



# **GOVERNMENT OF IMO STATE OF NIGERIA**

## **2020 SECOND QUARTER AND MID-YEAR**

### **BUDGET IMPLEMENTATION REPORT**

*Produced and published by*

*Imo State Ministry Of Budget, Economic Planning and Statistics*

*April - June 2020*

## **PREFACE**

The 2020 Second Quarter and Mid-Year Budget Appraisal is the first of its kind in Imo State in the last 10 years. Before this time Fiscal Statistics needed to do the appraisal were neither released or made available.

This has changed under present Government ably led by **Distinguished Senator Hope Uzodinma**, who believe in Transparency and Accountability.

Careful Assumptions were drawn after appraisal of the Global Economic trend that inform both our Economic and Fiscal updates for 2021.

The global affect of COVID-19 Pandemic, which affected Oil Price Production, had its toll in the implementation of 2020 Budget.

Revenue projections became unrealizable while new expenditure item needed to ameliorate the ravaging pandemic in terms of COVID-19 palliatives became a new and important expenditure item. This and more made for the review of the 2020 approved budget.

It is heart warming to note that despite the Corona-Virus Pandemic challenges, and lockdown, Imo State maintained reasonable economic stability.

I wish to thank the Office of Accountant General of the State for releasing Vital Fiscal Statistics for this report which was not available under previous administrations. The Ministry of Budget and Economic Planning and Statistics was presented the 2020 Quarter and Mid-Year Budget Appraisal to meet this important Budget Milestone.

**Hon. C. C. Osuala, PhD.**

Honourable Commissioner

Ministry of Budget, Economic Planning and Statistics (MBEPS).

## Fiscal Analysis of the 2020 Budget Appraisal or Implementation

2020 Approved Budget of Imo State signed into Law in December 2019, Adopted Federal Government 2020 Budget Assumption such as:

1. Crude oil bench mark of \$57per barrel
2. Oil production estimate of 2.5 barrels per day
3. Exchange rate of ₦305 per US\$
4. Inflation rate of 10.81%
5. GDP Growth rate (real) of 2.93%



### IMO STATE GOVERNMENT OF NIGERIA APPROVED ESTIMATE – 2020 CONSOLIDATED FINANCIAL STATEMENT

		APPROVED BUDGET2020	% OF BUDGET 2020	APPROVED BUDGET 2019
<b>A. REVENUE</b>				
1	INTERNAL RESOURCES	36,646,753,912	20.5%	25,576,653,662
2	STATUTORY ALLOCATION	58,700,000,000	32.8%	50,000,000,000
3	VALUE ADDED TAX	13,000,000,000	7.3%	12,000,000,000
4	EXCESS CRUDE FUND	-	0.0%	3,000,000,000
5	13% DERIVATION FUND	10,000,000,000	5.6%	6,000,000,000
6	JAAC(IMO STATE UNIVERSAL BASIC EDUCATION BOARD)	19,000,000,000	10.6%	-
7	OTHER EXERNAL REVENUE	3,170,000,000	1.8%	1,113,395,185
<b>TOATL: RECURRENT REVENUE</b>		<b>140,516,753,912</b>	<b>71.0%</b>	<b>97,690,048,847</b>
<b>B RECURRENT EXEPENDITURE</b>				
1	OVERHEAD COSTS (INCLUDES 10BN FGN DEDUCTIONS)	34,702,219,005	17.5%	17,112,658,110
2	PERSONNEL COSTS	8,949,496,411	4.5%	15,304,901,626
3	SUBVENTION COSTS (INCLUDES 19BN IMSUBEB)	32,114,096,070	16.2%	13,449,316,397
4	CRFC (*)	15,743,247,101	8.0%	16,303,247,101
<b>TOTAL : RECURRENT EXEPENDITURE</b>		<b>91,509,058,588</b>	<b>46.3%</b>	<b>62,170,123,234</b>
<b>C RECURRENT TRANSFER</b>				
	TRANSFER TO CAPITAL FUND	49,007,058,588	24.8%	35,519,925,613
<b>D CAPITAL RECEIPTS</b>				
1	DEVELOPMENT PARTNERS	37,353,389,355	18.9%	127,439,222,965
2	GRANTS	952,500,000	0.5%	1,688,800,000
3	DIRECT FUNDING (FG)	-	0.0%	-
4	MISCELLANEOUS	-	0.0%	-
<b>TOTAL CAPITAL RECEIPTS</b>		<b>38,305,889,355</b>	<b>19.4%</b>	<b>129,128,022,965</b>
<b>TOTAL CAPITAL FUND</b>		<b>87,313,584,679</b>	<b>44.1%</b>	<b>164,647,948,578</b>
<b>E CAPITAL EXEPENDITURE</b>				
	MINISTRY OF WORKS	<b>40,270,384,575</b>	20.4%	
	ECONOMIC SECTOR	<b>23,305,659,233</b>	11.8%	82,439,555,839
	SOCIAL SERVICES SECTOR	<b>21,139,598,734</b>	10.7%	50,399,991,403
	ADMIN SERVICES SECTOR	<b>17,421,907,270</b>	8.8%	72,117,999,396
	COUNTERPART FUNDS EXP	<b>4,146,034,868</b>	2.1%	9,690,401,940
<b>TOTAL CAPITAL EXEPENDITURE</b>		<b>106,283,584,680</b>	<b>53.7%</b>	<b>214,647,948,578</b>
<b>F BUDGET SUMMARY</b>				
	TOTAL REVENUE	<b>178,822,643,267</b>		<b>226,818,071,812</b>
	TOTAL EXEPENDITURE	<b>197,792,643,267</b>		<b>276,818,071,812</b>
BUDGET DEFICIT SOURCED FROM INTERNAL LOAN FOR CAPITAL EXEPENDITURE		-18,970,000,000	9.6%	-50,000,000,000

## IMO STATE CONSOLIDATED FINANCIAL STATEMENT 2020

The Sum of **197,792,643,267** was appropriated by the Imo State House of Assembly for 2020 Fiscal Year. This is **78,945,428,545** less than 2019 approved Budget of **276,738,071,812**.

