

2019 FORTH QUARTER BUDGET REPORT

Introduction and Background

His Excellency, Hon Henry Serieke Dickson assented to the 2019 appropriation Act in 5th April 2019. The Act approved N299.835 billion as State Budget Revenue; aggregate expenditure of also N299.835 billion consisting of N204.552 billion recurrent spending and N95.283 billion for Capital spending.

The 2019 Budget was based on the Medium-Term Fiscal Framework of both the Federal Government and the State; and the outcomes of the 2019-2021 Medium Term Sector Strategies of all MDAs of the State.

The 2019 budget builds upon and consolidates past macroeconomic and budgetary reforms and initiatives of this Administration under the leadership of His Excellency, Henry Serieke Dickson. Hence it is christened “Repositioning for Consolidation”. It gives priority to, and makes ample provision for improving physical infrastructure, human capital development, agriculture and health.

This report presents an assessment of the implementation of the 2019 fiscal year Budget

Revenue Performance

An analysis of the actual revenue receipts accruing to the State during the fourth quarter of 2019 from Federal Allocation and IGR is slightly below projections. The budgeted revenue from federal allocations for the year is N243.392 billion, however, actual receipts for the fourth quarter of 2019 was N43.448 billion. This is N3.164 billion or 7.85% higher than year 2019 third quarter. IGR faired by N7.894 billion or 37.96 % of the projected estimate of N20.793 billion which is N5.395 billion or 215.89% higher than the third quarter of year 2019. Consequently, a total revenue of N51.342 billion was available for implementation in the fourth quarter. This of course, is N23.617 billion or 31.51% fell short of its fourth quarter estimates of N74.959 billion if we are to equally divide the revenue for the year.

The table below shows the State's revenue performance.

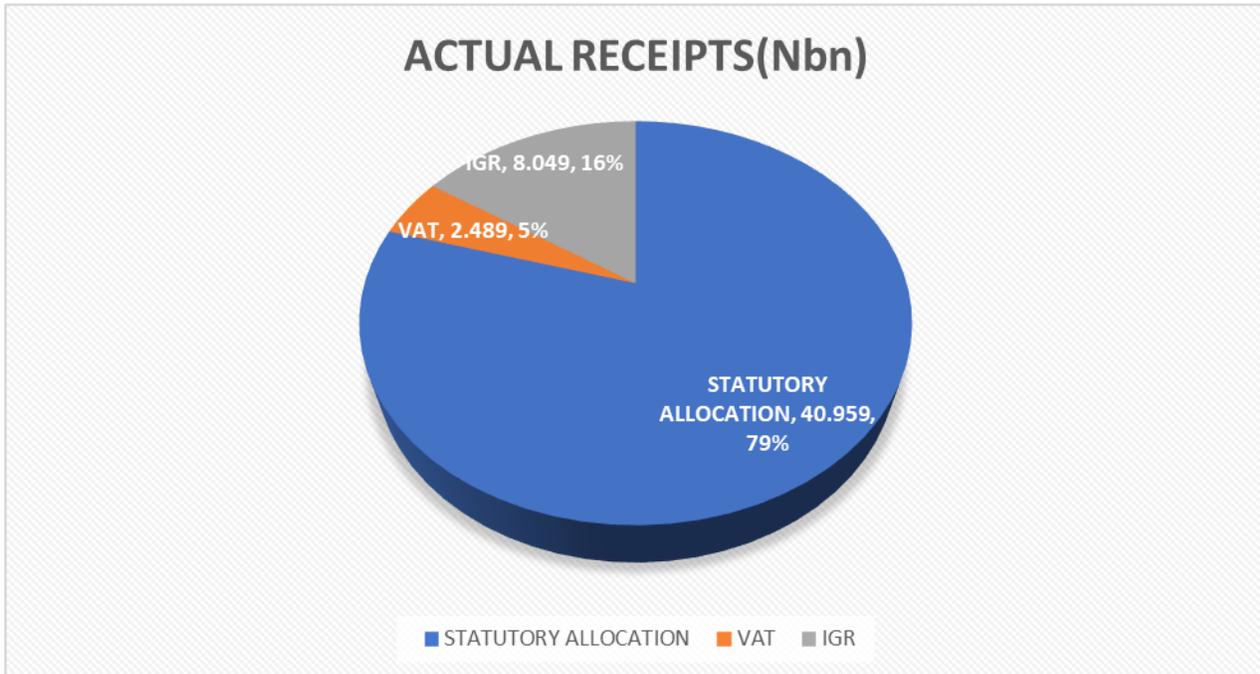
Table 1: Total Actual Receipts Fourth Quarter of 2018.

