

# 2019 ANNUAL BUDGET REPORT

## Introduction and Background

His Excellency, Hon Henry Serieke Dickson assented to the 2019 appropriation Act in 5<sup>th</sup> April 2019. The Act approved N299.835 billion as State Budget Revenue; aggregate expenditure of also N299.835 billion consisting of N204.552 billion recurrent spending and N95.283 billion for Capital spending.

The 2019 Budget was based on the Medium-Term Fiscal Framework of both the Federal Government and the State; and the outcomes of the 2019-2021 Medium Term Sector Strategies of all MDAs of the State.

The 2019 budget builds upon and consolidates past macroeconomic and budgetary reforms and initiatives of this Administration under the leadership of His Excellency, Henry Serieke Dickson. Hence it is christened “Repositioning for Consolidation”. 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 2019 fiscal year Budget.

## Revenue Performance

An analysis of the actual revenue receipts accruing to the State during the year of 2019 from Federal Allocation and IGR is slightly below projections. The budgeted revenue from federal allocations for the year is N243.392 billion, however, actual receipts for the year of 2019 was N175.107 billion. This is N68.285 billion or 28.06% lower than the budgeted amount. IGR faired by N16.343 billion or 78.80 % of the projected estimate of N20.739 billion which is N4.396 billion or 21.20% lower than the targeted value. Consequently, a total revenue of N191.450 billion was available for implementation in the year. This of course, fell short of the estimates by N108.385 billion or 36.15%.

The table below shows the State's revenue performance.

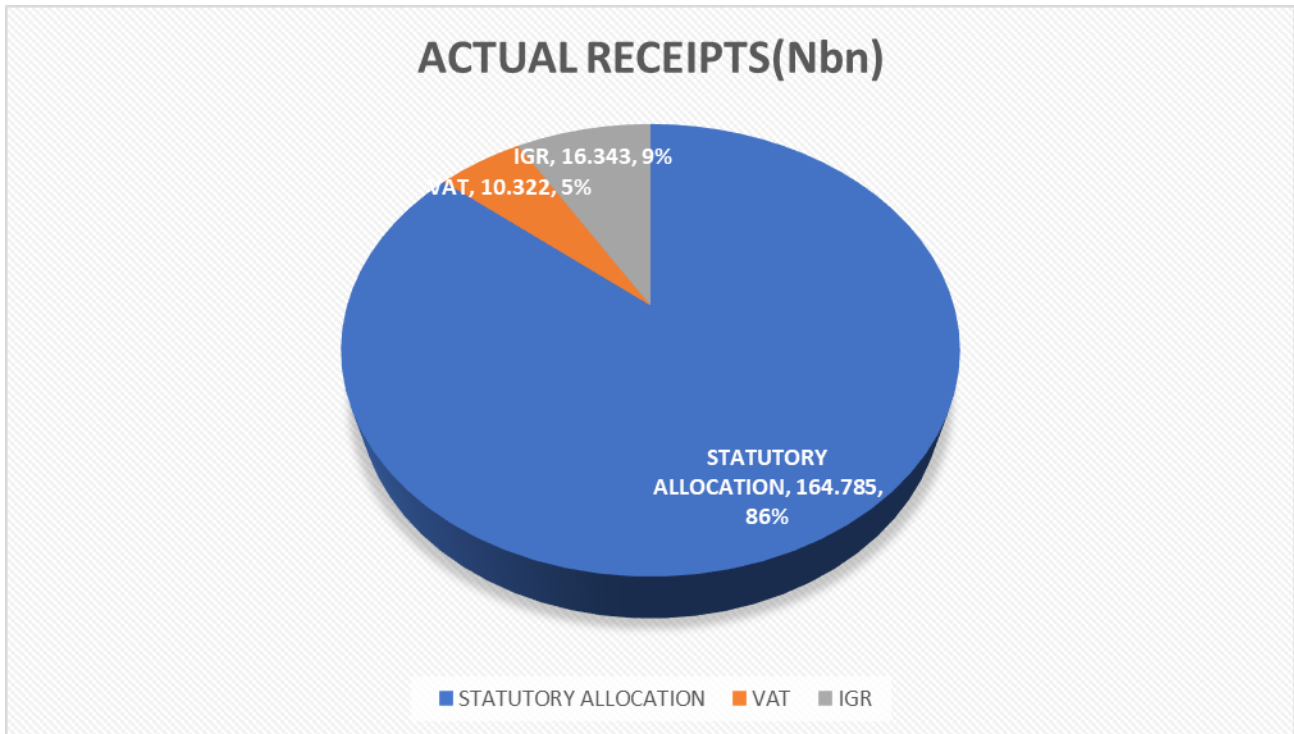
Table 1: Total Actual Annual Receipts for 2019.