Out of the total approved Budget for 2020, the sum of **140,516,753,912** was for Recurrent Revenue, **91,509,058,588** or **46.3%** was for Recurrent Expenditure while **49,007,695,324** or **24.8%** was transferred to Capital and Capital Receipt was **38,305,889,355** or **19.4%**.

**TABLE 1 : PERFORMANCE OF REVENUE BUDGET AND ACTUAL IN 2020 SECOND QUARTER (APRIL - JUNE)**

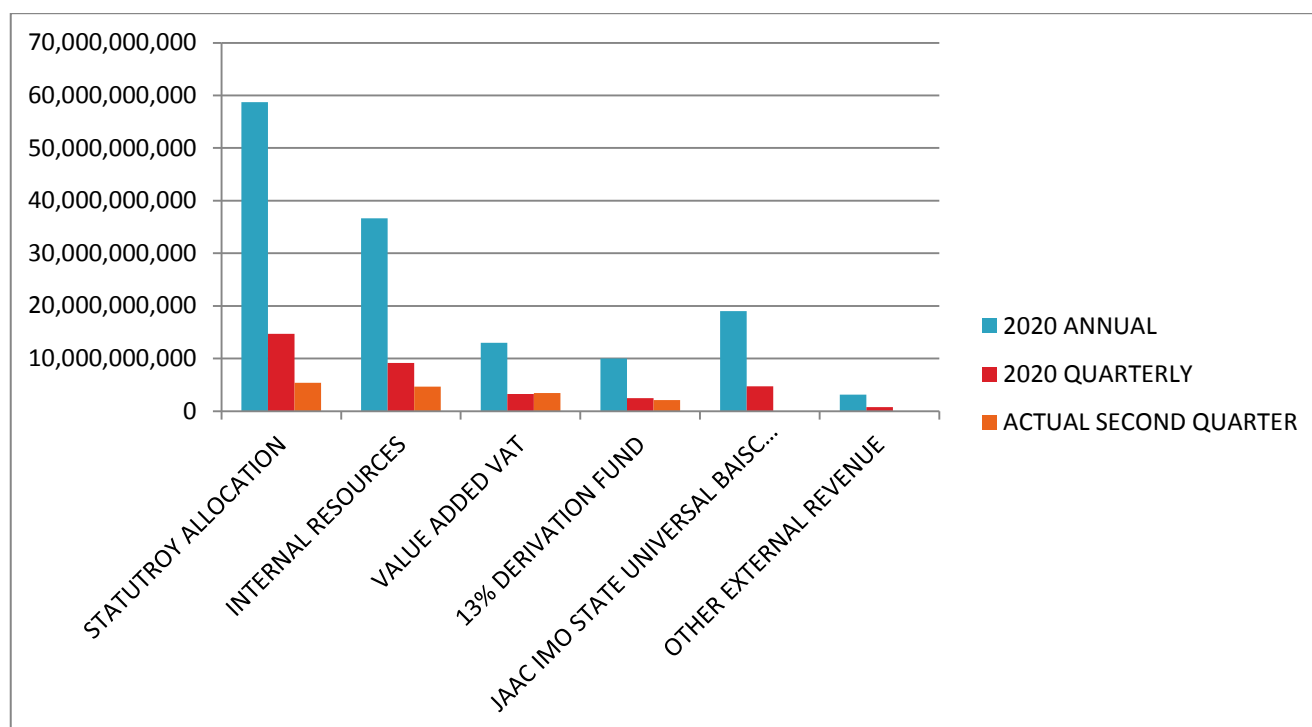
### **2020 BUDGET ACTUALS – INFLOWS**

S/ NO	DESCRIPTION	BUDGETED			ACTUALS			% PERFORMANCE	
		ANNUAL	QUARTERLY	MID-YEAR	1 <sup>ST</sup> QUARTER	2 <sup>ND</sup> QUARTER	MID-YEAR	2 <sup>nd</sup> QUARTER	MID-YEAR
1.	Internally Generated Revenue	36,646,753,912	9,161,688,478	18,323,376,956	2,239,498,709.25	4,647,332,404	6,886,831,113.25	50.7%	37.8%
1.1	Statutory Allocation	58,700,000,000	14,675,000,000	29,350,000,000	6,824,112,413.28	5,362,986,790.49	12,187,099,203.77	36.5%	41.5%
2.	VAT	13,000,000,000	3,250,000,000	6,500,000,000	3,375,683,336.25	3,421,768,933.47	6,797,452,269.72	105.3%	104.6%
3.	13% Derivation	10,000,000,000	2,500,000,000	5,000,000,000	2,725,730,139.52	2,108,303,182.34	4,834,033,321.86	84.3%	96.7%
4.	Share Excess Bank Charges			-			13,049,179.01		
5.	Share of Exchange Gain difference						841,207,568.26		
6.	Solid Mineral Reserve						59,050,203.27		
7.	Excess Oil Revenue						1,120,379,806.21		
8.	Fore Equalization Account						138,375,639.93		
9.	Budget Support						152,567,179.41		

**TABLE 2: SECOND QUARTER/MID-YEAR 2020 REVENUE AND BUDGET PERFORMANCE**

S/N	Description	2020 BUDGET			2020 ACTUAL			% PERFORMANCE		% PERFORMANCE	
		BUDGET	QUARTERLY	MID-YEAR	1 <sup>ST</sup> QUARTER	2 <sup>ND</sup> QUARTER	MID-YEAR	2 <sup>ND</sup> QUARTER ACTUAL VS QUARTERLY BUDGET		MID-YEAR ACTUAL VS MID-YEAR BUDGET	
1	INTERNALLY GENERATED REVENUE (IGR)	36,646,753,912	9,161,688,478	18,323,376,956	2,286,983,336.25	4,647,332,404	6,886,831,113.25	-4,514,356,074	-49.3%	-11,436,545,842.75	-62.4%
2	STATUTORY ALLOCATION	58,700,000,000	14,675,000,000	29,350,000,000	6,824,112,413.28	5,362,986,790.49	12,187,099,203.77	-9,312,013,209.51	-63%	-17,161,900,796.23	-58.5%
3	VALUE ADDED TAX (VAT)	13,000,000,000	3,250,000,000	6,500,000,000	3,375,683,336.25	3,421,768,933.47	6,797,452,269.72	171,768,933.47	5.3%	297,452,269.74	4.6%
4	13% DERIVATION	10,000,000,000	2,500,000,000	5,000,000,000	2,725,730,139.52	2,108,303,182.34	4,834,033,321.86	-391,696,817.66	-15.6%	-165,966,678.14	-3.3%

