



BAYELSA STATE GOVERNMENT
STATE BUDGET OFFICE
MINISTRY OF BUDGET AND ECONOMIC PLANNING
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2020 FIRST QUARTER BUDGET REPORT

Introduction and Background

His Excellency, Sen. Douye Diri assented to the 2020 appropriation Act in 21st April 2020. The Act approved N242.187 billion as State Budget Revenue; aggregate expenditure of also N242.187 billion consisting of N193.599 billion recurrent spending and N48.588 billion for Capital spending.

The 2020 Budget was based on the Medium-Term Fiscal Framework of both the Federal Government and the State; and the outcomes of the 2020-2022 Medium Term Sector Strategies of all MDAs of the State.

The 2020 budget builds upon macroeconomic and budgetary reforms and initiatives of the present Administration under the leadership of His Excellency, Sen. Douye Diri. Hence it is christened “Consolidation for Prosperity”. It gives priority to, and makes ample provision for improving physical infrastructure, human capital development, agriculture and health.

This report presents an assessment of the implementation of the 2020 fiscal year Budget.

Revenue Performance

An analysis of the actual revenue receipts accruing to the State as at 31st March 2020 from Federal Allocation and IGR is below projections. The budgeted revenue from federal allocations for the year is N242.187 billion, however, actual receipts as at the end of 31st March, 2020 was N37.398 billion. This amount is inclusive of 13% mineral derivation. The actual revenue is N16.241 billion or 30.28% lower than year 2019 first quarter. IGR faired by N2.789 billion or 17.49% compared to the projected year estimates of

N16.000 billion which is N.091 billion or 0,03% lower than year 2019 first quarter. Consequently, at the end of March 2020, total actual revenue of N37.398 billion available for implementation of the State Government Budget fell short of its one quarter budgeted estimates of N60.547 billion by N18.430 billion or 24.59% negative variance if we are to equally divide the revenue for the year.

The table below shows the State's revenue performance.

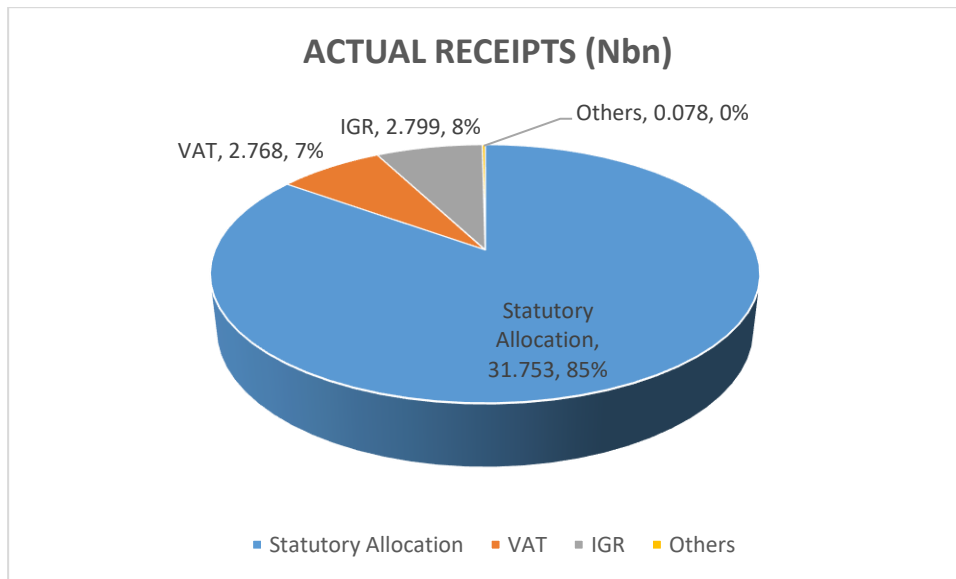
Table 1: Total Actual Receipts as at 31st March 2020.

S/ N	Source of Revenue	Year 2019 Approved Budget (NBN)	Year 2019 Actual Receipts as 31 st March (NBN)	Year 2020 Approved Budget (NBN)	2020 Actual Receipts as 31 st March (NBN)	% Performance
1	Transfers from Federal Govt					
	Statutory Allocation	233.596	50.964	131.704	31.753	24.109
	VAT	9.796	2.674	10.624	2.768	26.054
	Federal Allocation	243.392	53.638	142.328	34.521	24.255
2	IGR	20.739	2.890	16.000	2.799	17.494
	Others				.078	
	IGR	20.739	2.890	16.000	2.799	13.94
3	Capital Receipts			44.177		
	Internal Loans		0	39.682	0	
	Grants		0		0	
	Others		0		.078	
	Capital Receipts		0		0	
	Total	299.835	56..528	242.187	37.398	15.442

Source: Bayelsa State Ministry of Finance.

As at the end of 31st March 24.26% (N34.521bn) of estimated federal allocation was realized. 17.49% (2.799) of estimated IGR, was realized

Chart 1 Showing Actual Receipts from Jan-March 2020



As seen in the chart above, Federal Allocations contributed about 92% (Statutory Allocation 85% and VAT 7%) of the State’s revenue as at 31st March while IGR account for about 7%.

