

2019 HALF YEAR BUDGET REPORT

Introduction and Background

His Excellency, Hon Henry Serieke Dickson assented to the 2017 appropriation Act in 15th April 2018. The Act approved N316.988 billion as State Budget Revenue; aggregate expenditure of also N316.988 billion consisting of N160.626 billion recurrent spending and N156.362 billion for Capital spending.

The 2018 Budget was based on the Medium-Term Fiscal Framework of both the Federal Government and the State; and the outcomes of the 2018-2020 Medium Term Sector Strategies of all MDAs of the State.

The 2018 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 “Finishing Strong”. 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 2018 fiscal year Budget.

Revenue Performance

An analysis of the actual revenue receipts accruing to the State during January to ending June 30th 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 as at 30th June of 2018 was N91.376 billion. IGR faired by N5.795 billion or 27.94% compared to the projected estimates of N20.739 billion. Consequently, half of the year a total revenue of N97.171 billion that was available for implementation of the State Government Budget fell short of its half year budgeted estimates of N149.918 billion by N52.747 billion or 35.18% negative variance if we are to equally divide the revenue for the year.

The table below shows the State's revenue performance.

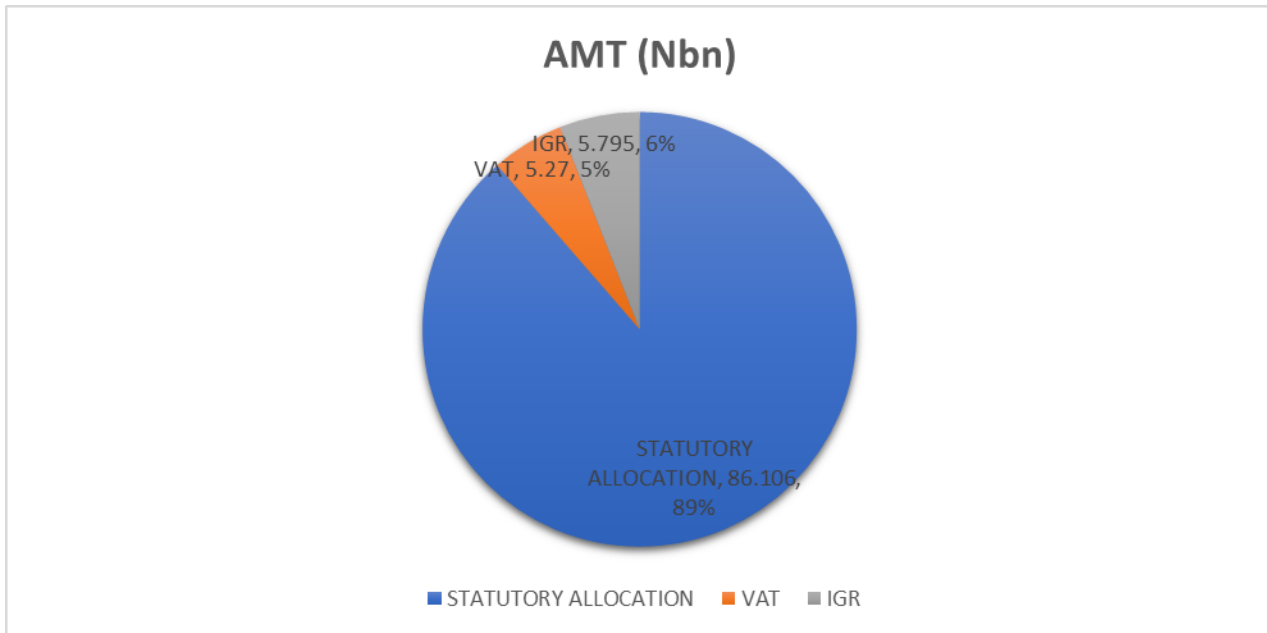
Table 1: Total Actual Receipts as at 30th June 2019.

S/N	Source of Revenue	Year 2019 Approved Budget (NBN)	2019 Actual as at 30 th June (NBN)	% Performance
1	Transfers from Federal Govt			
	Statutory Allocation	233.596	86.106	36.86
	VAT	9.796	5.270	53.80
	Federal Allocation	243.392	91.376	37.54
2	IGR	20.739	5.795	27.94
	Others			
	IGR	20.739	5.795	27.94
3	Capital Receipts			
	Internal Loans	25.662		
	Grants	10.042		
	Others			
	Capital Receipts	35.704		
	Total	299.835	97.171	32.41

Source: Bayelsa State Ministry of Finance.