**CHART1.1: 2020 SECOND QUARTER REVENUE PERFORMANCE**



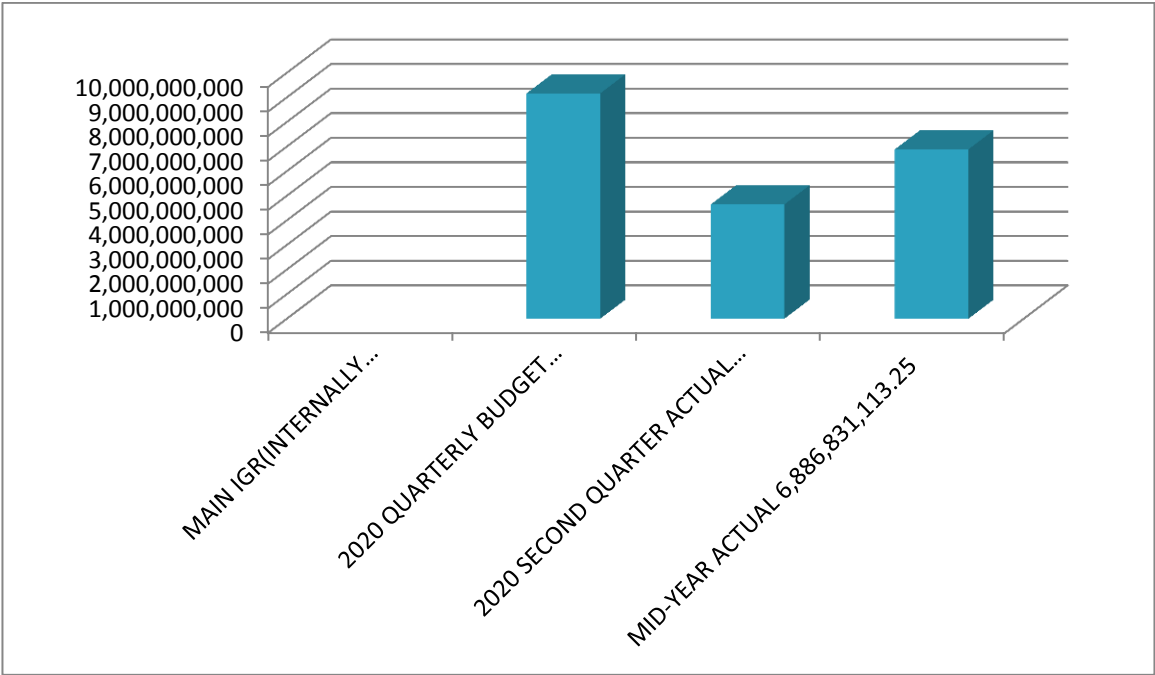
## **RECURRENT EXPENDITURE PERFORMANCE IN 2<sup>ND</sup> QUARTER (APRIL – JUNE)**

The following subheads make up recurrent expenditure item.

### **INTERNAL GENEERATED REVENUE (IGR)**

Internally Generated Revenue in the 2<sup>nd</sup> Quarter recorded about **₦4,647,332,404** actual, as in Table 2 translating to a reduction **₦4,514,356,074** or **-49%**. However, it shows 50.7% performance in the same Quarter as in table 1 above. Mid-year actual in 2020 was about **₦6,886,831,113.25**. As in Table 2 this translates to a reduction of **₦11,436,545,842.75** where as in table 1 above, it shows **37.8%** performance.

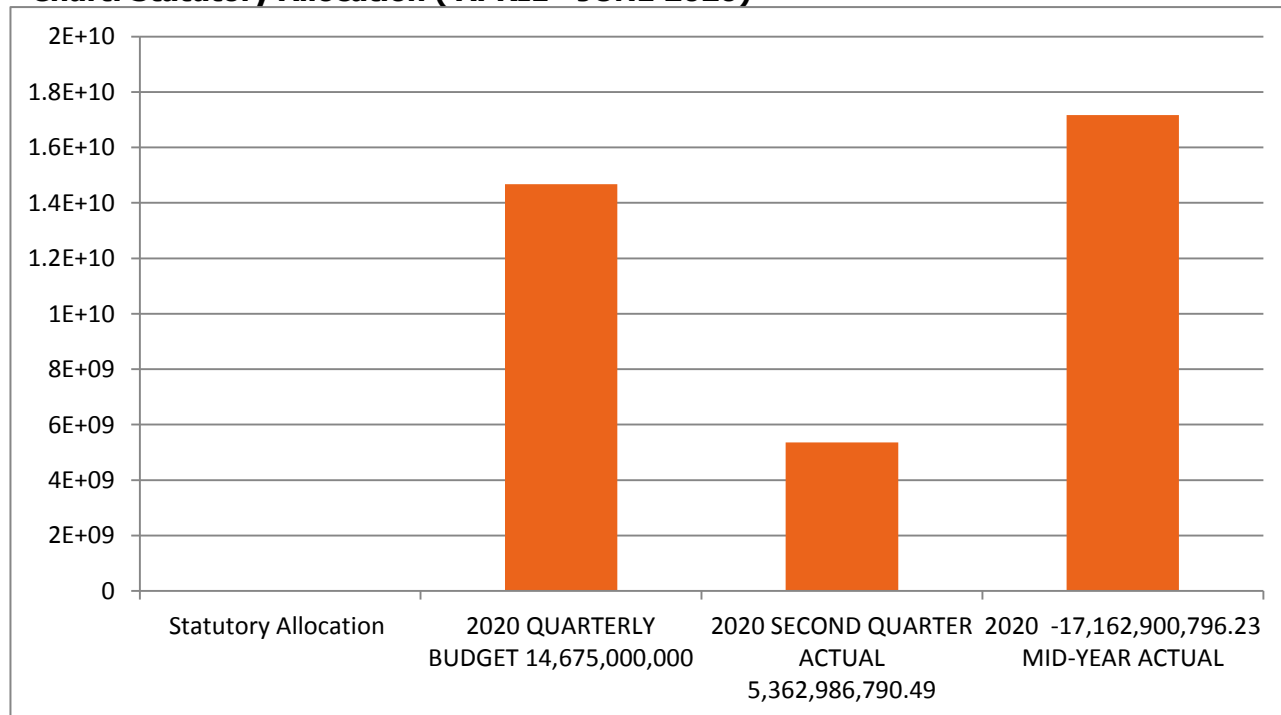
**Chart main IGR (Second Quarter April - June 2020)**



