



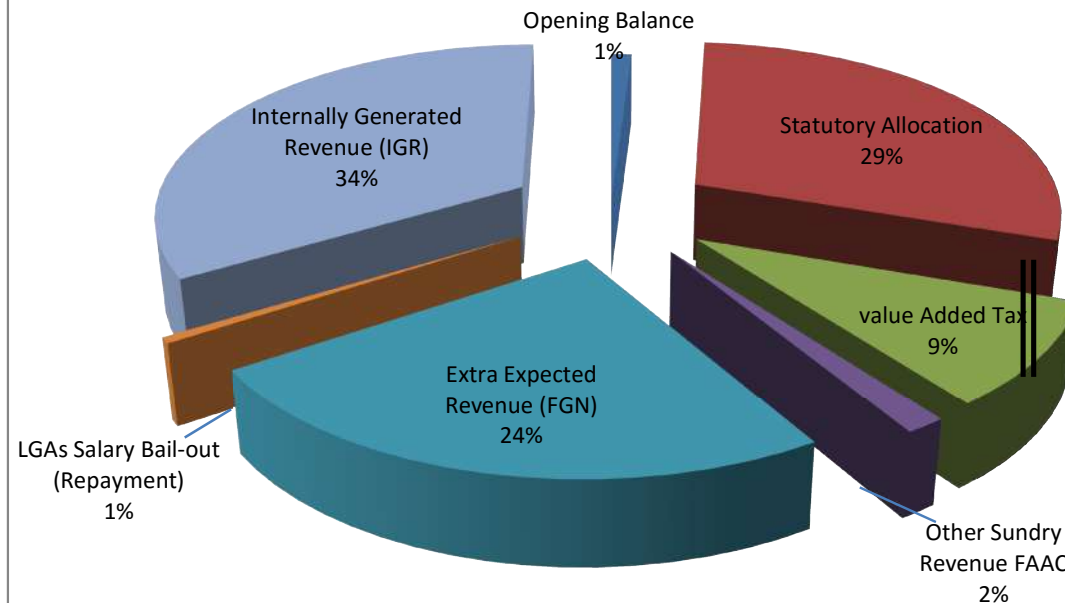
KWARA STATE ESTIMATES 2019

FOURTH QUARTER

BUDGET IMPLEMENTATION PERFORMANCE

REPORT

2019 PERCENTAGE PERFORMANCE ON RECURRENT REVENUE



6TH FEBRUARY, 2020

MINISTRY OF PLANNING & ECONOMIC
DEVELOPMENT, KWARA STATE

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KWARA STATE ESTIMATES 2019

EXECUTIVE SUMMARY

The 2019 Budget themed “***Budget of Consolidation and Prosperity***” is a blue print for sustaining on-going infrastructural development and improvement in the living standard of citizens; as well as increased reliance on Internally Generated Revenue (IGR) for sustainable budget implementation. It is anchored on the following policy objectives:

- i. Expanding the Internal Revenue Generation (IGR) capacity of the State through land administration and electronic collection for sustainable development;
- ii. Creating an enabling environment for investors through improved Infrastructural development;
- iii. Developing Human Capital through enhanced investment in education and health;
- iv. Job and Wealth creation through the promotion of agricultural value chain and sustenance of human capital development in the areas of vocational and technical education;
- v. Enhancing prudent management of all human material resources of the State for a consolidated economic recovery and sustained growth and development.

By this, the Budget focus was to ensure the successful completion of all on-going projects and effective implementation of programmes and Projects which have direct bearing on the people’s wellbeing.

However, during the year under review, in the fourth quarter of the year, the original estimate was revised in order to reflect the economic reality on ground. With this action, the original budget size of **₦157, 802,032,561** was revised to **₦130, 380,403,956** representing 17.4% decrease. The fourth quarter performance report were based on revised estimates

Recurrent Revenue

Statutory Allocation in the fourth quarter of the year (October-December, 2019) stood at ₦9.363billion representing 97.4% as against ₦9.609 billion that was benchmarked; Value Added Tax stood at ₦2.660 billion representing 76.2% as against a benchmark of ₦3.491 billion; Other Sundry Revenue from FAAC as at fourth quarter was ₦1.138 billion representing 281.7% against quarterly estimate of ₦0.404 billion; Internally Generated Revenue (IGR) from October-December, 2019 was ₦6.640billion which represents 19% performance for the annual estimate of ₦34.978 billion and 75.9% performance of the total quarterly estimate of ₦8.745 billion for recurrent revenue estimate for the fourth quarter. While both Extra Expected Revenue from FGN road refund and LGAs Salary Bailout (Loan Repayment from LGA to State government) recorded zero performance in the fourth quarter of 2019. The total actual recurrent revenue that was received in the fourth quarter of 2019 from various sources stood at ₦19.801 billion as against ₦25.113 billion that was benchmarked for the fourth quarter of the year. This represents 78.9% performance (See Table 1).

A comparative analysis of the total recurrent revenue in the fourth quarter with that of third quarter reveals that, a decrease of ₦1.333 billion representing 6.3% decrease was recorded below the amount of ₦21.134 billion realized in the third quarter of 2019.

A critical analysis shows that a decrease in the total revenue in the fourth quarter was as a result of decrease in revenue from Federal Allocation such as Statutory Allocation, Value Added Tax, Extra Expected Revenue from road refund by FGN to the State. Also there was a decrease in the IGR compared to third quarter of 2019. KWIRS should improve their revenue collection processes to increase the level of IGR to the state in the subsequent quarters.

Recurrent Expenditure

The actual personnel cost for the fourth quarter of the year 2019 was ₦3.383billion which represents 94% performance out of the quarterly estimate of ₦3.595billion and 24% performance out of the annual estimate of ₦14.380 billion. A comparative analysis of the fourth quarter actual personnel cost (₦ 3.383billion) with that of third quarter (₦ 3.432billion) reveals a decrease of ₦0.049 billion representing 1.4% decrease. The decrease could be attributed to late retirement of some officers. Overhead cost for the fourth quarter of the year was ₦8.691billion which represent 89% performance against quarterly estimate of ₦9.721 billion. An increase of

₦1.466billion representing 20.3% in overhead cost was recorded in the fourth quarter over that of third quarter of ₦7.225 billion. The increase could be as a result of regular release of monthly running cost for the MDAs by the new administration. In addition, a total sum of ₦2.335billion representing 113% was spent on Pension and Gratuities in the fourth quarter out of quarterly estimate of ₦2.073 billion while Other CRF charges for the fourth quarter were ₦0.229billion representing 94% against quarterly estimate of ₦0.243 billion; the total amount expended on Debt service in the fourth quarter was ₦2.304 billion representing 113% as against quarterly estimate of ₦2.033 billion (See Table 2).

Capital Expenditure

The total capital expenditure for the fourth quarter of 2019 was ₦14.692billion representing 103% out of the quarterly estimate of ₦14.279billion. A comparative analysis of the capital expenditure in the fourth quarter with that of third quarter of the year shows an increase of ₦7.911billion representing 117% increase against the capital expenditure of ₦6.781 in the third quarter of 2019 while ₦14.692 was expended in the fourth quarter of the same year. This implies that there was an improvement in the channeling of resources to capital projects by the new administration. Out of the total amount of ₦14.692billion expended on capital projects in fourth quarter, ₦3.063billion representing 21% was spent on capital projects of the General Public Service Sector; Public Order and Safety Sector received a sum of ₦0.133billion representing 0.9%, Economic Affairs Sector received ₦2.105billion (14%), Environmental Protection Sector received ₦0.026billion (0.18%); ₦0.140billion (1%) was expended on Housing and Community Amenities Sector; ₦8.889billion representing (60.5%) was spent on Health Sector; Recreation, Culture and Religion Sector received ₦0.058billion (0.4%); Education Sector had ₦0.221billion representing (1.5%) while Social Protection Sector had ₦0.057billion representing (0.4%). (See Table 3)

Notable factors that affected the fourth quarter 2019 Budget Implementation

Some of the factors that affected Budget Implementation are:

1. Shortfall in the expected level of Federal Allocation to the State, coupled with inadequate operational equipment and logistics in some of the Revenue generating MDAs.
2. Despite increase in capital receipt inflow to the state government coffer through regular payment of counterpart fund, recourses are underutilized.

Observations

1. The performance of aggregate actual revenue and actual expenditure pattern for the fourth quarter of 2019 shows that government was prudent in the management of its available scarce resources to ensure that expenditures were within the available financial resources and budgetary provision. **However, some MDAs exceeded their quarter estimate on recurrent expenditure, especially in Personnel and Overhead Costs.**
2. The actual IGR was 33.5% of the Total Recurrent Revenue (i.e. ₦6.640billion to ₦19.801 billion actual) recorded in the fourth quarter of 2019. This shows an increase of 41% (i.e. ₦4.702 billion to ₦17.325billion) against the fourth quarter of 2018. This is an indication that the State is still dependent on Federal Allocation to execute some of its programmes and activities.
3. It was observed that Government spending on recurrent expenditure was high when compared with capital expenditure. A sum of ₦16.960billion was spent on recurrent expenditure while a total sum ₦14.692billion was spent on capital project in the fourth quarter. The improvement in the performance of capital expenditure in the fourth quarter of 2019 was as a result of the commitment of present administration to increase expenditure on capital projects.
4. Though there was improvement in the performance in capital expenditure in the fourth quarter compared with the previous quarter, however, it is observed that the Government concentration are towards the Health sector, General Public sector and Economic Affairs sector thereby helping to increase access to health facilities and to stimulate socio-economic activities to improve the well-being of the citizens in the state.
5. Low Internal Revenue Generation by some MDAs was recorded most especially in the fourth quarter of 2019.

6. Low budget implementation performance was recorded in capital expenditure of some MDAs during the fourth quarter of 2019 due to paucity of fund as a result of dwindling revenue inflow from various sources.
7. The report shows that the financial budget implementation performance on the quarterly estimates for the fourth quarter of 2019 was 97% for both recurrent and capital expenditure (i.e. Total Budget performance) while it was 24% of the total approved estimates for 2019. (see table 5)
8. The performance is modest considering the paucity of fund inflow to the State economy during the quarter of year 2019.

Recommendations

- i) **KWIRS and revenue generating MDAs** should continue to improve on their level of revenue collection mechanism for increased revenue so as to reduce the over dependence on Federal Allocation by the State government. The KWIRS is expected to improve on the revenue collection automation to further curb leakages.
- ii) The government should make it a policy to implement the existing law on taxation to the letter in order to achieve higher percentage in tax compliance by residents of the state.
- iii) Enlightenment/Advocacy on the need to pay tax should continue for better results and effort to increase the revenue base in the state particularly the IGR..
- iv) Budget discipline should be strictly adhered to and maintained to avoid any form of unwarranted over-expenditure of vote which often lead to budget distortions.
- v) **The Civil Service Commission and other agencies should endeavour to adhere strictly to vacancy provision in the approved estimate in the course of recruitment of new staff to MDAs in the State. This is to avoid over expenditure of Personnel Cost as noticed and contained in the report.**
- vi) Counterpart Fund should be paid promptly so as to increase the rate of drawdown from the development partners' programme. The capital inflow from such has positive multiplier-effect on economic activities of the state. The effort of the present administration is outstanding in this wise.

- vii) **The state government should continue to sustain regular/prompt release of monthly allocation to MDAs for efficient and effective running of their operational activities.**
- viii) MDAs that exceeded budgetary provisions irrationally without adherence to due process should be made to make refund, possibly from source.
- iX) Government should provide enabling environment, operational vehicle and logistics to needing revenue generating MDAs to enable them to improve on their revenue generation for the state.
- X) Government should continue to intensify its efforts to block leakages through sustenance of the Treasury Single Account (TSA).

Conclusion

This report has analyzed the performance of the finances of 2019 budget implementation for the fourth quarter and annual of 2019. The KWIRS and MDAs are encouraged to strive hard to increase on their level of Internally Generated Revenue in the subsequent quarter of the year in order to improve the revenue generation of the State Government, so that more funds could be available to provide enabling environment for economic growth and development.

