ZAMFARA STATE OF NIGERIA

APPROVED 2018 RECURRENT & CAPITAL ESTIMATES

IMPLEMENTATION REPORT

BUDGET

2018

C

EXECUTIVE SUMMARY

The 2018 budget report on implementation is a follow-up on the half year report for the period January to June 2018 which provides a scenario of the overall budget performance for the state. On the aggregate level and based on Revenue and Expenditure outputs, the end of the year report provides an indication of budget performance rates of all components and major heads of activities in the budget. It compares the total output for budgeted and Expenditure as against the original estimates available record indicates performance level of almost 63.8%. The 2018 Appropriation Law, was a total of ₦133,613,577,357 for both Recurrent and Capital Expenditure. The capital revenue was estimated at ₦ 39.9billion and a recurrent component of N93.7 billion.

The report also presents an appraisal of the revenue performance across the various components ranging to a negative variance of over (38.2%) of overall projected revenues for the year. Recurrent revenues performed by 59.5% or N55.96billion over budget and the capital component 73.9% or N29.304billion.

Overall, recurrent performance of ₦49.197billion against the original size of ₦49,561,577,357, this give an overall percentage of 59.1%, while on the capital side ₦ 84,052,000,000 was budgeted and total expenditure of ₦34.416billion and this translates to 40.9% performance. The Internal Generated Revenue for the year ended stood at ₦ 4.687billion as against the original size of the budgeted ₦3.598billion which is 130.27%.

1-0   Introduction

This report covers the period of January to December 2018 Fiscal Year (FY), the report assesses all components of the budget, this includes income and Expenditure outturns as well as how this affected the objectives set to be achieved by the annual plan. It provides a general and comprehensive picture of the implementation process.

As with the half year report, the full year report would be based on comparisons of the approved appropriation law against output for all components of the budget. In addition to variance analysis, the report will also examine the output over the fiscal year to enable proffer conclusions on lessons gained from the exercise. It will examine other critical issues such as debt management, performance of loans and grants funded project, service, assessment of budgetary output and outcomes with respect to service delivery.

Box 1- the 2018 Appropriation aw and Supplementary Appropriation

Law No.1 of 2018 appropriated ₦133, 613,577,357 billion for the 2018 which is higher than the 2017 budget estimates by almost 9% on incomes. The summary of expenditure components is presented as follows;

Revenues:

Recurrent Revenues	93,968,577,357
Capital Revenues	39,645,000,000
Total	₦133,613,577, 357

Expenditure;

    a- Revenue available for Rec. Expenditure   ₦ 49,561,577,357.

    b- Revenue available for Capital expenditure   ₦ 84,052,000,000.

   Total   ₦133,613,577, 357

The 2018 budget was fashioned primarily to consolidate the gains earlier provided in lying out infrastructure projects across the state that is aimed at creating self sustainability of local economy.

The budget was set to derive monies from the above primary sources. It is observed that as usual the bulk of the recurrent allocations were expected mainly from federal revenue and loans.

Actual derivations on the budget were as follows;

2018 Full Year Performance Appraisal.

Making comparison of total outcomes for both income and expenditure, against approved estimates shows that performance of both recurrent and Capital performed by only 63.8%, (or 59.5% and 73.9%) respectively, while the total budget estimates as at end of the year reported to be over ₦133,613,577, 357. Billion, the aggregate income for both recurrent and capital expenditure amounted to almost ₦85,265,658,987.04.

