



GOVERNMENT OF ENUGU STATE OF NIGERIA

2018 SECOND QUARTER AND MID-YEAR BUDGET IMPLEMENTATION REPORT

Enugu State Ministry of Budget and Planning

July 2018

FOREWORD

It is indeed, my pleasure to present to you the 2018 Second Quarter Budget Implementation Report of this Administration. This report provides detailed information on government's performance in the management of public resources as planned in the Approved and Supplementary Budget 2018. It is also in line with government's resolve to encourage transparency and accountability in the management of public resources in Enugu State.

The 2018 Approved Budget, titled "Budget of Sustainable Economic Growth" was designed to create an enabling environment that will sustain the economic growth and development in the State arising from the exit of recession of 2016.

This Report is the output of meticulous work by the Ministry of Budget and Planning and I commend the team for their hard work and dedication. I also wish to recognize the Office of the Accountant General, Enugu State for providing the necessary financial information for the production of this report in record time.

Lastly, I encourage all readers of this report to show active interest in government's ability to live up to its promises. This will serve as the necessary impetus for the proficient management of public fund.

Uche E. Ogbodo

SPA for Budget and Planning
Enugu State

PREFACE

The Ministry of Budget and Planning, Enugu has for quite sometimes made it a regular exercise to quarterly report the performance of the State wide budget, as a way of evaluating the actual outcome of the fiscal policies embedded in the budget. This is part of our numerous reforms in the budget sector aimed at enhancing the performance of the Budget, through regular tracking and evaluation of the macro-economic environments, and the indices therefrom. The need for regular performance evaluation cannot be over-emphasized since it is in so doing that we are able to assess the reliability of our assumption, and the need to adjust when necessary.

It must be noted that the year 2018 stated on a promising note due to the exit of recession in the previous year; we had a relatively healthier economy due to increase in in-flow of revenue from numerous sources. However, demand from various MDAs were quite challenging, as there was obvious need to tamper with the Budget during the second half of the year due to the obvious need to include new pressing projects, and the accommodation of some other ones that were unforeseen. This informed our supplementary budget which raised our current budget size from its initial N103.5billion to N114.26billion. An additional sum of N10.7billion was added to take care of such numerous projects like the completion of the Enugu Ultra-Modern Diagnostic Centre, re-modelling of the Miliken Hill Road, Provision of additional Five Fire Service Stations in our emerging cities and the need to start off the 200 bed hospital at Igbo-Ano Area. Etc.

I wish to however thank my staff who worked tirelessly to produce this report, with the support of the office of the Accountant General, and His Excellency the Governor for providing the enabling environment for us to perform through his good will and disposition to excellence.

Ugwu Casmir K.

Permanent Secretary

Ministry of Budget and Planning

Enugu State

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EXECUTIVE SUMMARY

The 2018 Budget was predicated on certain assumptions which included: the fact that we have just come out of the recession of 2015 - 2016 and was quite hopeful that there was going to be gradual growth in the economy. Accordingly, the strategic plan put in place for a successful implementation of the 2018 Budget includes:

- ❖ IGR target of N2.5billion monthly in 2018.
- ❖ Strategic Resource allocation to critical sectors and ensuring that all approval is cash-backed in line with the Medium Term Expenditure Framework and State cash- flow management policy.
- ❖ Prudence, Transparency and Accountability in all government Business and Zero tolerance for corruption.
- ❖ Adequate provision made for completion of on-going projects and new projects to be initiated during the 2018 Fiscal Year.
- ❖ Sustain Government effort towards economic expansion through more investment in our physical infrastructure through Public Private Partnership (PPP) and improving the State's ease of doing business index to sustain our efforts to make Enugu State a preferred destination for Local and Foreign Investors.
- ❖ Ensuring Project inclusiveness by selecting Projects through the Visit Every community (VEC) model.
- ❖ Ensuring a Recurrent-Capital Ratio of 60:40 in 2018-2020 Medium Term Expenditure framework.
- ❖ Ensuring linkage and Synergy among Sectors to avoid duplication of Projects and Programmes in the Budget.

From the Mid-Year Budget Report; it can be seen that there was a slight improvement in our revenue earning in line with our Projections. This is as a result of increased effort by our State Board of Internal Revenue to increase her generation, and collecting some hither to forgotten revenue sources. However, despite the economic prospect being good in the second quarter, growth slowed down again in the Federation in comparison to the first quarter. From a 1.95 percent in first quarter, the Gross Domestic Product fell to 1.5 percent in second quarter, according to the National Bureau of Statistics records. If a greater effort is not put at addressing the economy at the center, the flatness in the economy look set to linger for a while.

The rise in crude oil Prices, from which we expect more than 80 percent of earning has helped to stabilize the economy since the exit of the recession regime. If the price of the crude oil were to crash suddenly, the economy will return to recession. Indeed, the decline in the second quarter GDP occurred principally because of the contraction in the oil GDP. Depending chiefly on a single commodity is not quite good for any economy; however, if an integrated management approach is adopted at diversifying the economy, there may be an appreciable growth in the next quarter.

Though non-oil revenue received a boost growing by 2.05 percent, this is tempered by the decline in the non-oil exports. Cumbersome, and expensive port operation have contributed to this downturn of things in this Sector.

A total of N22,407,643,706.00 was received as revenue to fund the budget in the second quarter of 2018. This comprises N10,524,791,597.00 or 46.97 percent from FAAC, N2,768,160,976.00 or 12.35 percent from VAT, N2,819,373,896.00 or 12.58 percent from Main IGR, N5,388,203,395.00 or 5.95 percent from Retained Earning, N1,301,043,670.00 or 5.81 percent from Internal Loan, and N3,661,269,445.00 or 16.34 percent from External Loan.

The total inflow as at June 2018 was N43,873,990,476.00. This comprises a total sum of N20,935,392,315.00 or 47.72 percent from FAAC, N5,551,433.773.00 or 12.65 percent from VAT, N400,000,000.00 or 0.91 percent from Paris and London Club, N6,565,940,813.00 or 14.97 percent from Main IGR, N5,388,203,395.00 or 12.28 percent from Retained Earning, N1,301,043,670.00 or 2.97 percent from Internal Loan and N3,731,976,510.00 or 8.51 percent from External Loan.

Actual FAAC in the second quarter of 2018 stood at N10,524,791,597.00 translating to a N567,416,597.00 or 5.70 percent above the quarterly estimate of N9,957,375,000.00. VAT yielded N2,768,160,976.00 representing N40,339,024.00 or 1.44 percent below quarterly estimates of N2,808,500,000.00. The Main IGR and Retained Earnings recorded sum of N2,819,373,896 and N1,333,004,123.00 respectively in the second quarter of 2018. This implies a decrease of N4,196,051,677.00 or 59.81 percent below the quarterly estimates of N7,015,425,573.00 for Main IGR also a decrease of N1,826,570,305.00 or 57.81 percent below the quarterly estimates of N3,159,574,428.00 for Retained Earnings.

The actual Internal Loan in the second quarter of 2018 stood at N1,301,043,670.00 signifying a sum of N801,043,670.00 or 160.21 percent above projected quarterly estimates of N500,000,000.00. External loan received was N3,661,269,445.00 for the second quarter, signifying a sum of N3,161,269,445 or 632.25 percent above projected quarterly estimates of N500,000,000.00.

The total outflow of expenditure in the second quarter of 2018 was N19,849,309,840.00. This comprises of N4,223,156,589.00 or 21.28 percent for Personnel Costs, N4,826,826,429 or 24.32 percent for Overhead Costs, N2,236,617,580.00 or 11.27 percent for Consolidated Revenue Fund Charges (CRFC), N1,131,788,760.00 or 5.70 percent for Subventions and N7,430,920,482.00 or 37.44 percent for Capital Expenditure.

On our aggregate expenditure in this second quarter 2018, the recurrent budget recorded an expenditure of N12,418,389,358.00 or 62.56 percent of the total expenditure for the quarter while capital expenditure stood at N7,430,920,482.00 or 37.44 percent of the second quarter expenditure. The total expenditure for the second quarter was N19,849,309,840.00 which represent 69.49 percent over quarterly budget of N28,565,875,000.00. During the Mid-Year 2018, Recurrent Expenditure was N24,112,537,147.00 representing 64.08 percent of the total expenditure while Capital Expenditure stood at N13,516,815,846.00 representing 35.92 percent of the total expenditure. This brings the total expenditure from 2018 January – June to N37,629,352,993.00.

1.0 INTRODUCTION

The 2018 Approved Budget, titled “Budget of Sustainable Economic Growth” was prepared against a background of key macro-economic developments and analysis which includes: Crude Oil Price, Oil Production estimate, Exchange Rate, Real GDP Growth and Inflation Rate as well as estimated revenue from share of Federal Accounts Allocation (FAAC), Internally Generated Revenue (IGR) and Capital Receipts. The Budget was also guided by the Medium-Term Expenditure Framework, 4-Point Development Agenda and Visit Every Community Document.

