

## **The 2019 BUDGET OF CONTINUITY**

*Address by Malam Nasir El-Rufai, Governor of Kaduna State, at the presentation of the 2019 Draft Estimates of Revenues and Expenditure to the Kaduna State House of Assembly; Lugard Hall, Kaduna, on Wednesday, 15<sup>th</sup> August 2018*

### PROTOCOLS

The Deputy Governor,

Right Honorable Speaker,

The State Chairman of the All Progressives Congress,

Principal Officers of the Kaduna State House of Assembly

Honourable Members of the Kaduna State House of Assembly

Members of the Kaduna State Executive Council

Chairmen and Permanent Commissioners of our Constitutional and Statutory Commissions,

Permanent Secretaries, Clerk of the House and Chairmen of Local Government Councils,

Gentlemen of the Press

Ladies and Gentlemen,

I stand before you today with humility and gratitude to Almighty God to present the 2019 Draft Estimates of Revenue and Expenditure of the Kaduna State Government for your kind consideration. On Monday, 28<sup>th</sup> July 2018, the Kaduna State Executive Council approved that these draft estimates be presented to this esteemed House, subject to whatever

adjustments arise from the public consultations and the budget town hall meeting. I am happy to report that the government made these draft estimates available online, and that a town-hall meeting was held to discuss the budget.

On behalf of the Kaduna State Executive Council, I wish to put on record our gratitude to the honorable members of the Kaduna State House of Assembly for the strong and enduring partnership we have built in the service of our people. Mr. Speaker, this House has passed crucial pieces of legislation to enable us to reform the institutions of government and advance the APC governance agenda, empowering our government to implement policies that put people first and make lives better.

### **Overview of Budget performance**

Mr. Speaker Sir, Right Honourable members, please permit me respond to an obvious question of what we have done with our Budgets from 2016. This government has worked to promote equality of opportunity, expressed in concrete actions to give ordinary people and their children a fair chance in the race of life. We have taken painful but necessary actions to ensure that only qualified teachers are in our public primary schools. We are renovating and rebuilding schools. This year, we have made significant strides towards completing our project to refit 255 primary health centres.

We have reformed our local government system to deliver real service. We are reversing the aging of the civil service, creating spaces to

introduce younger persons. Undeterred by the shrill cries of the selfish elite, we are putting our people first, making lives better across for the majority of the ordinary citizens of our state.

Through the ups and downs of governing, we have remained true to the core principles and aspirations of our party, and the objectives the APC is committed to realising in government. The pro-people thrust of the APC manifesto, propelled by a desire to advance social justice and promote equality of opportunity for all citizens, has been integrated into the core priorities of government through the State Development Plan, 2016-2020 and the Sector Implementation Plans derived from the SDP by our Ministries, Departments and Agencies.

Before we go into the 2019 Budget presentation, I would like to spend some time going through our performance so far. Highlighting a few things and restating the modest progress we have made, together with you, in various areas.

Our infrastructure masterplan lays the foundation for the long-term infrastructure development of the state for the next 32 years. This plan is based on the pressing need to ensure better living standards for our people and making the state more competitive by reducing infrastructure-related constraints to business.

In October 2015, we presented to this House the draft 2016 budget, with the theme *Budget of Sacrifice, Restoration, and Change*. The 2016

Budget, our first full year budget, reflected our policy priority to significantly reduce the cost of governance (sacrifice) and shift the priority to capital investments (restoration), invest in human capital, rebuild and improve infrastructure and provide jobs for our teeming youth (change). That year, we achieved significant cut in the recurrent expenditure, reducing personnel cost from N26.8 billion in 2015 to N21.8 billion in 2016. We were able to reallocate the savings of over N5 billion to our works and education ministries for our township roads and school rehabilitation exercises respectively.

In 2016, this government increased capital investment by 125%. We moved from N27.6 billion in 2015 to N62.2 billion in 2016. This is a record level of capital spending, representing the highest infrastructure investment in any one year in the history of democratic Kaduna State. And this was achieved during a period of national economic recession. It is a testament to the new regime of prudent and efficient management of resources and single-minded focus on shifting resources away from unproductive consumption to real development of the State's productive capacities.