The 2018 Appropriated Budget;

Table 1: Consolidated Income and Expenditure Positions

Serial No	Item Description	Approved Estimate 2018	Jan. - Dec Outturns	Pro-rated Performance
1	Total Income Receipts	133,613,577,357.00	85,265,658,987.	63.8
2	Total Expenditure	133,613,577,357.00	83,613,927,323	62.6

Table 2: Full Year Income Appraisal

Serial No.	Item Description	Approved Estimate 2018	Actual 2018	Pro-rated Performance (%)
1	Statutory Allocation	46,027,368,950	43,223,971,872.66	93.9
2	Excess Crude Oil Receipts	0		0
3	Independent Local Revenue	3,598,700,000	4,687,996,922.16	130.1
3	Re-Imbursements	44,242,508,407	6,771,866,542.00	15.3
4	Grants & BSP	100,000,000	1, 277,814,423.51	
	Total Projected Recurrent Funds Available	93,968,577,357	55,961,649,759.41	**59.5** %
	Capital Receipts:			
	Internal Loans	20,683,000,000.00	3,559,636,763	
	Value Added Tax (VAT)	9,000,000,000.00	11,023,338,496	
	D. Other Capital Rev	9,962,000,000.00	14,721,033,969	
11	Total Capital Receipts	39,645,000,000.00	29,304,009,227.63	**73.9**
12	Total Income at Full year	**133,613,577,357.00**	**85,265,658,987.04**	**63.8**

Estimates output at the end of the year (absolute nominal values in (million Naira)

Estimate vs Outturns at the end of the year (Absolute Normal values in Billions)