FOURTH QUARTER SUMMARY

WHERE THE MONEY REALLY COMES FROM

Statutory Allocation + VAT
+ Other Sundry Revenue
(FAAC)

N 16.368bn

N 13.161bn

80.4%

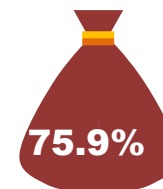


Internally Generated
Revenue (IGR)

N8.745bn

N 6.640bn

75.9%

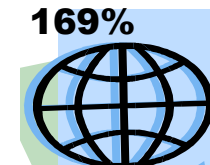


Aid and Grants

N 5.204bn

N 8.794bn

169%



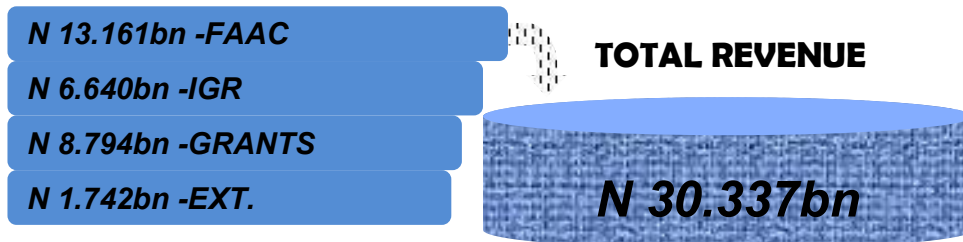
External loan

N1.862bn

N 1.742bn

94%





WHERE THE MONEY GOES TO

Recurrent Expenditure

Personnel Cost
(Including Salaries
of Public Officers)

N 3.708bn

N3.383bn

91%

Overhead Cost

N 9.721bn

N 8.691bn

89%

Pensions and Gratuities

N 2.073bn

N2.335bn

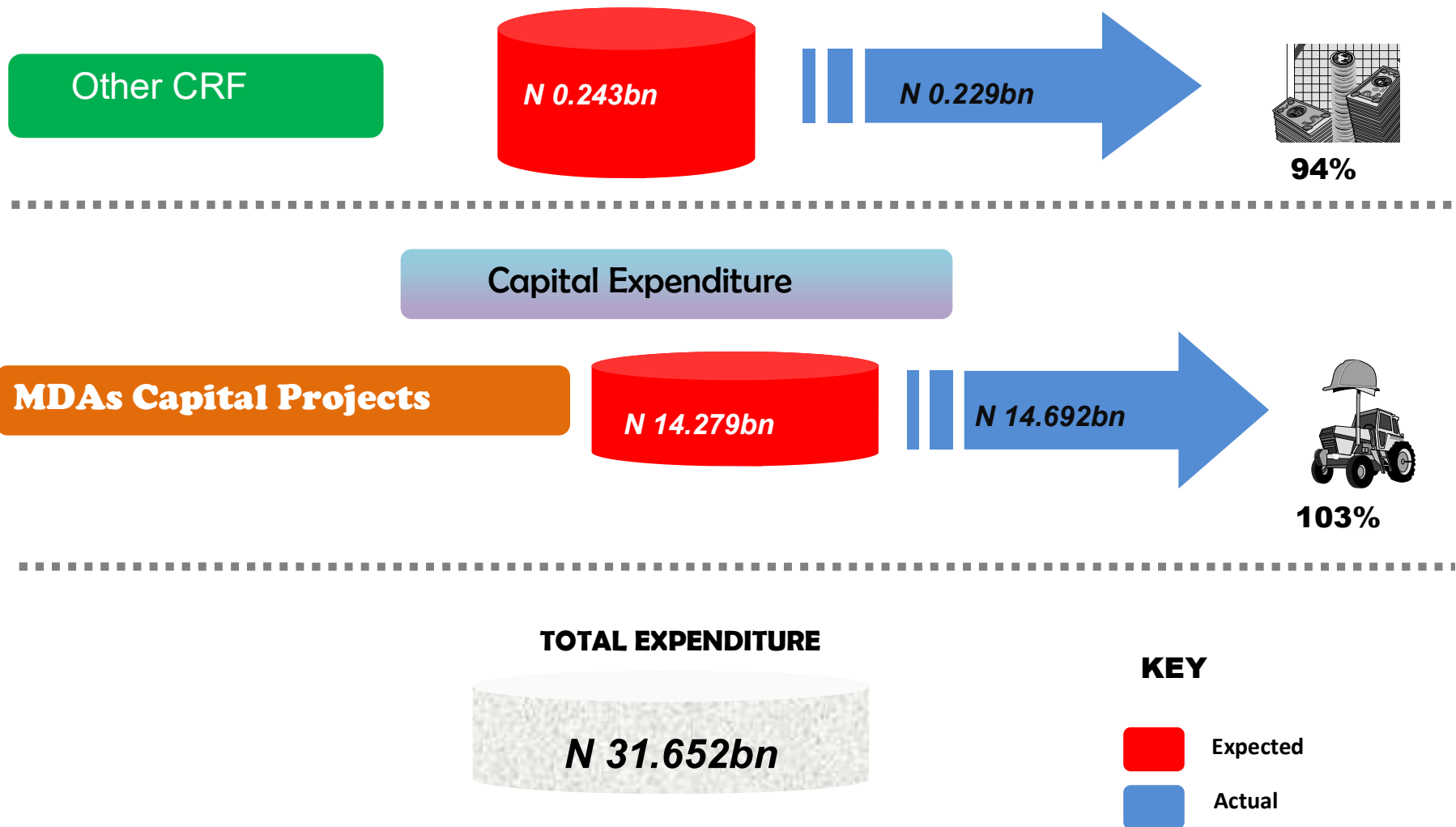
113%

Debt Servicing

N 2.033bn

N 2.304bn

113%



APPRAISAL OF 2019 FOURTH QUARTER IMPLEMENTATION PERFORMANCE

1.0 INTRODUCTION

The performance appraisal is for the fourth quarter i.e October-December 2019. The report is designed to present detailed information that compares the actual revenue and actual expenditure with the quarterly estimates of revenue and expenditure respectively on the implementation of the 2019 Budget in the fourth quarter. The information being provided is to enable the executive and legislative arms of government as well as the citizens understand and be able to measure the management of public resources, as planned in the budget, for transparency and accountability. The 2019 Budget was designed and tagged with a theme – “***Budget of Consolidation and Prosperity***”.

However, the Budget was prepared using the zero-based budgeting system approach and was signed into law on Monday, 24th December, 2018. The budget overall objective of 2019 is to consolidate on the gains of the past years and ensure completion of all on-going projects across the State for the welfare of the citizenry. The budget has the following specific policy objectives for accomplishment in the 2019 fiscal year:-

- ✓ Expanding the Internal Revenue Generation (IGR) capacity of the State through land administration and electronic collection for sustainable development;
- ✓ Creating an enabling environment for investors through improved Infrastructural development;
- ✓ Developing human capital through enhanced investment in education and health;
- ✓ Job and wealth creation through the promotion of agricultural value chain and sustenance of human capital development in the areas of vocational and technical education;

- ✓ Enhancing prudent management of all human material resources of the State for a consolidated economic recovery and sustained growth and development.

The Budget focus was to ensure the successful completion of all on-going projects and effective implementation of programmes and projects which have direct bearing on the people's wellbeing. This direction will enable the government to consolidate the gains of the past years in the provision of social amenities for the people.

In view of the above, government wishes to ensure the promotion of good governance and investment in priority sectors that will enhance and sustain the economic growth and development of the State. Also, effort is being intensified to improve the Internally Generated Revenue (IGR) through land administration, expanding tax net, plugging all revenue loopholes for efficiency and good governance.

In the course of discharging its cabinet responsibility, and to track the 2019 budget performance; the Ministry of Planning & Economic Development, examined the returns on Recurrent Revenue, Recurrent Expenditure, Capital Receipts and Capital Expenditure for the fourth quarter (1st October – 31st December, 2019) of the 2019 Revised Estimates as submitted by the Kwara State Internal Revenue Service (KWIRS), Accountant General's Office, Ministries, Departments and Agencies. The appraisal of the progress made in the implementation of the Budget of the State Government and the performance in financial terms for the fourth quarter of the year 2019 were based on the actual available resources in terms of Internally Generated Revenue (IGR), Statutory Allocation, VAT and other receipts, and the expenditure components in line with the International Public Sector Accounting Standards (IPSAS) cash basis budgeting system.

2.0 FINANCIAL ANALYSIS OF THE FOURTH QUARTER 2019 RECURRENT REVENUE BUDGET PERFORMANCE

The 2019 Revised Budget presents a gross collectible recurrent revenue estimate of ₦100,451,058,702 made up of ₦38,437,326,297 (or 38.3%) Statutory Allocation, ₦13,963,184,902 (or 13.9%) Value Added Tax, ₦1,615,253,850 (or 1.6%) Other Sundry Revenue from FAAC, Extra Expected Revenue/Other Funds from FGN ₦10,900,000,000 (or 10.9%), ₦25,227,932 (or 0.25%) LGAs Salary Bailout (Repayment) and ₦34,978,408,982 (or 34.8%) Internally Generated Revenue (IGR).

The total actual recurrent revenue received in the fourth quarter of 2019 was ₦19,801,185,979 out of the quarterly estimate of ₦25,112,764,676 for the fourth quarter of the year. This represents 79% performance of the recurrent revenue estimate for the fourth quarter and 20% performance of the approved total recurrent revenue estimate of ₦100,451,058,702 for the year. Out of the total recurrent revenue received in the state during the fourth quarter of 2019, a total sum of ₦13,160,831,725 was from Federal Allocation representing 66.5% performance while ₦6,640,354,254 was from Internally Generated Revenue representing 33.5% performance of the total recurrent revenue realized for the state.

Further analysis of the recurrent revenue receipt in the fourth quarter of 2019 shows that only Other Sundry Revenue from FAAC of ₦1,138,119,713 surpassed their quarterly estimates of ₦403,813,463 while Statutory Allocation of ₦9,362,594,218 Value Added Tax (VAT) of ₦2,660,117,794 Internally Generated Revenue of ₦6,640,354,254 fell short of their respective quarterly estimate of ₦9,609,331,574, ₦3,490,796,226 and ₦8,744,602,246 respectively. Meanwhile, Extra Expected Revenue and LGAs Salary Bailout (Loan Repayment to Kwara State Government) recorded zero performance in the fourth quarter of 2019.

The level of performance of some sources of recurrent revenue in the fourth quarter of 2019 was encouraging but there is room for improvement. It is expected that the trend of performance will improve further in the subsequent quarters of the year as the global

economic climate improves. The revenue data obtained from KWIRS on Internally Generated Revenue (IGR) showed that majority of the revenue line items of MDAs fell short of their expected quarterly revenue estimate to be generated for the fourth quarter. This was due to some bottlenecks attached to them. Only few MDAs exceeded their quarterly estimate revenue line items during the fourth quarter. Meanwhile, strategies aimed at expanding the revenue base and improving the collections and remittances in the state by the Kwara Internal Revenue Service is being intensified in order to meet the set target for the year.

During the fourth quarter, some MDAs performed exceedingly above their quarterly estimate of IGR collection for the fourth quarter. They are: - Ministry of Works and Transport, Judiciary (High court of Justice), Ministry of Tertiary Education and Kwara State Christian Pilgrim Welfare Board.

In order to improve and sustain revenue generation performance in all the MDAs, all required logistics/support for revenue generation activities should be provided, especially operational vehicles by the State Government as well as regular release of monthly operational allocation to MDAs for increased performance and efficient service delivery to strengthen revenue collection activities.

