



BAYELSA STATE GOVERNMENT
STATE BUDGET OFFICE
MINISTRY OF BUDGET AND ECONOMIC PLANNING
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2020 SECOND 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 30th June, 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 between the month of April to June, 2020 was N21.846 billion. This amount is inclusive of 13% mineral derivation. The actual revenue is N11.785 billion or 64.95% lower

than year 2019 second quarter. IGR between the month of April to June, 2020 was N2.239 billion or 13.99% compared to the projected year estimates of N16.000 billion which is N.0.067 billion or 0.0007% lower than year 2019 first quarter. Consequently, at the end of April to June 2020, total actual revenue of N26.294 billion available for implementation of the State Government Budget fell short of its one quarter budgeted estimates of N60.547 billion by N34.253 billion or 50% negative variance if we are to equally divide the revenue for the year.

The table below shows the State's revenue performance.

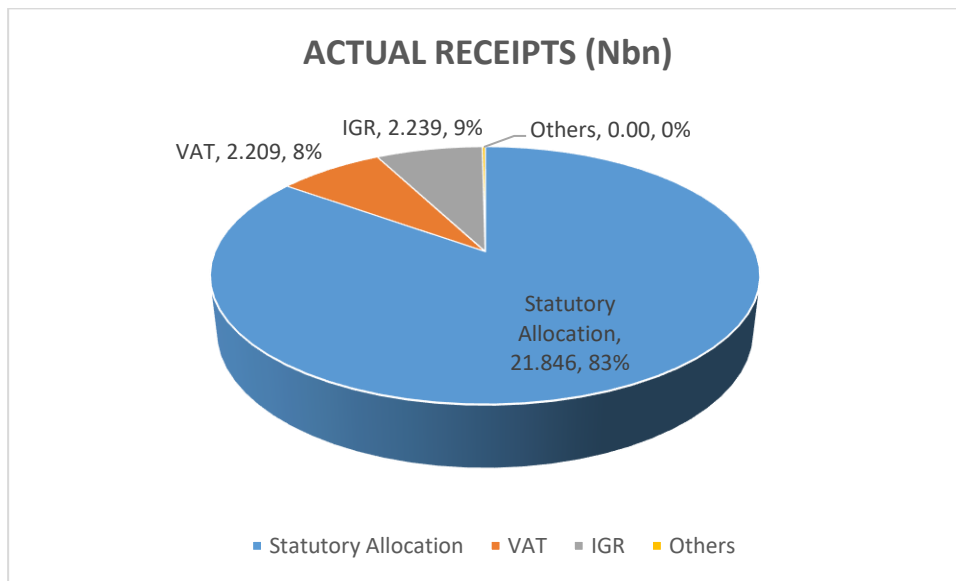
Table 1: Total Actual Receipts as at April to June 2020.

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 April to 30 th June (NBN)	% Performance
1	Transfers from Federal Govt					
	Statutory Allocation	233.596	50.964	131.704	21.846	16.59
	VAT	9.796	2.674	10.624	2.209	21.39
	Federal Allocation	243.392	53.638	142.328	24.055	16.90
2	IGR	20.739	2.890	16.000	2.239	13.99
	Others					
	IGR	20.739	2.890	16.000	2.239	13.99
3	Capital Receipts			44.177		
	Internal Loans		0			
	Grants		0			
	Others		0			
	Capital Receipts		0			
	Total	299.835	56..528	242.187	26.294	73.96

Source: Bayelsa State Ministry of Finance.

As at the end of April to 30th June 66.35% (N21.846bn) of estimated federal allocation was realized. 55.98% (2.239) of estimated IGR, was realized.

Chart 1 Showing Actual Receipts from April to June 2020



As seen in the chart above, Federal Allocations contributed about 91% (Statutory Allocation 83% and VAT 8%) of the State's revenue between the of April to 30th June while IGR account for about 9%.