## STATUTORY ALLOCATION

In this 2<sup>nd</sup> Quarter 2020, Statutory Allocation from FAC stood at **₦5,362,986,790.49**. This translates to **₦-9,312,013,209.51** or **-63%** when compared with the Quarterly Budget of **₦14,675,000,000** as in table 2. The same time Mid-year accruals stood at **₦12,187,099,203.77**. This shows a deficit of **₦-17,162,900,796.23** or **-58.5%** when compared with the Mid-year Budget of **₦29,350,000,000**.

**Chart: Statutory Allocation ( APRIL - JUNE 2020)**

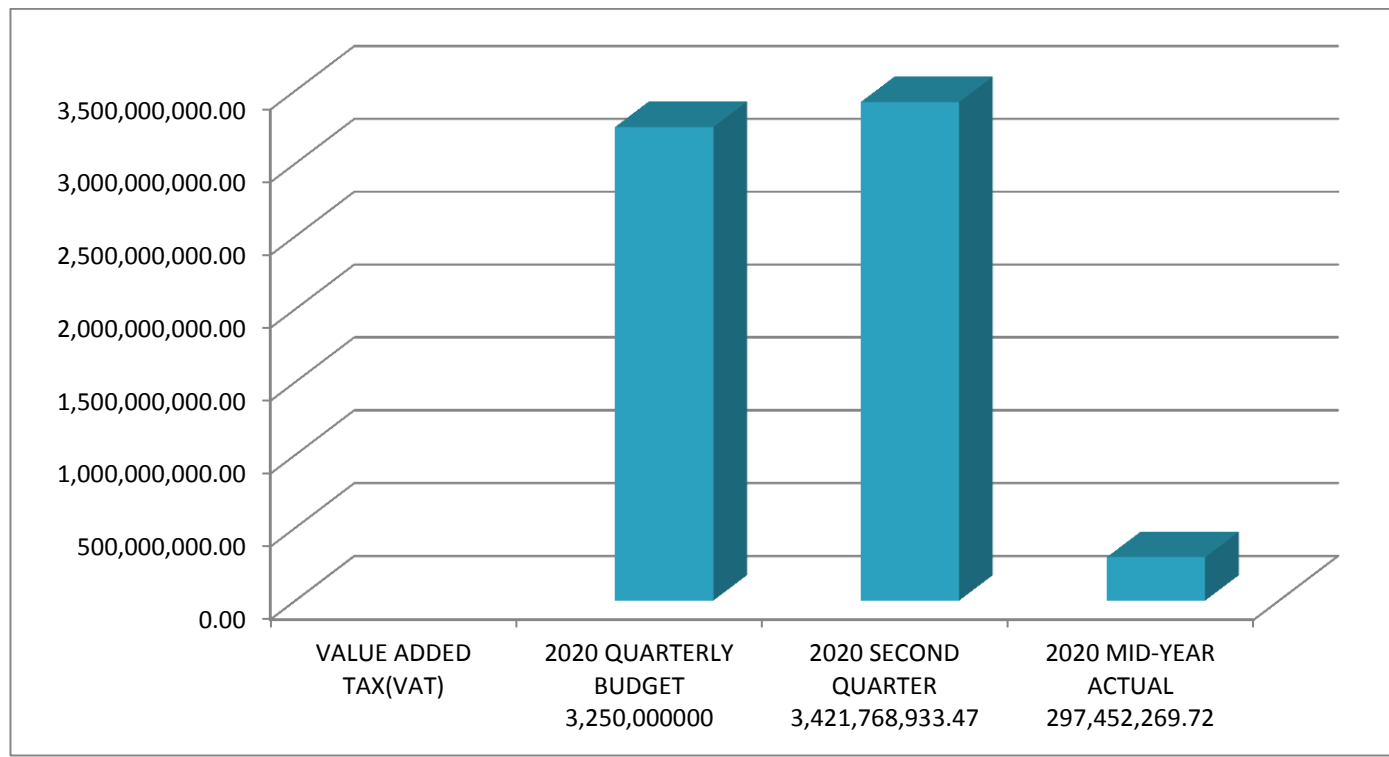


## VALUE ADDED TAX (VAT)

VAT recorded **₦3,421,768,933.47** as actual in the Second Quarter of 2020 which was an increase of **₦171,768,933.47** or **5.3%** above Estimated Quarterly Projection of **₦3,250,000,000** as in table 2 if recorded an overall performance of **105%** in table 1, when compared with actual projection in the 2<sup>nd</sup> Quarter. In the Mid-year Review, Vat posted **₦6,797,452,269.72** as actual, which was an increase of **₦297,452,269.72** or **4.6%** above estimated Mid-year projection of **₦3,250,000,000**. In table 1 above, it recorded overall performance of **104.6%** over Mid-year projection.