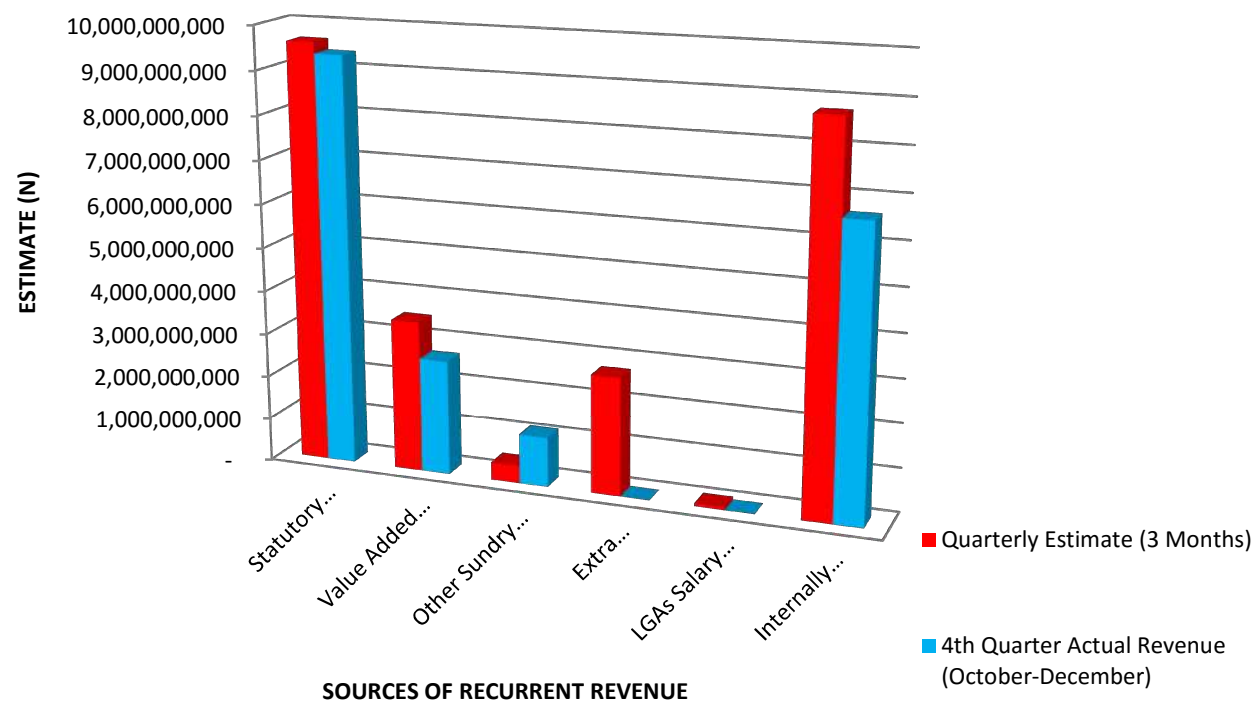
However, on the other hand, the Federal Allocation receipt in the fourth quarter of 2019 was lower than the amount of ₦13.221billion received in third quarter of 2019 by ₦0.061billion (or 0.5% decrease). The decrease level of revenue receipt from Federal Allocation was due to revenue decrease recorded by the Federal revenue generating agencies. Whereas, the amount of ₦12.623billion was received in the fourth quarter of 2018 while ₦13.161billion was received in the fourth quarter of 2019 representing 4.3% increase.

A comparative analysis of the level of performance of the recurrent revenue with the same period of last year shows that the gross recurrent revenue receipts in the fourth quarter of 2019 surpassed the gross recurrent revenue receipts of the same period of 2018 by ~~N~~0.538i billion or 4.3% increase (~~N~~13.161 billion against ~~N~~12.623 billion in the four quarter of 2018). The level of performance can be attributed to the increase in some of the revenue sources from the Federal allocation to the state. On the other hand, the Internally Generated Revenue (IGR) realized in the fourth quarter of 2018 was ~~N~~4.702 billion while ~~N~~6.640billion was realized in the fourth quarter of 2019. This shows an increase of 41% over that of 2018.

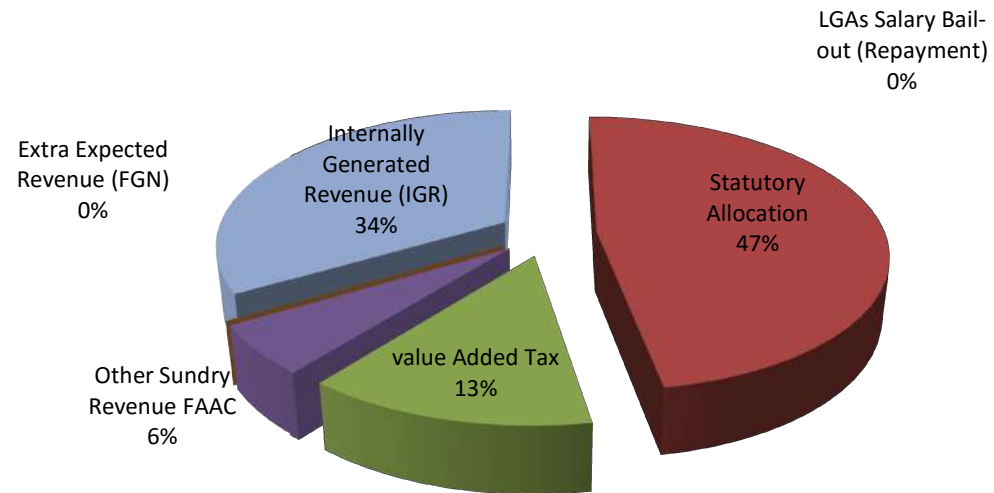
The analysis of the actual performance of the recurrent revenue receipt in the fourth quarter of 2019 is illustrated in Table 1 below and presented in charts in figures I and II.

TABLE 1: 2019 FOURTH QUARTER RECURRENT REVENUE PERFORMANCE									
		Approved Estimate		Actual		Variance		% Perf	
S/N	Revenue Sources	Revised Estimate	Quarterly Estimate (3 Months)	3rd Quarter Actual Revenue (July-September)	4th Quarter Actual Revenue (October- December)	4th Quarter Actual vs Quarterly Budget	4th Quarter Actual vs 3th Quarter Actual	4th Quarter Actual vs Quarterly Budget	4th Quarter Actual vs Annual Budget
		2019	2019	2019	2019	2019	2019	2019	2019
1	2	3	4	5	6	7	8	9	10
		N	N	N	N	N	N	%	%
	Recurrent Revenue								
	Opening Balance	301656739	75,414,185			301,656,739	301,656,739	0%	0%
A	Statutory Allocation	38,437,326,297	9,609,331,574	10,320,277,577	9,362,594,218	(3,956,798,851)	86,446,905	97%	24%
B	value Added Tax	13,963,184,902	3,490,796,226	2,715,362,423	2,660,117,794	(90,816,933)	(41,691,781)	76%	19%
C	Other Sundry Revenue FAAC	1,615,253,850	403,813,463	137,305,845	1,138,119,713	(61,487,647)	109,470,977	282%	70%
D	Extra Expected Revenue (FGN)	10,900,000,000	2,725,000,000	0	-	1,115,168,222	7,125,474,559	0%	0%
E	LGAs Salary Bail-out (Repayment)	255,227,932	63,806,983	48,330,662	-	94,759,626	158,566,609	0%	0%
F	Internally Generated Revenue (IGR)	34,978,408,982	8,744,602,246	7,912,471,687	6,640,354,254	1,254,722,900	3,532,069,791	76%	19%
	Total	100,451,058,702	25,112,764,676	21,133,748,194	19,801,185,979	(1,342,795,944)	11,271,993,799	79%	20%
Source: AG's Office and MDAs' Returns, 2019									

FIG I: PERFORMANCE OF THE 2019 4TH QUARTER RECURRENT REVENUE



**FIG : II PERCENTAGE PERFORMANCE OF 4TH QUARTER RECURRENT REVENUE ON
TOTAL ACTUAL**



3.0. ANALYSIS OF 2019 FOURTH QUARTER RECURRENT EXPENDITURE PERFORMANCE

A total sum of ₦73,263,248,543, was appropriated for recurrent expenditure in 2019 which is made up of recurrent (non-debt) expenditure and recurrent (debt service) expenditure. Out of this amount, ₦65,132,057,831 (88.9%) was earmarked for recurrent (non-debt) expenditure while ₦8,131,190,712 (11.1%) was for recurrent (debt service) expenditure in 2019 budget.

The analysis of the 2019 fourth quarter recurrent expenditure budget performance is presented in Table 2 below and the charts representation in figures III,IV,V and VI .

3.1 RECURRENT (NON-DEBT) EXPENDITURE

In designing the 2019 Budget, Government kept focus on its plan to strategically check the growth of recurrent expenditures by cutting down the cost of governance with the trimming down of allocations to MDAs and blocking the areas of leakage and wastage of government resources. Data from the office of the Accountant General of the State and that of the MDAs indicates that a total sum of ₦14,655,776,198(90%) was expended on recurrent (non-debt) expenditure in the fourth quarter of 2019. This amount represents a decrease of ₦1,627,238,260(10%) from the quarterly estimate of ₦16,283,014,458 for recurrent (non-debt) expenditure. Out of this amount expended on recurrent (non-debt) expenditure, a total sum of ₦3,383,192,7685(23%) was expended on Personnel Cost while ₦8,691,054,106(59%) was expended on Overhead Cost. Also, a sum of ₦2,335,249,853(16%) was expended on Pensions & Gratuities while ₦23,994,909(0.8%) , ₦229,025,955 (2%) was expended on Other CRF charges while a sum of ₦17,253,500(0.1%) was expended on State Support Grants .

However, an in-depth analysis of the recurrent (non-debt) expenditure pattern of the MDAs from October-December 2019 on **Personnel Cost and Overhead Cost** shows that the actual recurrent (non-debt) expenditure of some MDAs have exceeded their

budgetary provision of the expected 25% of the approved annual estimate for the fourth quarter of 2019. **This is an indication of non-compliance with the tenets of budget discipline within the approved estimate to be expended within the time frame of the estimate and the resultant effect of this act is budget distortions/infractions.**

The affected **MDAs that exceeded** their budgetary provision of 25% with their percentage difference **on Personnel Cost are:**

MDA	VARIANCE
• Government House	0.1%
• Ministry of Information and Communication	3.1%
• Ministry of Commerce and Cooperative	1.6%
• Bureau of Statistics	1.7%
• Fiscal Responsibility Commission	1.8%
• Ministry of Justice	1.8%
• Judiciary (Sharia Court of Appeal)	1.8%
• Ministry of Sport and Youth Development	2.5%
• Ministry of Women Affairs and Social Development	5.7%
• Ministry of Tertiary Education, Science and Technology	3.9%
• Ministry of Local Government & Chieftaincy Affairs & Community Development.	2%

Similarly, there are some **MDAs that exceeded** their budgetary provision of 25% with their percentage difference **on Overhead Cost**.

They are as follows:

MDA	VARIANCE
• Government House	8%
• Office of Deputy Governor	29%
• Muslim Pilgrim Welfare	87.9%
• Christian Pilgrim Welfare	135%
• Ministry of Information and Communication	69.7%
• Kwara State Television Service	68.5
• Kwara State Printing and publishing corporation	83.9%
• Office of head of service	40.8%
• Local Government Audit	26.3%
• Local Government Service Commission	53.2%
• Kwara State Fadma Development Project	14.7%
• Ministry of Energy	23%
• Kwara State Rural Electrification Board	4.3%
• Ministry of Industry and Solid minerals	53%

• Ministry of Culture and Tourism	36.7%
• Kwara State Council for Arts and Culture	1.5%
• Ministry of Planning and Economic Development	112.2%
• Kwara State University, Malete	132.3%
• Kwara State College of Education, Ilorin	35.2%
• Kwara State College of Education, Lafiagi	34.9%

The main reason that could be adduced for the over expenditure on Personnel Cost is the employment of new staff to some MDAs as well as appointment of some political office holders without adequate budgetary provision while increase in government activities coupled with regular payment of monthly allocation by the new administration could be attributed to the over expenditure on the overhead cost of some MDAs.

A comparative analysis of the aggregate recurrent expenditure (non-debt) in the fourth quarter 2019 which amounted to ₦14,655,776,198 with the same period in 2018 which amounted to ₦16,741,622,530 shows a decrease of ₦2,085,846,332 or 12.5%. The reduction in the recurrent expenditure (non-debt) in the fourth quarter of 2019 may be attributed to cutting down unnecessary expenses caused by past administration despite regular release of fund for government activities by the new administration.

3.2 RECURRENT (DEBT SERVICE) EXPENDITURE

The actual total recurrent (debt service) expenditure in the fourth quarter of the year was ₦1,514,660,274 out of the quarterly estimate of ₦1,754,971,974 for 2019. A breakdown of the expenditure showed that ₦116,630,126(7.7%) was on FGN Bailout Bond Repayment (Salary), ₦634,393,966(41.9%) was to FGN Bailout Bond Repayment (Commercial Bank Loan Restructuring), ₦269,917,787 (17.8%) was to CBN ECA Loan Facility repayment, ₦137,054,228(9%) was on Commercial Agriculture Scheme Loan repayment 1, ₦141,472,782 (14%) was on Commercial Agriculture Scheme Loan repayment 2 and ₦119,228,638(7.9%) was on External Loan repayment (Donor). (See table 3).