S/ N	Source of Revenue	Year 2018 Actual Receipts as 31 <sup>st</sup> March (NBN)	Year 2019 Approved Budget (NBN)	2019 Annual Actual Receipts (NBN)	% Performance on target
1	Transfers from Federal Govt				
	Statutory Allocation	34.876	233.596	164.785	70.54
	VAT	2.023	9.796	10.322	105.37
	<b>Federal Allocation</b>	36.899	243.392	175.107	71.94
2	IGR	3.102	20.739	16.343	78.80
	Others	0.033			
	<b>IGR</b>	3.135	20.739	16.343	78.80
3	Capital Receipts				
	Internal Loans		25.662	0	
	Aids & Grants		10.042		
	Others	0		0	
	<b>Capital Receipts</b>		<b>35.704</b>		
	<b>Total</b>	40.034	299.835	191.450	63.85

Source: Bayelsa State Ministry of Finance.

At the end of year 2019, 71.94% (N175.107bn) of estimated federal allocation was realized while 78.80% (16.343bn) of estimated IGR was realized

## Chart 1 Showing Actual Receipts Year 2019



As seen in the chart above, Federal Allocations contributed about 91% (Statutory Allocation 86% and VAT 5%) of the State's revenue in the year and IGR account for about 9%.

### **Statutory Allocation**

Budgeted revenue from statutory allocations for 2019 is N243.392 billion and the end of year N175.107 billion was realized, Statutory Allocation being N164.785bn and VAT N10.322bn.

### **Internally Generated Revenue**

The 2019 Budget for IGR is estimated at N20.793 billion, representing an increase of 32.55 % over the 2018 actual receipt. This ambitious projection is as a result of the various steps the State Government has taken to improve IGR collection in the State. Some of these include:

Ensuring a tax friendly environment in the state

Assignment of revenue collection to specific MDAs to eliminate conflict and overlaps

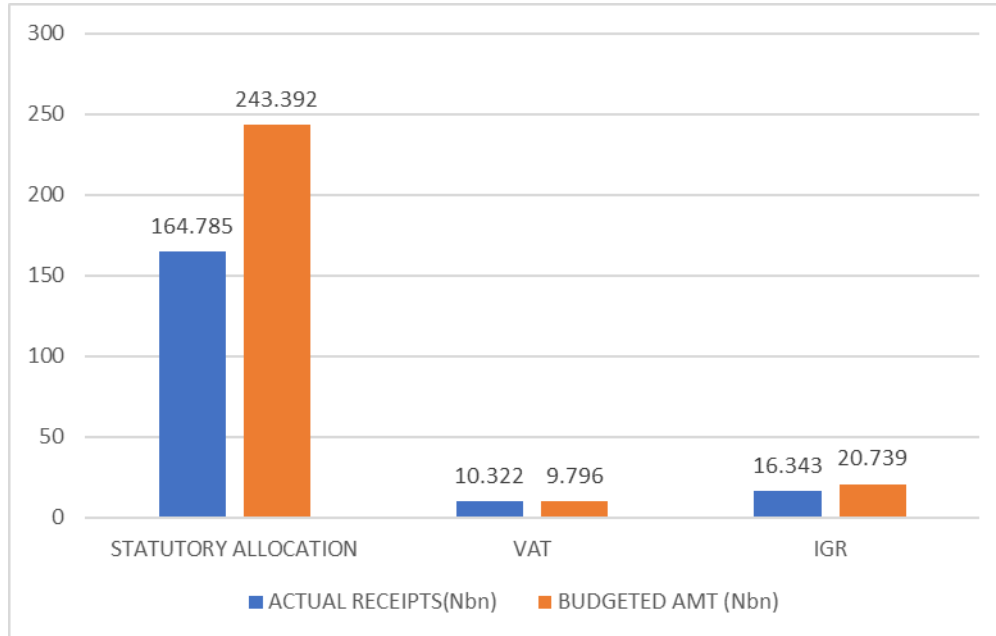
Optimisation of the process for revenue collection and reporting and the operation of revenue bank accounts;