Statutory Allocation

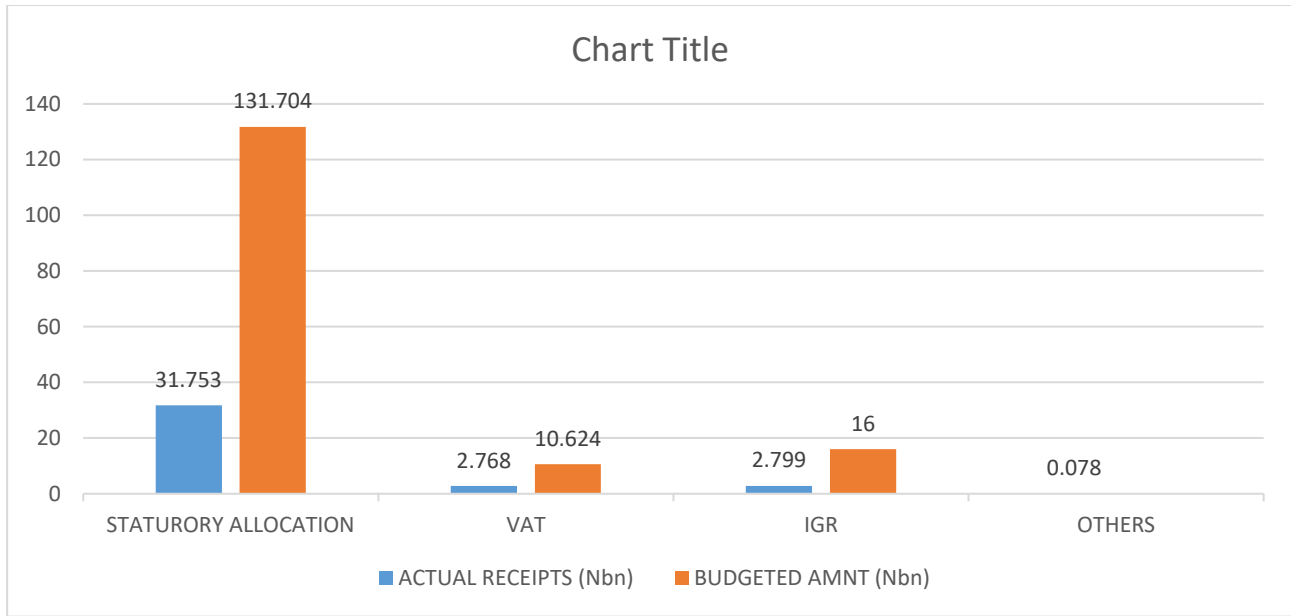
Budgeted revenue from statutory allocations for 2020 is N131.704 billion and as at 31st March, 2020 N34.753 billion was realized Statutory Allocation and VAT was N2.768bn.

Internally Generated Revenue

The 2020 Budget for IGR is estimated at N16,000 billion, which was 4.739bn lower than 2019 estimate, On the other hand actual IGR as at 31st March 2020 was N2.799 as against N2.890 of 2019, showing a slight drop of N.091bn. This slight drop may have been due to COVID-19 since most business is not operating fully and most of them are closed for business.

Business activities are gradually getting back to normal which we strongly believe will increase our IGR.

Chart 2 Showing Actual Receipts as at 31st March,2020 and Budgeted Amount for 2020 Revenue



Expenditure Performance

Expenditure Profile

A total sum of N242.187 billion was appropriated by the State House of Assembly for the 2020 fiscal year. Of this, about N46.736 billion or 19.30% was allocated to capital expenditure, N51.646 billion or 21.33% to personnel costs, N52.327 billion or 21.61% to overhead expenditure while N91.477 (37.77%) other transfers (CRFC).

As at 31st March, 2020 N34.330 billion or 14.17% of the year budget estimates had been paid out by the State treasury. Of this, N18.151 billion or 27.16 % was expended on personnel costs, N11.908 billion or 4.920% was expended on overhead cost, totaling N30.060 billion or 12.41% expended on recurrent expenditure while N4.270 billion or 1.76 % was spent on capital expenditure.