However, only External Loan repayment exceeded their quarterly estimate expenditure of ₦118,896,050 with a difference of ₦32,588 representing 0.3% increase. The observed increase recorded in the aggregate actual recurrent (debt) expenditure items, was as a result of upward review in the external loans repayment (See table 3). A comparative analysis of the aggregate debt servicing in the fourth quarter 2019 which was ₦1,514,660,274 with the same period in 2018 which was ₦1,872,366,119 shows a decrease of ₦357,705,845 or 19%. This implies that there was reduction in the debt servicing of the State during the period under review.

TABLE 2: 2019 FOURTH QUARTER RECURRENT EXPENDITURE PERFORMANCE									
S / N	Expenditure	Approved Estimate		Actual		Variance		%Performance	
		Revised Estimate	Quarterly Estimate (3 Months)	3rd Quarter Actual Expenditure (July-September)	4th Quarter Actual Expenditure (October-December)	4th Quarter Actual vs Quarterly Budget	4th Quarter Actual vs 3rd Quarter Actual	4th Quarter Actual vs Quarterly Budget	4th Quarter Actual vs Annual Budget
		2019	2019	2019	2019	2019	2019	2019	2019
1	2	3	4	5	6	7	8	9	10
A Recurrent Expenditure : (Non-Debt)									
i	Personnl Cost	14,380,202,394	3,595,050,599	3,431,982,043	3,383,192,785	(163,068,556)	(48,789,258)	94%	24%
ii	Overhead Cost	38,884,095,226	9,721,023,807	7,224,966,877	8,691,054,106	(2,496,056,929)	1,466,087,229	89%	22%
iii	Pensions and gratuities	8,290,582,752	2,072,645,688	2,229,539,582	2,335,249,853	156,893,894	105,710,271	113%	28%
iv	Statutory Office Holders Salaries	450,000,000	112,500,000	15,629,509		(96,870,491)	(15,629,509)	0%	0%
v	State Support Grants and Contributions General	25,000,000	6,250,000		17,253,500	(6,250,000)	17,253,500	276%	69%
vi	Other CFR Charges	973,903,416	243,475,854	175,875,903	229,025,955	(67,599,951)	53,150,051	94%	24%
vii	LGAs Salary Bail out	2,128,274,043	532,068,511		-	(532,068,511)	-	0%	0%
	Sub-Total	65,132,057,831	16,283,014,458	13,077,993,915	14,655,776,198	(3,205,020,543)	1,577,782,283	90%	23%
B Recurrent Expenditure : (Debt)									
i	Internal Loan Repayment	1,062,595,686	265,648,922			(265,648,922)	-	0%	0%
ii	External Loan Repayment	1,377,438,180	344,359,545	116,626,749	111,422,970	(227,732,796)	(5,203,779)	32%	8%
iii	FGN Bail out Bond Repayment (1)	466,520,504	116,630,126	116,630,126	116,630,127	0	0	100%	25%
iv	FGN Bail out Bond Repayment (2)	2,537,575,862	634,393,966	634,393,965	634,393,966	(0)	1	100%	25%
v	CBN Excess Crude Account Loan (ECA)	1,079,671,147	269,917,787	269,917,786	269,917,787	(1)	1	100%	25%
vii	Commercial Agriculture Scheme Loan Repayment 1	548,216,907	137,054,227	137,054,227	137,054,226	0	(1)	100%	25%
	CBN Small and Medium Enterprises	210,335,736	52,583,934		210,335,734			400%	100%
	CBN Budget Support	900,967,079	225,241,770		682,943,308			303%	76%
vii	Commercial Agriculture Scheme Loan Repayment 2	1,059,172,426	264,793,107	212,209,172	141,472,782	(52,583,935)	(70,736,391)	53%	13%
viii	Contractual Payment (Recurrent)		-			-	-		
	Sub-Total	9,242,493,527	2,310,623,382	1,486,832,026	2,304,170,899	(545,965,652)	(75,940,169)	100%	25%
	TOTAL (A+B)	74,374,551,358	18,593,637,840	14,564,825,941	16,959,947,097	(3,750,986,195)	1,501,842,114	91%	23%
Source: AG's Office and MDAs' Returns, 2019									

FIG III: PERFORMANCE OF 2019 4TH QUARTER RECURRENT EXPENDITURE (NON-DEBT SERVICES)

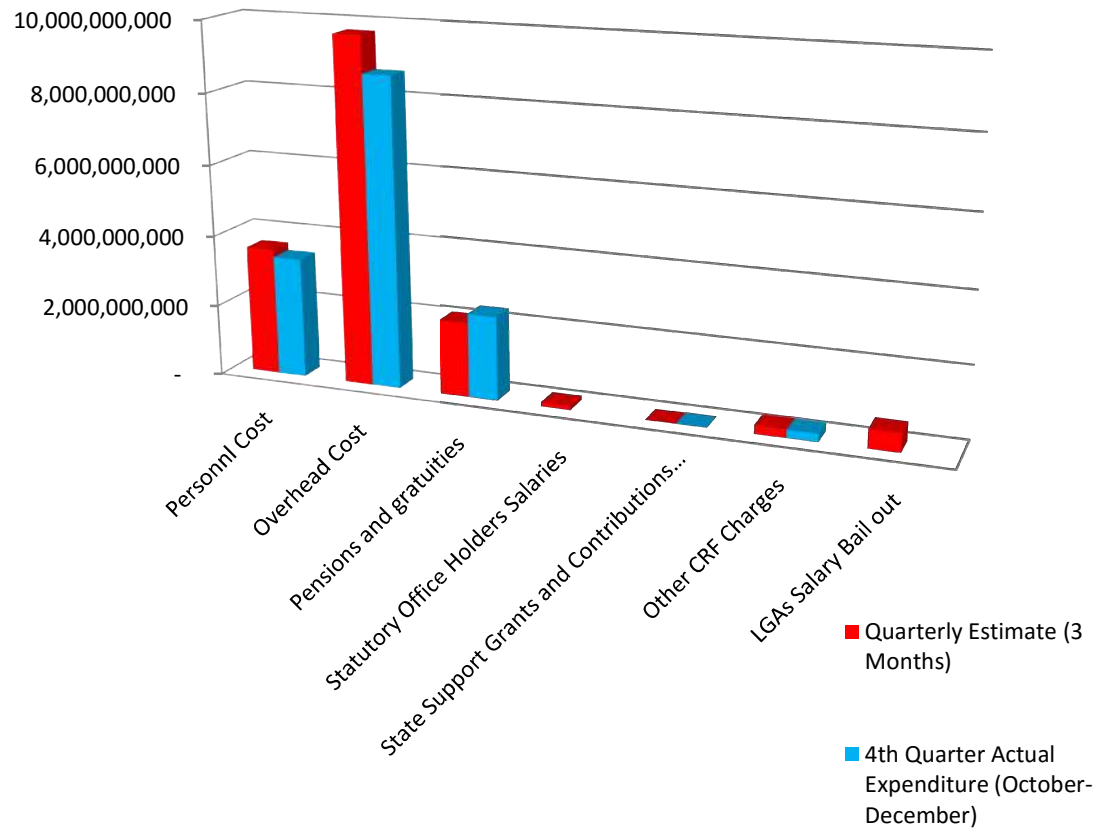


FIG IV: PERFORMANCE OF THE 2019 4TH QUARTER RECURRENT EXPENDITURE (DEBT)

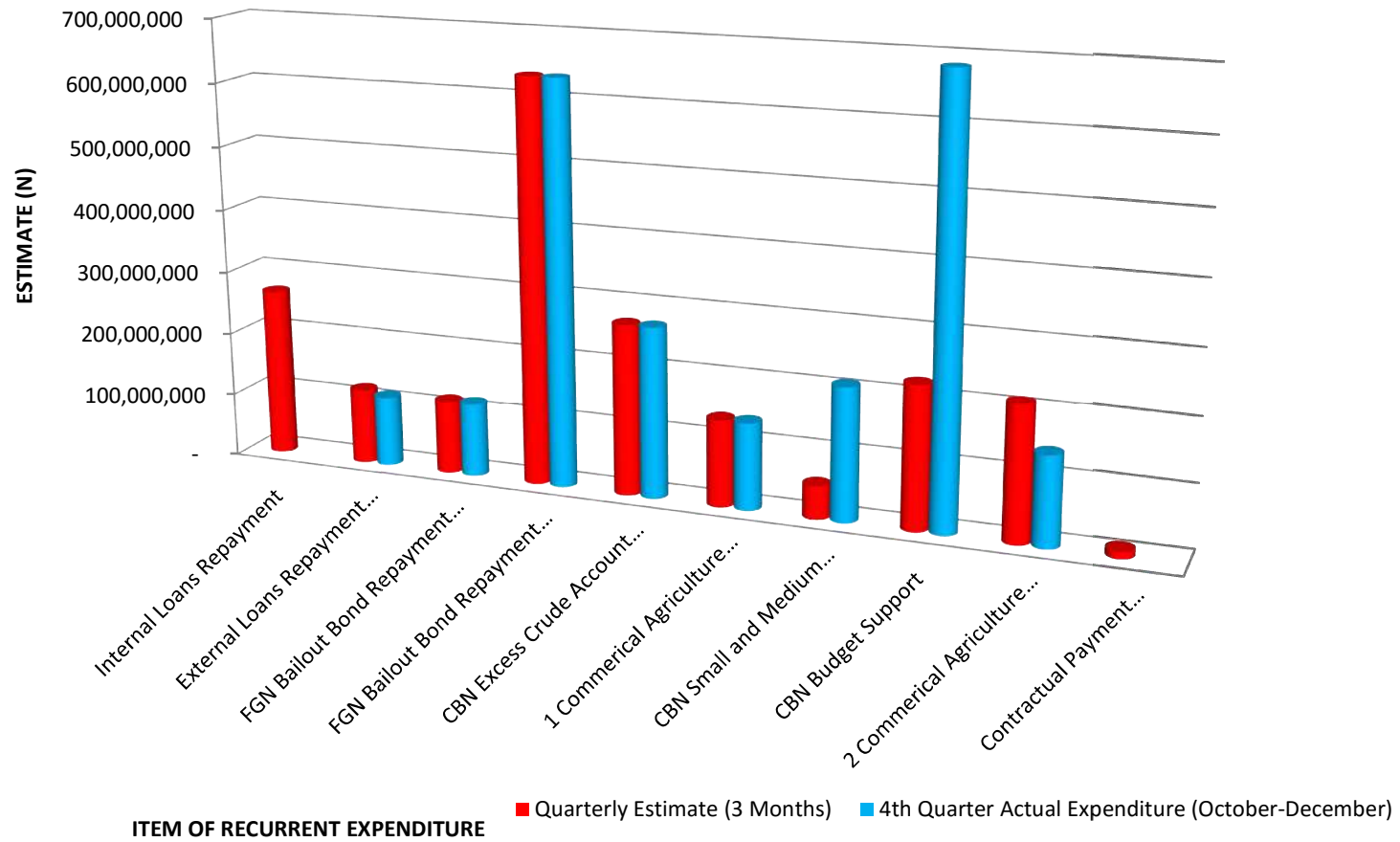
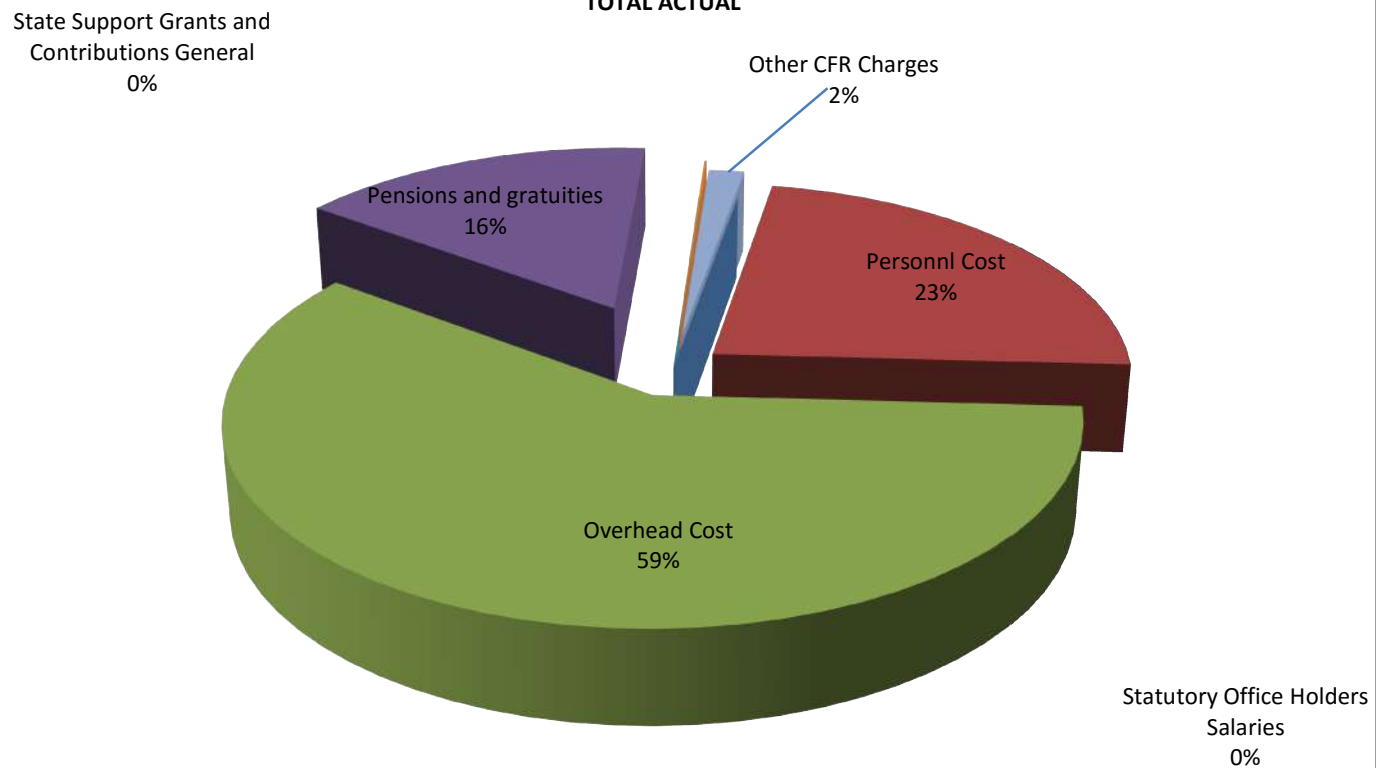
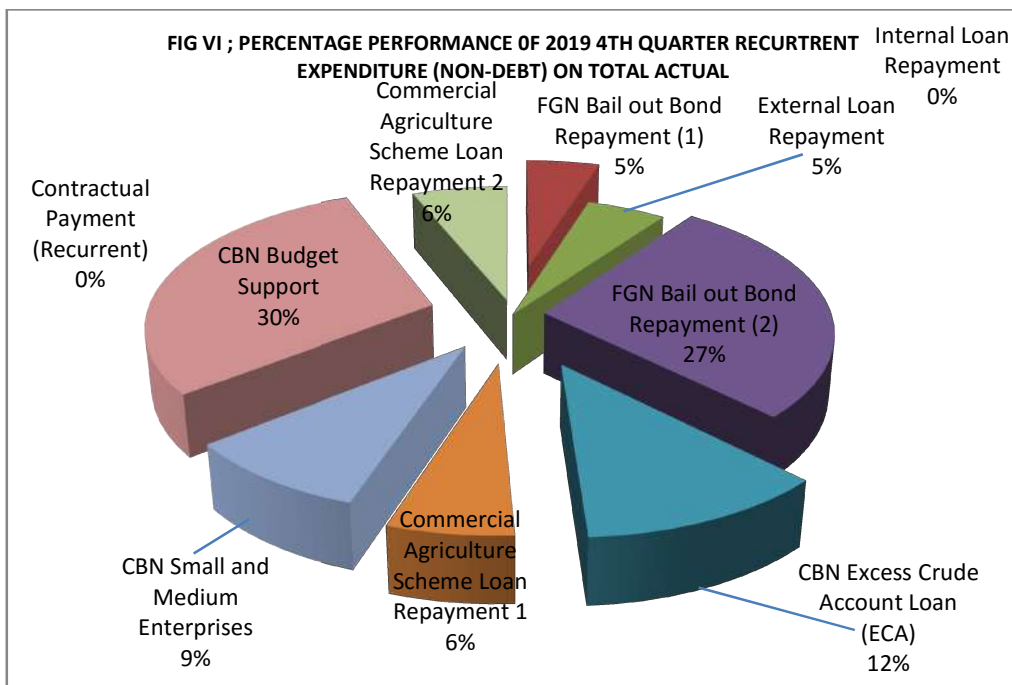