In the Agriculture sector, this administration has taken significant steps to boost agricultural productivity in the state, through among others the provision of access to finance and markets to farmers. We exited the fraudulent regime of fertiliser subsidy since 2016, yet ensured that farmers could buy affordable fertiliser. Aggregation centres for farm produce have been completed, for instance in Giwa. We are rehabilitating irrigation schemes across the state. The Pambegua

Irrigation Scheme covering about 40 hectares of land is 60% completed, and the rehabilitation of the Galma Irrigation Scheme is continuing. Too little of our vast land endowment is under irrigation. We need to expand irrigation coverage so that farming can be an all-year round activity for many more of our farmers.

We have worked hard to promote significant private sector investment in agriculture. One of such is the direct investment by Olam International, which is a leading agri-business company operating across the value chain in 70 countries, in poultry farming, comprising of animal feed mills, poultry breeding farms, and a hatchery. This \$150m investment is the largest of its kind in sub-Saharan Africa. I am happy to report Mr. Speaker Sir that Olam has been supporting the revival of hundreds of small and medium-sized poultry farms in the state through provision of extension services, day old chicks and the like, thus creating more jobs and positioning Kaduna to be the poultry hub of Northern Nigeria.

Olam occupies a significant section of the 2300 hectares Green Agro-Allied Industrial Zone, which will also house OCP of Morocco and other agribusiness firms. We are determined to maintain Kaduna State's leadership as a leading producer of Maize, Ginger, Soyabeans, Tomatoes and Sorghum, among others.

This government has also made significant investments in Infrastructure. Many township roads in Kaduna, Kafanchan and Zaria have been rehabilitated. These projects are being undertaken to ease access and

interconnection among our various farming and trading communities. For the township road projects, we appropriated N2.44 billion in the 2016 Budget but this was increased to N11.3bn in the 2017 budget as we included the upgrading of mostly unpaved roads to ease transportation and reduce travel time.

Some of our major roads have already benefitted from our street lighting programme, designed to light up Kaduna metropolis and help improve safety and security. The installation of solar street lights on 30.67 kilometres of road was completed in 2016. These were in Rigasa, Narayi High-cost, Angwan Maigero, Angwan Rimi, Rabah Road, Katuru Road, Sultan Roads, Alimi Road, Airport Road, Nnamdi Azikiwe Expressway to Lord Lugard Roundabout and Sir Patrick Ibrahim Yakowa Way.

The administration inherited some road-and-bridge projects and liabilities, some of them dating back to the year 2000. Some of the projects were completed but the contractors were not paid, some were at different stages of completion, while some others were abandoned. Beginning in 2015, this administration made efforts to renegotiate some of the contracts and secured discounts from the contractors, enabling the state government to save billions of naira. Some of the contractors who had not completed their projects were re-mobilised and are at various stages of completing such projects.

On Water, the State government used its funds to accelerate the completion of the 150 million litres per day Zaria Water Treatment Plant,

which was commissioned in May 2017. Last mile, house to house metered connections are going on to deliver water to homes. When completed the Zaria Water and Sanitation project will supply water to over 3 million people residing in 23 communities covering 8 LGAs, namely Zaria, Sabon-Gari, Giwa, Makarfi, Kudan, Soba, Kubau and Ikara. The project will create 150 direct jobs (operational staff) and numerous other indirect jobs. Its enduring legacy will, however, be the supply of water and improvement of sanitary conditions for millions of our people.

On Rural Electrification, the administration purchased 32 transformers in 2017, and we should take delivery of another 50 this year. These include two transformers, respectively a 500Kva 11/0.415 and a 300Kva 11/0.415 KVa transformer installed at the Kaduna International Trade Fair Complex, Igabi LGA; two 500kva 33/0.415kv transformers at the Water Supply Scheme, Saminaka and Lere, Lere LGA; a 300kva 11/0.415kv transformer at KSMC Rock Side FM Radio, Kafanchan, Jama'a LGA. Also, installed were a 300Kva 11/0.415 transformer at the Kaduna Transit Hajj Camp, Mando, Igabi LGA; a 500Kva 11/0.415 transformer at Drugs and Medical Supply Agency, Kakuri, Kaduna South LGA. Many of the thirty two transformers procured are being deployed across communities in the State that need them. Work is going on to reconnect Buruku, Kubau and parts of Kajuru that have not enjoyed electricity from the national grid for more than three years. In addition, the state government successfully electrified Kajim-Mahuta-Randiyam communities in Kaura LGA, while the most electrically under-served communities in the state in Kaura are receiving priority attention to connect them to the national grid.

The state government also recorded significant achievement in the construction, rehabilitation and maintenance of state roads. By mid-2017, there were 443km of township roads and 16 intercity roads with a distance of 414.8km at various stages of completion. In addition, 17 rural feeder roads with distance of 172 km are being constructed.