For half year ending June 30th 37.54% (91.376Nbn) of estimated federal allocation was realized while 27.94% (5.795bn) of estimated IGR was realized.

Chart 1 Showing Actual Receipts as at 30th June 2019



As seen in the chart above, Federal Allocations contributed about 94% (Statutory Allocation 89% and VAT 5%) of the State's revenue as at 30th of June 2018 while IGR account for about 6%.

Statutory Allocation

Budgeted revenue from statutory allocations for 2019 is N243.392 billion and half of the year only N91.376 billion or 37.54% was realized, Statutory Allocation being N86.106bn and VAT N5.270bn.

Internally Generated Revenue

The 2019 Budget for IGR is estimated at N20.739 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

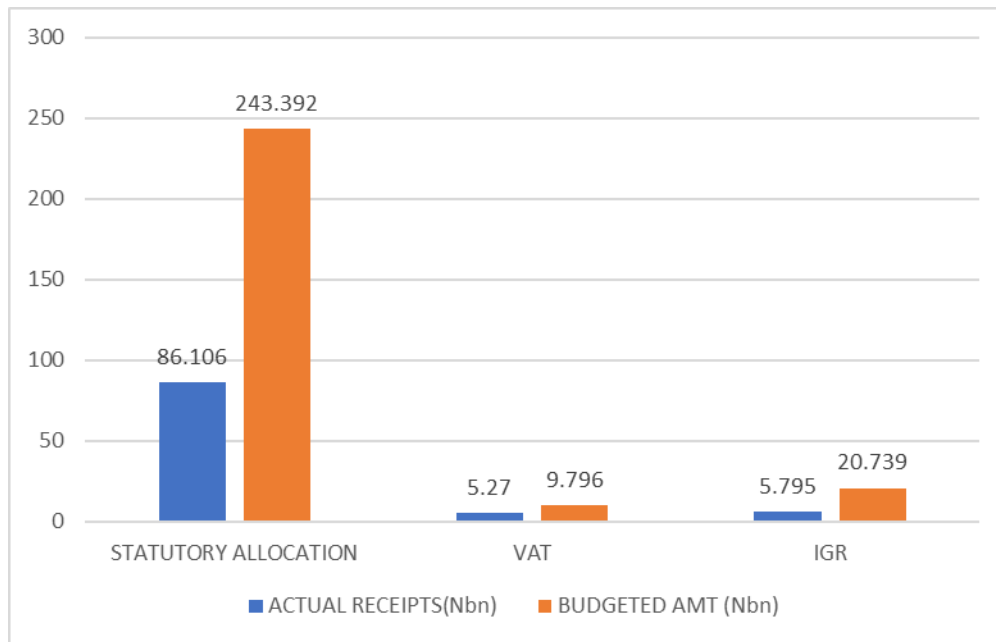
Optimisation of the process for revenue collection and reporting and the operation of revenue bank accounts;

Implementation of performance incentives for the revenue generating MDAs; and

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

As at 30th June only N5.795bn or 27.94% of estimated IGR of 20.739bn was realized.

Chart 2 Showing Half Year Amount with Budgeted Amount of 2019



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.

For half of year 2019, N75.814 billion or 25.29 % of the year budget estimates had been paid out by the State treasury. Of this, N24.104 billion or 31.79% was expended on personnel costs, N28.763 billion or 37.94% was expended on overhead cost, totaling N52.867 billion or 69.73% expended on recurrent expenditure while N22.947 billion or 30.27% was spent on capital expenditure.

Thus, 69.73% of the total actual payout from the State Treasury went to Recurrent Expenditure which is made up of Overhead, Personnel and Consolidated Revenue Fund Charges while capital expenditure accounted for 30.27%.