Statutory Allocation

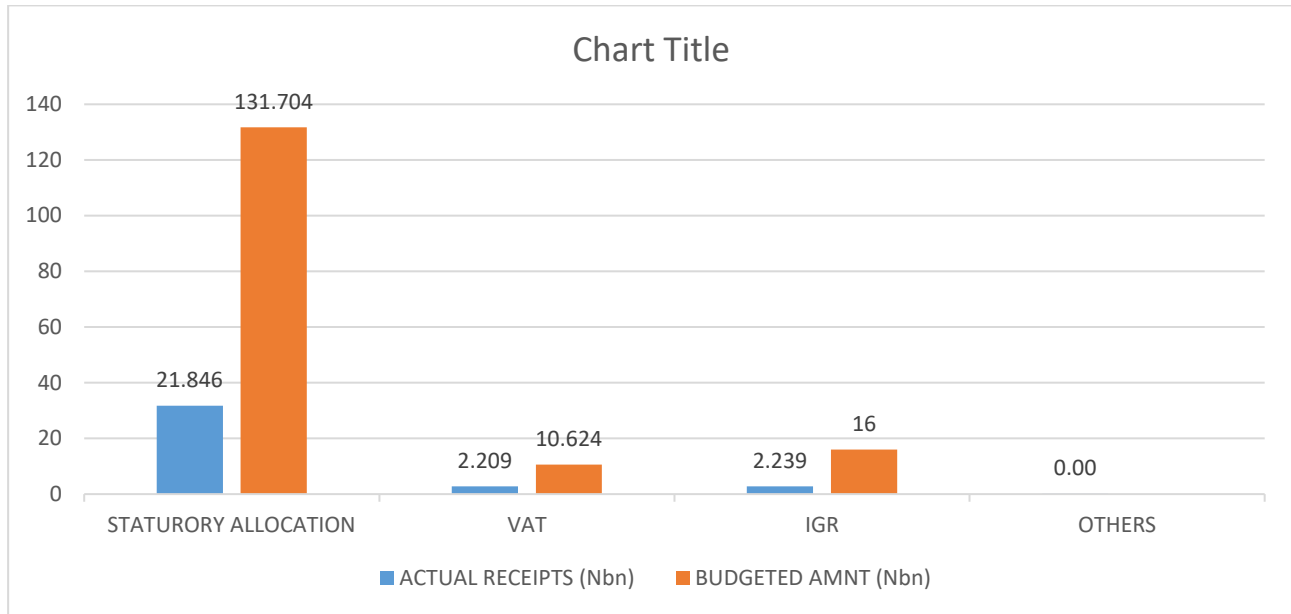
Budgeted revenue from statutory allocations for 2020 is N131.704 billion and as at between the month of April to June, 2020 N21.806 billion was realized Statutory Allocation and VAT was N2.209bn.

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 between the month of April to June, 2020 was N2.239 as against N2.905 of 2019, showing a slight drop of N.067bn. 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 April to June 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 between April to June, 2020 N23.979 billion or 8.88% of the year budget estimates had been paid out by the State treasury. Of this, N16.4431billion or 6.79% was expended on personnel costs; N3.498 billion or 1.44% was expended on overhead cost, totaling N19.941billion or 8.23% expended on recurrent expenditure while N1.555 billion or 0.64% was spent on capital expenditure.

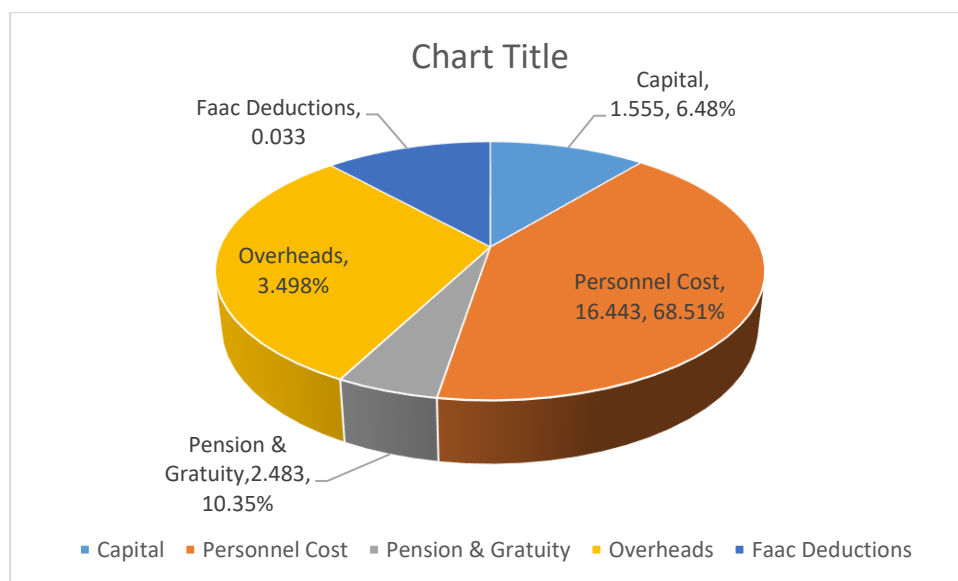
The capital budget implementation shows that about N1.183billion or 76.08% of the total actual payout of N4.270 billion of capital payment was paid out to the Economic sector.