The 2018 Budget seeks to sustain the economic growth and development in the State following the Country’s gradual exit from recession and provision of critical infrastructure, wealth creation, agriculture inputs, health, education, security and human capital development. The budget also provided enabling environment for local and foreign investors, small, medium and large scale business to thrive in the State.

2018 Budget Thrusts

The strategic plan put in place for successful implementation of 2018 budget include but not limited to:

- a) IGR target of 2.5billion monthly in 2018.
- b) Strategic Resource Allocation to Critical Sectors and ensuring that all approvals are cash-backed in line with our medium-term expenditure framework and the State cash-flow management policy.
- c) Adequate provisions made for completion of on-going projects and new projects to be initiated during the 2018 fiscal year.
- d) Prudence, Transparency and Accountability in all Government Businesses and zero tolerance for corruption.
- e) Sustain government efforts towards economic expansion through more investment in physical infrastructure through Public-Private

Partnership (PPP) and improving the State's ease of doing business index to sustain our efforts to make Enugu State a preferred destination for local and foreign investors.

- f) Ensuring inclusiveness in project selection using the Visit Every Community (VEC) model to provide for at least N10 Million to implement community driven projects in all the autonomous communities in Enugu State.
- g) Ensuring Recurrent to Capital ratio of 60:40 in the 2018 budget and multi-year budget, spanning 2018-2020 fiscal years.
- h) Ensuring linkages and synergy among sectors to avoid duplication of projects and programmes in the Budget.
- i) Leveraging on alternative funding windows to mobilize additional resources from our Development Partners to complement our development efforts during the fiscal year.

The Appropriation Bill for the 2018 Budget was presented to the Enugu State House of Assembly on 23rd December, 2017 with the total sum of N98,563,500,000.00, N60.72b for Recurrent Expenditure representing 61.6% and N37.85b for Capital Expenditure representing 38.4%. After careful deliberation on the floor of the Enugu State House of Assembly, the sum of N103,563,500,000.00 was approved; N60.72b for Recurrent Expenditure representing 59% and 42.85b for Capital Expenditure representing 41%.

During the second quarter 2018, there was urgent need to revise the original budget size to the sum of N114,263,500,000.00 due to pressing demand on infrastructural development projects and some other unforeseen expenditure at the time of the budget proposal. This is 10.33 percent more than 2018 original budget. Out of the total Approved Supplementary Budget for 2018 Fiscal year, the sum of N99,763,500,000.00 was for Recurrent Revenue, N14,500,000,000.00 was for Capital Receipts while N39,046,476,000.00 was Transferred from

Consolidated Revenue Fund. Furthermore, the sum of N60,717,024,000.00 representing 53.14 percent of the total budget was for Recurrent Expenditure while N53,546,476,000.00 representing 46.86 percent of the total budget was for Capital Expenditure.

This 2018 second quarter budget report provides detailed information on the budget implementation for the period under review. The rest of the report is organized as follows: a brief analysis of the macroeconomic development under which the budget was executed, fiscal analysis of the 2018 Budget Implementation and assumptions, followed by 2018 Resources Profile and careful analysis of 2018 second quarter budget implementation. Finally, we present a brief conclusion of this report.

2.0 MACROECONOMIC DEVELOPMENT & ANALYSIS

According to World Bank Nigeria Bi-annual Economic Update released in May, Nigeria emerged from recession in 2017. Titled Connecting to compete, the report informs

- ❖ That Nigeria's GDP growth reached 0.8 percent, driven by an expansion in oil output and continued steady growth in agriculture.
- ❖ The decline in the non- oil, non – agriculture sector however continued, as aggregate demand remained weak and private sector credit low.
- ❖ The rates of unemployment and under-employment increased in 2017 and poverty is estimated to have increased slightly.
- ❖ GDP growth in 2018 is expected to hover just a little over 2 percent, largely oil sector driven.
- ❖ Nigeria has a big home market which is constrained by limited connective infrastructure thereby reducing producers and firms' ability to reach wider markets.
- ❖ This lack of connectivity dampens economic collaboration and cooperation among the country's regions, limiting market integration and reducing producers and firms' ability to reach wider markets.
- ❖ Spatial fragmentations and limited connections also hurts welfare and prospects for poverty reduction.
- ❖ The quick reversal of the recession meant “less damage” was done to the economy during the recession period, and as such provided opportunity for faster growth of the economy in the early part of 2018.

- ❖ The Federal Government decided to lay good foundation for growth through some economic reforms geared towards wealth creation and economic emancipation of our teeming population and employment generation.
- ❖ These reforms include massive investment in infrastructure and social welfare across the country, improved revenue generation through diversification of our own-oil sources, rebuilding of our foreign reserves, and the stabilization of our foreign exchange regimes.
- ❖ Greater efforts were placed on cost efficiency with the period under review, thus blocking revenue leakages.

Officially, the economy emerged from recession in 2017, yet growth slowed again in second quarter, in comparison to first quarter. From 1.95 percent in first quarter, the Gross Domestic Product fell to 1.50 percent in second quarter, the NBS states.

The economy has had only faint links with success. The rise in the prices of crude oil, from which Nigeria derives approximately 90.00 percent of its foreign earning, has lifted it out of recession. The Foreign Reserves, which stood at \$23billion in October 2016 after oil crashed to \$27 per barrel early that year, climbed to \$47 billion in May on the back of oil prices heading north. It has hovered around \$70pb in the past few months.

In the second quarter of 2018, the nominal year on year growth rate of trade stood at 0.01 percent. This indicates a drop by 4.82 percent points when compared to the second quarter of 2017, but 2.11 percent point higher than the previous quarter.

In essence, the slight improvement is not due to specific planning. It is a factor of the vagaries of the prices of oil. Since Nigeria has little or no control over this, the fate of its economy is highly dependent on external elements. If the price of crude were to crash suddenly, the economy will

return to recession. Though non-oil revenue received a boost, growing by 2.05 percent, this is tempered by the decline in non-oil exports. Cumbersome, corrupt and expensive ports operation have contributed to the impasse.

From 3.0 percent in first quarter, agriculture fell to 1.19 percent in second quarter. This might be the effect of herdsmen attacks on farmers, particularly, in the North-Central Region. Without addressing insecurity, food insecurity looms. Similarly, capital import has fallen in second quarter. “The total value of capital import into Nigeria stood at \$5,513.55 million in the second quarter of 2018, This was a decrease of 12.53 percent compared to first quarter 2018,” the NBS report said.

The schools are churning out graduates, who have no hope of being employed. The NBS states that the unemployment rate is 18.80 percent and underemployment 21.2 percent. So, the aggregate is 40 percent. This is just too high. For the youth, the most critical segment of the 193.3 million population, unemployment rate stands at a dizzying 52.65 percent. Apart from casual jobs and short-term schemes like N-Power, the job creation outlook is not encouraging.

3.0 FISCAL ANALYSIS OF THE 2018 BUDGET IMPLEMENTATION

3.1 2018 FISCAL FRAMEWORK/BUDGET ASSUMPTIONS

The 2018 Budget is an output of key macro-economic developments, estimated revenue, Medium Term Expenditure Framework, 4-Point Development Agenda and Visit Every Community Document after series of meetings with all stakeholders. The happening in the world market were also taken into consideration before arriving at some of the key assumptions in the framework.

Table 3.1: 2018 Budget Assumptions

SN	PARTICULARS	2018 BUDGET BENCHMARKS	2018 SECOND QUARTER
1	Crude oil price-	US\$45 per barrel	US\$73 per barrel
2	Oil production estimate	2.3 million barrels per day	2.3 million barrels per day
3	Exchange rate	N305/US\$	N305.7/US\$
4	Real GDP growth	3.5 percent	1.4 percent
5	Inflation Rate	12.42 percent	15.37 percent

Source: NBS and BOF

3.2 ENUGU STATE 2018 RESOURCES PROFILE

The sum of N103,563,500,000.00 was appropriated by the Enugu State House of Assembly for 2018 Fiscal year. During the second quarter 2018, there was urgent need to revise the original budget size to the sum of N114,263,500,000.00 due to pressing demand on infrastructural development projects. This is 10.33 percent more than 2018 original budget. Out of the total Approved Supplementary Budget for 2018 Fiscal year, the sum of N99,763,500,000.00 was for Recurrent Revenue, N14,500,000,000.00 was for Capital Receipts while N39,046,476,000.00

was Transferred from Consolidated Revenue Fund. Furthermore, the sum of N60,717,024,000.00 representing 53.14 percent of the total budget was for Recurrent Expenditure while N53,546,476,000.00 representing 46.86 percent of the total budget was for Capital Expenditure.

