

2019 FIRST 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 as at 31st March 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 as at the end of 31st March, 2019 was N53.639 billion. This mount is inclusive of the N16.108 billion Paris Club Reimbursement. This is N3.060 billion or 5.40% lower than year 2018 first quarter. IGR faired by N2.890 billion or 13.94% compared to the projected year estimates of N20.739 billion which is N1.476 billion or 33.81% lower than year 2018 first quarter. Consequently, at the end of March 2019, total revenue of N56.529 billion available for implementation of the State Government Budget fell short of its one quarter budgeted estimates of N74.959 billion by N18.430 billion or 24.59% negative variance if we are to equally divide the revenue for the year.

The table below shows the State's revenue performance.

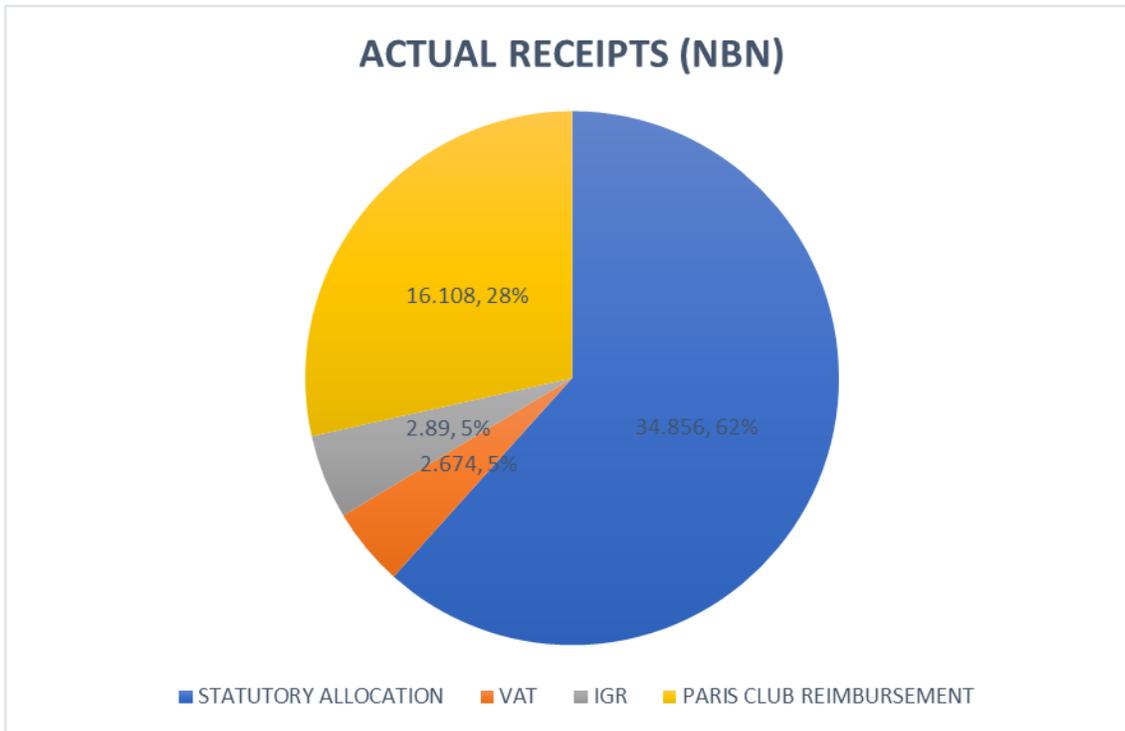
Table 1: Total Actual Receipts as at 31st March 2019.

S/ N	Source of Revenue	Year 2018 Approved Budget (NBN)	Year 2018 Actual Receipts as 31 st March (NBN)	Year 2019 Approved Budget (NBN)	2019 Actual Receipts as 31 st March (NBN)	% Perfor mance
1	Transfers from Federal Govt					
	Statutory Allocation	225.009	42.298	233.596	50.964	21.82
	VAT	8.506	2.401	9.796	2.674	27.30
	Federal Allocation	233.515	44.699	243.392	53.638	21.63
2	IGR	30.943	4.366	20.739	2.890	13.94
	Others		0.033			
	IGR	30.943	4.399	20.739	2.890	13.94
3	Capital Receipts					
	Internal Loans	46.932			0	
	Grants	5.598			0	
	Others		0		0	
	Capital Receipts	52.530			0	
	Total	316.988	49.098	299.835	56..528	18.85

Source: Bayelsa State Ministry of Finance.

