



Delta State of Nigeria
Ministry of Economic Planning
(Olorogun Felix Ibru Secretariat)
Maryam Babangida Way
Asaba

Our Ref: MEP/AD/1217/

4th September, 2020

His Excellency, the Deputy Governor,
The Right Hon. Speaker, Delta State House of Assembly,
Honourable Commissioners,
Secretary to the State Government,
Head of the State Civil Service,
Chairman, Civil Service, House of Assembly Service, Judicial Service, Local
Government Service and Delta State Oil Producing Area Development
Commissions,
Special Advisers,
Permanent Secretaries and Heads of Extra-Ministerial Departments,
Auditors-General (State and Local Government),
Accountant-General,
Chairman/Administrator, Board of Internal Revenue,
Chief Registrars (High Court of Justice and Customary Court of Appeal),
General Managers/Chief Executives of Government Owned
Companies/Parastatals and
All Directors Generals/Executive Secretaries,
Delta State.

2021 BUDGET CALL CIRCULAR

As part of the fulfilment of the requirements of the amended Delta State Fiscal Responsibility Law of 2020, Ministries, Departments and Agencies (MDAs) are invited to submit their proposals for Year 2021 budget using the attached templates for the returns. The returns are to be made to the Ministry of Economic Planning not later than Friday 11th September, 2020.

2. In preparing proposals for the 2021 budget, MDAs are advised to ensure that such proposals align with the provisions of the State Medium Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP) which also contains the Budget Policy Statements (BPS). Additionally, proposals should be prepared taking cognizance of the six mandatory IPSAS functionalities namely Fund Centre, Commitment Item, Funds, Functional Area, Funded Programme and Geo Location.

3. It is important to emphasize that the 2021 budget must be linked to the core budget policy statement which includes that:

- the strategic framework and economic direction will be hinged on the Stronger Delta Agenda;
- government will use the opportunity of the current economic situation to diversify the economic base of the State and pursue economic growth and development based on the non-oil sector;
- emphasis will be shifted to such sectors as Agriculture to combat hunger; Tourism and Entertainment to create employment;
- government will strengthen micro and small scale enterprises to create employment;
- government will strengthen processes and systems in the areas of Public Financial Management, Policy and Strategy;
- government will sustain efforts in Public Sector Management, Knowledge Management, Monitoring and Evaluation, towards promoting better service delivery;
- opportunities will continue to be provided for youths, women and unemployed graduates under the job and wealth creation programmes ;
- there will be emphasis on social security programmes to empower widows, the girl child, the disabled persons and other vulnerable groups in the society; and
- emphasis will be given to ICT based Education to conform with the current realities thrown up by the pandemic.

4. BACKGROUND

Review of 2020 Budget

The key underlying assumptions of the 2020 budget included:

- Benchmark oil price of \$57pb, later revised to \$25pb
- Oil production of 2.1mbpd reviewed to 1.86mbpd and
- Exchange rate of N305/dollar also reviewed to N360/dollar.

- National Real GDP Growth of 3.60% later revised to -4.42
- National Inflation of 10.32% later revised to 14.13%

Based on these, a total revenue of **₦261,579,198,421** was projected to fund the revised 2020 budget of **₦282,331,896,385**. This implies a deficit of **₦20,752,697,964** which is to be financed by borrowing. As at end of July, 2020, the State's actual revenue was **₦154,756,485,890.62** as against the proportionate projected revenue of **₦164,693,606,224.58** for the period. The shortfall of **₦9,937,120,333.96** is attributable to the underperformance of both oil and non-oil revenue sources occasioned by the COVID-19 induced challenge on all revenue streams.

On the expenditure side, the sum of **₦282,331,896,385** was appropriated while the actual amount spent as at the end of July, 2020 was **₦159,267,055,076.47** representing 96.70% of the proportionate figure of **₦164,693,606,224.58**.

5. THE 2021 BUDGET FRAMEWORK

Following the global economic outlook, the following parameters have been adopted for the 2021 budget framework;

- (i) Crude oil production benchmark of **1.86 mbpd**;
- (ii) Oil price of **USD 40** per barrel;
- (iii) Exchange rate of **₦360/USD1**;
- (iv) National Real GDP Growth of 3%, and
- (v) National inflation of 11.95%

Applying the above framework for revenue forecast, the total revenue estimate for the 2021 fiscal year is projected at **₦286,435,275,857** while the total expenditure is projected at **₦306,435,275,857**. The funding gap of **₦20,000,000,000** will be met through borrowing.

6. GUIDELINES FOR BUDGET PREPARATION

General Instructions

- (i) MDAs are enjoined to make their budget proposals realistic as well as take into account their peculiar policy objectives which must be in line with the broad objectives highlighted at paragraph 3 above.
- (ii) Overhead budget ceiling will be retained at the initial 2020 appropriation. Any adjustment outside the approved 2020 original budget figure will be on its special merit. All MDAs are therefore to work within their original 2020 ceilings for purpose of preparing their 2021 Overhead Budget submissions.

- (iii) The Capital budget ceilings are as provided as annexure V to this letter. For emphasis, the Capital budget ceilings reflect the State Government's commitment to the effective implementation of the **STRONGER DELTA AGENDA** and by extension, the budget policy for 2021 fiscal year. Where MDAs ceilings are exceeded, the Ministry of Economic Planning will use its discretion to make adjustments to align with the desired Budget size without recourse to the MDA.
- (iv) The 2021 budget will be prepared using the prescribed excel template attached as Annexures I –IV.
- (v) In allocating capital budget resources, MDAs are advised to give priority to on-going projects especially those at the verge of completion that fit into governments current priorities. MDAs are further advised not to accommodate new projects/programmes unless they can demonstrate that adequate provisions have been made for on-going project and other outstanding commitments.
- (vi) MDAs are required to provide full information on projects and programmes that require counterpart funding. Counterpart funds will only be appropriated for MDAs that justify and make adequate provisions in their budgets.
- (vii) When the proposed budgets are received, the submissions will be reviewed by the Ministry of Economic Planning for compliance with the provisions of this circular and other relevant guidelines. Thereafter, budget defense sessions will be scheduled for MDAs to discuss the proposals in line with the guidelines. MDAs will be required to come to the defense sessions with relevant officials of the MDAs that are directly involved in the preparation of the budget. The schedule for the budget defense sessions will be released very soon.
- (viii) The submissions from the MDAs should be made in the correct format applying the appropriate chart of accounts.
- (ix) Chief Executives are advised to lead their budget teams to the budget defense sessions.
- (x) Soft copies of all annexures referred to in this circular can be downloaded from the State official website: <https://www.deltastate.gov.ng>

7. In view of the foregoing, all MDAs are requested to forward to the Ministry of Economic Planning not later than Friday 11th September, 2020 their budget proposals, ten (10) sets in (hard and soft copies) using the attached template.

8. Thank you.



DR. BARRY GBE
Honourable Commissioner
Ministry of Economic Planning