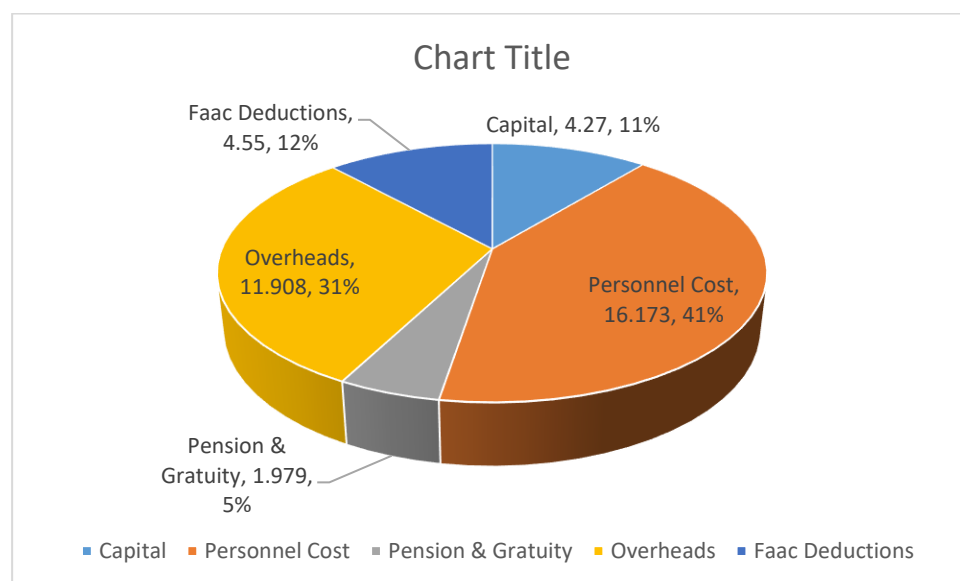
The capital budget implementation shows that about N2.805 billion or 65.71% of the total actual payout of N4.270 billion of capital payment was paid out to the Economic sector.

Table 2: Analysis of Expenditure (Jan-March, 2020)

S / N	Expenditure Item	2019 Actual Budget Amount (NBN)	% age of Total Actual Payments	2020 Year Budget (NBN)	Actual Payments (NBN)	% age of Total Actual Payments	% Performance
1	Capital	14.809	23.37	46.736	4.270	23.37	14.95
2	Personnel Cost	11.643	25.90	51.646	16.173	25.90	23.89
	Pensions & Gratuity				1.979		
3	Overheads	18.044	39.85	52.327	11.908	39.85	33.73
4	Statutory Transfer			91.478			
5	Debt Servicing						
6	Others including FAAC Deduction						20.53
	Total	45.289	100%	242.187	45.289	100%	14.29

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

Chart 3 Showing Actual Payments as at 31st March 2020



From the chart above personnel cost has the highest payment which simply shows Governors drive to pay salaries consistently both outstanding salaries owed workers by the previous administration. Overhead

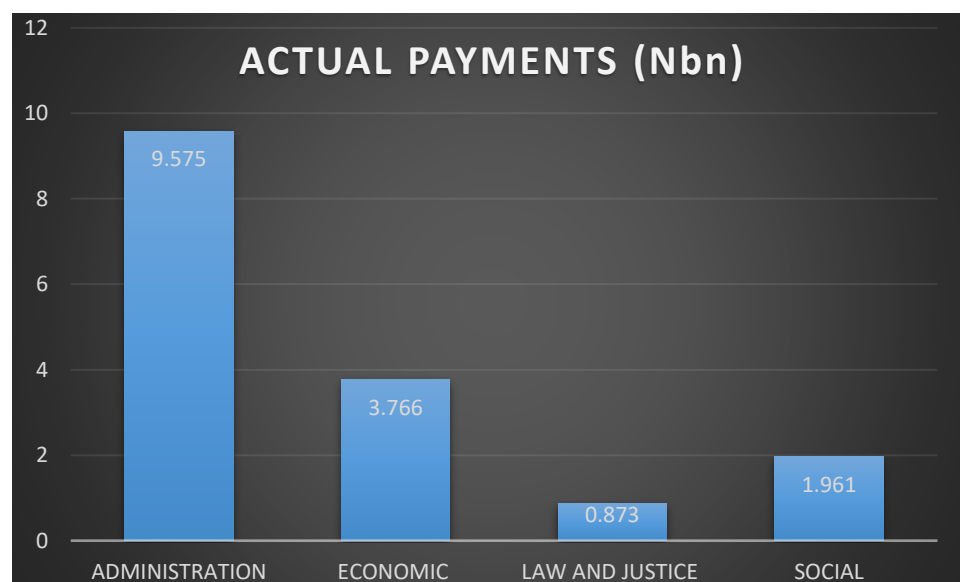
payment shows 31%, Capital payments 11%, Pensions and Gratuity 5% and FAAC Deductions 12%.

Table 5: Actual Payments to Sectors

S/ N	Sector	Actual Payments Amount (Nbn)	% age of Total Actual Payments
1	ADMINISTRATION	9.575	59.19%
2	ECONOMIC	3.766	23.28%
3	LAW AND JUSTICE	.873	5.41%
4	SOCIAL	1.961	12.13%
	TOTAL	16.175	100%

Source: State Budget Office &, Ministry of Finance

CHART SHOWING ACTUAL PAYMENTS BY SECTOR AS AT 31ST MARCH 2020



As shown in the table above as at the end of March, 2020 which is the first quarter of 2020, the Admin sector received the highest payment followed by economic sector, social sector and lastly Law and Justice. The reason for the large payment in admin sector is due to the high cost of administration while for economic sector is because of capital projects. Ministry of works received almost 90% of the amount received by the sector.