Table 3.2: 2018 Resource Profile

ITEMS	Approved Budget 2017	%	Revised Budget 2017	%	Approved Budget 2018	%	Supplementary Budget 2018	%
					N		N	
Statutory Allocation	42,205,000,000	59.13	42,205,000,000	59.13	59,063,500,000	66.32	59,063,500,000	59.20
Independent Revenue (IGR)	16,266,614,000	22.79	16,266,614,000	22.79	30,000,000,000	33.68	40,700,000,000	40.80
50% Refund from Paris and London Club	12,900,266,000	18.07	12,900,266,000	18.07		-		
TOTAL RECURRENT REVENUE	71,371,880,000	100.00	71,371,880,000	100.00	89,063,500,000	100.00	99,763,500,000	100.00
RECURRENT EXPENDITURE								
Personnel Cost	35,645,426,438	64.58	38,101,346,438	69.03	37,500,431,000	61.76	35,715,431,000	58.82
Overhead	13,766,311,978	24.94	11,310,391,978	20.49	17,234,600,000	28.39	19,019,600,000	31.32
Subvention	5,786,200,584	10.48	5,786,200,584	10.48	5,981,993,000	9.85	5,981,993,000	9.85
SUB TOTAL	55,197,939,000	100.00	55,197,939,000	100.00	60,717,024,000	100.00	60,717,024,000	100.00
CAPITAL RECIEPTS								
Transfer from Consolidated Revenue Fund	16,173,941,000	32.01	16,173,941,000	32.01	28,346,476,000	66.16	39,046,476,000	72.92
Aids and Grants	3,990,000,000	7.90	3,990,000,000	7.90	2,000,000,000	4.67	2,000,000,000	3.74
Public Private Patnership	1,000,000,000	1.98	1,000,000,000	1.98	500,000,000	1.17	500,000,000	0.93
50% Refund from Paris and London Club	12,900,266,000	25.53	12,900,266,000	25.53	8,000,000,000	18.67	8,000,000,000	14.94
Domestic Loans/Borrowing Receipts	12,000,000,000	23.75	12,000,000,000	23.75	2,000,000,000	4.67	2,000,000,000	3.74
International Loans/Borrowing Receipts	4,457,325,000	8.82	4,457,325,000	8.82	2,000,000,000	4.67	2,000,000,000	3.74
TOTAL	50,521,532,000	100.00	50,521,532,000	100.00	42,846,476,000	100.00	53,546,476,000	100.00
SECTORS								
Administration Sector	6,000,113,291	11.88	2,549,653,691	5.05	3,437,168,000	8.02	4,887,168,000	9.13
Economic Sector	31,988,326,298	63.32	36,310,797,202	71.87	24,225,345,000	56.54	32,205,345,000	60.14
Law & Justice Sector	1,086,430,000	2.15	928,659,788	1.84	1,219,200,000	2.85	2,819,200,000	5.26
Regional Sector	140,500,000	0.28	134,500,000	0.27	152,500,000	0.36	152,500,000	0.28
Social Sector	11,306,162,411	22.38	10,597,921,319	20.98	13,812,263,000	32.24	13,482,263,000	25.18
TOTAL	50,521,532,000	100.00	50,521,532,000	100.00	42,846,476,000	100.00	53,546,476,000	100.00
BUDGET SIZE	105,719,471,000		105,719,471,000		103,563,500,000		114,263,500,000	

Source: MB&P

3.3 Analysis of Recurrent Revenue and Capital Receipts Performance

Table 3.3: Performance of Revenue in the 2018 Second Quarter

S/N	DESCRIPTION	BUDGET			ACTUAL			VARIANCE					
		ANNUAL	QUARTERLY	HALF YEAR	FIRST QUARTER	SECOND QUARTER	HALF YEAR	2ND QUARTER ACTUAL Vs QUARTERLY BUDGET		2ND QUARTER ACTUAL Vs 1ST QUARTER ACTUAL		HALF YEAR ACTUAL Vs HALF YEAR BUDGET	
	REVENUE	N	N	N	N	N	N	N	%	N	%	N	%
1	Statutory Allocation	39,829,500,000	9,957,375,000	19,914,750,000	10,410,600,718	10,524,791,597	20,935,392,315	567,416,597	5.70	114,190,878	1.10	1,020,642,315	5.13
2	Value Added Tax (VAT)	11,234,000,000	2,808,500,000	5,617,000,000	2,783,272,796	2,768,160,976	5,551,433,773	(40,339,024)	(1.44)	(15,111,820)	(0.54)	(65,566,227)	(1.17)
3	50% Refund from Paris and London Club	8,000,000,000	2,000,000,000	4,000,000,000	400,000,000	-	400,000,000	(2,000,000,000)	(100.00)	(400,000,000)	(100.00)	(3,600,000,000)	(90.00)
	Sub-Total	59,063,500,000	14,765,875,000	29,531,750,000	13,593,873,515	13,292,952,573	26,886,826,088	(1,472,922,427)	(95.74)	(300,920,942)	(99.45)	(2,644,923,912)	(86.04)
	Generated Revenue (IGR)												
4	Main IGR	28,061,702,290	7,015,425,573	14,030,851,145	3,746,566,918	2,819,373,896	6,565,940,813	(4,196,051,677)	(59.81)	(927,193,022)	(24.75)	(7,464,910,332)	(53.20)
5	Retained Earning	12,638,297,710	3,159,574,428	6,319,148,855	4,055,199,273	1,333,004,123	5,388,203,395	(1,826,570,305)	(57.81)	(2,722,195,150)	(67.13)	(930,945,460)	(14.73)
	Sub-Total	40,700,000,000	10,175,000,000	20,350,000,000	7,801,766,190	4,152,378,018	11,954,144,209	(6,022,621,982)	(117.62)	(3,649,388,172)	(91.88)	(8,395,855,791)	(67.94)
	CAPITAL RECEIPTS												
6	Aids and Grants	2,000,000,000	500,000,000	1,000,000,000	-	-	-	(500,000,000)	(100.00)	-	-	(1,000,000,000)	(100.00)
10	Internal Loan	2,000,000,000	500,000,000	1,000,000,000	-	1,301,043,670	1,301,043,670	801,043,670	160.21	1,301,043,670	-	301,043,670	30.10
11	External Loan	2,000,000,000	500,000,000	1,000,000,000	70,707,065	3,661,269,445	3,731,976,510	3,161,269,445	632.25	3,590,562,380	5,078.08	2,731,976,510	273.20
12	Public Private Partnership	500,000,000	125,000,000	250,000,000	-	-	-	(125,000,000)	(100.00)	-	-	(250,000,000)	(100.00)
13	50% Refund from Paris and London Club	8,000,000,000	2,000,000,000	4,000,000,000	-	-	-	(2,000,000,000)	(100.00)	-	-	(4,000,000,000)	(100.00)
	Sub-Total	14,500,000,000	3,625,000,000	7,250,000,000	70,707,065	4,962,313,115	5,033,020,180	1,337,313,115	492.46	4,891,606,050	5,078.08	(2,216,979,820)	3.30
	Grand Total	114,263,500,000	28,565,875,000	57,131,750,000	21,466,346,770	22,407,643,706	43,873,990,476	(6,158,231,294)	279.10	941,296,937	4,886.76	(13,257,759,524)	(150.68)

Source: MB&P and OAG

Table 3.4: Performance of Revenue Budget and Actual in the 2018 Second Quarter

S/N	DESCRIPTION	BUDGET		ACTUAL		PERFORMANCE			
		QUARTERLY	HALF YEAR	SECOND QUARTER	HALF YEAR	SECOND QUARTER ACTUAL/QUARTERLY BUDGET	HALF YEAR ACTUAL/ HALF YEAR BUDGET	SECOND QUARTER ACTUAL	HALF YEAR ACTUAL
	REVENUE	N	N	N	N	%	%	% (Contribution)	% (Contribution)
1	Statutory Allocation	9,957,375,000	19,914,750,000	10,524,791,597	20,935,392,315	105.70	105.13	46.97	47.72
2	Value Added Tax (VAT)	2,808,500,000	5,617,000,000	2,768,160,976	5,551,433,773	98.56	98.83	12.35	12.65
3	50% Refund from Paris and London Club	2,000,000,000	4,000,000,000	-	400,000,000	0.00	10.00	0.00	0.91
	Sub-Total	14,765,875,000	29,531,750,000	13,292,952,573	26,886,826,088	90.02	91.04		
	Internally Generated Revenue (IGR)					0.00	0.00		
4	Main IGR	7,015,425,573	14,030,851,145	2,819,373,896	6,565,940,813	40.19	46.80	12.58	14.97
5	Retained Earning	3,159,574,428	6,319,148,855	1,333,004,123	5,388,203,395	42.19	85.27	5.95	12.28
	Sub-Total	10,175,000,001	20,350,000,000	4,152,378,018	11,954,144,208	40.81	58.74		
	CAPITAL RECEIPTS					0.00	0.00		
6	Aids and Grants	500,000,000	1,000,000,000	-	-	0.00	0.00	0.00	0.00
10	Internal Loan	500,000,000	1,000,000,000	1,301,043,670	1,301,043,670	260.21	130.10	5.81	2.97
11	External Loan	500,000,000	1,000,000,000	3,661,269,445	3,731,976,510	732.25	373.20	16.34	8.51
12	Public Private Partnership	125,000,000	250,000,000	-	-	0.00	0.00	0.00	0.00
13	50% Refund from Paris and London Club	2,000,000,000	4,000,000,000	-	-	0.00	0.00	0.00	0.00
	Sub-Total	3,625,000,000	7,250,000,000	4,962,313,115	5,033,020,180	136.89	69.42		
	Grand Total	28,565,875,001	57,131,750,000	22,407,643,706	43,873,990,476	78.44	76.79	100.00	100.00