Implementation of performance incentives for the revenue generating MDAs; and

Provision of high-level guidelines for revenue collection, enlightenment and enforcement

At the end of year, N16.343bn or 78.80% of estimated IGR of N20.739bn is realized.

Chart 2 Showing Actual Receipts and Budgeted Amount for 2019 Revenue



## Expenditure Performance

### Expenditure Profile

A total sum of N299.835 billion was appropriated by the State House of Assembly for the 2019 fiscal year. Of this, about N95.283 billion or 37.78% was allocated to capital expenditure, N54.190 billion or 18.07% to personnel costs, N79.252 billion or 26.43% to overhead expenditure while N36.110 (12.04%) and N35.0 billion (11.67%) were allocated to statutory transfers and debt serving respectively.

As at 31<sup>st</sup> December 2019, N202.311 billion or 67.47 % of the year budget estimates was paid out by the State Treasury. Of this, N50.628 billion or 25.02% was expended on personnel costs, N51.155 billion or 25.29% was expended on overhead cost, FAAC Deductions N3.897 billion or 1.93%, Debt Servicing N41.600 billion or 20.56%, Pension and Gratuities N12.872bn or 6.36% totaling N160.152 billion or 79.16% expended on recurrent expenditure while N42.159 billion or 20.84% was spent on capital expenditure.

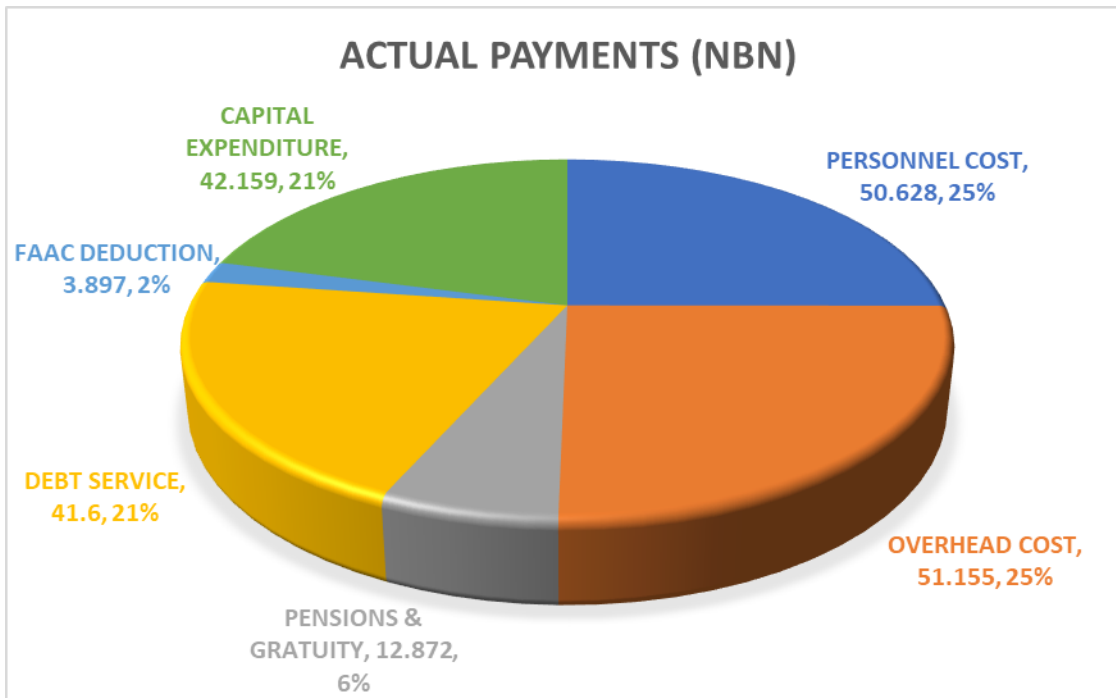
The capital budget implementation shows that about N39.462 billion or 93.6% of the total actual payout of N42.159 billion of capital payment was paid out to the economic sector