- 50,511,927,323.00
- 50,511,927,323.00
- 133,613,577,357.00
- 60,503,059,270.31

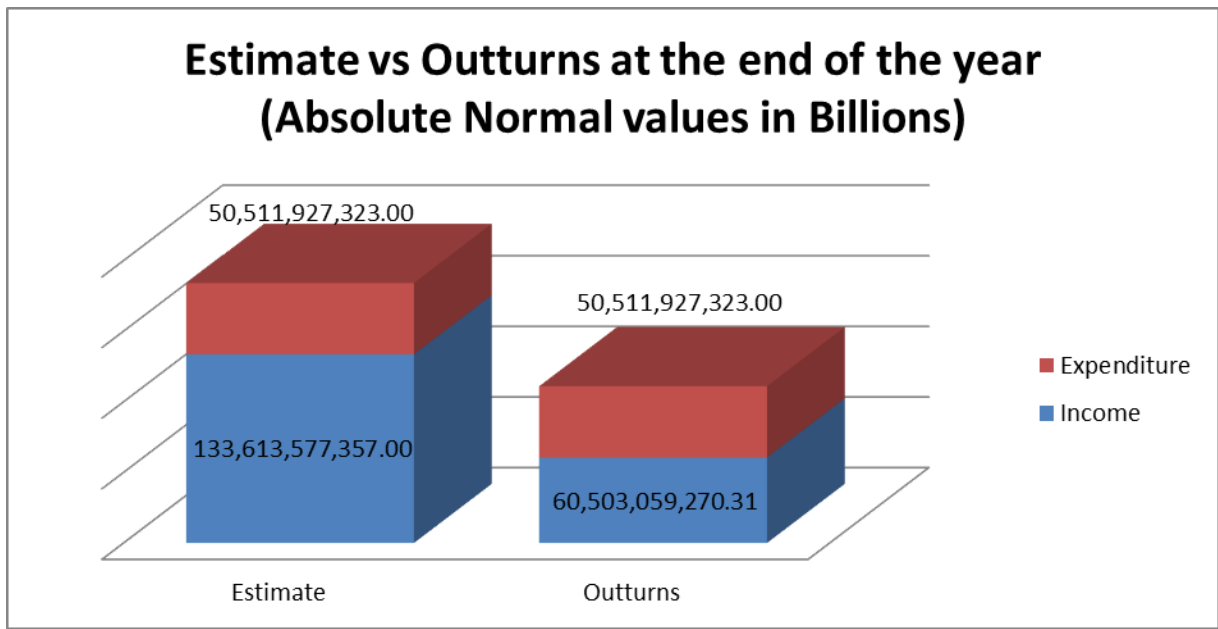Legend: Expenditure, Income

Estimate | Outturns

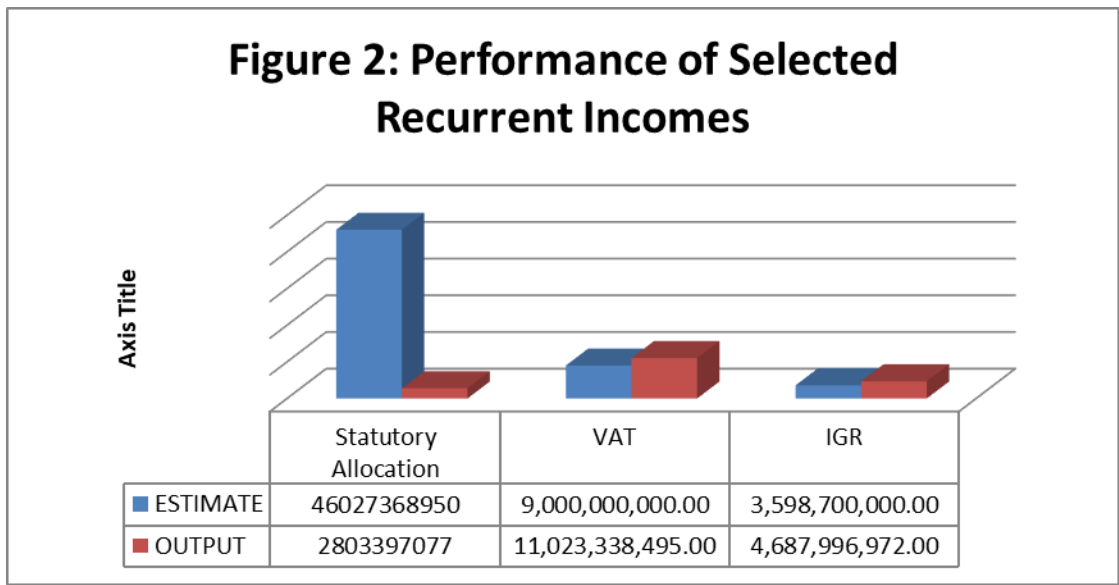**Table:2 Consolidated Income and Expenditure Positions**

2-1 Revenue Appraisal

Detailed of the performance of various sources of income used in financing of the 2018 budget are presented in the table above with a graphical performance of some key components presented in figure 2. The performance widely varied across the various components, in the case of statutory allocation a negative variance about 6% was recorded during the fiscal year. Our expectations on Reimbursement from the federal government on road repairs did not materialize and performed only about 10% of

projections. This affected overall budget implementation tremendously because about 30% of expected revenues did not accrue in the period under review. Interestingly, however, IGR over performed above set target by over 30%.

The combined effect of shortfalls on re-imbursement and other capital revenues account mainly for the failure by the state to achieve a 100% of its intentions.

Income receipt for the year is N85.265 billion or 63.8% as against the projected ₦133, 613, 577,357 with a corresponding total expenditure of ₦83.613 Billion or 62.6% achievement rate over the original approved estimate.

Figure 2: Performance of Selected Recurrent Incomes

	Statutory Allocation	VAT	IGR
ESTIMATE	46027368950	9,000,000,000.00	3,598,700,000.00
OUTPUT	2803397077	11,023,338,495.00	4,687,996,972.00

In figure 2 based on the above table it shows obviously that statutory allocation performed well over the intended budgetary

figure of ₦46, 027, 368, 950 with the slight variance of ₦2,803,397,077.

Value added tax (VAT) also performed over the budgeted amount of ₦9,000,000,000 with an addition of 22.5%. Similarly, locally generated revenue (IGR) performed well with an addition of 30.% over the estimated ₦3,689,996,972.