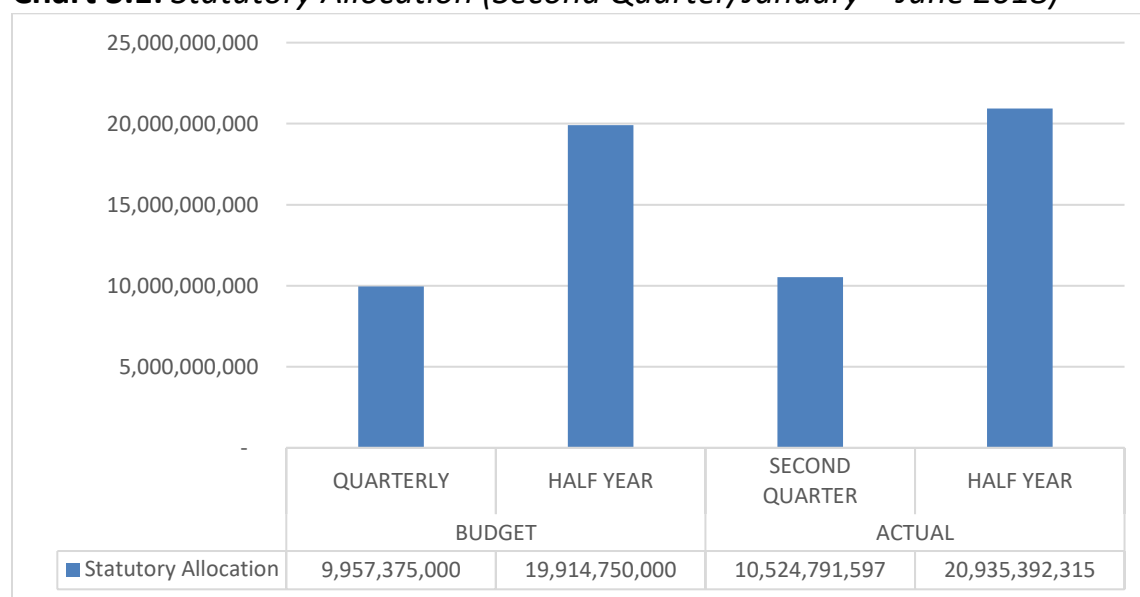
Source: MB&P and OAG

3.3.1 RECURRENT REVENUE PERFORMANCE

Statutory Allocation:

Statutory Allocation actual collected was N10,524,791,597.00 out of Budgeted amount of N9,957,375,000.00(quarterly) in the second quarter of 2018. This translate to a N567,416,597.00 or 5.70 percent above in the prorated budget for the period under review. It contributed about 46.97 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts). In the Mid-Year 2018, Statutory Allocation actual stood at N20,935,392,315.00 which translate to a N1,020,642,315.00 or 5.13 percent above budgeted projection of N19,914,750,000.00. This represent 47.72 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts)

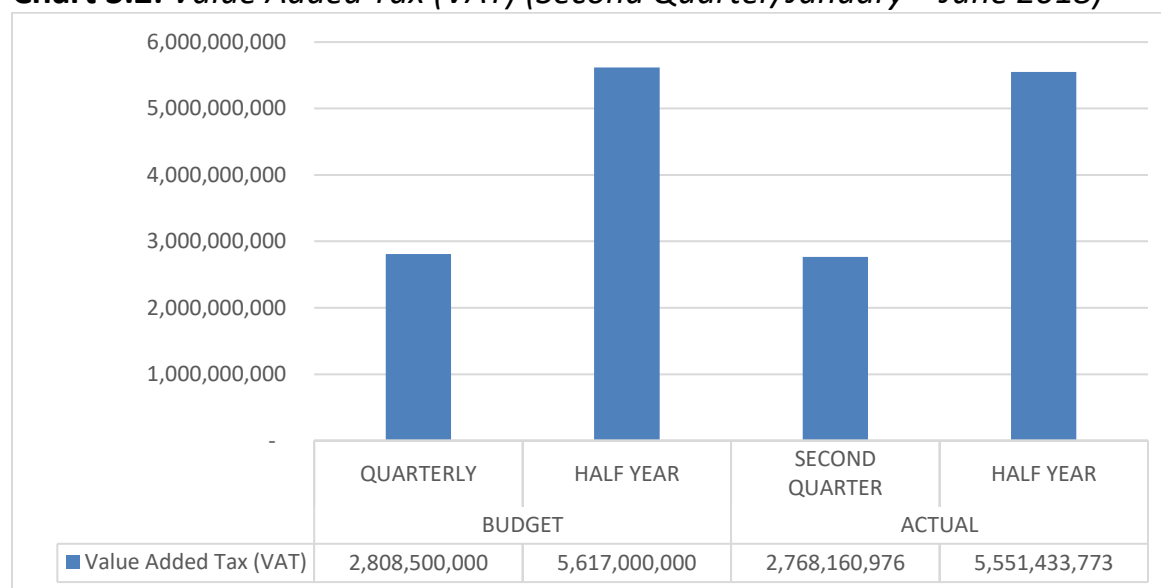
Chart 3.1: Statutory Allocation (Second Quarter/January – June 2018)



Value Added Tax (VAT):

The actual Value Added Tax (VAT) that accrued in the second quarter of 2018, was N2,768,160,976.00, depicting a decrease of N40,339,024.00 or 1.44 percent below the estimated quarterly projection of N2,808,500,000.00. It contributed about 12.35 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts). During the Mid-Year of 2018, VAT actual collected was N5,551,433,773.00 against N5,617,000,000.00 budgeted. This represent N65,566,227.00 or 1.17 percent below approved budget. It contributed about 12.65 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts).

Chart 3.2: Value Added Tax (VAT) (Second Quarter/January – June 2018)

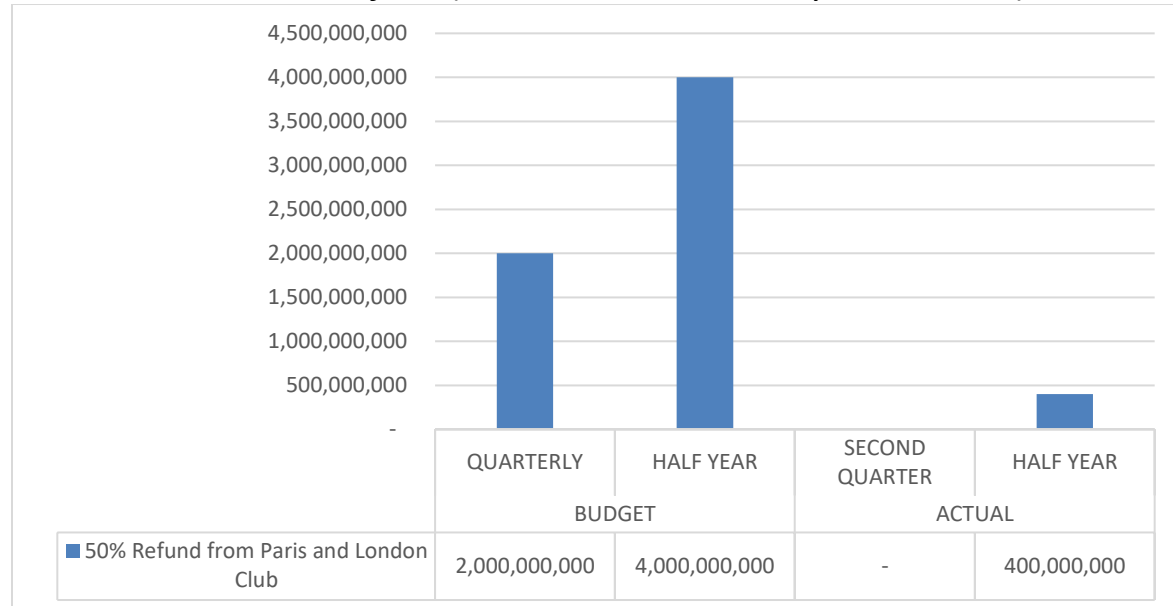


Refund from Paris and London Club:

In the second quarter of 2018 nothing was received from Paris Loan Refund but actual revenue in the Mid-Year 2018 amounted to N400,000,000.00 against budgeted projection of N4,000,000,000.00. This translate to a N3,600,000,000.00 or 90.00 percent shortfall. It

contributed about 0.91 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts).