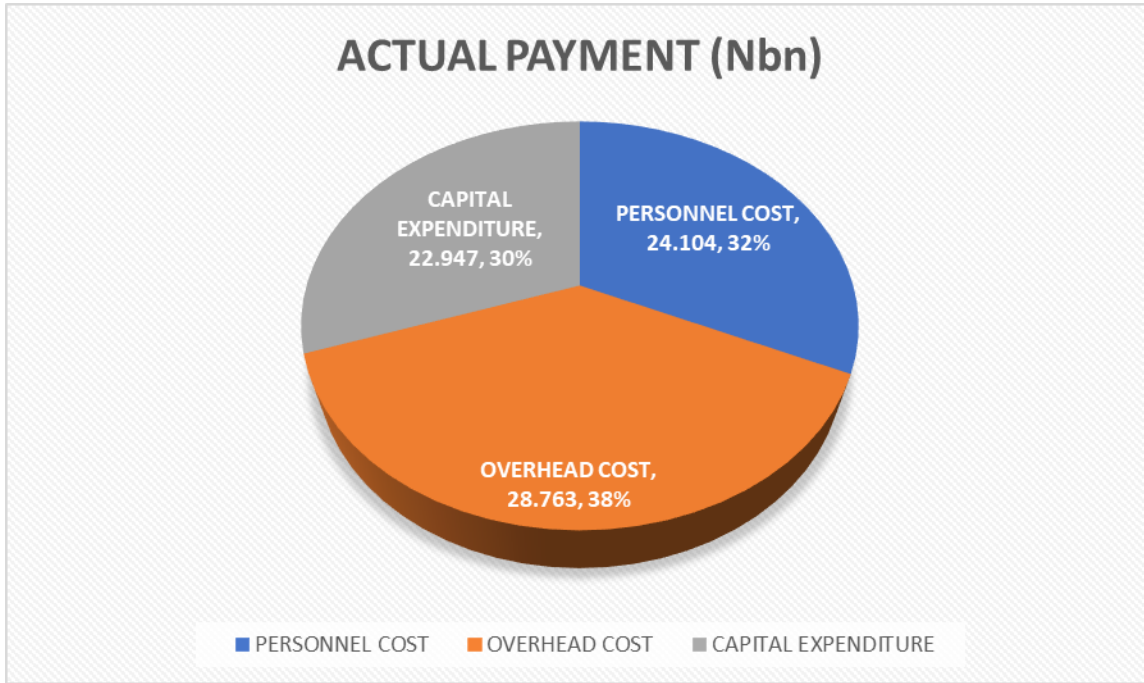
The capital budget implementation shows that about N21.098 billion or 92% of the total actual payout of N22.947 billion of capital payment was paid out to the economic sector.

Table 2: Analysis of Expenditure (January-June, 2019)

S/N	Expenditure Item	2019 Year Budget (NBN)	Half Year Actual Payments (NBN)	% age of Total Actual Payments	% Performance
1	Capital	95.283	22.947	30.27	24.08
2	Personnel Cost	54.190	24.104	31.79	44.48
	Pensions & Gratuity	7.000			
3	Overheads	79.252	28.763	37.94	36.29
4	Statutory Transfer	5.110			
5	Debt Servicing	35.000			
6	Others including FAAC Deduction	24.00			
	Total	299.835	75.814	100	25.29

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

Chart 3 Showing Half Year Actual Payments for 2019



Capital Budget Implementation Status Half Year of 2019

As shown in table 2 below, the Economic sector has the highest priority in 2019 Budget receiving approximately 91% of the total paid out CAPEX budget for the quarter. This is due to the emphasis on Works and Infrastructure as a means of providing critical infrastructure that is required for the development of the State.

Table 5: Actual Payments to Sectors As at 30 June 2019

S / N	Sector	Actual Payments Amount (Nbn)	% age of Total Actual Payments
1	ADMINISTR ATION	0.408	1.78
2	ECONOMIC	21.098	91.94
3	LAW AND JUSTICE		0
4	REGIONAL	0.002	0.01
5	SOCIAL	1.439	6.27
	TOTAL	22.947	100%

Source: State Budget Office &, Ministry of Finance

As shown in the table above and chart below by half of the year only the Economic sector received as payments 22.14% of the amount budgeted for capital expenditure. The Ministry of Works and Infrastructure is so critical to the State Government in providing adequate infrastructure required for the development of the state that more than 91% of the actual payment in the economic sector was paid to the Ministry.

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.