S/ N	Source of Revenue	Year 2019 Approved Budget (NBN)	2019 Actual Receipts for 3rd quarter (NBN)	2019 Actual Receipts for 4 th quarter (NBN)	% Performance
1	Transfers from Federal Govt				
	Statutory Allocation	233.596	37.721	40.959	17.53
	VAT	9.796	2.563	2.489	25.41
	Federal Allocation	243.392	40.284	43.448	17.85
2	IGR	20.739	2.499	8.049	38.81
	Others				
	IGR	20.739	2.499	8.049	38.81
3	Capital Receipts				
	Internal Loans	25.662			
	Grants	10.042			
	Others				
	Capital Receipts	35.704			
	Total	299.835	42.783	51.497	17.17

Source: Bayelsa State Ministry of Finance.

In the fourth quarter of 2019 17.85% (N43.448bn) of estimated federal allocation was realized while 38.81% (8.049bn) of estimated IGR was realized.

Chart 1 Showing Actual Receipts Fourth Quarter of 2019



As seen in the chart above, Federal Allocations contributed about 84% (Statutory Allocation 79% and VAT 5%) of the State's revenue in the fourth quarter while IGR account for about 16%.

Statutory Allocation

Budgeted revenue from statutory allocations for 2019 is N243.392 billion and in the fourth quarter N43.448 billion was realized, Statutory Allocation being N40.959bn and VAT N2.489bn.

Internally Generated Revenue

The 2019 Budget for IGR is estimated at N20.793 billion, representing an increase of 32.55 % over the 2018 actual receipt. This ambitious projection is as a result of the various steps the State Government has taken to improve IGR collection in the State. Some of these include:

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Ensuring a tax friendly environment in the state

Assignment of revenue collection to specific MDAs to eliminate conflict and overlaps

Optimisation of the process for revenue collection and reporting and the operation of revenue bank

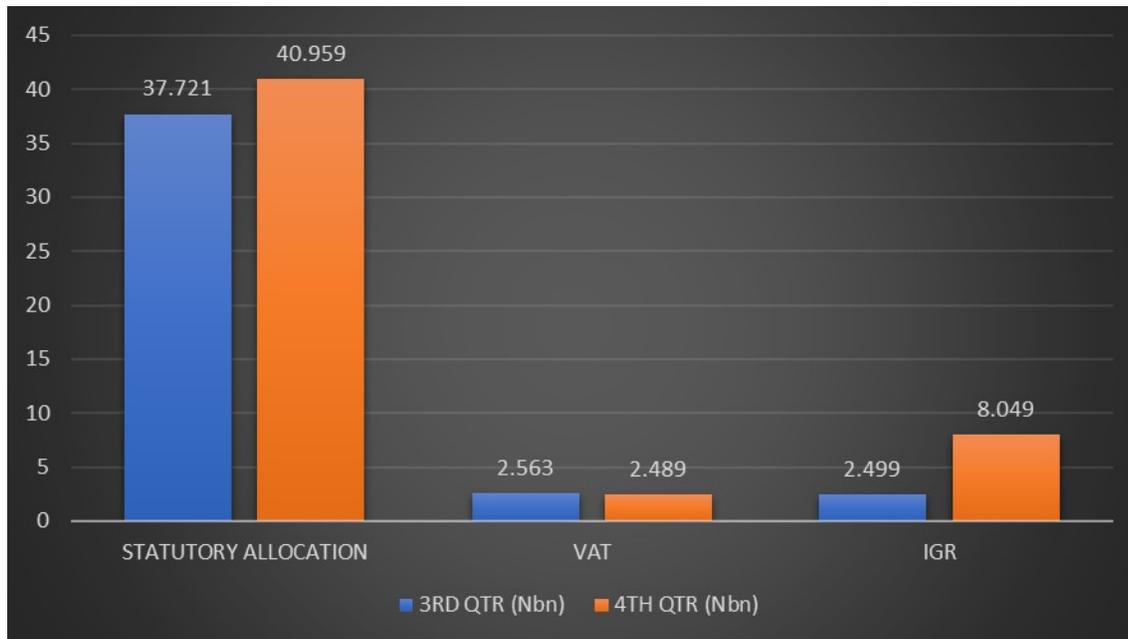
accounts;

Implementation of performance incentives for the revenue generating MDAs; and

Provision of high-level guidelines for revenue collection, enlightenment and enforcement

In the fourth quarter, N8.049bn or 38.81% of estimated IGR of 20.739bn is realized.