FIG V : PERCENTAGE PERFORMANCE OF 2019 4TH QUARTER RECURRENT EXPENDITURE (NON-DEBT) ON TOTAL ACTUAL





4.0 ANALYSIS OF THE 2019 FOURTH QUARTER CAPITAL RECEIPT PERFORMANCE

In formulating the 2019 Budget, the government appropriated a total sum of ₦57,117,155,413 as its capital receipt from various sources to be expended in favour of capital projects on critical economic and social sectors for the year.

The various capital receipt sources include Foreign and Domestic loans, Foreign and Domestic Aid and Grants as well as Transfer from Recurrent Revenue Budget Surplus.

In the fourth quarter of 2019, out of the quarterly estimate of ₦14,279,288,853 as capital receipt from various sources which include transfer from recurrent revenue budget surplus, foreign and domestic loans, domestic aid and grants, foreign aid and grants, a total sum of ₦13,369,612,413 was actually received. This trend has given a 94% performance for the fourth quarter of the year. Out of this total amount, ₦2,833,630,583(21%) was from 'transfer from recurrent revenue budget surplus' while ₦10,535,981,830 (79%) was from domestic aid & grants, foreign loan, and other capital receipts in the fourth quarter of 2019.

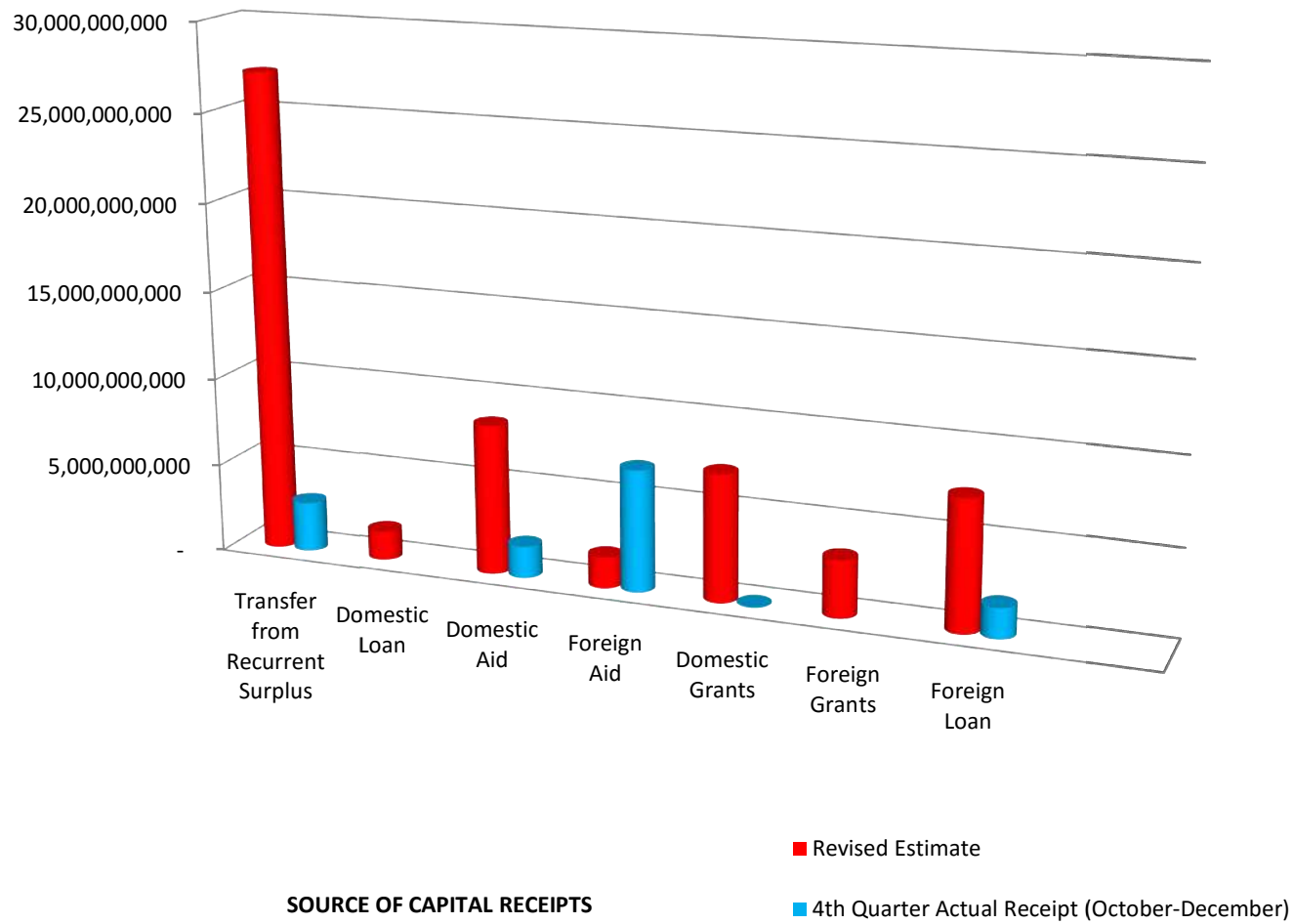
Meanwhile, nothing was received from other sources of capital receipts such as foreign grants and domestic loan. The State government is encouraged to continue to ensure prompt payment of counterpart fund as at when due to the development partners' programmes/activities in order for the state to attract more fund for capital development.

A comparative analysis of the 2019 fourth quarter capital receipt which amounted to ₦13,369,612,413 with the same period in 2018 which amounted to ₦534,851,049 shows an increase of ₦12,834,761,364 or 2400%. The increase in capital receipts in the fourth quarter of 2019 may be attributed to regular release of counterpart fund by the new administration. It is hoped that the situation on capital receipt will improve in the subsequent quarters of the year as the State step up its effort in attracting more development partners to the State.

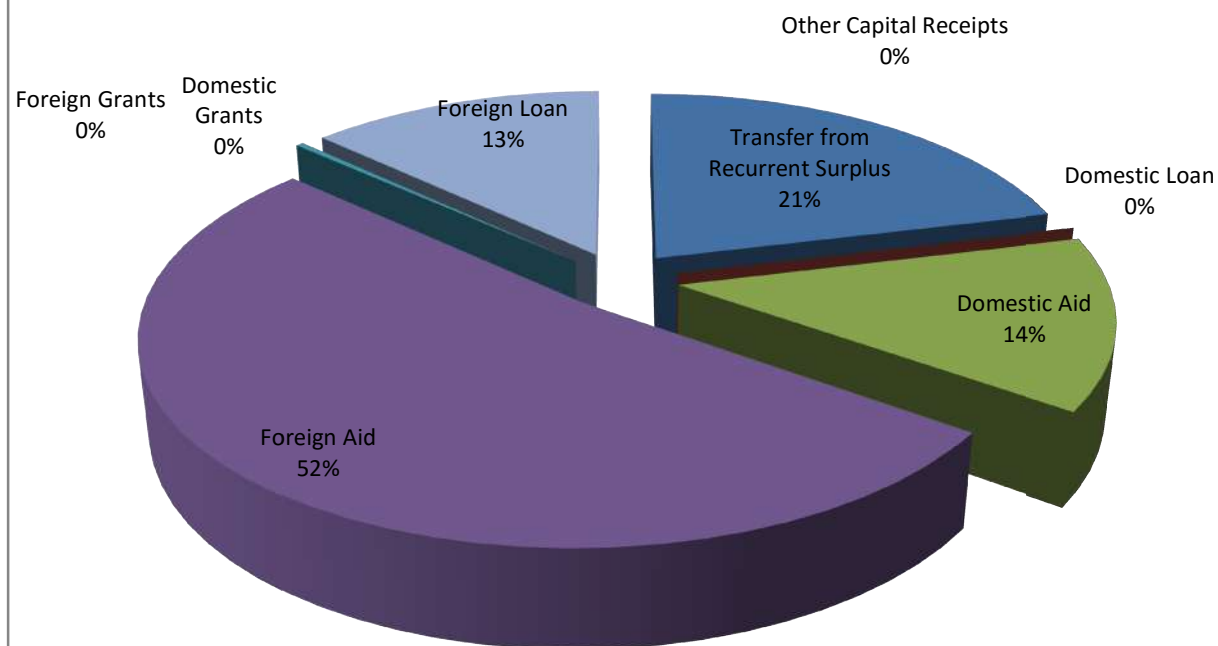
The analysis of the 2019 second quarter capital receipt performance is presented in table 5 below and the chart representation in figures VII and VIII.