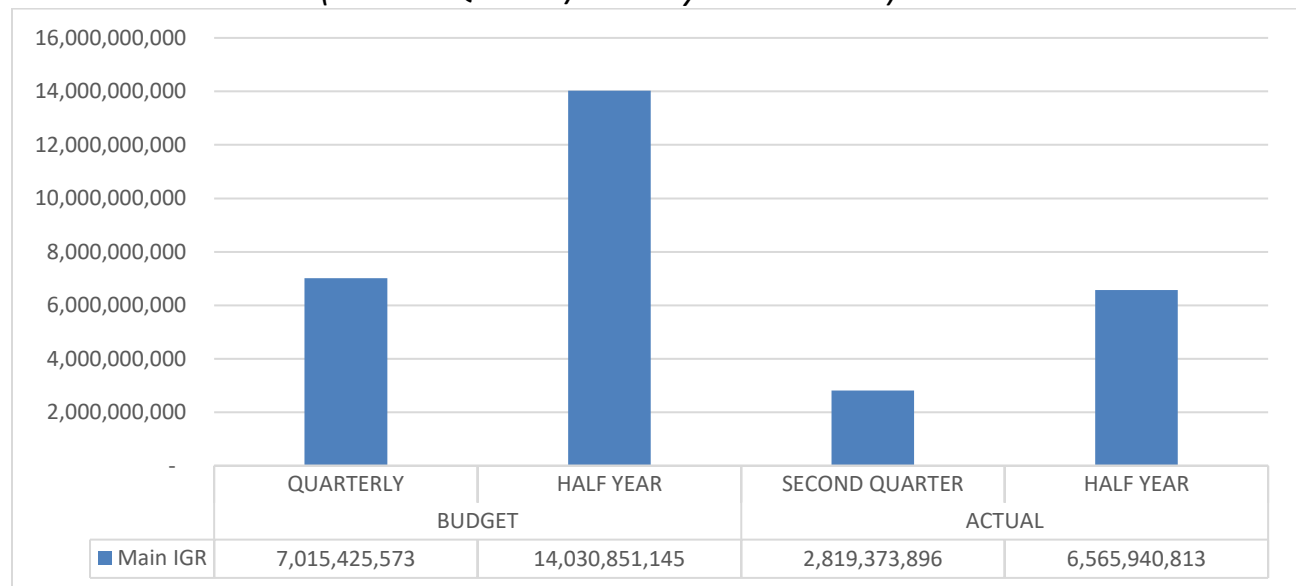
Chart 3.3: Paris Loan Refund (Second Quarter/January – June 2018)



Internally Generated Revenue (IGR) – Main:

The actual of the Main IGR was N2,819,373,896.00 in the second quarter 2018 against N7,015,425,573.00 quarterly budget projection. It fell below by sum of N4,196,051,677.00 or 59.81 percent of budget. It yielded about 12.58 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts). The actual revenue that accrued in the Mid-Year of 2018 was N6,565,940,813.00 against budget projection of N14,040,851,145.00. It was signifying a decrease of N7,464,910,332.00 or 53.20 percent below the estimated Mid-Year projection. It contributed about 14.97 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts).

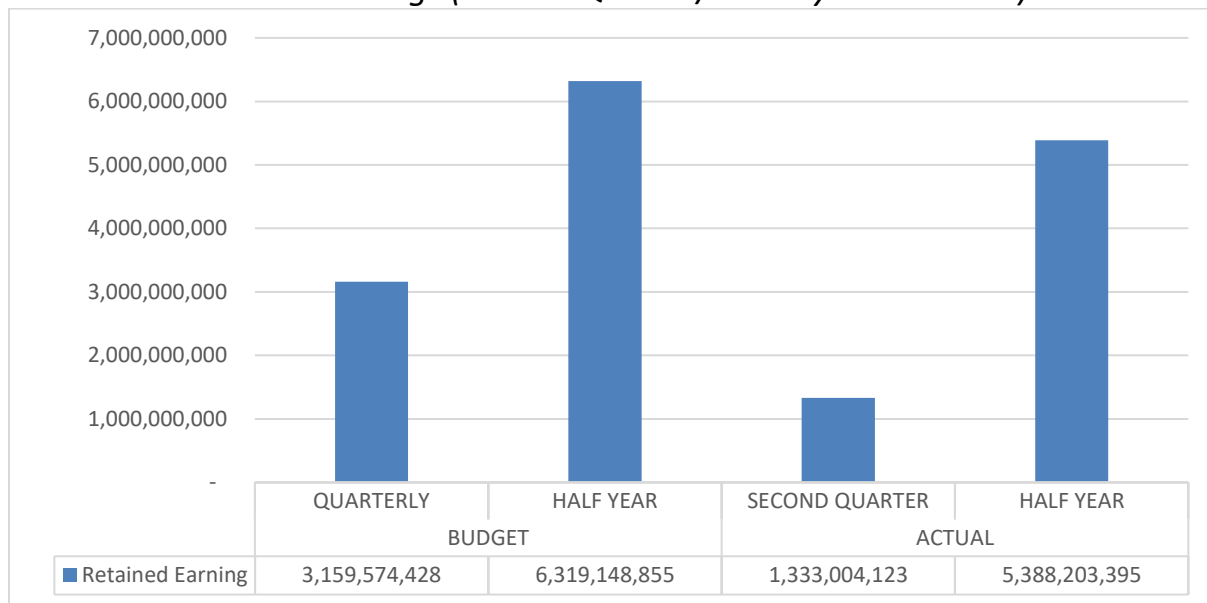
Chart 3.4: Main IGR (Second Quarter/January – June 2018)



Internally Generated Revenue (IGR) – Retained Earnings:

The actual revenue of N1,333,004,123 was collected in the second quarter of 2018. This denotes a shortfall of N1,826,570,305.00 or 57.81 percent below the quarterly estimate of N3,159,574,428.00. It contributed about 5.95 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts). During the Mid-Year 2018, N5,388,203,395.00 was received against N6,319,148,855.00 budgeted projection. This translate to a N930,945,460.00 or 14.73 percent below in the budgeted projection. It contributed about 12.28 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts).

Chart 3.5: Retained Earnings (Second Quarter/January – June 2018)



3.3.2 CAPITAL RECEIPTS PERFORMANCE

Aids and Grants:

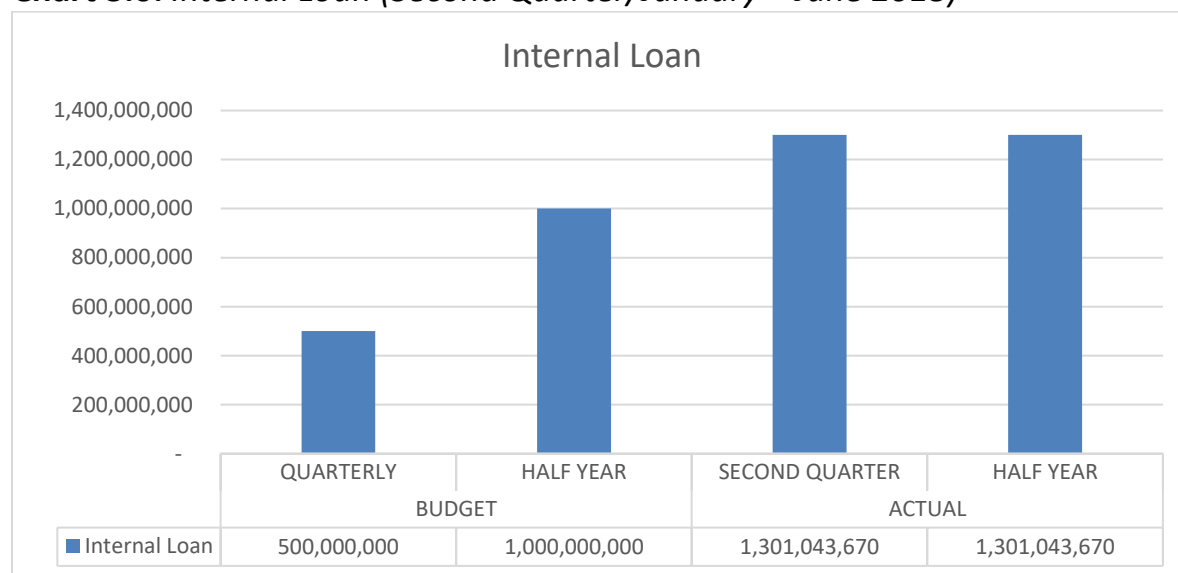
This is one of the revenue items used for capital developments. They include all non-repayable financial resources/aids given to the State Government over a given period. A typical example of this revenue item is SDGs grant. The State Projected a total of **N1,000,000,000.00** to be realized from grant in the second quarter but nothing was actually received.