Determined to rebuild the human capital our state, we have made significant investments in Health and Education infrastructure, equipment and staffing. We are repairing and constructing hundreds of schools and hospitals. These are works we started in 2015, with ambition and passion, driven by urgency, based on our conviction that all citizens, especially the poor, have the right to decent Education and Healthcare. Since 2016, we have dedicated an average of 30% of our annual budget on education, and 15% for healthcare, and we intend to continue until we recover lost ground in these two all-important sectors.

Mr. Speaker, Honorable Members, while presenting the 2018 draft budget to you on 12<sup>th</sup> October 2017, I had shared the happy news that the government was looking forward to accessing funds from the \$350m loan approved for Kaduna State, by the Board of Directors of the World Bank on 20<sup>th</sup> June 2017. We were surprised, appalled and disappointed when a Senator representing our state declined to include Kaduna State among the first set of states whose World Bank loans were approved by the Senate.

A few months later, a vile conspiracy led to an unpatriotic decision by the Senate to deny Kaduna State a loan that the World Bank - perhaps the most reputable lender in the world - had deemed us eminently qualified for, having checked our finances, scrutinised our books and satisfied itself that we would utilise the funds for the purpose for which it was approved. The Senate denied us access to the loan despite the fact that the House of Representatives, which under the Constitution has the dominant say on money matters had approved it, ignoring the impressive presentation made by the Kaduna State Government to the relevant committees of both chambers of the National Assembly.

The three Senators that are supposed to represent Kaduna State denied our people the money meant to help make their lives better simply because of the selfish political ambitions of two of them to contest the governorship in 2019 was deemed more important than the general welfare of those that voted them into office. The Senators wrongly thought that if we are unable to build more schools, hospitals, roads and water supply infrastructure in the State, it will put them in a good position to show our administration as having failed to deliver on our manifesto promises. The clear and overwhelming success of the APC in the last Local Government elections has shown these unpatriotic elements that the ordinary citizens of Kaduna State know those that care about them. We remain focused on accessing the facility for the development of our state and assure this honorable House that in the end, the interest of the millions of people of Kaduna State will prevail over that of a selfish few, by God's Grace.

## **The 2019 Budget**

The 2019-2021 multi-year budget is based on conservative projections. 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. As a Sub-National Government with no control over monetary policy, the state budget is our key fiscal policy tool to insulate our economy from unforeseen negative shocks. The budget is also our most important mechanism towards achieving our State Development Plan 2016-2020. It is therefore critical for the state to have a realistic and implementable Budget.

Mr. Speaker, Honorable Members, the 2019-2021 Multi-Year Budget is hinged on the 2016 Zero-Based Budget principles and is tailored towards actualization of our State Development Plan 2016-2020 as stated earlier.

The key targets from a fiscal perspective are:

- Ensuring the actualization of the development priorities of the government as articulated in the State Development Plan and respective Sector Implementation Plans (SIPs);
- Maintaining a favorable proportion of Capital to Recurrent Expenditure (at least a target of 60%:40%);
- Ensuring adequate provision is made to complete 2018 projects in 2019;
- Expanding the revenue generation capacity of the State; and

- Maintaining a sustainable debt position in line with Federal Debt Management Office (FDMO) criteria.

In simple terms, Mr. Speaker, we will strive to complete every single project we have started in each of our 23 local government areas, and to pay the contractors we have commissioned to work for us. We will 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**

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

- The proposed 2019 Budget Size is **N155,865,339,539.77** with Recurrent Expenditure of **N62,339,040,309.19** and Capital Expenditure of **N93,526,299,230.58** representing 40% as Recurrent Expenditure and 60% as Capital Expenditure.
- The 2019 budget keeps faith with our commitment to human capital development through investments in the social sector, which takes 42.8% of the budget. Social sector spending is mainly on Education which is allocated 27.15% and Health on which we propose to spend 15.02%.

Mr. Speaker, Honorable Members, permit me to present the detailed summary of the recurrent and capital allocations, and to outline the proposed allocation to each sector.