As at the end of 31st March 21.63% (N53.638bn) of estimated federal allocation was realized. 13.94% (2.890bn) of estimated IGR was realized.

Chart 1 Showing Actual Receipts from Jan-March 2019



As seen in the chart above, Federal Allocations contributed about 94.89% (Statutory Allocation 90.16% and VAT 4.73%) of the State's revenue as at 31st March while IGR account for about 5.11%.

Statutory Allocation

Budgeted revenue from statutory allocations for 2019 is N233.596 billion and as at 31st March, 2019 N53.639 billion was realized Statutory Allocation being N50.964bn and VAT N2.674bn.

Internally Generated Revenue

The 2019 Budget for IGR is estimated at N20.739 billion, representing an 32.55 % increase 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:

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

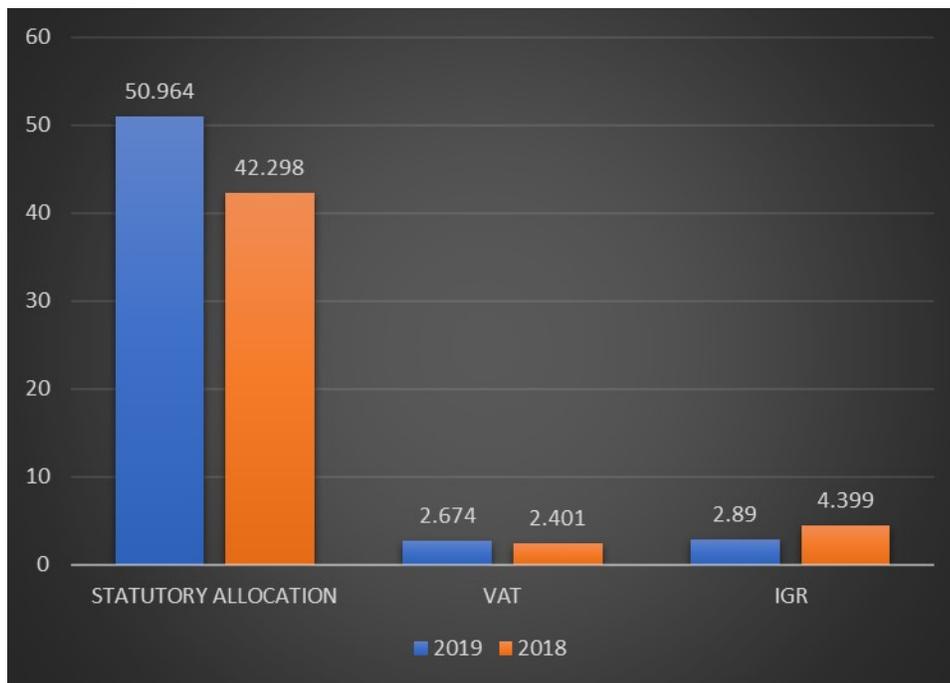
accounts;

Implementation of performance incentives for the revenue generating MDAs; and

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

As at the end of 31st March 2019, N2.890bn or 13.29% of estimated IGR of 20.739bn is realized.

Chart 2 Showing First quarter 2018 and First quarter 2019



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.

As at 31st March, 2019 N42.869 billion or 14.30% of the year budget estimates had been paid out by the State treasury. Of this, N11.643 billion or 27.16 % was expended on personnel costs, N16.417 billion or 38.30% was expended on overhead cost, totaling N28.060 billion or 65.46% expended on recurrent expenditure while N14.809 billion or 34.54 % was spent on capital expenditure.