TABLE 3: 2019 FOURTH QUARTER CAPITAL RECEIPT PERFORMANCE									
		Approved Estimate		Actual		Variance		%Performance	
	Capital Receipt	Revised Estimate	Quarterly Estimate (3 Months)	3rd Quarter Actual Receipt (July-September)	4th Quarter Actual Receipt (October-December)	4th Quarter Actual vs Quarterly Budget	4th Quarter Actual vs 3rd Quarter Actual	4th Quarter Actual vs Quarterly Budget	4th Quarter Actual vs Annual Budget
		2019	2019	2019	2019	2019	2019	2019	2019
1	2	3	4	5	6	7	8	9	10
		₦	₦	₦	₦	₦	₦	%	%
A	Transfer from Recurrent Surplus	27,187,810,159	6,796,952,540	6,568,922,254	2,833,630,583	(38,550,285)	9,345,031,290	42%	10%
B	Domestic Loan	1,666,175,000	416,543,750	-	-	(1,250,000,000)	-	0%	0%
C	Domestic Aid	8,525,000,000	2,131,250,000	3,895,707,617	1,812,554,225	(3,025,000,000)	(1,235,250,986)	85%	21%
D	Foreign Aid	1,779,094,595	444,773,649	130,832,471	6,937,897,513	(1,646,839,659)	3,748,415	1560%	390%
E	Domestic Grants	7,232,464,169	1,808,116,042	459,333,963	43,097,948	827,547,208	2,096,568,880	2%	1%
F	Foreign Grants	3,278,364,895	819,591,224	-	-	(167,713,815)	-	0%	0%
G	Foreign Loan	7,448,246,595	1,862,061,649	491,132,995	1,742,432,144	(1,030,953,723)	260,949,245	94%	23%
H	Other Capital Receipts	-	-	-	-	-	-	-	-
	TOTAL	57,117,155,413	14,279,288,853	11,545,929,300	13,369,612,413	(6,331,510,273)	10,471,046,844	94%	23%
Source: AG's Office and MDAs' Returns, 2019									

FIG VII: PERFORMANCE OF THE 2019 FOURTH QUARTER CAPITAL RECEIPTS



**FIG VIII: PERCENTAGE PERFORMANCE OF 2019 FOURTH QUARTER CAPITAL RECEIPT ON
TOTAL ACTUAL**



5.0 ANALYSIS OF THE 2019 FOURTH QUARTER SECTORAL CAPITAL EXPENDITURE PERFORMANCE

In 2019, the Government focused on some critical economic and social sectors in the capital expenditure budget. Some of the critical capital projects to be implemented in the 2019 budget in which some are on-going include the following:-

1. Construction of new state roads, rural roads as well as Federal government intervention rural roads initiative (RAAMP).
2. Construction/Rehabilitation of General and Cottage Hospitals/Health Centres/Specialist Hospitals.
3. Kwara State Health Insurance Agency and Saving One Million Lives Programme for Result.
4. Construction of prototype office complex to accommodate four ministries.
5. Repositioning Project of state owned media houses (KWTV, Kwara Radio, The Herald News Paper).
6. Rural Electrification through purchase of transformers, connection of towns and villages to National Grid.
7. Provision/Installation of Street Lights in Ilorin Metropolis (Light up Kwara) and Traffic Light signals.
8. Dualization of Kulende-UTH-Oke-Ose Road.
9. Construction of Geri-Alimi Flyover (Split Diamond Interchange).
10. Renovation, equipping, furnishing and fitting of 420 existing Classrooms in Secondary Schools across the three Senatorial Districts.
11. Construction, equipping and fitting of the new College of Agricultural Science in Ilesha Baruba Campus of Abubakar Sola Saraki University, Malete.
12. Construction, equipping and fitting of new College of Architectural Environmental Studies in Osi Campus of Abubakar Sola Saraki University, Malete.

13. Construction, equipping and fitting of the new School of Business & Governance in Ilorin Study Centre of Abubakar Sola Saraki University, Malete.
14. Rehabilitation and Expansion of Semi-Urban and Urban water scheme project.
15. Construction/ Rehabilitation of Court Rooms (Magistrate, Area and High Courts) across the 16 Local Government Areas of the State.
16. Construction of Ministry of Justice main office complex.
17. Construction/Rehabilitation of Kwara State Land Administration Secretariat (KW-LAS).
18. Provision of potable water supply throughout the state by drilling of boreholes and water reticulation project phase 2.
19. Rehabilitation of Sporting Facilities and renovation of 1 Olympic size swimming pool, Stadium Complex, Ilorin.
20. Women Empowerment programme for Women Development.
21. Micro Credit Intervention Scheme for MSMEs.

The data obtained from MDAs and office of the Account General of the state showed that a total sum of ₦14,692,325,493(103%) was expended by some MDAs on various capital projects/programmes out of the quarterly estimate of ₦14,279,288,853 for the fourth quarter of 2019.

The increase in the level of performance could be due to increase in the expected revenue inflow to the state government coffers from the sources of capital receipt. The capital expenditure performance on sectoral basis during the fourth quarter is as follows:

A. GENERAL PUBLIC SERVICE

Out of the capital quarter estimate of ₦1,303,297,557 under this sector for the fourth quarter of 2019, a total sum of ₦3,062,865,650 (235%) was accessed and spent on various project activities as follows:

- Youth Empowerment and Social Support Operation
- Purchase of motor vehicles and office equipment for public officers
- Contractual obligation for on-going projects.

B. PUBLIC ORDER AND SAFETY

In the fourth quarter of 2019, a total sum of ₦132,848,081 (79.3%) was accessed and spent on various capital project out of the quarterly estimate of ₦167,625,773

C. ECONOMIC AFFAIRS

A total sum of ₦6,098,531,645 was earmarked for the sector on various capital projects for the fourth quarter of 2019. Out of this amount, a total sum of ₦2,104,873,691 (35.4%) was accessed and spent on the following capital projects:-

- Construction of office building
- Purchase and Installation of transformers for communities in the State
- Purchase of office equipment and computer
- Construction of injection substations and power evacuation lines/ feeders

- Purchase of motor vehicles
- Production of calendar diaries
- Construction and Rehabilitation of roads (State rural road, New roads, Geri-Alimi Underpass, KWARMA activities)
- Contractual obligations for completed and on-going projects
- Micro-Credit Scheme activities (Small, Medium Enterprises)
- SDG activities.

D. ENVIRONMENTAL PROTECTION

Environmental Protection Sector expended a total sum of ₦25,790,776 (12.7%) out of the quarterly estimate of ₦ 203,584,130 in the fourth quarter of 2019.

E. HOUSING AND COMMUNITY AMENITIES

The Housing and Community Amenities sector expended a total sum of ₦140,933,635 (22.2%) out of the quarterly estimate of ₦635,253,496 for the fourth quarter of 2019. The following projects were executed during the fourth quarter under the sector:

- Construction /Provision of water facilities
- Purchase of water treatment chemical
- Land compensation activities and provision of Land infrastructural Schemes.

F. HEALTH

A total sum of ₦3,424,226,168 was earmarked for the Health sector in the fourth quarter of 2019. Out of this amount, a total sum of ₦8,889,388,938 (259.6%) was released and spent on Purchase of office equipment, Health Insurance Agency, Neglected Tropical Diseases, UNICEF Support Child Survival Programme, EU-SIGN, Presidential Emergency Plan for AIDS Relief, Saving One Million Lives Programme for Result and Global Fund Support on Malaria.

G. RECREATION, CULTURE AND RELIGION

The sector was allocated the sum of ₦262,082,272 to be spent on various capital projects during the fourth quarter of 2019. Out of this amount, a total sum of ₦57,679,113 (22%) was accessed and spent on Youth Improvement & Empowerment Programme.

H. EDUCATION

Out of the quarterly estimate of ₦2,155,647,201 to be expended on various projects of the sector during the fourth quarter of 2019. A total sum of ₦221,320,00(10.3%) was accessed and spent on the following:

- Construction of KWASU Satellite Campuses
- Tertiary Education Trust Fund Projects
- Rehabilitation of public schools in the selected post primary institutions in the state
- Bursary payment to Kwara students in tertiary institutions.

I. SOCIAL PROTECTION

The Social Protection sector expended a total sum of ₦56,625,608 (12.7%) out of the quarterly estimate of ₦29,040,613 to execute its capital projects during the fourth quarter 2019.

However, the analysis of the sectoral capital expenditure performance shows that, the Health sector received the highest amount of money to the tune of ₦8,889,388,938 then followed by the General Public Service sector with a total amount of ₦3,062,865,650. The Economic Affairs sector had the third highest amount of ₦2,104,873,691 while Education sector came fourth with an amount of ₦221,320,002.

A comparative analysis of the capital expenditure in the fourth quarter of 2019 with that of third quarter of the same year reveals an increase of ₦7,910,972,780 which representing 117% increase, compared to the amount of ₦6,781,352,713 expended in the third quarter of 2019 while the sum of ₦14,692,325,493 was expended in the fourth quarter of 2019. The improved performance in the fourth quarter of 2019 was as a result of the commitment of the present administration in the prompt release of counterpart fund for donor development partners activities and completion of some on-going capital projects in the state.

The analysis of the 2019 fourth quarter sectoral capital expenditure performance is presented in table 4 below and the chart representation in figures IX-X.

TABLE 4 :- 2019 FOURTH QUARTER CAPITAL EXPENDITURE (SECTORAL PERFORMANCE)									
		APPROVED ESTIMATE		ACTUAL		VARIANCE		%PER	
S/ N	SECTORAL	REVISED ESTIMATE	QUARTERLY ESTIMATE	3RD QUARTER ACTUAL EXPENDITURE (JULY- SEPTEMBER)	4TH QUARTER ACTUAL EXPENDITURE (OCTOBER- DECEMBER)	4TH QUARTER ACTUAL EXPENDITURE VS QUARTERLY BUDGET	4TH QUARTER ACTUAL EXPENDITURE VS 3RD QUARTER ACTUAL	% PERF QUARTERLY	% PERF ANNUAL
		2019	2019	2019	2019	2019	2019	2019	2019
1	2	3	4	5	6	7	8	9	10
		N	N	N	N	N	N	N	N
A	GENERAL PUBLIC SERVICES								
i	Governor's Office	3,074,940,226	768,735,057	527,422,694	2,451,265,424	(241,312,363)	1,923,842,730	319%	80%
ii	kwara State House of Assembly	685,000,000	171,250,000			(171,250,000)	0	0%	0%
iii	Office of Head of Service	1,433,500,000	358,375,000	385,427,382	606,170,226	27,052,382	220,742,844	169%	42%
iv	State Audit Dept.	13,000,000	3,250,000		5,430,000	(3,250,000)	5,430,000	167%	42%
v	Local Govt. Audit Dept	6,750,000	1,687,500		0	(1,687,500)	0	0%	0%
	Sub-total	5,213,190,226	1,303,297,557	912,850,076	3,062,865,650	(390,447,481)	2,150,015,574	235%	59%
B	PUBLIC ORDER AND SAFETY		0		0	0	0		
i	State Judicial Service Commission	46,871,250	11,717,813		670,000	(11,717,813)	670,000	6%	1%
ii	Ministry of Justice	92,000,000	23,000,000		0	(23,000,000)	0	0%	0%
iii	Judiciary (High Court of Justice)	452,706,840	113,176,710	50,000,000	93,393,081	(63,176,710)	43,393,081	83%	21%
iv	Judiciary (Sharia Court of Appeal)	78,925,000	19,731,250		38,785,000	(19,731,250)	38,785,000	197%	49%
	Sub-total	670,503,090	167,625,773	50,000,000	132,848,081	(117,625,773)	82,848,081	79%	20%
C	ECONOMIC AFFAIRS		0		0	0	0		
i	Ministry of Information and Comm	68,134,607	17,033,652	6,600,000	1,530,000	(10,433,652)	(5,070,000)	9%	2%
ii	Kwara State Television Service	58,870,000	14,717,500		0	(14,717,500)	0	0%	0%
iii	Kwara State Broadcasting Corp	54,432,891	13,608,223	5,933,291	6,188,650	(7,674,932)	255,359	45%	11%
iv	Kwara State Printing and Publishing	6,000,000	1,500,000		1,046,140	(1,500,000)	1,046,140	70%	17%
v	Ministry of Agriculture	2,698,421,652	674,605,413	4,623,100	2,953,497	(669,982,313)	(1,669,603)	0%	0%
vi	Ministry of Finance	1,716,038,022	429,009,506	44,154,789	386,158,735	(384,854,717)	342,003,946	90%	23%
vii	Kwara State Internal Revenue Service	652,251,186	163,062,797			(163,062,797)	0	0%	0%