In respect of capital revenues the aggregate performance equally indicates a fair performance with a total collection of 73.9% of estimated amounts, giving a negative variance of 26%.
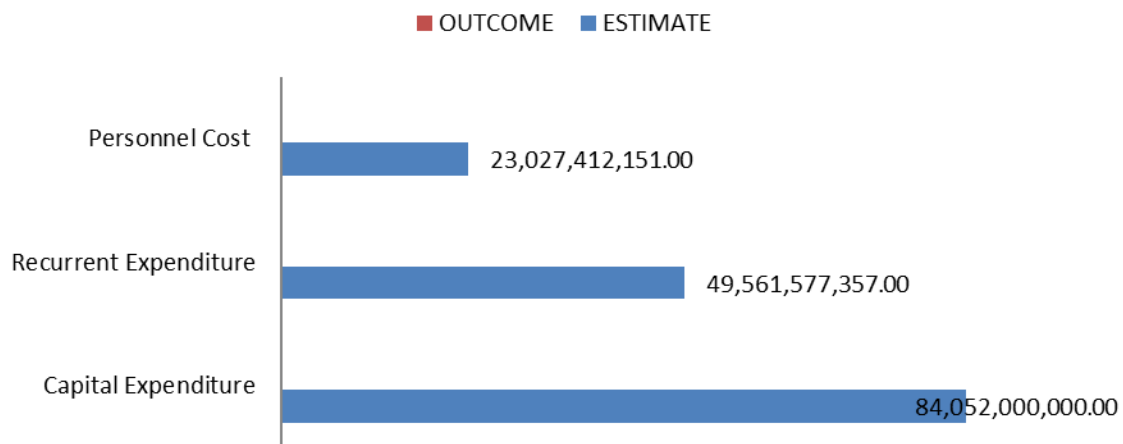
2-2: *Expenditure Appraisal.*

Table 3 represents the full year appraisal of the outcomes across various expenditure components compared to the original approved estimates. Figure 3 gives a graphical view of the performance appraisal of total expenditure during the period in review, amounting to some ₦83,613 billion.

Table 3: Full Expenditure Outturn Appraisal

S/N	Item Description	Approved Estimate 2018	Jan - Dec outcome	Pro-rated Performance (%)
	A. Recurrent Expenditure			
1	Personnel Cost	17,382,126,469	18,570,467,336	**80.6**
2	Overhead Cost	21,522,709,196	16,675,635,126	**77.5**
3	Internal & External Debt servicing	5,011,458,010	12,437,720,394	**(248.19)**
4	Consolidated Revenue Fund	5,645,285,682	1,512,567,364	**26.8**
5	Capital Expenditure	84,052,000,000	34,416,765,597	**40.9**
	Total Rec. Expenditure	**133,613,577,357**	**83,613,155,817**	**62.6**

FIGURE 3:EXPENDITURE PERFORMANCE

■ OUTCOME   ■ ESTIMATE

Personnel Cost — 23,027,412,151.00

Recurrent Expenditure — 49,561,577,357.00

Capital Expenditure — 84,052,000,000.00

FIGURE 5: DISTRIBUTION OF EXPENDITURE OUTCOME

■ Capital Expenditure ■ Recurrent Expenditure ■ Personnel Cost

15%

54%

31%
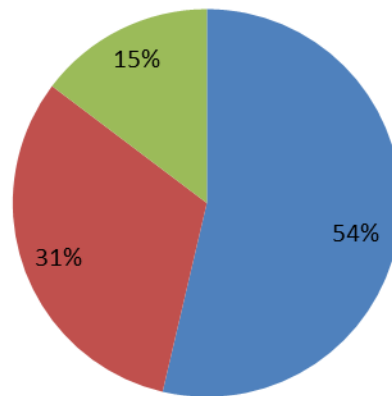
2-2. Recurrent Expenditure:

Total monies available for recurrent expenditure as indicated above is ₦49,197 billion or 58.8% of overall performance in the period under review. However, actual expenditures at the end of December was N49.197 billion representing 58.8% of total expenditures for the FY. The capital component on the other hand did not perform quite so well with a rate of only 41.2% or N34.416 billion. The implication is that the state spent less money on providing capital development infrastructure than is spent on maintenance and other recurrent issues.