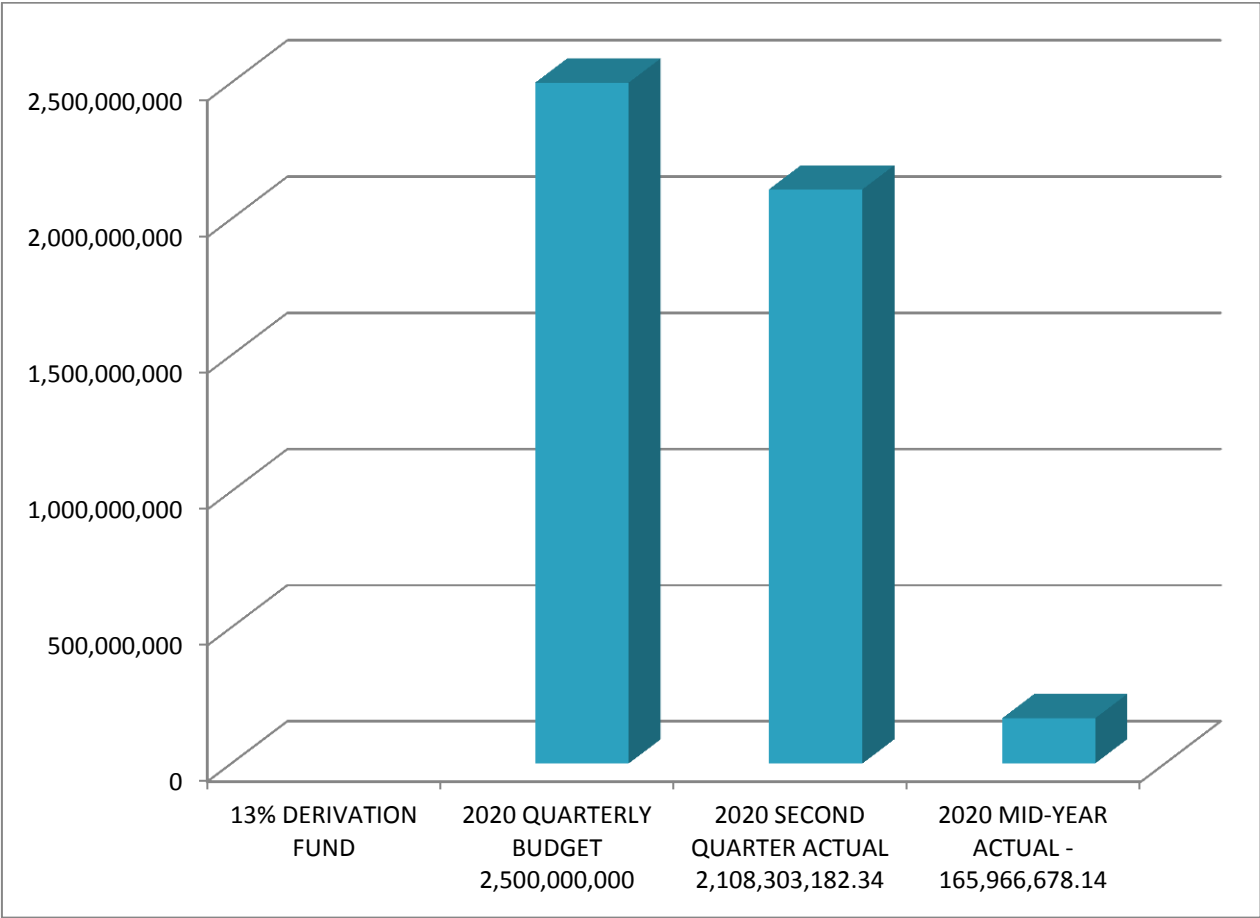
**Chart : Value Added Tax(VAT) (APRIL - JUNE 2020)**



### **13% DERIVATION FUND**

13% Derivation recorded **₦2,108,303,182.34** as actual in 2<sup>nd</sup> Quarter of 2020 which was a deficit of **₦391,692,817.66** or **-15.6%** below Quarter estimate of **₦2,500,000,000** as in table 2. However it recorded overall performance of **84.3%** in table 1 above. Mid-year derivation actual stood at **₦4,834,033,321.86** which was a reduction of **₦-165,966,678.14** or **-3.3%** of Mid-year projection of **₦5,000,000,000**. However, in table 1 above it recorded **96.7%** performance.

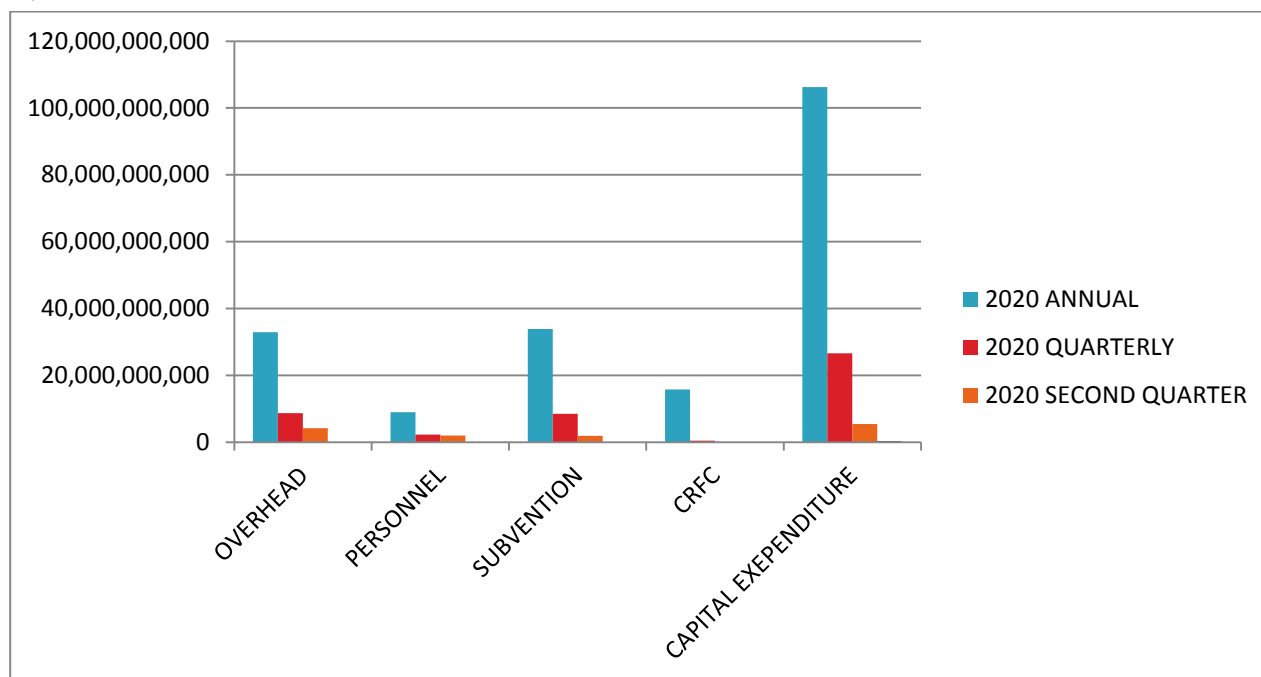
**Chart : 13% DERIVATION (APRIL - JUNE 2020)**