Chart 2 Showing Third quarter and Fourth quarter of 2019 Revenue



Expenditure Performance

Expenditure Profile

A total sum of N299.835 billion was appropriated by the State House of Assembly for the 2019 fiscal year. Of this, about N95.283 billion or 37.78% was allocated to capital expenditure, N54.190 billion or 18.07% to personnel costs, N79.252 billion or 26.43% to overhead expenditure while N36.110 (12.04%) and N35.0 billion (11.67%) were allocated to statutory transfers and debt serving respectively.

In the fourth quarter of 2019, N101.008 billion or 33.69 % of the year budget estimates was paid out by the State Treasury. Of this, N13.436 billion or 13.30% was expended on personnel costs, N18.439 billion or

18.25% was expended on overhead cost, FAAC Deductions N3.897 billion or 3.86 %, Debt Servicing N41.600 billion or 41.18% totaling N90.244 billion or 89.34% expended on recurrent expenditure while N10.764 billion or 10.66% was spent on capital expenditure.

Thus, 89.34% of the total actual payout from the State Treasury went to Recurrent Expenditure which is made up of Overhead, Personnel and Consolidated Revenue Fund Charges while capital expenditure accounted for 10.66%

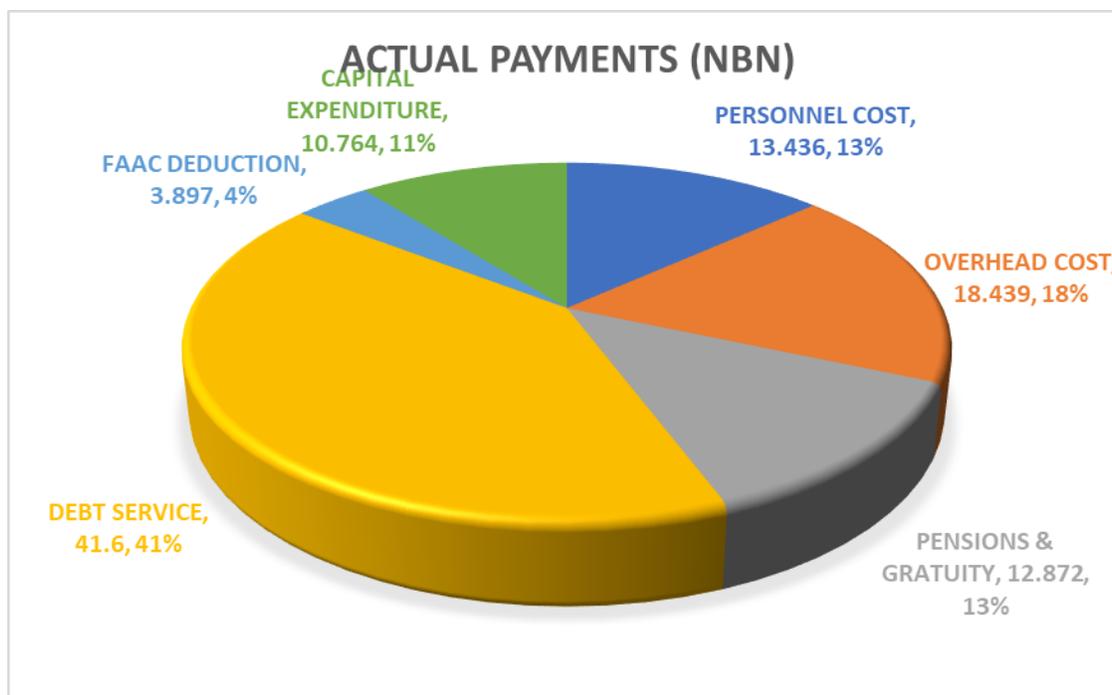
The capital budget implementation shows that the bulk of the payments (N10.106 billion or 93.89%)of the total actual payout of N10.764 billion of capital payment was paid out to one the economic sector. Capital expenditure of the quarter is N10.764bn.