**CONSOLIDATED FINANCIAL STATEMENT  
GENERAL SUMMARY**

DESCRIPTION	2018 APPROVED ESTIMATES	2019 PROPOSED ESTIMATES
Opening Balance	10,000,000,000.00	15,000,000,000.00
Internally Generated Revenue (IGR)	42,920,096,876.11	41,715,074,989.35
Statutory Allocation	34,810,814,484.75	52,000,000,000.00
	<b>87,730,911,360.86</b>	<b>108,715,074,989.35</b>
<b>Less: Recurrent Expenditure</b>		
Personnel Cost	42,000,184,112.65	30,156,010,175.71
Overhead Cost	43,360,164,461.81	32,183,030,133.48
<b>Total</b>	<b>85,360,348,574.45</b>	<b>62,339,040,309.19</b>
<b>Recurrent Budget Surplus</b>	<b>2,370,562,786.41</b>	<b>46,376,034,680.16</b>
<b>CAPITAL ACCOUNT</b>		
Opening Balance		380,000,000.00
<b>Recurrent Budget Surplus</b>	<b>2,370,562,786.41</b>	<b>46,376,034,680.16</b>
Value Added Tax (VAT)	13,294,559,591.54	14,400,000,000.00
Internal Loans and Credit	820,420,000.00	820,420,000.00
Internal Grants	9,563,299,057.61	8,727,419,953.95
External Loans	89,094,959,566.18	16,883,866,546.47
External Grants	4,538,558,050.00	2,938,558,050.00
Sales of Government Assets	11,607,466,286.36	3,000,000,000.00
<b>TOTAL CAPITAL BUDGET</b>	<b>131,289,825,338.09</b>	<b>93,526,299,230.58</b>
<b>2018 APPROVED BUDGET SIZE</b>		
Recurrent Budget	85,360,348,574.45	62,339,040,309.19
Capital Budget	131,289,825,338.09	93,526,299,230.58
<b>Total Expenditure</b>	<b>216,650,173,912.54</b>	<b>155,865,339,539.77</b>

**SECTORAL SUMMARY**

Name of Organization	Recurrent	Capital	Total Recurrent & Capital	Percentage of Allocation
Sectors				
Sub-Sector: Economic				
Agriculture and Forestry	736,187,208.68	1,181,383,516.33	<b>1,917,570,725.01</b>	<b>1.23%</b>

Commerce, Industry and Tourism	279,587,732.83	771,701,321.67	1,051,289,054.50	0.67%
Rural and Community Development	100,645,773.45	6,978,426,505.79	7,079,072,279.24	4.54%
<b>Works, Housing and Transport</b>	2,156,014,926.95	13,995,963,685.16	16,151,978,612.11	10.36%
<b>Total for Sub-Sector: Economic</b>	<b>3,272,435,641.90</b>	<b>22,927,475,028.95</b>	<b>26,199,910,670.85</b>	<b>16.81%</b>
Sub-Sector: Social				
<b>Education</b>	16,899,578,829.98	25,411,508,484.32	42,311,087,314.30	27.15%
<b>Health</b>	10,214,964,395.95	13,192,536,695.77	23,407,501,091.72	15.02%
Social Development	477,314,233.75	543,990,060.46	1,021,304,294.21	0.66%
<b>Total for Sub-Sector: Social</b>	<b>27,591,857,459.68</b>	<b>39,148,035,240.55</b>	<b>66,739,892,700.23</b>	<b>42.82%</b>
Sub-Sector: Regional				
Environment and Natural Resources	242,608,405.99	3,376,659,697.33	3,619,268,103.32	2.32%
Water Resources	155,585,413.29	10,195,836,710.75	10,351,422,124.04	6.64%
<b>Total for Sub-Sector: Regional</b>	<b>398,193,819.28</b>	<b>13,572,496,408.08</b>	<b>13,970,690,227.36</b>	<b>8.96%</b>
Sub-Sector: General Administration				
Executive	25,488,971,516.72	12,352,217,572.11	37,841,189,088.83	24.28%
Governance	418,270,754.24	1,969,322,598.79	2,387,593,353.03	1.53%
Law and Justice	2,738,353,047.84	1,946,130,684.10	4,684,483,731.94	3.01%
Legislature	2,430,958,069.52	1,610,621,698.00	4,041,579,767.52	2.59%
<b>Total for Sub-Sector: Gen. Admin</b>	<b>31,076,553,388.32</b>	<b>17,878,292,553.00</b>	<b>48,954,845,941.32</b>	<b>31.41%</b>
<b>Grand Total</b>	<b>62,339,040,309.19</b>	<b>93,526,299,230.58</b>	<b>155,865,339,539.77</b>	<b>100.00%</b>
			Recurrent	40.00%
			Capital	60.00%

			<b>Total</b>	<b>100.00%</b>
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As the summary I have just read shows, the 2019 draft budget is informed by the governance priorities that we have set out since 2015. It is anchored on our commitment to promoting equal opportunity, human capital development and improving infrastructure. The sectoral allocations are such that these are the three areas that take the biggest chunk of the budget.