viii	Ministry of Commerce and Cooperative	1,659,240,434	414,810,109		3,000,000	(414,810,109)	3,000,000	1%	0%
ix	Ministry of Energy	660,606,924	165,151,731	112,468,777	159,387,916	(52,682,954)	46,919,139	97%	24%
x	Ministry of Industry and Solid Minerals	1,524,035,500	381,008,875	3,196,000	3,683,400	(377,812,875)	487,400	1%	0%
xi	Ministry of Works and Transport	11,078,242,124	2,769,560,531	265,953,352	1,195,448,303	(2,503,607,179)	929,494,951	43%	11%
xii	Ministry of Planning and Eco Devt.	4,184,128,239	1,046,032,060	386,021,136	343,508,051	(660,010,924)	(42,513,085)	33%	8%
xiii	Bureau of Statistics	31,000,000	7,750,000		979,000	(7,750,000)	979,000	13%	3%
xiv	Fiscal Responsibility Commission	2,725,000	681,250		990,000	(681,250)	990,000	145%	36%
	Sub-Total	24,394,126,579	6,098,531,645	828,950,445	2,104,873,691	(5,269,581,200)	1,275,923,246	35%	9%
D	ENVIRONMENTAL PROTECTION		0		0	0	0		
i	Ministry of Environment and Forestry	814,336,519	203,584,130		25,790,776	(203,584,130)	25,790,776	13%	3%
	Sub-Total	814,336,519	203,584,130	0	25,790,776	(203,584,130)	25,790,776	13%	3%
	HOUSING AND COMMUNITY AMENITIES		0		0	0	0		
i	Ministry of Water Resources	1,463,720,850	365,930,213	130,950,650	132,635,366	(234,979,563)	1,684,716	36%	9%
ii	Ministry of Housing and Urban Development	597,751,380	149,437,845	1,500,000		(147,937,845)	(1,500,000)	0%	0%
iii	Kwara State Bureau of Lands	479,541,755	119,885,439		8,298,269	(119,885,439)	8,298,269	7%	2%
	Sub -Total	2,541,013,985	635,253,496	132,450,650	140,933,635	-502,802,846	8,482,985	22%	6%
F	HEALTH SECTOR		0		0	0	0		
i	Ministry of Health	12,865,061,303	3,216,265,326	4,390,952,113	8,889,388,938	1,174,686,787	4,498,436,825	276%	69%
	<i>Kwara State Health Insurance Agency</i>	<i>831,843,369</i>	207,960,842		0	(207,960,842)	0	0%	0%
	Sub-Total	13,696,904,672	3,424,226,168	4,390,952,113	8,889,388,938	966,725,945	4,498,436,825	260%	65%
G	RECREATION, CULTURE AND RELIGION		0		0	0	0		
i	Ministry of Culture & tourism	393,710,458	98,427,615		3,574,450	(98,427,615)	3,574,450	4%	1%
ii	Ministry of Sport & Youth Development	553,868,630	138,467,158	35,000,000	54,104,663	(103,467,158)	19,104,663	39%	10%
iii	Ministry of Local GovT & Chieftaincy Affairs & Community Development	100,750,000	25,187,500		0	(25,187,500)	0	0%	0%
	Sub-total	1,048,329,088	262,082,272	35,000,000	57,679,113	-227,082,272	22,679,113	22%	6%

H	EDUCATION SECTOR		0		0	0	0		
i	Ministry of Education & Human Capital Development	2,372,881,793	593,220,448	3,917,500	142,800,337	(589,302,948)	138,882,836	24%	6%
ii	Ministry of Tertiary Education, Science & Technology	6,249,707,011	1,562,426,753	427,231,928	78,519,665	(1,135,194,824)	(348,712,264)	5%	1%
	Sub-total	8,622,588,804	2,155,647,201	431,149,429	221,320,001	-1,724,497,772	-209,829,428	10%	3%
I	SOCIAL PROTECTION		0		0	0	0		
i	Ministry of Women Affairs and Social Development	116,162,450	29,040,613		56,625,608	(29,040,613)	56,625,608	195%	49%
	Sub-total	116,162,450	29,040,613	0	56,625,608	-29,040,613	56,625,608	195%	49%
	GRAND TOTAL	57,117,155,413	14,279,288,853	6,781,352,713	14,692,325,493	-7,497,936,140	7,910,972,779	103%	26%
Source: AG's Office and MDAs' Returns, 2019.									

FIG IX: 2019 4TH QUARTER CAPITAL EXPENDITURE PERFORMANCE

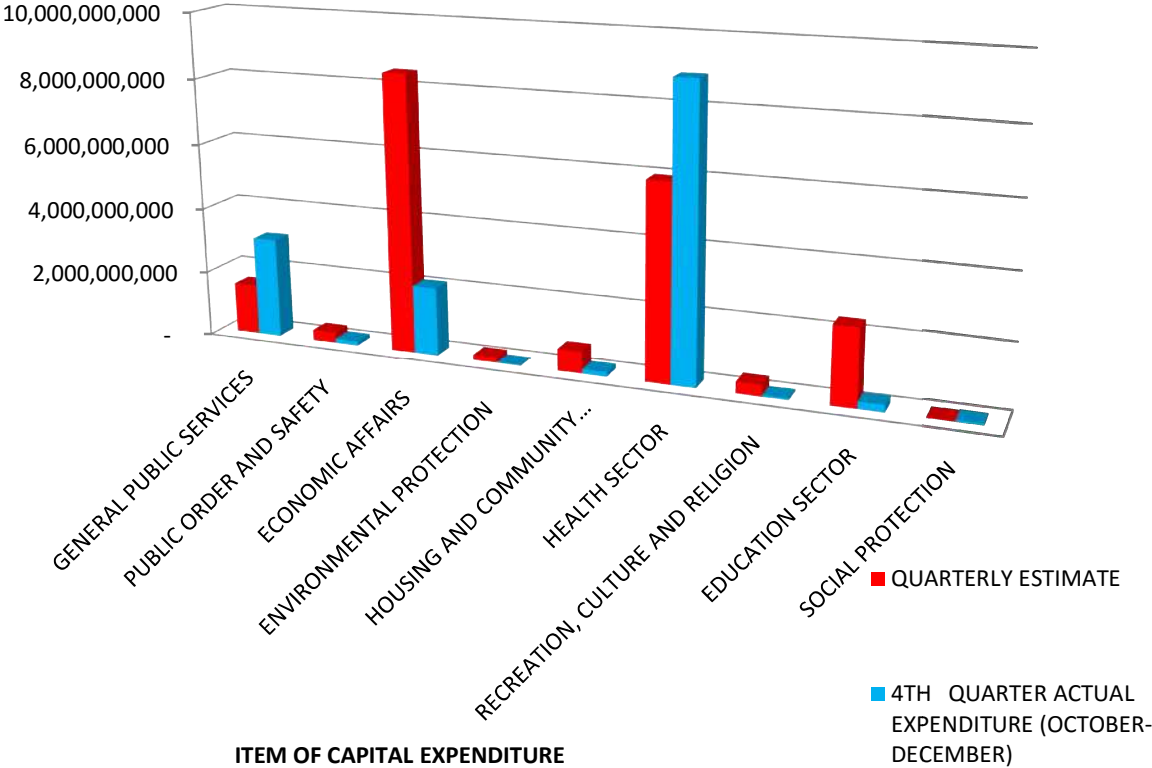
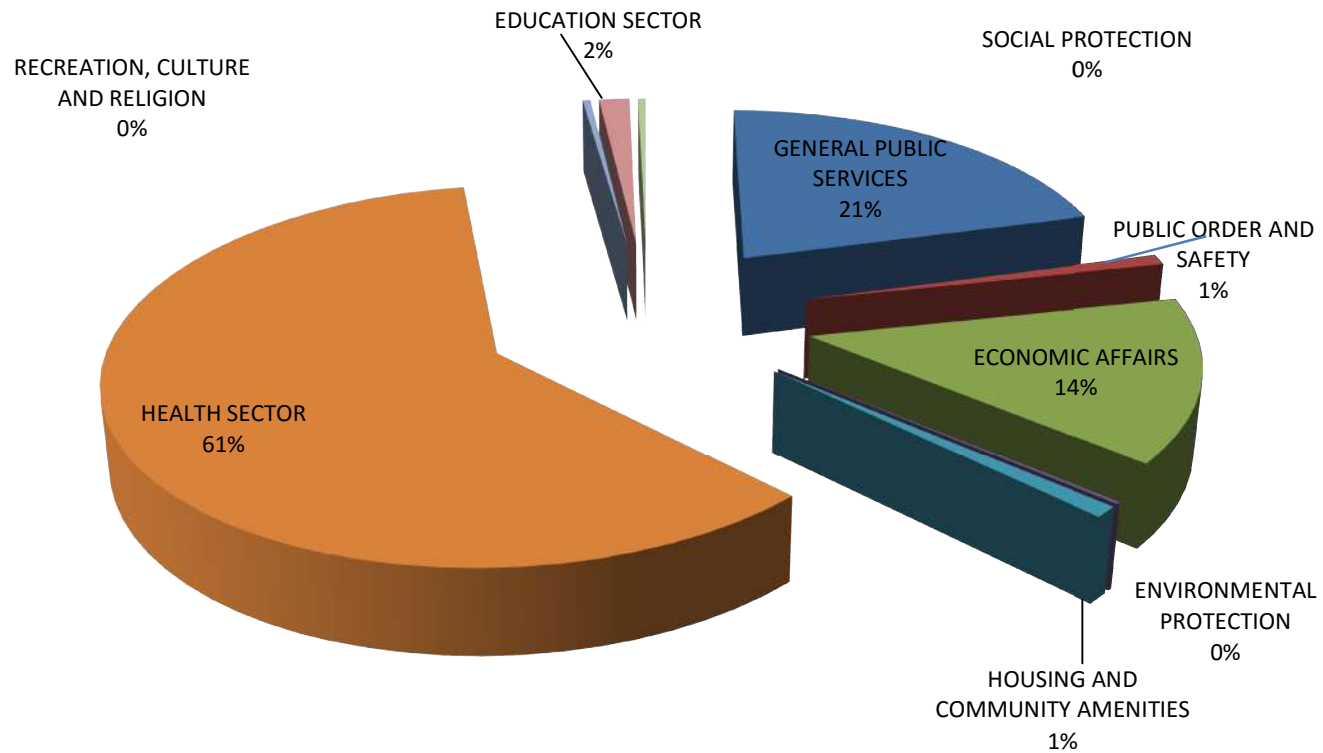


FIG X : PERCENTAGE PERFORMANCE OF 2019 4TH QUARTER CAPITAL EXPENDITURE ON TOTAL ACTUAL



6.0 FINANCIAL ANALYSIS OF THE 2019 FOURTH QUARTER (RECURRENT AND CAPITAL) EXPENDITURE PERFORMANCE

A total sum of ~~₦~~130,380,403,956 was appropriated for expenditure in 2019 Budget. Out of this amount, ~~₦~~65,132,057,831 (50%) was for recurrent (non-debt) expenditure while ~~₦~~8,131,190,712 (6.2%) was for recurrent (debt-service) expenditure and ~~₦~~57,117,155,413 (43.8%) for capital expenditure

In the fourth quarter of 2019, a total sum of ~~₦~~32,317,275,285 was the quarterly estimate to be spent on both recurrent and capital expenditures. However, ~~₦~~16,959,947,097 (92.6%) was expended on recurrent expenditure (both non-debt & debt-service) out of the quarterly estimate of ~~₦~~18,315,812,136 while a total sum of ~~₦~~14,692,325,493 (102.9%) was expended on various capital projects in the State out of the quarterly estimate of ~~₦~~14,279,288,853. The total expenditure in the fourth quarter of 2019 was ~~₦~~31,652,272,590 out of the quarterly estimate of ~~₦~~32,595,100,989. **This represent 97.1% performance in the fourth quarter estimate and 24.3% performance for the revised annual estimate.**

A comparative analysis of the level of budget performance in 2019 with that of the same quarter in 2018 shows that there is an increase of ~~₦~~10,047,082,552 representing 47% increase in the level of performance of ~~₦~~31,652,272,590 in 2019 compared to the level of performance of ~~₦~~21,605,190,038 in the fourth quarter of 2018. Meanwhile, the fourth quarter budget performance in 2019 was 97.1% while the annual estimate performance in the fourth quarter was 24.3%. Whereas in 2018 fourth quarter, it was 55.4% while the annual estimate performance in the fourth quarter was 13.8%. This implies that there was an improvement in the level of performance in the fourth quarter of 2019 as a result of increase in the revenue inflow from various capital receipts.