## MID-YEAR/SECOND QUARTER RECURRENT EXPENDITURE PERFORMANCE

S/N	2020 BUDGET				2020 ACTUALS			% PERFORMANCE	
1.		BUDGETED	QUARTERLY	MID-YEAR	1ST QUARTER	2ND QUARTER	MID YEAR	2ND QUARTER	MID-YEAR
2.	PERSONNEL	8,949,496,411	2,237,374,102.75	4,474,748,205.5	2,630,134,917.66	1,943,619,739.76	4,573,754,657.42	86.9%	102.2%
3.	OVERHEADS	34,702,219,005	8,675,554,751.25	17,351,109,502.5	3,175,149,158.4	4,168,131,757.75	7,343,280,916.15	48.04	42.32%
4.	SUBVENTION	32,114,096,070	8,028,524,017.5	16,057,048,035	2,784,800,664.35	1,851,203,174.34	4,636,003,838.67	23.1	28.8%
5.	PENSION	4,000,000,000	1000,000,000	2000,000,000	2,026,595,491.39	1,482,752,683.97	3,509,348,175.36	148.2	175.5%
6.	GRATUITY	1500,000,000	375,000,000	750,000,000	-	-	-	0%	0%

## CHART OF PERFORMANCE OF RECURRENT EXPENDITURE AND ACTUAL IN 2020 FIRST QUARTER



### RECURRENT EXPENDITURE PERFORMANCE IN 2<sup>ND</sup> QUARTER

The following subheads make up recurrent expenditure item.

#### 1. PERSONNEL COST

2<sup>nd</sup> Quarter Personnel Actual stood at ₦1,943,619,739.76 whereas Budget was, ₦2,237,374,102.75 representing 86.9% performance, whereas Mid-Year Actual was ₦4,573,754,657.42 as against ₦ 4,474,748,205.5 or 102.2%.

#### 2. OVERHEAD

Actual Overhead Expenditure the 2<sup>nd</sup> Quarter, was ₦4,118,131,757.75 as against ₦8,675,554,751.25 or 48.04% while Mid-Year – Overhead Expenditure was ₦4,636,003,838.67 as against ₦ 16,057,048,035 representing 42.32%.

#### 3. SUBVENTION

The Sum of ₦8,028,524,017.5 was the appropriation of Subvention to parastatals but actual expenditure stood at ₦1,851,203,174.34 or 23.1%.

#### 4. CONSOLIDATED REVENUE FUND CHARGES (CRFC)

Figures for Consolidated Revenue Fund Charges were not available as at the time of writing the report.

## 5. PENSION

The Sum of ₦1,482,752,683.97 and ₦3,509,348,175.6 was appropriated for pension in the 2<sup>nd</sup> quarter and Mid-Year actual as against ₦1,000,000,000 and ₦2,000,000,000 respectively as Budget.

## 6. GRATUITY

Was provided for ₦375,000,000 2<sup>nd</sup> quarter and ₦750,000,000 Mid-Year. But no actual indicating non-payment of gratuity in the 1<sup>st</sup> half of the year.

### 2020 BUDGET CAPITAL RECEIPTS PERFORMANCE FOR THE SECOND QUARTER (APRIL – JUNE)

S/N	DESCRIPTION	BUDGET		ACTUAL	2020 PERFORMANCE	
		2020 ANNUAL	2020 QUARTERLY	2020 SECOND QUARTER	SECOND QUARTER ACTUAL/QUARTERLY BUDGET	SECOND QUARTER ACTUAL
1	INTERNAL LOANS	18,970,000,000	4,742,500,000			
2	DEVELOPMENT PARTNERS	37,353,389,355	9,338,347,339			
3	GRANTS	952,500,000	238,125,000			

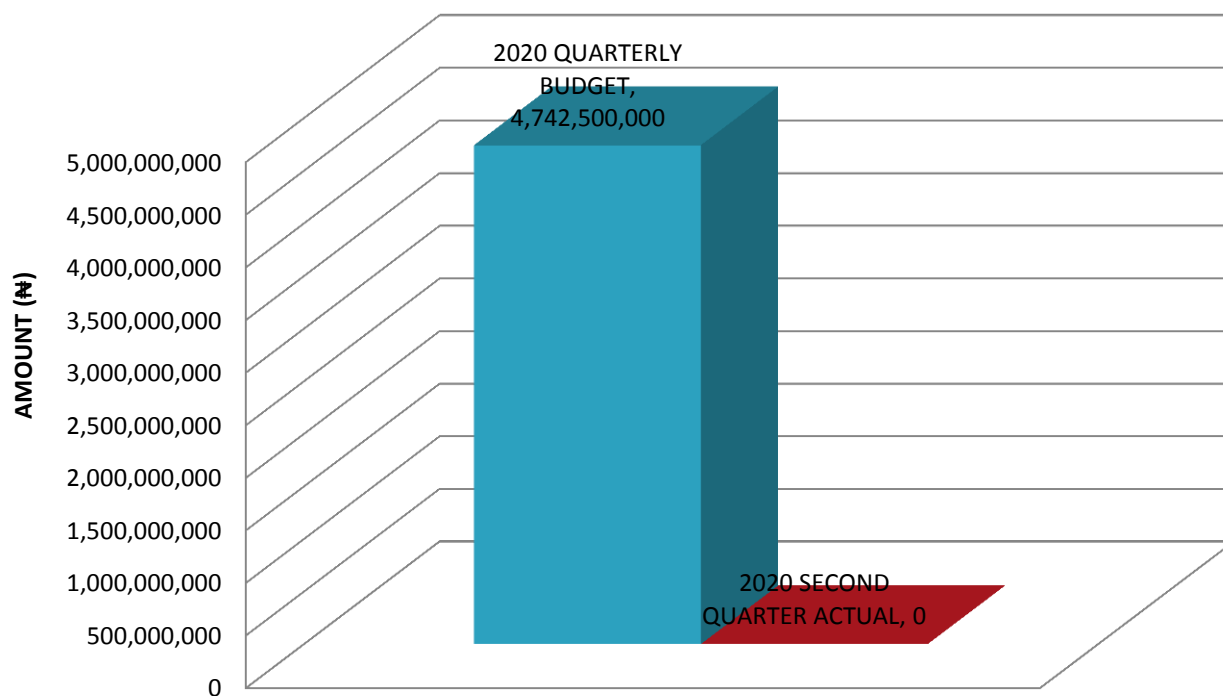
### INTERNAL LOANS:

The State has a quarterly budget of 4,742,500,000 in the 2020 Budget but has received nothing as Internal loan in the second quarter of the year under review (2020)

#### INTERNAL LOAN (APRIL – JUNE 2020)

S/N	2020 QUARTERLY BUDGET	2020 SECOND QUARTER ACTUAL
1	4,742,500,000	0

## INTERNAL LOAN

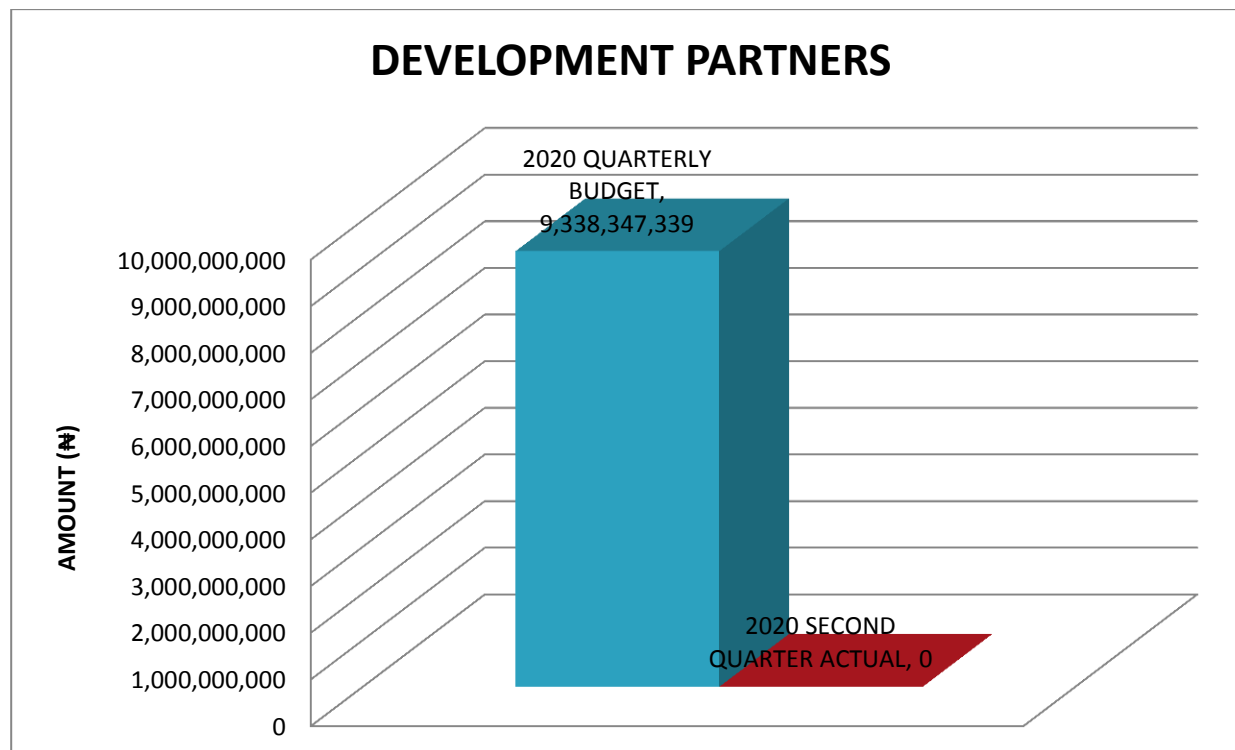


## DEVELOPMENT PARTNERS

Imo State has a quarterly budget of 9,338,347,339 in the 2020 budget but has received nothing in the second quarter of 2020.

### DEVELOPMENT PARTNERS (APRIL – JUNE 2020)

S/N	2020 QUARTERLY BUDGET	2020 SECOND QUARTER ACTUAL
1	9,338,347,339	0



## GRANTS:

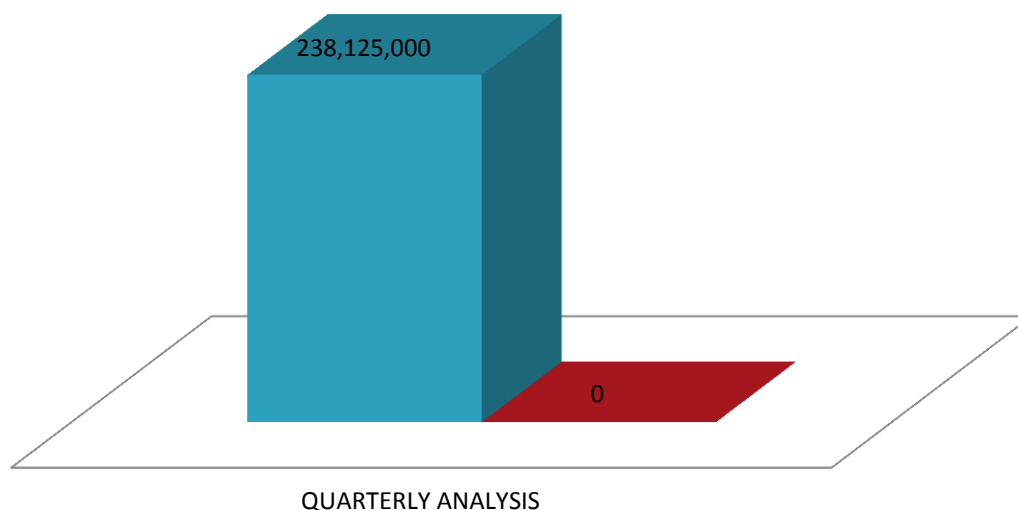
The State has a quarterly budget of 238,125,000 expected to be realized from Grants but nothing has been received so far in the second quarter of 2020.