*Table 2: Analysis of Expenditure 2019 Annual Budget Report*

S/N	Expenditure Item	2019 Year Budget (NBN)	2019 Actual Payments (NBN)	% age of Total Actual Payments	% Performance
1	Capital	95.283	42.159	20.84	44.25
2	Personnel Cost	54.190	50.628	25.02	93.43
	Pensions & Gratuity	7.000	12.872	6.36	183.89
3	Overheads	79.252	51.155	25.29	64.55
4	Statutory Transfer	5.110			
5	Debt Servicing	35.000	41.600	20.56	118.86
6	Others including FAAC Deduction	24.000	3.897	1.93	16.24
	<b>Total</b>	299.835	202.311	100	67.47

*Source: 2019 Approved Budget for Bayelsa State and State Budget and Control Department*

Chart 3 Showing Actual Payments for Year 2019



### Capital Budget Implementation Status for the Year of 2018

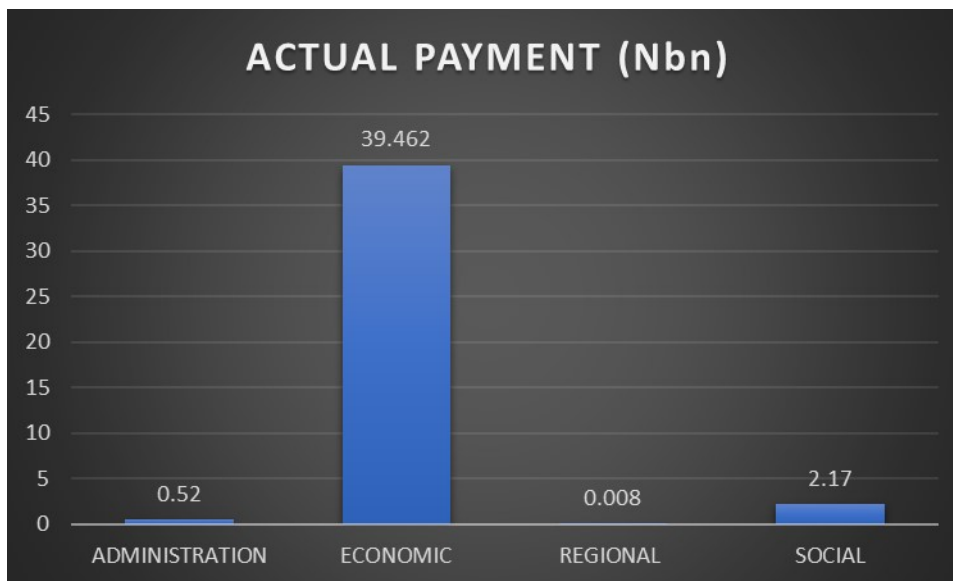
As shown in table 2 below, the Economic sector has the highest priority in 2019 Budget receiving approximately 44.25% of the total paid out CAPEX budget for the year.