The analysis of the 2019 fourth quarter recurrent and capital expenditure performance is presented in the Table 9 below and the chart representation in figure XI and XII.

TABLE 5: 2019 FOURTH QUARTER RECURRENT AND CAPITAL EXPENDITURE PERFORMANCE									
		Approved Estimate		Actual		Variance		%Performance	
S/N	Expenditure	Revised Estimate	Quarterly Estimate (3 Months)	3th Quarter Actual Expenditure (July-September)	4th Quarter Actual Expenditure (October-December)	4th Quarter Actual vs Quarterly Budget	4th Quarter Actual vs 3rd Quarter	4th Quarter Actual Expenditure vs Quarterly Budget	4th Quarter Actual Expenditure vs Annual Budget
		2019	2019	2019	2019	2019	2019	2019	2019
1	2	3	4	5	6	7	8	9	10
		N	N	N	N	N	N	%	%
A	Recurrent Non Debt	65,132,057,831	16,283,014,458	13,077,993,915	14,655,776,198	(1,053,212,635)	2,526,646,319	90%	23%
B	Recurrent Debt Services	8,131,190,712	2,032,797,678	1,486,832,026	2,304,170,899	(251,033,025)	(599,683,810)	113%	28%
C	Capital Expenditure	57,117,155,413	14,279,288,853	6,781,352,713	14,692,325,494	(14,823,122,910)	2,306,858,583	103%	26%
D	Total Budget Size	130,380,403,956	32,595,100,989	21,346,178,653	31,652,272,590	(16,127,368,569)	4,233,821,092	97%	24%
Source: AG's Office and MDAs' Returns, 2019									

FIG XI: PERFORMANCE OF THE 2019 4TH QUARTER (RECURRENT AND CAPITAL) EXPENDITURE

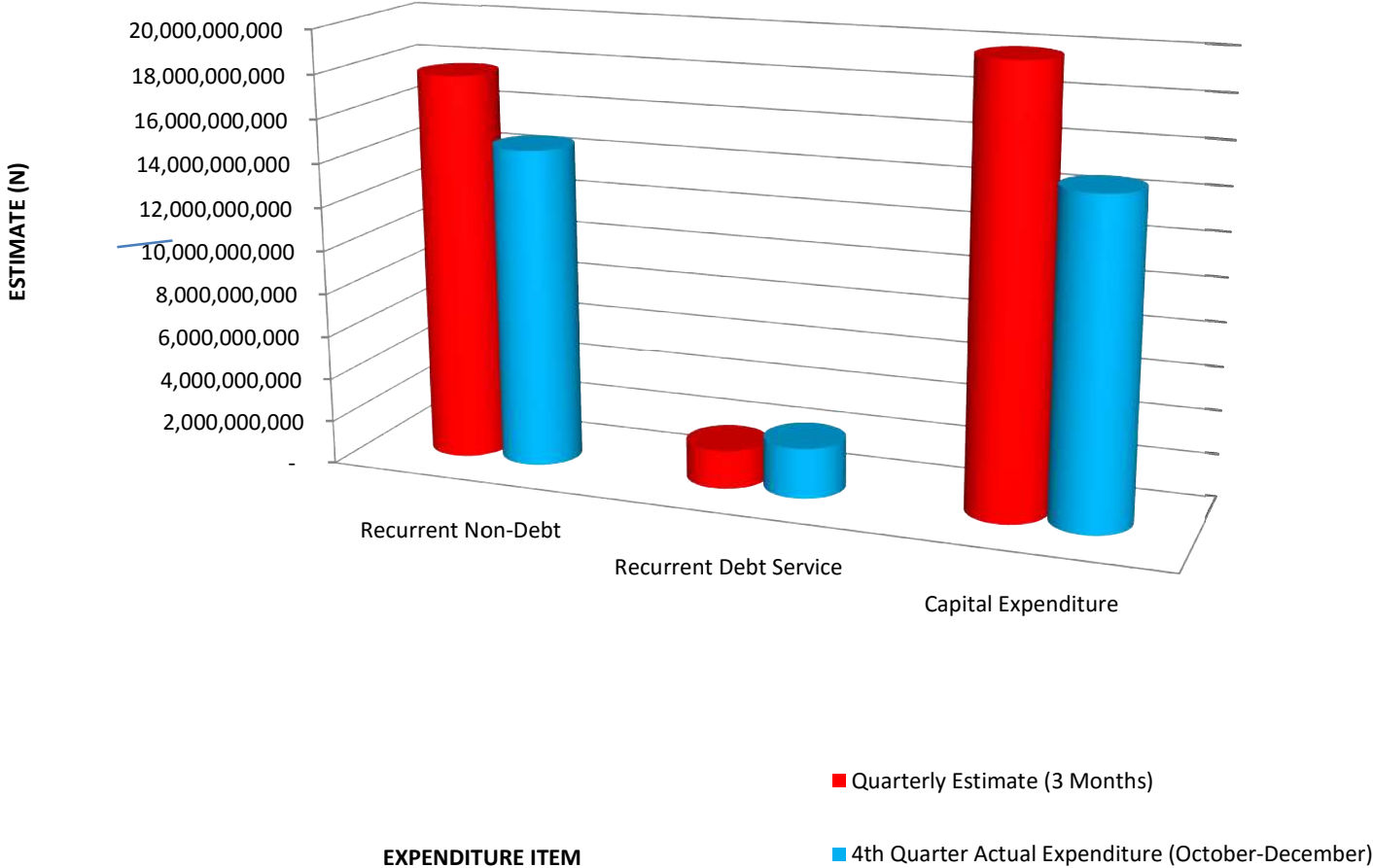
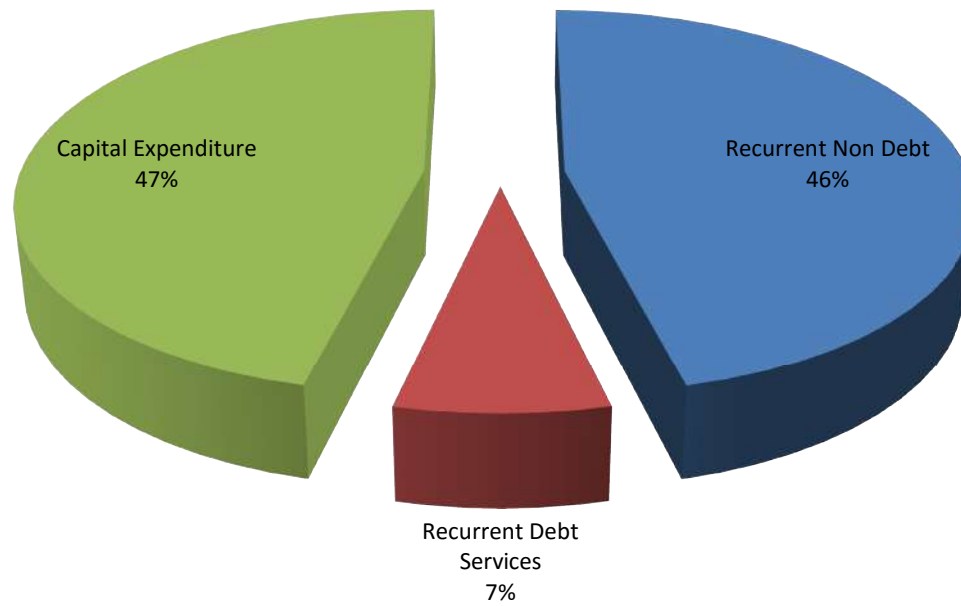


FIG XII: PERCENTAGE PERFORMANCE OF 2019 4TH QUARTER RECURRENT AND CAPITAL EXPENDITURE ON TOTAL ACTUAL



7.0 Notable factors that affected the fourth quarter 2019 Budget Implementation

Some of the factors that affected Budget Implementation are:

3. Shortfall in the expected level of Federal Allocation to the State, coupled with inadequate operational equipment and logistics in some of the Revenue generating MDAs.
4. Despite increase in capital receipt inflow to the state government coffer through regular payment of counterpart fund, recourses are underutilized.

8.0 Observations

1. The performance of aggregate actual revenue and actual expenditure pattern for the fourth quarter of 2019 shows that government was prudent in the management of its available scarce resources to ensure that expenditures were within the available financial resources and budgetary provision. **However, some MDAs exceeded their quarter estimate on recurrent expenditure, especially in Personnel and Overhead Costs.**
2. The actual IGR was 33.5% of the Total Recurrent Revenue (i.e. ₦6.640billion to ₦19.801 billion actual) recorded in the fourth quarter of 2019. This shows an increase of 41% (i.e. ₦4.702 billion to ₦17.325billion) against the fourth quarter of 2018. This is an indication that the State is still dependent on Federal Allocation to execute some of its programmes and activities.
3. It was observed that Government spending on recurrent expenditure was high when compared with capital expenditure. A sum of ₦16.960billion was spent on recurrent expenditure while a total sum ₦14.692billion was spent on capital project in the fourth quarter. The improvement in the performance of capital expenditure in the fourth quarter of 2019 was as a result of the commitment of present administration to increase expenditure on capital projects.
4. Though there was improvement in the performance in capital expenditure in the fourth quarter compared with the previous quarter, however, it is observed that the Government concentration are towards the Health sector, General Public sector and

Economic Affairs sector thereby helping to increase access to health facilities and to stimulate socio-economic activities to improve the well-being of the citizens in the state.

5. Low Internal Revenue Generation by some MDAs was recorded most especially in the fourth quarter of 2019.
6. Low budget implementation performance was recorded in capital expenditure of some MDAs during the fourth quarter of 2019 due to paucity of fund as a result of dwindling revenue inflow from various sources.
7. The report shows that the financial budget implementation performance on the quarterly estimates for the fourth quarter of 2019 was 97% for both recurrent and capital expenditure (i.e. Total Budget performance) while it was 24% of the total approved estimates for 2019. (see table 5)
8. The performance is modest considering the paucity of fund inflow to the State economy during the quarter of year 2019.

9.0 Recommendations

- i) **KWIRS and revenue generating MDAs** should continue to improve on their level of revenue collection mechanism for increased revenue so as to reduce the over dependence on Federal Allocation by the State government. The KWIRS is expected to improve on the revenue collection automation to further curb leakages.
- ii) The government should make it a policy to implement the existing law on taxation to the letter in order to achieve higher percentage in tax compliance by residents of the state.
- iii) Enlightenment/Advocacy on the need to pay tax should continue for better results and effort to increase the revenue base in the state particularly the IGR..
- iv) Budget discipline should be strictly adhered to and maintained to avoid any form of unwarranted over-expenditure of vote which often lead to budget distortions.
- v) **The Civil Service Commission and other agencies should endeavour to adhere strictly to vacancy provision in the approved estimate in the course of recruitment of new staff to MDAs in the State. This is to avoid over expenditure of Personnel Cost as noticed and contained in the report.**

- vi) Counterpart Fund should be paid promptly so as to increase the rate of drawdown from the development partners' programme. The capital inflow from such has positive multiplier-effect on economic activities of the state. The effort of the present administration is outstanding in this wise.
- vii) **The state government should continue to sustain regular/prompt release of monthly allocation to MDAs for efficient and effective running of their operational activities.**
- viii) MDAs that exceeded budgetary provisions irrationally without adherence to due process should be made to make refund, possibly from source.
- iX) Government should provide enabling environment, operational vehicle and logistics to needing revenue generating MDAs to enable them to improve on their revenue generation for the state.
- X) Government should continue to intensify its efforts to block leakages through sustenance of the Treasury Single Account (TSA).

10.0 Conclusion

This report has analyzed the performance of the finances of 2019 budget implementation for the fourth quarter and annual of 2019. The KWIRS and MDAs are encouraged to strive hard to increase on their level of Internally Generated Revenue in the subsequent quarter of the year in order to improve the revenue generation of the State Government, so that more funds could be available to provide enabling environment for economic growth and development.