPROVE RECURRENT FOR THE HEALTH SECTOR	5,971,105,020.00	5,835,777,850.00	6,082,284,605.00	7,016,812,785.00
TOTAL ALLOCATION FOR THE HEALTH SECTOR	7,777,995,210.00	11,304,726,575.00	12,811,646,600.00	24,116,373,175.00
ACTUAL FOR THE CAPITAL	637,341,243.00	2,042,135,908.00	2,079,681,199.00	2,052,247,358.47
ACTUAL FOR RECURRENT	5,643,085,434.00	5,906,143,049.17	5,488,370,821.35	5,818,831,495.07
TOTAL ACTUAL FOR THE SECTOR	6,280,426,677.40	7,948,278,957.17	7,568,052,020.35	7,871,078,853.54
%ALLOCATION FOR THE SECTOR	7	9.91	9.14	11.68
% OF THE ACTUAL	80.75	70.31	59.07	32.63



The above Health Sector Scorecard developed recently by an Advocacy partnership; Katsina state MNCH Accountability forum(KATSMAF), shows that, there was dwindling performance in terms of releases and utilization of funds to the sector with 2018 having the worst performance. This may not be unconnected to inability to secure IDB loan upon which most of the expenditure of the sector hinged on. The house needs to ask what caused the inability to secure the credit facility especially that, the same loan has been captured in 2019 provisions to avoid the same poor performance.

It is quite commendable that, budget provision for this sector has increase to 12.95%; an inch towards 15% recommended Abuja declaration. It is therefore suggested that, this amount will translate into improving the sector by:

- Recruitment of more human resources for health especially at the Primary healthcare level
- Actualization of one Functional PHC per ward
- Capitation of drugs management Agency to enhance provision of drugs to our facilities
- Taking up of Primary Healthcare Under one Roof for better administration and service delivery of our Primary health facilities.

e) **Water Resources:** Another critical sector that have direct impact on the citizens is Water Resources, thus, the Katsina State Government deserves commendation for making the sector a priority. The Table below indicates a decrease of the total allocation to the sector from 8.90% in 2018 to 6.72% as proposed in 2019:

S/N	DETAILS	2018		2019		REMARKS
		APPROVED (=N=)	NO. OF STAFF	PROPOSED (=N=)	NO. OF STAFF	
1	Personnel Cost					
	Ministry	179,682,295	272	135,568,785	272	
	Parastatals					
2	Overheads					
	Ministry	322,890,460		445,090,460		
	Parastatals					
3	Capital					
	Ministry	18,501,555,815		12,913,900,000		
	Parastatals					
	TOTAL	19,004,128,570		13,494,559,245		
	% on Total Budget	8.90%		6.72%		

f) **Ministry of Works, Housing and Transport:** This is another important MDA in the State with about 12.43% of the year 2019 proposed budget allocated. The Table below depicts the summary of the allocations:

S/N	DETAILS	2018		2019		REMARKS
		APPROVED (=N=)	NO. OF STAFF	PROPOSED (=N=)	NO. OF STAFF	
1	Personnel Cost					
	Ministry	333,125,390	263	264,568,100	225	
	Parastatals	94,291,735		59,775,190		
2	Overheads					
	Ministry	377,573,295		83,173,295		
	Parastatals	10,120,285		10,120,285		
3	Capital					
	Ministry	25,917,883,920		21,307,000,060		
	Parastatals	5,008,614,985		3,230,700,000		
	TOTAL	31,741,609,610		24,955,336,930		
	% on Total Budget	14.86%		12.43%		

The Table shows a drop in the Total allocations to the Ministry from 14.86% in 2018 to 12.43% in the proposed estimates of 2019 and actual release of about 44% as at 30th September, 2018.

1. CAPITAL ESTIMATES: The Katsina State Government intends to spend **N148, 000,672,815.00** or about 73.73% of the Total Proposed Budget. Analysis of major allocations is as shown below:

Code	Details of Expenditure	Approved 2018	Actual as at 30/09/2018	Provision 2019	Remarks
4501207/13	Procurement of Fertilizer	4,625,000,000	604,154,467	3,000,000,000	
4501201/9	Resuscitation of Extension Services	100,000,000	53,885,000	2,000,000,000	
4501212/8	Construction of Fago – Katsyal-Kwasarawa – Kalgo Road (38km)	300,000,000	102,844,555	1,200,000,000	
4501212/12	Construction of Kankara – Zango – Dansabau (21km)	1,134,714,455	492,182,415	1,000,000,000	
4501212/9	Construction of Rimaye – Sukuntuni – Karaduwa Road	1,127,293,638	589,617,619	1,000,000,000	
4501212/16	Construction of M/Musawa – Gingin – Tabanni Road	935,967,770	323,491,165	950,000,000	
4501212/40	Asphalting & Rehabilitation of Sandamu – Baure – B/Mutum Road with Rogogo/Zango Spur (75km)	10t	2,997,420,245	10t	
4601212/6	Construction of D/ma – Tsaskiya – Daurawa – Zakka – B/Duhu – K/Samu Road (52km)	1,151,031,996	1,037,996,235	1,000,000,000	
4601209/63	Asphalting & Rehabilitation of Tama – Bindawa – Charanchi Road	1,161,914,052		1,000,000,000	
4501212/42	Construction of Dayi- Gundawa – Wawar Kaza Road	1,238,634,689	428,099,547	1,000,000,000	
4501212/48	Construction of Yandaki – Gafiya – Girka – Abdallawa – Yandaki Road	1,459,234,824	1,234,589,875	1,100,000,000	
4501210/12	Daura Motel, Renovation and Upgrading	250,000,000	100,677,148	50,000,000	
4501212/56	Construction of Kankia – Dangamau – Kusada – Kafarda – Yaya Road	830,529,539	287,049,449	1,000,000,000	
4501212/60	Construction of Randa – Doguru – Gallu – Shargalle Road	1,301,260,957	449,744,570	1,000,000,000	
4501212/61	Rehabilitation of Mashi – Birnin Kuka Road	529,435,549	182,984,637	750,000,000	
4501212/62	Construction of Kwanar Sabke – Dan Aunai – Ruwan Kaya – T/Dankawa – Dutsi Road	1,129,073,897	390,232,914	1,100,000,000	
4501212/64	Rehabilitation of Tudun Iya – Maska – Dandume Road	204,949,736	102,474,868	900,000,000	
4501213/1	Katsina Zone Roads Maintenance	358,649,840	249,977,155	200,000,000	
4501213/2	Daura Zone Roads Maintenance	364,965,145	30,506,728	200,000,000	
4501213/3	Funtua Zone Roads Maintenance	630,000,000	232,596,749	600,000,000	
4501213/6	Provision and Maintenance of Street Lights	405,000,000	294,327,760	250,000,000	
4601218/11	Assistance to Imams, Religious Leaders & Ulama across the State	200,000,000	154,686,125	200,000,000	