Table 4: Composition of Personnel Cost Outturns and Performance

S/N	MDAs/ Sectors	Estimates	Outcome	Outcomes Performance	Outcomes % of Total
1	Education Sector				
2	Health Sector	608,700,000.00			
3	Judiciary				
4	Agricultural Sector				
5	State Pension (Pension and Gratuities				
6	Salary & Pension Administration (NYSC Allowances)				
7	Establishment & Service Matters Directorate				
8	Water Sector MDAs				
9	Ministry of Finance	1,691,695,523.00			
10	Ministry of Budget and Economic Planning	192,700,000.00			
11	Others				
	TOTAL				

Capital Expenditure;

The 2018 Budget which was largely focused on capital development with an initial estimate of 62.8% of overall budget,

has contrary to the initial projected capital provision only been implemented by 40.9% or 25.7% of the overall 2018 budget.

Below is the distribution of actual capital expenditure across the various sectors, this portray's a mixture of progress and shortfalls amongst the sectors.

In all three sectors viz Economic, Social and General Administration, only the general administration sector performed by 58.10%. The economic and social sectors achieved only a dismal   11.87% and 22.71% respectively. The expenditure on the Road and Hospital Construction is in response to the yearning of the people and communities that continue demand for connectivity through road networks and demand for improved Health as well as a reflection of capital-intensive requirement on investment. Though allocation of ₦34.928 billion was earmarked for the economic sector out which ₦21.97 was allocated to the transport sub-sector. Substantial investment and development have been recorded over the years on the transport sub-sector, as evidenced on the provision of new roads, upgrading and rehabilitation of road networks. The Health and Education sub-sectors of the Social Sector also contribute significantly to achievements under the sector.

Sectoral Allocation

SECTOR	APPROVED ESTIMATES 2018	ACTUAL EXPENDITURE 2018	% ACHIEVMENT
ECONOMIC SECTOR	₦ 34,928 Billion	₦ 8.149 Billion	9.6%
SOCIAL SECTOR	₦ 21,804 Billion	₦ 9.953 Billion	27.01%
ENVIRONMENTAL SECTOR	₦ 18,015 Billion	₦ 2.4 Billion	2.85%
GENERAL ADMINISTRATION SECTOR	₦ 9,305 Billion	₦ 13.921 Billion	16.56%
Total	84.052	34.416	100%

On the whole, it appears proper attention was not accorded to capital expenditures during the FY, as observed the expenditure pattern still showed much skewing or disproportionate of pattern of expenditure across the sectors and sub-sectors as only the general administration and the social sectors received attention compared to the economic sector. This shows the need to focus attention on other sectors in an effort to balance and spread in providing development to citizens.

Improvement of Human capital Development particularly education should be accorded high priority. This is in the realization of the fact that the state is still backward in western education despite numerous efforts made by government, Health

is another major prerequisite to any meaningful human development in view of its contribution to growth and the economy. Similarly the state needs to invest massively on social investment in a bid to ensure equity and promote development amongst different geographical regions and citizens.

Promoting youth and women empowerment through skills acquisition programs to reduce our high rates of unemployment and generate income. Sustaining ongoing governance reforms particularly in the area of Public Financial Management and Public Service delivery will equally be of great benefit in pushing forward our agenda of providing quick and sustainable development to Zamfara state.

Loans and Grants Funded Projects

An overview and appraisals of the performance of those that are externally funded is been provided in the table below, even though the project and programme were executed through loans and grants.

S/N	Item Descriptions	Approve Estimates	Expenditure	Performance	Remarks
1	Fadama III Project	₦188,000,000			Objective of the Project include achieving increase in

					the income of user of land and water resources through increased agricultural product and agricultural value-chain development.
2	RUWATSAN Project supported by DFID and UNICEF	₦1,825,648,610	₦1,095,997,188	60.03%	The project aims at increasing access to portable drinking water and sanitation services on a sustainable basis.
3	CSDP World Bank Project	₦272,730,294.33	₦275,106,782.21	100.78	World Bank facility for poverty reduction project
4	Save One Million Lives FGN Grant	₦ 1,067,325,000	₦ 1,067,325,000	100%	The project objective is to increase the utilization of high impact maternal, new born and child health services and other nutrition intervention. These include immunization coverage, vitamin A supplementation, skills birth attendant, use of modern contraceptive and use of long-lasting insecticide nets.