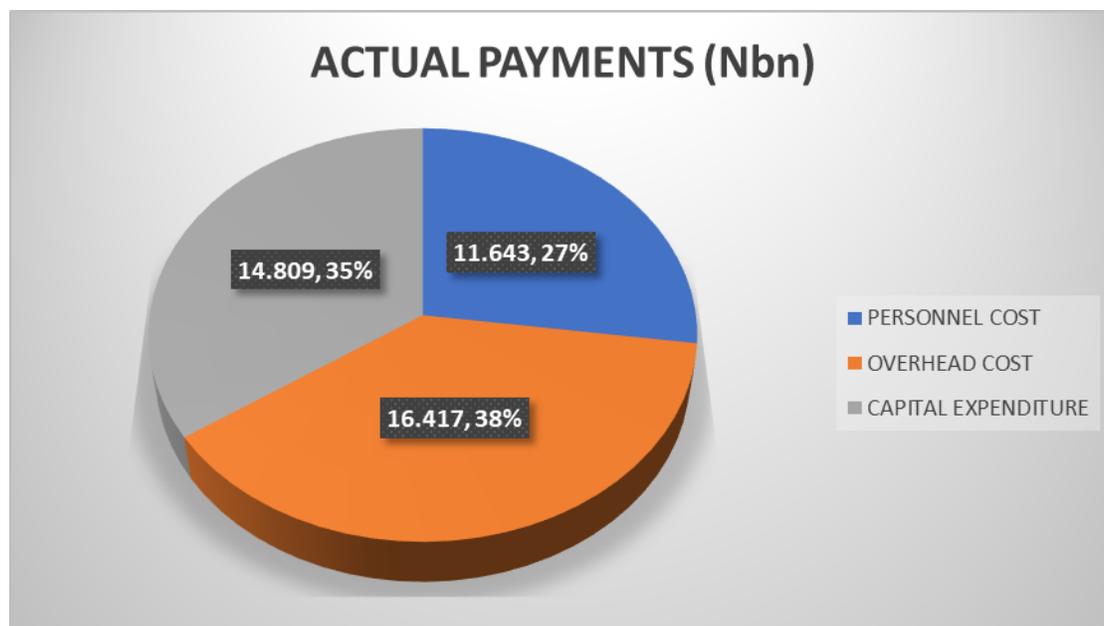
The capital budget implementation shows that about N13.604 billion or 91.86% of the total actual payout of N14.809 billion of capital payment was paid out to the Economic sector.

Table 2: Analysis of Expenditure (Jan-March, 2019)

S / N	Expenditure Item	2018 Actual Budget Amount (NBN)	% age of Total Actual Payments	2019 Year Budget (NBN)	Actual Payments (NBN)	% age of Total Actual Payments	% Performance
1	Capital	15.268	40.09	95.383	14.809	23.37	14.95
2	Personnel Cost	11.613	30.49	54.190	11.643	25.90	23.89
	Pensions & Gratuity			7.000			
3	Overheads	6.854	18.00	79.252	18.044	39.85	33.73
4	Statutory Transfer			29.110			
5	Debt Servicing			35.000			
6	Others including FAAC Deduction	4.351	11.42				20.53
	Total	38.086	100.00	316.988	45.289	100%	14.29

Source: 2018 Approved Budget for Bayelsa State and State Budget and Control Department

Chart 3 Showing Actual Payments as at 31st March 2019



Capital Budget Implementation Status as at 31st March, 2019

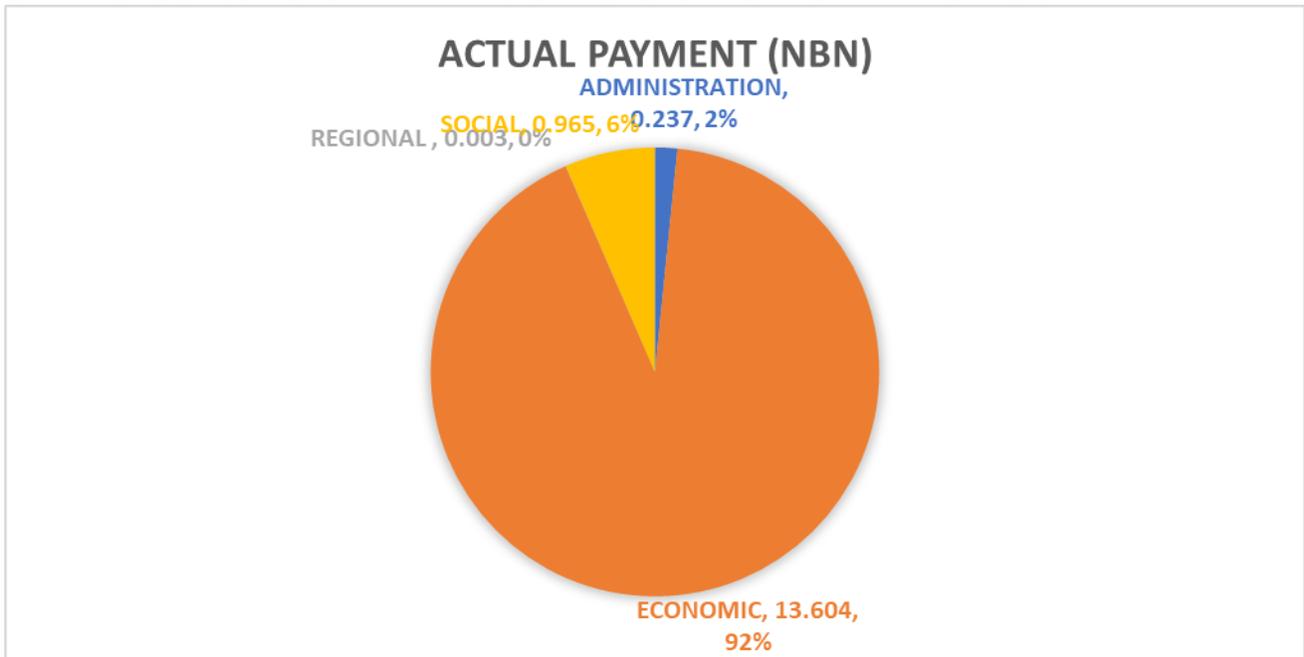
As shown in table 2 below, the Economic sector has the highest priority in 2019 Budget receiving approximately 91.86% of the total paid out CAPEX budget for the quarter. This is due to the emphasis on Works and Infrastructure as a means of providing critical infrastructure that is required for the development of the State.