### GRANTS (APRIL – JUNE 2020)

S/N	2020 QUARTERLY BUDGET	2020 SECOND QUARTER ACTUAL
1	238,125,000	0

## GRANTS

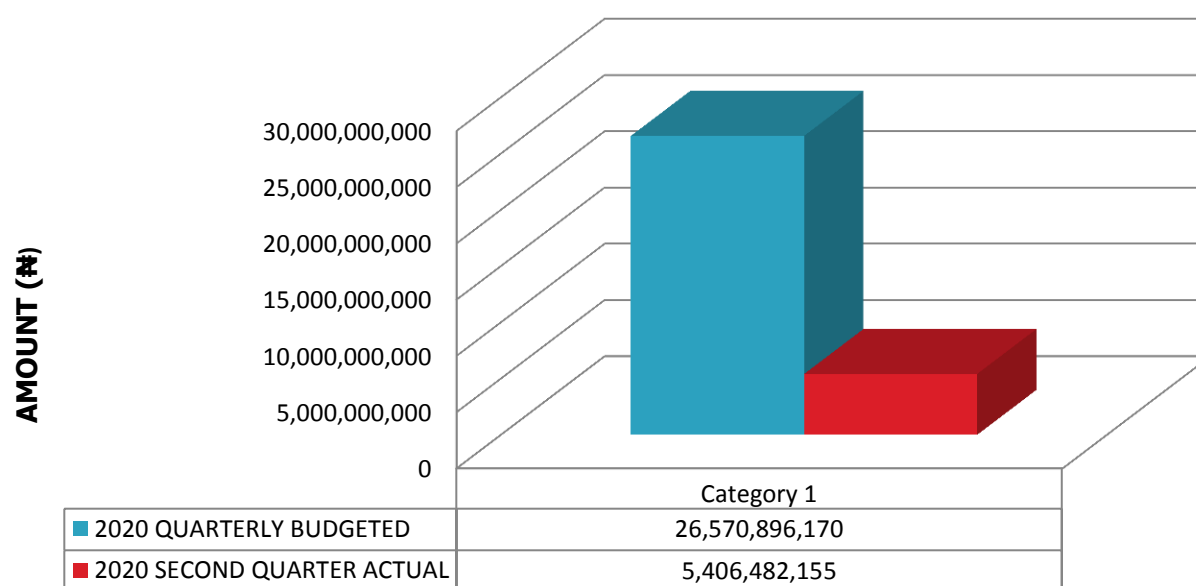
■ 2020 QUARTERLY BUDGET ■ 2020 SECOND QUARTER ACTUAL



### ANALYSIS OF CAPITAL EXPENDITURE PERFORMANCE IN THE SECOND QUARTER OF YEAR 2020:

S/N	DESCRIPTION	2020 QUARTERLY BUDGETED	2020 SECOND QUARTER ACTUAL	SECOND QUARTER PERFORMANCE
1	CAPITAL BUDGET	26,570,896,170	5,406,482,155	20.3%

### SECOND CAPITAL EXPENDITURE PERFORMANCE





## SECOND QUARTER APPRAISAL:

A whopping sum of **₦26,570,896,170 (Twenty-Six Billion, Five Hundred and Seventy Million, Eight Hundred and Ninety-Six Thousand, One Hundred and Seventy Naira only)** was set aside for Capital Projects in 2020 budget for the second Quarter of the year. This is to provide infrastructural projects for the well being of Imo citizens.

However, from the available records, it was observed that a total sum of **₦5,406,482,155 (Five Billion, Four Hundred and Six Million, Four Hundred and Eighty-Two Thousand, One Hundred and Fifty-Five Naira Only)** was released for Capital projects during the period under review (April – June 2020), representing 20.3% performance in the Second Quarter. This is **underperformance**, though it shows a remarkable increase in the execution of Capital Projects in the State compared with the first quarter where the percentage performance of the Capital project was 2%, representing poor performance in that quarter, but a lot needs to be done to upscale the performances of the Capital Projects in 3<sup>rd</sup> and 4<sup>th</sup> quarters of the year.

There was no data/information available on the sectoral breakdown of the Capital Expenditure as at the time of preparing this report.

## CONCLUSION

In conclusion, by the Second Quarter of 2020 Budget, it was clear that the Economy was not 100% free from the Corona-virus Pandemic that adversely affected the Global Economy. Many of the Economic targets were not met. That was why the Budget was revised and passed into Law on 28<sup>th</sup> July by the Imo House of Assembly and signed into Law by the Executive Governor of Imo State on **29<sup>th</sup> July, 2020**

Imo Internally Generated Revenue did not fare well in this Quarter as it recorded only 37% performance (January-June) realizing **₦6,886,831,113.25** instead of target of **₦18,323,376.00**. However, it showed hope rising in the second quarter as it recorded **₦4,647,332,404** (April-June) or 50.70% against targeted **₦9,161,688,478** in the 2<sup>nd</sup> Quarter. Statutory Allocation Performance was 36.5% for the 2<sup>nd</sup> Quarter and 41.5% for the half year January-June. These are clearly stated in tables 1 and 2

The reduction in targeted Revenue accruals affected the expenditure side. Personnel cost recorded 86.9% in the 2<sup>nd</sup> Quarter whereas overheads recorded 48.04% and subvention did not fare better at 23.1% however, improved at 148.2% and payment of Gratuity recorded zero percent up to the mid-year-2020.

A peep into the Second Quarter shows that Global Economy is returning to normalcy and Imo State Economy will fare better in the remaining 3<sup>rd</sup> and Fourth Quarters.

This is second report under the Government of **Distinguished Senator Hope Uzodinma** led Government in Imo State and our able Commissioner for Budget, Economic Planning and Statistics **Dr.C.C Osuala** Previous Governments discouraged this type of openness. I hope they will continue in this good part to make Imo State Better.