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

S / N	Expenditure Item	2019 Actual Budget Amount (NBN)	% age of Total Actual Payments	2020Year Budget (NBN)	Actual Payments (NBN)	% age of Total Actual Payments	% Performance
1	Capital	14.809	23.37	46.736	1.555	6.48	0.64
2	Personnel Cost	11.643	25.90	51.646	16.443	68.51	6.79
	Pensions & Gratuity				2.483	10.35	1.03
3	Overheads	18.044	39.85	52.327	3.498	14.58	1.4
4	Statutory Transfer			91.478			
5	Debt Servicing						
6	Others including FAAC Deduction				0.0033	0.08	0.058
	Total	45.289	100%	242.187	24.002	100%	9.92

Source: 2020 Approved Budget for Bayelsa State and State Budget Office

Chart 3 Showing Actual Payments as at April to June 2020



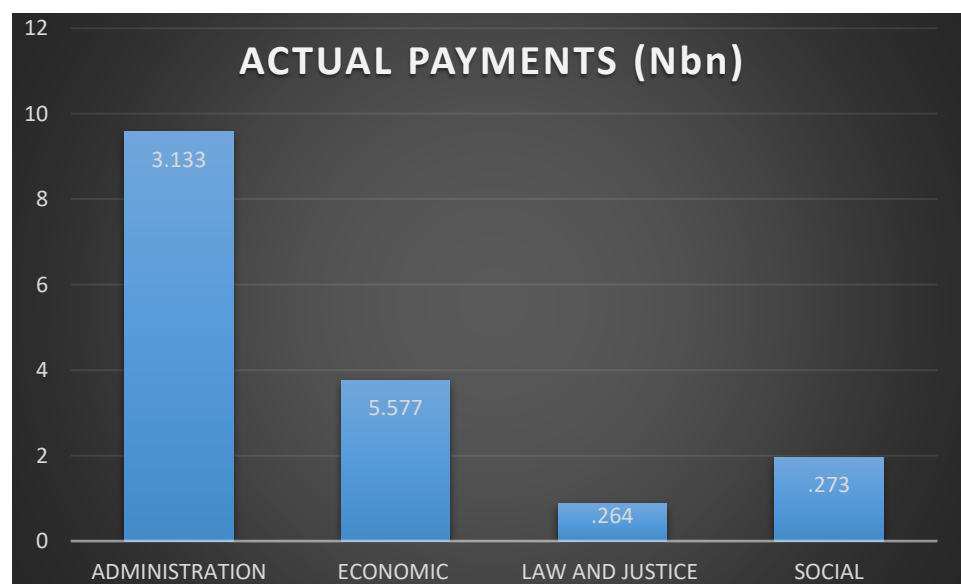
From the chart above personnel cost has the highest payment which simply shows Governors drive to pay salaries consistently both outstanding salaries owed workers by the previous administration. Overhead payment shows 31%, Capital payments 11%, Pensions and Gratuity 5% and FAAC Deductions 12%.

Table 5: Actual Payments to Sectors

S/ N	Sector	Actual Payments Amount (Nbn)	% age of Total Actual Payments
1	ADMINISTRATION	3.133	59.71%
2	ECONOMIC	1.577	30.05%
3	LAW AND JUSTICE	.264	5.03%
4	SOCIAL	.273	5.21%
	TOTAL	5.247	100%

Source: State Budget Office &, Ministry of Finance

CHART SHOWING ACTUAL PAYMENTS BY SECTOR AS AT APRIL TO JUNE 2020



As shown in the table above as at the end of April to June, 2020 which is the second 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.