Code	Details of Expenditure	Approved 2018	Actual as at 30/09/2018	Provision 2019	Remarks
4701201/6	Dredging of Dams/Construction of Danja Dam	4,000,000,000	2,355,003,265	3,000,000,000	
4701204/5	Land Acquisition & Compensation for Development Project	1,000,000,000	606,531,858	750,000,000	
4701210/3	Construction/Rehabilitation of Rural Feeder Roads (in 34No. LG)	2,500,000,000	849,357,571	3,400,000,000	
4701210/8	Rural Development Package (R/Feeder Road)	250,000,000	197,537,070	250,000,000	
4701210/11	Muhammad dikko Stadium Phase I & II Maint. Services & Improvement of Facilities to meet requirements for PLG	350,000,000	302,665,060	300,000,000	
4701210/15	Rehabilitation/Upgrading of M/Fashi Township Stadium & Completion of Abandon Federal Projects at the Stadium	60,000,000	57,880,787	50,000,000	
4701219/11	Resuscitation of 4 No. Fertilizer Cottage Industries	20,000,000	19,781,000	20,000,000	
4701211/1	REB: Katsina Senatorial Zone	340,281,070	33,391,138	330,000,000	
4701211/3	REB: Daura Senatorial Zone	340,281,070	10,076,572	330,000,000	
4701211/4	REB: Funtua Senatorial Zone	340,281,070	310,764,061	330,000,000	
4701211/5	Electrification Projects in 34 No. LGAs	3,619,156,790	548,892,374	3,000,000,000	
4801203/1	Maintenance of Abuja & Kaduna Liaison Offices & Government Quarters	100,000,000	19,409,068	50,000,000	
4801203/2	Maintenance of Governor's Lodge at Kaduna	35,000,000	2,280,700	35,000,000	
4801203/4	Development of Governor's & Deputy Governor's Lodge, Abuja	30,000,000	6,884,582	30,000,000	
4801211/7	Replacement of Old Furniture in Admin. Dept. A,B,C,D,E,F,G & Pension Dept	4,000,000	12,000,000	10t	
4801212/2	Maintenance/Rehabilitation of Schools	363,000,000	249,514,356	350,000,000	
4911201	KTSHA	635,431,830	NIL	515,000,000	

The Table above shows some critical areas we observed that require the House to ask questions and explanations from MDAs with a view to get the best value for money on the projects.

- CAPITAL PROJECTS RELEASES:** Analysis of Sectoral releases indicates overall performance of only 21.24%. The projected opening balance of =N20.200 billion indicates about 12.51% of the total Capital Allocations this percentage added to the actual releases would give about 33.75% as overall Capital Budget performance of the year 2018.

The CSOs view this as major lingering problems affecting Budget implementation in the State which is a manifestation of delays in the Budget Process and implementation.

- 2. RECOMMENDATIONS:** The Katsina State Budget Awareness Initiative (KTBAI) wishes to sincerely commend the current State Assembly in their Legislative efforts geared towards ensuring transparency, accountability and overall good governance in the State especially hosting the 2018 Budget online by the State Government, we hope the State continue to sustain the gesture.

To ensure an efficient budget that has direct bearing on the life of the common man, the following are recommended:

- a) The implementation of Zero Based Budgeting system in the State Budgetary process.
- b) Careful Scrutiny of the draft budget document to reflect and capture major areas that will impact on the lives of the people, especially the budget document is not reflecting actual releases to ensure comparison.
- c) The House should also ensure that funds are promptly released to MDAs to enhance timely implementation of projects.
- d) As mentioned in our previous position papers of, the Honourable House should also call on the Katsina State Board of Internal Revenue and other revenue generating MDAs to explain why the targeted revenue is not achieved and proffer ways of boosting the State Internally Generated Revenue base within the current financial year.
- e) The Honourable House should also call on the Executive Arm to ensure adhering to Budget calendar and clearly specifying the State fiscal plans.
- f) Ensuring prompt oversight function by the Honourable House.

While praying for Allah (SWA) guidance in all affairs of the House, we once again appreciate the gesture and look forward for a continuous partnership for the benefit of the State.

Armaya'u AbdulHamid
Secretary

Cc:
Secretary to the Government of the State
Head of the State Civil Service
Honourable Commissioner of Finance
SA Budget