CHART 4 SHOWING ACTUAL CAPITAL PAYMENTS BY SECTOR AS AT 30TH JUNE 2019

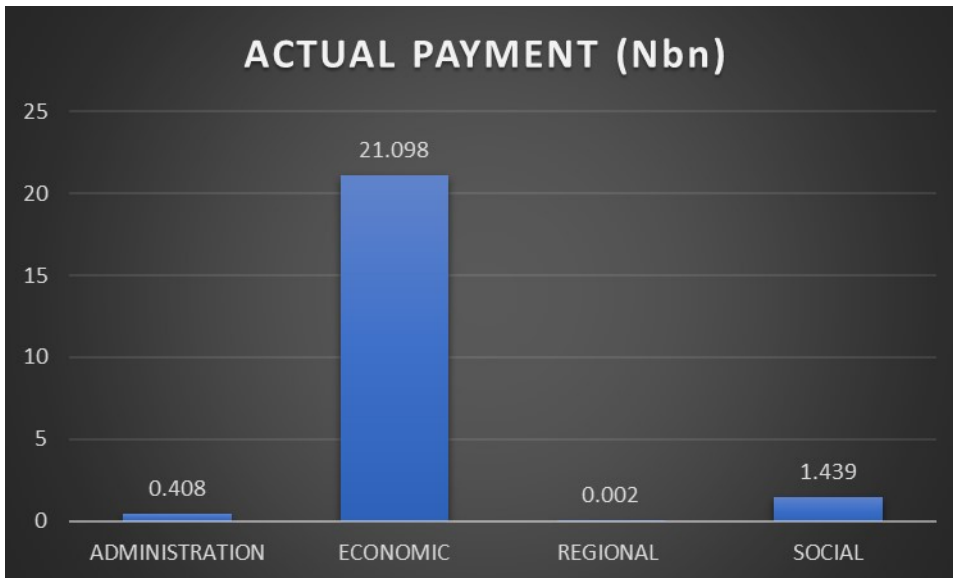
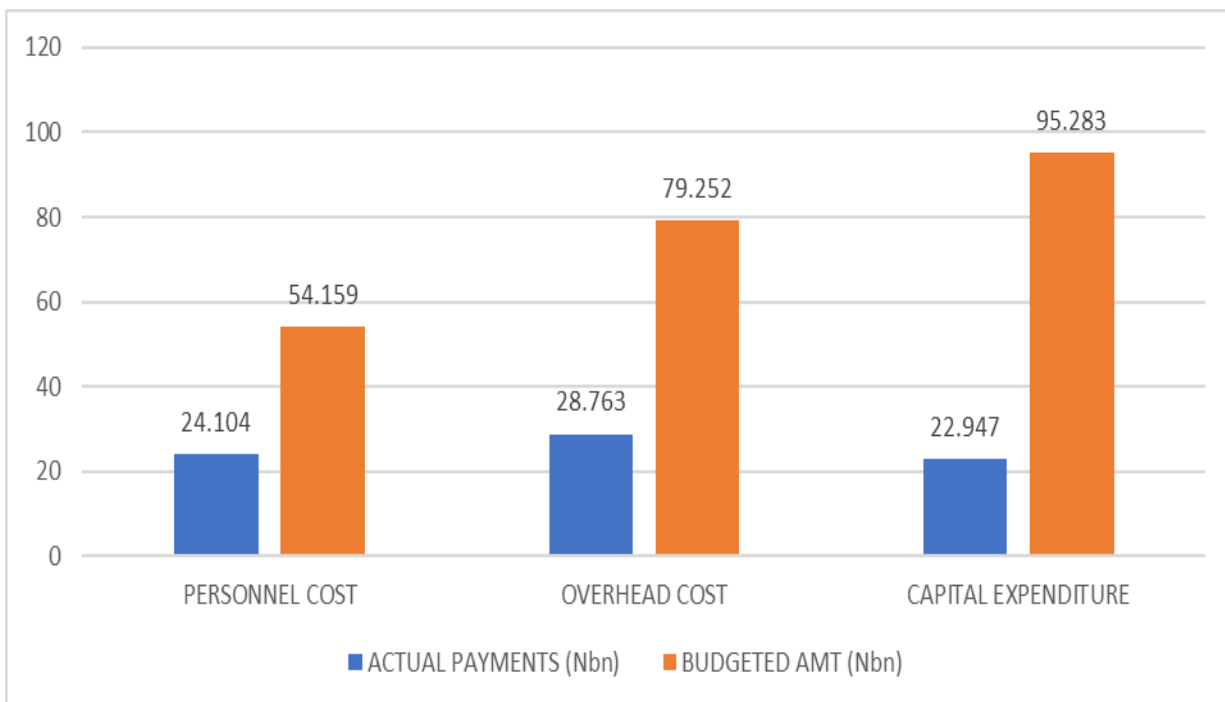


CHART 5 SHOWING ACTUAL PAYMENTS AND BUDGETED AMOUNT AS AT 30TH JUNE 2019



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) from January to June stood at about N52.867 billion or 69.73% of total payments. Much of recurrent expenditure is expended in the administration sector

JULY 24, 2018