Table 5: Actual Payments to Sectors

S / N	Sector	Actual Payments Amount (NBn)	% age of Total Actual Payments
1	ADMINISTRATION	0.520	1.23
2	ECONOMIC	39.462	93.60
3	LAW AND JUSTICE		0
4	REGIONAL	0.008	0.02
5	SOCIAL	2.170	5.15
	TOTAL	42.159	100%

Source: State Budget Office &, Ministry of Finance

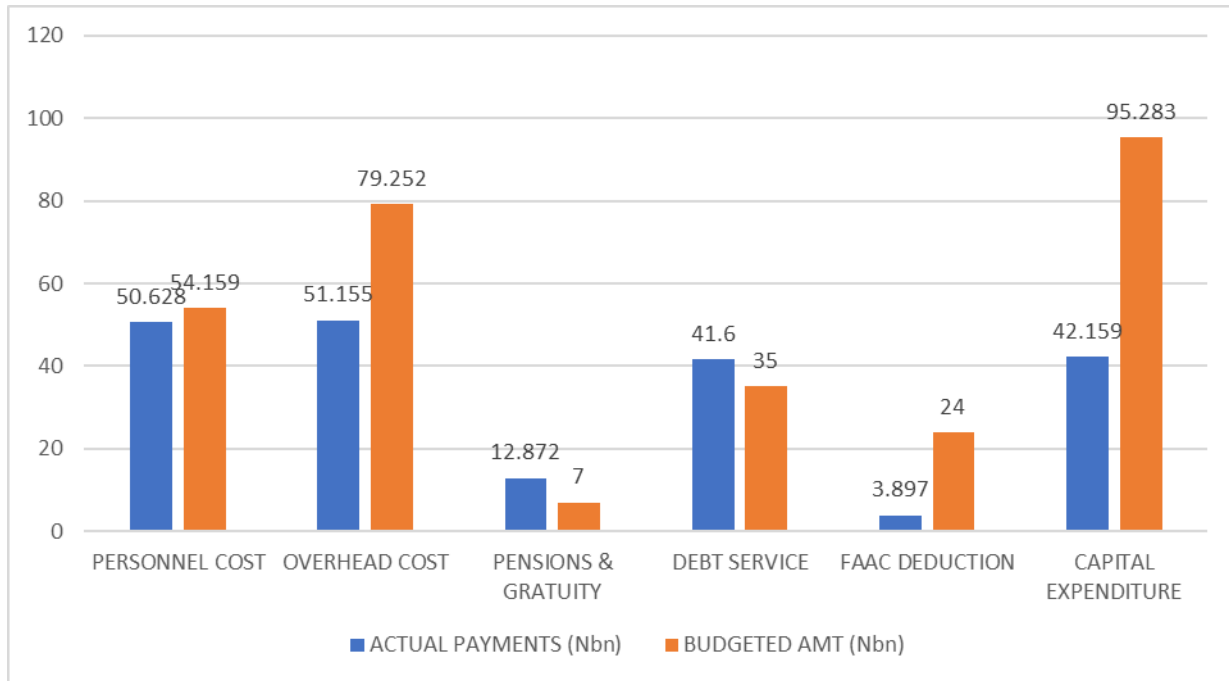
CHART 4 SHOWING ACTUAL PAYMENTS BY SECTOR AS AT 31<sup>ST</sup> DECEMBER 2019



As shown in the table above and chart below as at the end of December, 2019 only the Economic sector received as payments 41.42.83% of the amount budgeted for capital expenditure. The Ministry of Works and Infrastructure is critical to the State Government's goal of providing adequate infrastructure required for the development of the state. So as at 31<sup>st</sup> December 2018 more than 90% of the actual payment in the economic sector was paid to Ministry of Works & Infrastructure to realize this dream.

The implementation of the capital expenditure budget based on the amounts paid out by the State Treasury does not include the physical verification and inspection of the various projects.

*HART 5 SHOWING ACTUAL PAYMENTS AND BUDGETED AMOUNT AS AT 31<sup>ST</sup> DECEMBER 2019*



**Analysis of Recurrent Expenditure**

The approved total recurrent estimates for the 2019 fiscal year stood at N204.552 billion. Total recurrent expenditure (personnel costs, overheads and CRFC) as at 31<sup>st</sup> December, stood at about N160.152 billion or 79.16% of total payments.

JANUARY 30, 2019