Education is once again the biggest sector, for obvious reasons. We have an unshakeable commitment to advance our reforms in this sector. Basic education must not only be free and compulsory, it must be delivered by qualified teachers in decent learning environments. We continue to allocate resources to ensure that everyone, including the children of the poor, has access to quality education.

Healthcare is another pillar of human capital development that continues to receive priority attention. We are supporting the refitting of the primary health centers, bringing more equipment, expanding the coverage of our immunization programme, recruiting health professionals and working to reduce infant and maternal mortality.

Infrastructure is critical to citizen welfare and the competitiveness of the state, and it is rightly receiving priority attention through improvements to the road and transport infrastructure.

## Conclusion

Mr. Speaker, Honorable Members, the Executive Branch has today presented 2019 budget estimates from a realistic and fiscally sustainable perspective. It is a deliberately modest budget.

It is clear that our projections have been severely impacted by the unexpected imbroglio surrounding the \$350m World Bank loan, which has been stalled by the irresponsible and selfish actions of a few.

While we soldier on, we have had to make adjustments to ensure that the setback can be best managed in the interest of our people. The non-receipt of the funds has slowed down, or stalled critical projects to build schools, hospitals and critical infrastructure. This episode illustrates clearly that some people came into politics for their egos and would not hesitate to punish ordinary people for their own selfish reasons. Our people have noted this blatant subversion of the public interest, and we say never again shall we allow the short-sighted and the treacherous to represent us. We press forward in the interest of our people, willing to forgive but we cannot forget.

Mr. Speaker, Honorable Members, may I use the privilege of my presence to most warmly thank the people of Kaduna State for the firm support they have given to our Education Reforms and the wider governance agenda of the APC administration. With the backing of the people, we defeated the gang-up between some politicians and labour unions to force us to retain unqualified teachers. Our people supported our work to

reduce the wage burden of local government councils by reducing the number of districts, removing redundant staff and starting the recruitment of professionals to enhance the capacity of these local councils to deliver public services.

We thank our people for the emphatic endorsement of our reforms with their votes during the local government elections. We notice that in their desperation for power, some of the political elite are promising to bring back failed teachers and bloated staff. We trust that our people know those that stand for their interest, they know those that have demonstrated a commitment to empowering them and will deliver the right verdict for those who think politics is about creating and exploiting dependency.

Mr. Speaker, we came into politics to use our God-given talents in making lives better for everyone, particularly the less-privileged. The 2019 budget estimates reflect our quest to make Kaduna great again by always putting our people first. That is the only kind of politics honorable people should play.

This honorable politics is what you Mr. Speaker and members of this Honorable House have exhibited in the last four years, with little regard for partisan, ethnic and religious differences. We thank you for your courage of conviction and urge you to remain resolute in always putting our people first.

Let me also thank our Judiciary and pay particular tribute to our retiring Chief Judge, Justice Tanimu Zailani whose hard work, commitment and honorable disposition has earned respect and confidence of our citizens in our Qadis, Magistrates and Judges. We wish him the best in his retirement.

Our public servants and political office holders in the Legislative, Executive and Judicial branches of the State are deserving of my personal gratitude and recognition. Our modest achievements in the last three years are attributable to a large extent to the competence, capacity and commitment of our public servants. I want to single out our Head of Civil Service, Mrs. Bariatu Yusuf Mohammed for leading the charge in ensuring we have a rejuvenated and revitalized public service. We will soon submit a public service bill to this honorable House to entrench reforms that will abolish the tenure system for career civil servants, remove retirement age for permanent secretaries and enhance the pay and conditions for our civil servants, for your consideration and speedy passage.

Mr. Speaker, Honorable Members, this is the fourth time I am in this honorable House to present the annual budget. We may or may not all be here next year for this purpose, so it is appropriate that I take a bit of your time to thank everyone as it may be the last time we will all be assembled here. I wish all those seeking re-election success, and everyone else the best in all our undertakings. May Allah (SWT) Guide our people to elect leaders for Kaduna State that will advance, peace,

progress and prosperity for all, without regard to ethnic, religious or gender differences, Amen.

Thank you for listening.

God Bless Kaduna State.

God Bless the Federal Republic of Nigeria.