

EXPLANATORY NOTES

	ITEM	Explanatory Note (EN)
	Assumptions:	
1.1A	Oil price (USD/bb)	In the original budget, oil price per barrel was set at USD56.50 while in the revised budget, it is now proposed at USD20. This is in-line with the Nigerian Governors' Forum (NGF) and as advised by SFTAS AF DLI.
1.1B	Oil production per day (mbpd)	The original budget projected it at 2.3mbpd while the proposed revised budget projected it at 1.7mbpd. This is also in-line with NGF projections and advice by SFTAS AF DLI.
1.1C	Exchange rate USD/#360	The original budget has USD/305 while the proposed revised budget is pegged at USD/360 in-line with the Federal Government of Nigeria as presented in the National budget and by SFTAS AF DLI.
1.1D	The National annual GDP growth rate	The national annual GDP growth rate of 3.60% is now presented at -4.42% in-line with the national projections.
1.1E	Average Annual Inflation Rate	The average inflation rate is also altered from 10.81% to 14.13% as presented in the reference documents.
1.2	Opening Balance	The opening balance of N3,005,762.43 presented in the revised budget is an extract from the Auditor General's office as at 31 st December, 2019. This was not presented in the original budget probably because work was not completed as at the making of the 2020 budget.
1.2A	Revenues and Grants	This is the total of projected cash available to the state under the enlisted sources. From the total sum of N130,969,607,876.00 projected, the sum of N16,339,716,875.96 accrued to the state as at the first quarter end 2020. However, the estimated figure have to be reviewed downward to N79,849,036,143.00 as a result of the review in the assumptions above.
1.2B	Statutory Allocation (Excess PPT, Bank charges, Rate Diff.) Forex Equal.	The sum of N85,000,000,000 was appropriated for this source but as at the first quarter end 2020, the sum of N9,623,630,480.27 accrued to the state. The estimated figure is reviewed downward to N25,448,239,992.00 in accordance with the reference document. For this, the state has no reason to go beyond the projection of the NGF and the FGN who has the power to generate and share from this source.
1.2C	Other FAAC transfers (Covid-19 palliatives ant grants to states)	This source was not envisaged, therefore, not budgeted for in the original budget. However, records from the relevant government units indicated that some relief materials as well as cash have been received and are still being anticipated. These are therefore estimated at N1,250,000,000.00.
1.2D	Receipts from Nigeria CARES Project	As stated above, this source was not provided for and it came as a result of the covid-19 pandemic. However, plans have reached a considerable level to provide funds to all states from the Additional Financing (AF) program to the tune of \$750,000,000.00 to be shared equally among all states in the country. To this end, Taraba state is expected to benefit to the tune of \$20,000,000.00 (about N7.200billion). To be on a conservative side, the sum of 7billion have to be captured in the revised budget.
1.2E	Value Added Tax (VAT)	The sum of N17,000,000,000.00 was appropriated for this source out of which the sum of N2,895,117,018.26 accrued to the state as at first quarter end 2020. However, this figure also have to reviewed downward N11,681,188,275.00 in conformity with the NGF and FGN who generates

		share accordingly.
1.2F	Internally Generated Revenue (IGR)	<p>This is a revenue source that the state government has control/influence over. For the fiscal year under review, the sum of N6,580,448,886.00 is appropriated out of which the sum of N2,939,295,677.43 was generated as at first quarter end 2020. Despite the adverse effect of the pandemic, we still maintained this figure because of the following reasons:-</p> <ul style="list-style-type: none"> i. The state has bag-loads of revenue arrears to be collected especially from the Federal IPPIS with over 4 billion out of which more than half have already been recovered; ii. The IGR performance from January to May have been consistently high despite the lockdown; iii. The IGR cumulative performance is over 56.5% as at May 31st 2020. The IGR performance is so owing to the fact that the major source of this revenue item is from PAYEE therefore, since salaries are not tempered it will continue to perform. However, Tax relief package have already been submitted and is awaiting official proclamation. <p>From the foregoing, we are optimistic that this revenue target can be met.</p>
1.2G	Aids and Grants	For the year under review, the sum of N9,936,795,626 was estimated out of which the sum of N881,673,700.00 accrued. However, we chose to maintain the figure because this is the time that more Aids and Grants are expected as a result of the covid-19 pandemic.
1.2H	Capital Receipts (net Internal/External loans & transfers to CDF) FGN Refund	The sum of N12,452,363,364.00 is repeated in the revised budget because in is the balance of the refund due to Taraba from a total sum of over N34,000,000,000. Over N21,000,000,000. Was paid last year from the total sum above. Therefore, it is already a liability on the Federal Government.
1.2I	FGN Budget Support to States (SFTAS PforR)	No amount was estimated in the original budget but the sum of N5,500,000,000.00 is proposed in the revision because, the state has already received N2,340,000,000.00 for the 2018 Assessment and disbursement. The state is expecting more from the 2019 assessment and also from the Additional Financing (AF) come September 2020.
2.1	Expenditures	The figure under this rows are summaries of the expenditure items. In the original budget, a budget size of N215,823,576,810.00 was appropriated for the fiscal period out of which the sum of N15,036,143,235.73 accrued and expended accordingly as at first quarter of the year. The total budget is proposed to be reviewed to N176,616,318,475,900 as a result of the downward review of some of the assumptions in EN 1.1 above. Out of the reviewed, the sum of N18,103,395,633.10 (11%) is allocated to Covid-19 related projects/programmes.
2.1A	Recurrent Expenditures	From the original budget size stated above, the sum of N72,338,327,981.00 is allocated to recurrent expenditure out of which the sum of N13,876,126,253,31 was expended as at march 31 st 2020. The budget amount is slightly reduced too by N700,000,000.00 from a non-essential services Overhead Cost because the estimate was conservatively made, bringing the new proposed figure to N71,738,327,981.00. Most of the items there are staff salaries, pension and gratuities which are computed and have become liabilities or necessary expenditures to the Government. Moreso, some of the palliatives are provided through the recurrent expenditures.