Internal Loan:

This is the loan which the State government usually source locally from either deposit money banks or other financial institutions and often repaid with low interest rates. In the second quarter 2018, sum of N1,301,043,670.00 was collected as against N500,000,000.00 quarterly budget projection. This reflect an increase of N801,043,670.00 or 160.21 percent from the prorated budget estimate for the period. It contributed

about 5.81 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts). In the Mid-Year 2018, N1,301,043,670.00 was received against N1,000,000,000.00 budgeted projection. This indicate N301,043,670.00 or 30.10 percent above budget. It contributed about 2.97 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts).

Chart 3.6: Internal Loan (Second Quarter/January – June 2018)

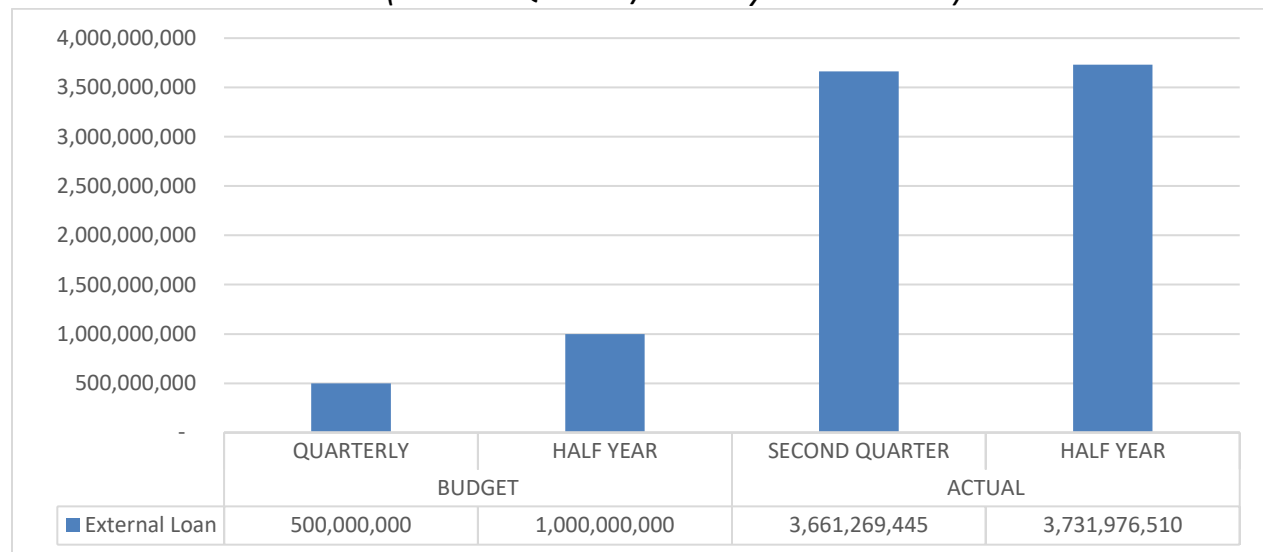


External Loan:

External loans are borrowings by the State from International Organizations with little interest element and are used mainly for capital development. The actual inflow for the second quarter stood at N3,661,269,445.00 out of quarterly budget projection of N500,000,000.00. This reflect an increase of N3,161,269,445.00 or 632.25 percent from the prorated budget estimate for the period. It contributes about 16.34 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts). On the other hand, actual inflow in the Mid-Year 2018 was N3,731,976,510.00 against

budget projection of N1,000,000,000.00. This represent N2,731,976,510.00 or 273.20 percent more than budgeted projection for the half year. It contributes about 8.51 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts).

Chart 3.7: External Loan (Second Quarter/January – June 2018)



Public Private Partnership and 50% Refund from Paris & London Club:

The State projected N125,000,000.00 quarterly to be realized from Public Private Partnership but nothing was actually received in the second quarter 2018. Also, N2,000,000,000.00 was budgeted quarterly but nothing was actually collected in the second quarter 2018.

3.4 Analysis of Recurrent and Capital Expenditure Performance

Table 3.5: Performance of Budget Expenditure in the 2018 Second Quarter

S/N	DESCRIPTION	BUDGET			ACTUAL			VARIANCE					
		ANNUAL	QUARTERLY	HALF YEAR	FIRST QUARTER	SECOND QUARTER	HALF YEAR	2ND QUARTER ACTUAL Vs QUARTERLY BUDGET		2ND QUARTER ACTUAL Vs 1ST QUARTER ACTUAL		HALF YEAR ACTUAL Vs HALF YEAR BUDGET	
	EXPENDITURE	N	N	N	N	N	N	N	%	N	%	N	%
1	Personnel Cost	25,495,431,000	6,373,857,750	12,747,715,500	4,318,693,073	4,223,156,589	8,541,849,662	(2,150,701,161)	(33.74)	(95,536,484)	(2.21)	(4,205,865,838)	(32.99)
2	Overhead Cost	19,019,600,000	4,754,900,000	9,509,800,000	4,134,467,284	4,826,826,429	8,961,293,713	71,926,429	1.51	692,359,145	16.75	(548,506,287)	(5.77)
3	Consolidated Revenue Fund Charges (CRFC)	10,220,000,000	2,555,000,000	5,110,000,000	2,139,798,671	2,236,617,580	4,376,416,252	(318,382,420)	(12.46)	96,818,909	4.52	(733,583,748)	(14.36)
4	Subvention	5,981,993,000	1,495,498,250	2,990,996,500	1,101,188,760	1,131,788,760	2,232,977,520	(363,709,490)	(24.32)	30,600,000	2.78	(758,018,980)	(25.34)
5	Capital Expenditure	53,546,476,000	13,386,619,000	26,773,238,000	6,085,895,364	7,430,920,482	13,516,815,846	(5,955,698,518)	(44.49)	1,345,025,118	22.10	(13,256,422,154)	(49.51)
	Total	114,263,500,000	28,565,875,000	57,131,750,000	17,780,043,153	19,849,309,840	37,629,352,993	(8,716,565,160)	(113.50)	2,069,266,688	43.94	(19,502,397,007)	(127.97)

Source: MB&P and OAG

Table 3.6: Performance of Budget Expenditure and Actual in the 2018 Second Quarter

S/N	DESCRIPTION	BUDGET		ACTUAL		PERFORMANCE			
		QUARTERLY	HALF YEAR	SECOND QUARTER	HALF YEAR	SECOND QUARTER ACTUAL/QUARTERLY BUDGET	HALF YEAR ACTUAL/HALF YEAR BUDGET	SECOND QUARTER ACTUAL	HALF YEAR ACTUAL
	EXPENDITURE	N	N	N	N	%	%	%	%
1	Personnel Cost	6,373,857,750	12,747,715,500	4,223,156,589	8,541,849,662	66.26	67.01	21.28	22.70
2	Overhead Cost	4,754,900,000	9,509,800,000	4,826,826,429	8,961,293,713	101.51	94.23	24.32	23.81
3	Consolidated Revenue Fund Charges (CRFC)	2,555,000,000	5,110,000,000	2,236,617,580	4,376,416,252	87.54	85.64	11.27	11.63
4	Subvention	1,495,498,250	2,990,996,500	1,131,788,760	2,232,977,520	75.68	74.66	5.70	5.93
5	Capital Expenditure	13,386,619,000	26,773,238,000	7,430,920,482	13,516,815,846	55.51	50.49	37.44	35.92
	Total	28,565,875,000	57,131,750,000	19,849,309,840	37,629,352,993	69.49	65.86	100.00	100.00

Source: MB&P and OAG

3.4.1 RECURRENT EXPENDITURE PERFORMANCE

Table 3.7: RECURRENT EXPENDITURE REPORT 1ST AND 2ND QUARTER

S/N	ITEM DESCRIPTION	ANNUAL APPROVED BUDGET	APPROVED BUDGET 1ST QUARTER	1ST QUARTER WARRANT	AMOUNT CASH BACKED AS @ 30th MARCH	2nd QUARTER REVISED APPROPRIATION	2ND QUARTER WARRANT	AMOUNT CASH BACKED AS APR TO JUNE	PERCENTAGE (%) WARRANT RELEASES/BUDGET	PERCENTAGE (%) WARRANT RELEASES/ACTUAL
1	Personnel cost	25,495,431,000	6,373,857,750	4,644,197,491	4,318,693,073	6,373,857,750	4,452,731,627	4,223,156,589	70	94.84
	Consolidated Rev Fund	10,220,000,000	3,001,250,000	1,383,004,519	2,139,798,671	2,555,000,000	1,722,940,695	2,236,617,580	67.43	129.81
	Overhead cost	17,234,600,000	4,308,650,000	4,307,774,690	4,134,467,284	4,754,900,000	4,865,632,136	4,826,826,429	100	100
	Subvention	5,981,993,000	1,495,498,250	1,116,338,760	1,101,188,760	1,495,498,250	1,131,488,760	1,131,488,760	75.66	100.00
	TOTAL	60,717,024,000	15,179,256,000	11,451,315,460	11,694,147,788	15,179,256,000	12,172,793,218	12,418,389,358	80.09	102.52

Source: Budget office/Office of the AG

The original recurrent budget was once revised during the second quarter/period under review. This adjustment included the additional fund to overhead expenditure to accommodate the recent increased spending in MDAs operational cost. The figure included the additional N1,785,000,000 vierred from consolidated revenue budget to Overhead cost.