Table 5: Actual Payments to Sectors

S / N	Sector	Actual Payments Amount (Nbn)	% age of Total Actual Payments
1	ADMINISTR ATION	0.237	1.60
2	ECONOMIC	13.604	91.86
3	LAW AND JUSTICE		0
4	REGIONAL	0.003	.02
5	SOCIAL	0.965	6.52
	TOTAL	14.809	100%

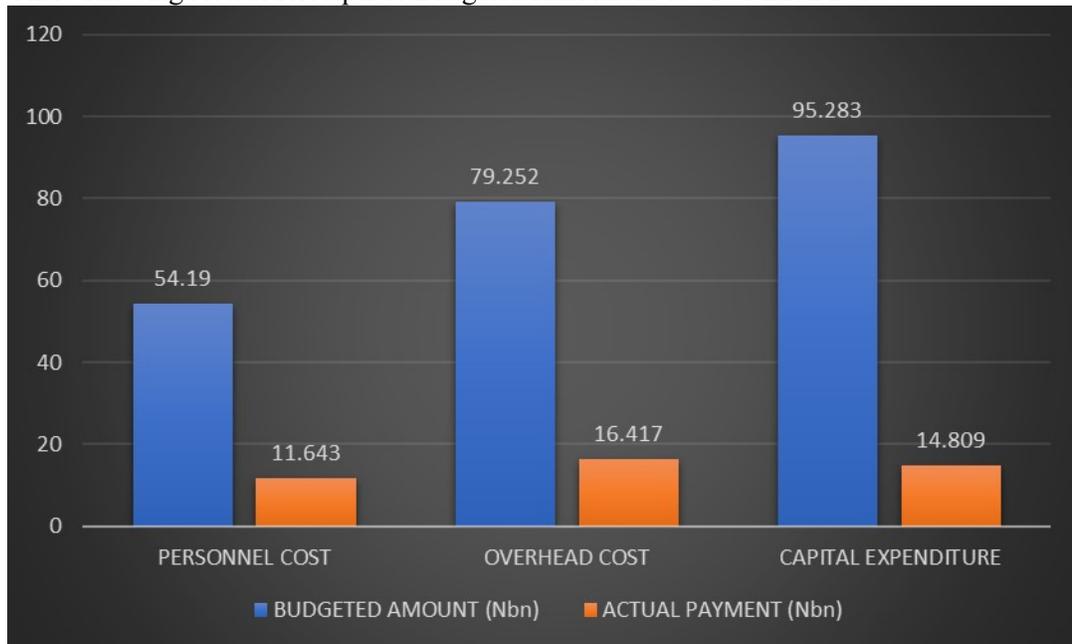
Source: State Budget Office &, Ministry of Finance

CHART SHOWING ACTUAL PAYMENTS BY SECTOR AS AT 31ST MARCH 2019



As shown in the table above and chart below as at the end of March, 2019 only the Economic sector received as payments 14.28% of the amount budgeted for capital expenditure. The Ministry of Works and Infrastructure is critical to the State Government's goal of providing adequate infrastructure required for the development of the state. In this respect, as at 31 March 2019 more than 90% of the actual payment in the economic sector was paid to Ministry of Works & Infrastructure to realize this dream. In the social sector because of the emergency declared in Education it got greater percentage of payments to the Social sector. 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.

Chart Showing Actual Receipts & Budgeted Amount as at 31st March 2019



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 January to March stood at about N28.060 billion or 65.46% of total payments.

APRIL 25, 2018