2.1B	Personnel Cost (Salaries, Pension and Gratuities)	The sum of N31,974,686,942.00 is appropriated on the original budget whereas, the sum of N5,410,269,400.22 was expended as at Q1 2020. As stated earlier above, the estimated figure is maintained because they are computed and have become liabilities and necessary expenditures that must be incurred.
2.1C	Overhead Cost	The sum of N28,512,819,719.00 is estimated out of which N5,566,236,234.03 was expended from January to March 2020. The estimated figure is slightly dropped (700,000,000.00) to give an amended figure of N27,812,819,719.00.
2.1D	Public Debt Charges, (Interest Payments, or Debt Services including Deductions, Repayments	The sum of N7,229,149,928.00 is estimated for this purpose but as at March 31st 2020, the sum of N1,728,889,027.33 was expended. This figure is maintained because the state still have the capacity to pay accordingly. However, plans are on the way for repayment relief.
2.1E	Consolidated Revenue Fund Charges (Statutory Office Holders' Salaries/Allo.)	In the year under review, the sum of N4,621,671,392.00 is appropriated and as at the first quarter end, N1,170,731,591.73 was expended. The budgeted figure is also maintained because it is a necessary expenditure. Moreso, the average performance of this item shows that it can hit its target.
2.1F	Capital Expenditures	This row contains the summary of capital expenditures. From the original budget, a total sum of N143,485,248,829.00 is appropriated for capital Development out of which the sum of N1,160,016,982.42 was expended as at the first quarter end 2020. The revised estimate brought it down to N104,877,990,493.72 because the bulk of the revision is done on the capital. This deduction does not correspond with the total deduction in the revenue (less than that of the revenue) because the excess financing gap is expected to be financed through loans. However, 20% of this allocation is dedicated to Covid-19 related programs/projects.
2.1G	Economic Sector	In the original budget, this sector carried the lion share because of its multiplier effect on the whole economy. The sum of N97,453,399,124.00 is allocated out of which N9,28,004,748.421 was expended. The review still leaves the sector on the lead with N68,156,326,403.00 and about 10% of it allocated to Covid-19 related programs/projects.
2.1H	Social Sector	This is the next sector with the largest allocation after the Economic sector. The sector provide the citizenry with amenities needed for livelihood. It has an estimate of N27,156,390,412.00 and a performance of N213,350,000.00 as at first quarter of the year. The review also keeps it in the second leading allocation with N23,809,042,320.12 of which about 42% is committed to covid-19 response.
2.1I	Regional Sector	The Regional sector has a budgetary provision of N7,788,365,598.00 from which the sum of N18,662,234.00 was expended from January to March 2020. The review brought down the figure to N5,145,656,184.10 with about 40% dedicated to covid-19 response because the sector has impact on the environment.
2.1J	Administration	This sector has a provision of N11,087,093,695.00 which is reviewed to N7,766,965,586.50 with about 6% dedicated to covid-19 response.
2.2	Balances=(1+2-3)	This is the sum of the revenue items (available balance) matched to the total expenditures to ascertain the financing gap.
3.1	Financing/Internal	The finance gap has increased from N84,853,968,934.00 to

	Loan	N96,764,276,569.47 comprising of N89,410,307,635 as internal loan and N7,353,968,934,00 for External loan. This arise as a result of the disproportionate reduction in the total revenue to the total expenditure. The credibility of the state's ability to finance the deficit is as follows:- i. Going by the Debt Sustainability Analysis (DSA), the state is operating within the prescribed threshold. ii. The state government has obtained permission through the legislature to access loans from commercial banks. Agreements have been signed with some of these creditors and an Irrevocable Standing Payment Order (ISPO) with Access Bank is already in operation in funding some of these capital projects.
3.2	External Loan	The State Government has also made commitment of funds to some World Bank Assisted Projects and other funds as matching grants. Other commitment have also been made with external partners to supply farm inputs. In the area of water supply, the African Development Bank have since being engaged in the provision of portable water in some urban centers of the state.
	Covid-19 Responsive Expenditure is 12.60% of the total revised Budget	The Covid-19 response has taken N22,231,687,513.00 (12.60%) of the Total Expenditure of the revised budget size and it cut across sector, bordering on Crisis, Recovery, Mitigation, Livelihood and Palliative.