The 2018 Recurrent Expenditure translates to a quarterly expenditure outlay of N15,179,256,000. Actual releases in the second quarter of 2018 stood at N12,172,793,218 indicating 5.05% higher than the expenditure recorded in the first quarter. Out of the quarterly allotment of N6,373,857,750 appropriated for Personnel cost in the quarter, a total sum of N4,452,731,629 was released and cash backed, this figure reflects 70% performance within the quarter

In the same vein the consolidated Revenue fund charges recorded 67% performance. The components include the Pensions, gratuity and other benefits paid to pensionable officers, the consolidated in this report also include fund for debt servicing by the State Government as recorded by the office of the Accountant General.

However, a quarterly projection of N4,754,900,000 was made for MDAs operational cost (Overhead cost) in the 2018 revised budget but the sum of N4,865,632,136 was released and cash backed in this Second quarter, this portrayed a slight increase of N110,732,136 above the quarterly estimate.

Table 3.8: MONTHLY WARRANT RELEASES DURING 1ST AND SECOND QUARTER

S/N	ITEM DESCRIPTION	JAN	FEB	MARCH	TOTAL JAN - MARCH	APRIL	MAY	JUNE	TOTAL APR - JUNE
1	Personnel cost	1,581,058,562	1,537,127,254	1,526,011,675	4,644,197,491	1,498,189,584	1,468,005,045	1,486,536,998	4,452,731,627
2	consolidated	463,335,788	453,061,285	466,607,446	1,383,004,519	517,945,313	629,623,310	575,372,072	1,722,940,695
3	Overhead cost	1,393,467,084	1,470,349,747	1,443,847,859	4,307,664,690	1,718,528,821	1,685,863,236	1,461,240,079	4,865,632,136
4	Subvention	367,062,920	367,062,920	382,212,920	1,116,338,760	377,062,920	377,062,920	377,362,920	1,131,488,760
	TOTAL	3,804,924,354	3,827,601,206	3,818,679,900	11,451,205,460	4,111,726,638	4,160,554,511	3,900,512,069	12,172,793,218

3.4.2 CAPITAL EXPENDITURE PERFORMANCE

According to the 2018 Approved Budget, the sum of N42,846,476,000.00 was appropriated to be used for capital developments and projects in the areas of roads, power, housing, water, education, transport, electricity, security and good governance etc. During the second quarter 2018, there was urgent need to supplement the original capital expenditure size to the sum of N53,546,476,000.00 due to pressing demand on infrastructural development projects. This is 24.97 percent more than 2018 original budget. A total sum of N7,430,920,482.00 was spent in the second quarter of 2018. This implies a decrease of N5,955,698,518.00 or 44.49 percent below the quarterly estimate of N13,386,619,000.00. However, it is slightly above the level of expenditure in the first quarter of 2018 by N1,345,025,118.00 or 22.10 percent.

Chart 3.8: Capital Expenditure (Second Quarter/January – June 2018)

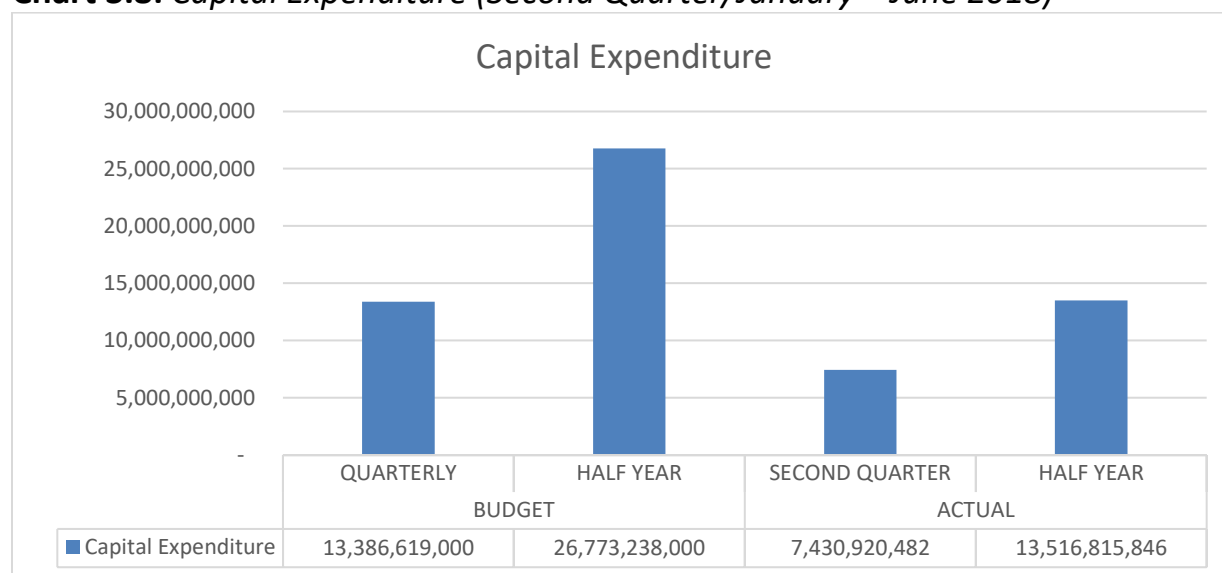
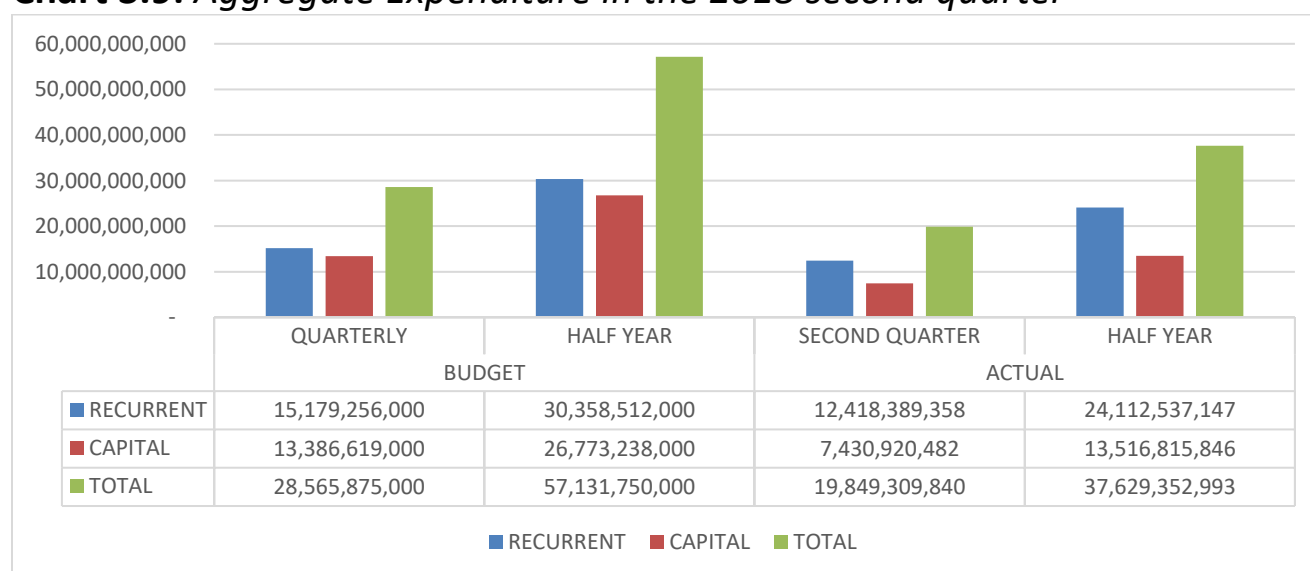