Table 2: Analysis of Expenditure (October-December, 2019)

S/N	Expenditure Item	2019 Year Budget (NBN)	Actual Payments (NBN)	% age of Total Actual Payments	% Performance
1	Capital	95.283	10.764	10.66	11.30
2	Personnel Cost	54.190	13.436	13.30	24.79
	Pensions & Gratuity	7.000	12.872	12.74	183.89
3	Overheads	79.252	18.439	18.26	23.27
4	Statutory Transfer	5.110			
5	Debt Servicing	35.000	41.600	41.18	118.86
6	Others including FAAC Deduction	24.000	3.897	3.86	16.24
	Total	299.835	101.008	100	19.39

Source: 2019 Approved Budget for Bayelsa State and State Budget and Control Department

Chart 3 Showing Actual Payments for fourth Quarter of 2019



Capital Budget Implementation Status for Fourth Quarter of 2019

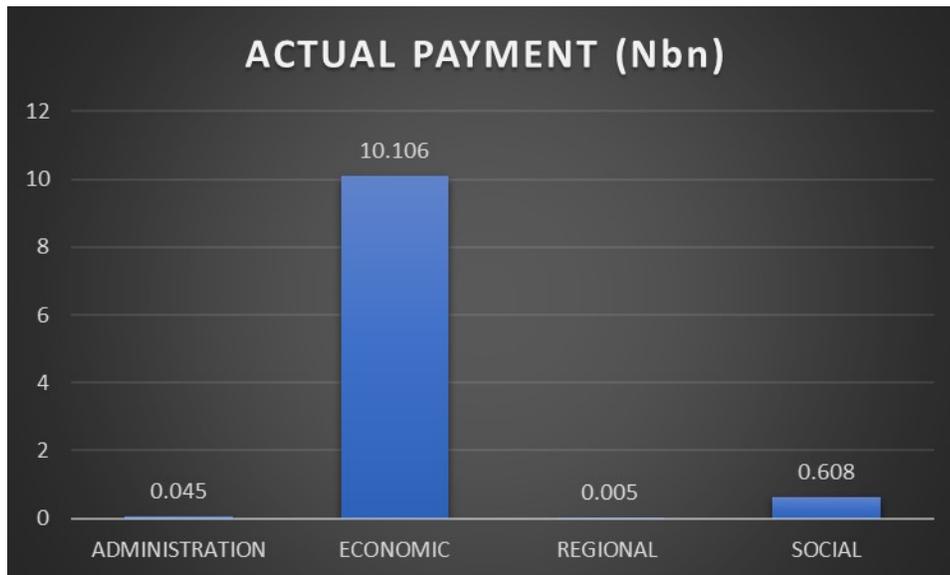
As shown in table 2 below, the Economic sector has the highest priority in 2019 Budget receiving approximately 94% of the total paid out CAPEX budget for the quarter.

Table 5: Actual Payments to Sectors for fourth quarter

S / N	Sector	Actual Payments Amount (Nbn)	% age of Total Actual Payments
1	ADMINISTRATION	0.045	0.42
2	ECONOMIC	10.106	93.89
3	LAW AND JUSTICE	0.000	0.00
4	REGIONAL	0.005	0.04
5	SOCIAL	0.608	5.65
	TOTAL	16.442	100%

Source: State Budget Office &, Ministry of Finance

CHART SHOWING ACTUAL CAPITAL PAYMENTS BY SECTOR OCTOBER-DECEMBER 2018



As shown in the table above and chart below in the fourth quarter of 2019 only the Economic sector received as payments 10.61% of the amount budgeted for capital expenditure.

The implementation of the capital expenditure budget based on the amounts paid out by the State Treasury does not include the physical verification and inspection of the various projects.

Analysis of Recurrent Expenditure

The approved total recurrent estimates for the 2019 fiscal year stood at N204.552 billion. Total recurrent expenditure (personnel costs, overheads and CRFC) from October to December stood at about N90.244 billion or 89.34% of total payments.

JANUARY 23, 2019