Table 3.9: Aggregate Expenditure in the 2018 Second Quarter

S/N	EXPENDITURE	BUDGET		ACTUAL		PERFORMANCE			
		QUARTERLY	HALF YEAR	SECOND QUARTER	HALF YEAR	SECOND QUARTER ACTUAL/QUARTERLY BUDGET	HALF YEAR ACTUAL/HALF YEAR BUDGET	SECOND QUARTER ACTUAL	HALF YEAR ACTUAL
		N	N	N	N	%	%	%	%
1	RECURRENT	15,179,256,000	30,358,512,000	12,418,389,358	24,112,537,147	81.81	79.43	62.56	64.08
2	CAPITAL	13,386,619,000	26,773,238,000	7,430,920,482	13,516,815,846	55.51	50.49	37.44	35.92
	TOTAL	28,565,875,000	57,131,750,000	19,849,309,840	37,629,352,993	69.49	65.86	100.00	100.00

Source: MB&P and OAG

Chart 3.9: Aggregate Expenditure in the 2018 second quarter



3.4.3 MDAs Capital Vote Utilization

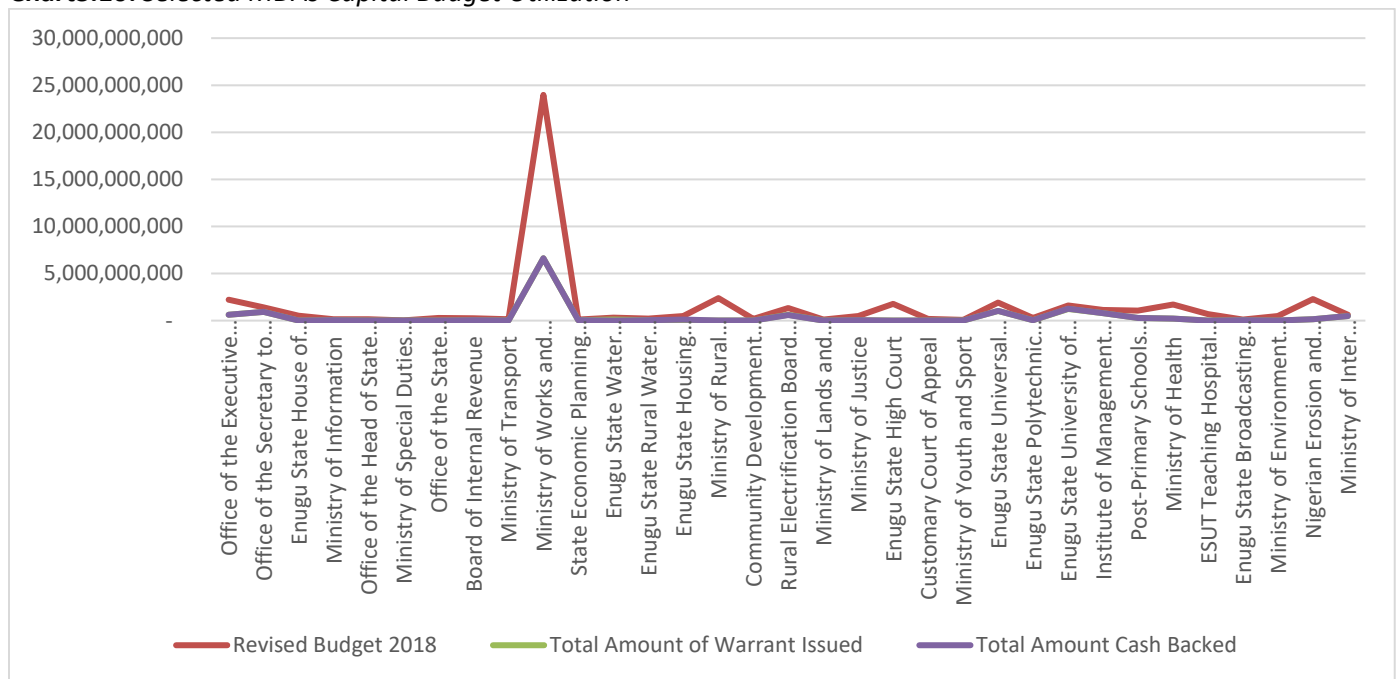
The total Capital Expenditure Warrants issued as at second quarter of 2018 was N13,539,818,522.00 out of this, N13,516,815,846.00 was cash backed; representing 99.83 percent performance. The sum of N6,085,895,364.00 was cash backed in the first quarter of 2018 while N7,430,920,482.00 was in the second quarter of 2018. The data showed that most of MDAs have cash backed their warrants 100.00 percent.

Table 3.10: Capital Budget Utilization by MDAs (as at 30th June, 2018)

S/N	Organisation Name	Revised Budget 2018	Total Amount of Warrant Issued	Total Amount Cash Backed	(Total Amount Cash Backed / Total Amount of Warrant Issued)
1	Office of the Executive Governor	2,229,700,000	629,908,142	639,908,142	101.59
2	Office of the Secretary to the State Government	1,417,000,000	933,928,208	933,928,208	100.00
3	Enugu State House of Assembly (The Legislature)	535,599,000	10,200,000	10,200,000	100.00
4	Ministry of Information	160,470,000	44,233,200	44,233,200	100.00
5	Office of the Head of State Civil Service	135,500,000	1,648,000	1,648,000	100.00
6	Ministry of Special Duties & Inter-Governmental Affairs	27,304,000	1,803,000	1,803,000	100.00
7	Office of the State Accountant- General	285,000,000	3,319,050	3,319,050	100.00
8	Board of Internal Revenue	249,000,000	61,500,000	61,500,000	100.00
9	Ministry of Transport	159,200,000	8,472,600	7,650,000	90.29
10	Ministry of Works and Infrastructure	23,972,500,000	6,624,097,417	6,624,097,417	100.00
11	State Economic Planning Commission	107,100,000	36,000,000	36,000,000	100.00
12	Enugu State Water Corporation	318,000,000	106,389,950	-	-
13	Enugu State Rural Water Supply and Sanitation Agency (ENRU)	200,000,000	33,790,738	33,790,738	100.00
14	Enugu State Housing Corporation	500,000,000	-	106,389,950	-
15	Ministry of Rural Development	2,402,250,000	6,865,000	6,865,000	100.00
16	Community Development Agency	173,217,584	4,501,528	4,501,528	100.00
17	Rural Electrification Board (REB)	1,340,000,000	617,149,962	592,503,586	96.01
18	Ministry of Lands and Urban Development	116,000,000	6,498,950	9,164,020	141.01
19	Ministry of Justice	477,000,000	36,966,880	36,966,880	100.00
20	Enugu State High Court	1,770,000,000	25,198,770	-	-
21	Customary Court of Appeal	195,000,000	16,415,778	16,415,778	100.00
22	Ministry of Youth and Sport	70,000,000	873,500	873,500	100.00
23	Enugu State Universal Basic Education Board	1,900,000,000	1,025,132,877	1,025,132,877	100.00
24	Enugu State Polytechnic Iwollo	280,000,000	50,000,000	50,000,000	100.00
25	Enugu State University of Science and Technology (ESUT)	1,600,000,000	1,223,105,565	1,253,105,565	102.45
26	Institute of Management and Technology (IMT)	1,150,000,000	810,000,000	810,000,000	100.00
27	Post-Primary Schools Management Board (PPSMB)	1,071,050,000	297,268,043	297,268,043	100.00
28	Ministry of Health	1,714,000,000	206,069,530	206,069,530	100.00
29	ESUT Teaching Hospital Parklane	707,600,000	15,000,000	-	-
30	Enugu State Broadcasting Service - Radio/TV ESBS/TV	110,920,000	34,712,100	34,712,100	100.00
31	Ministry of Environment and Mineral Resources	493,920,000	14,618,500	14,618,500	100.00
32	Nigerian Erosion and Watershed Management Project (EN-NE)	2,273,300,000	154,151,234	154,151,234	100.00
33	Ministry of Inter Ministerial Affairs	611,500,000	500,000,000	500,000,000	100.00
	Total	48,752,130,584	13,539,818,522	13,516,815,846	99.83

Source: MB&P and OAG

Chart3.10: Selected MDAs Capital Budget Utilization



4.0 Conclusion

From the foregoing the following deductions were made:

The Mid-Year 2018 Revenue Report is quite encouraging and we hope that the remaining part of the year will continue to post positive results. Currently at the second quarter the total Revenue collected from January to June 2018 is N43.874b as against N57.132b Budget for the period under review. This translates to 76.79 percent performance in this sector. The picture here is the same with our performance during the same period last year. Many of our MDAs are still not meeting up with her Revenue targets, and this should be addressed if we are to make continuous progress.

On Expenditure, we note that releases were based on actual receipts within the period under review. So far out of the expected expenditure of N57.132b in the middle of the year, only N37.629b representing 65.86 percent was realized. This is informed by the availability of cash to take care of our budget needs. However, it has been seen that we are making good progress as the year ahead will likely follow same pattern.