



EN1- KEY REVENUE PROJECTIONS

1.1 BUDGET ASSUMPTIONS

The 2020 budget signed into law in December 2019 and the revised 2020 Budget are based on the following macro economic assumptions in table 1.1

Table 1.1 Macro Economic Assumptions for initial and revised 2020 Imo State Budgets

S/N	INDICATORS	APPROVED 2020-2022 MTEF ASSUMPTION	REVISED 2020 MINERAL SECTOR ASSUMPTIONS
1	CRUDE OIL PRICE	57	20
2	CRUDE OIL PRODUCTION	2.5	1.7
3	NGN-USD EXCHANGE RATE	305	360
4	INFLATION	10.8%	14.13%
5	GDP GROWTH	2.93%	-4.42%

The Revised Imo State 2020 Budget assumes reduction in Crude Oil barrel sale price from \$57 to \$20 in line with the Federal Government (FGN) Medium Term Expenditure Framework (MTEF) as approved by the National Assembly. Similarly, Crude Oil Production cuts from 2.5 MBPD to 1.7 MBPD are taken into account as per OPEC production cuts. An exchange rate of ₦360 to the USD is also used for the revised 2020 Budget compared to ₦305 to the USD in the Budget passed in December of 2019.

The above adjustment is in accordance with decision taken by the Central Bank of Nigeria CBN on monetary policy. Thus the Annual Inflation is assumed to be at 14.13% compared to 10.81% in the approved 2020 Budget. A decline in the National Economy of -4.42% is assumed compared to the estimate of 2.93% growth in the approved 2020 Budget.

1.2 REVISIONS OF THE GROSS STATUTORY ALLOCATION

With a fall in Crude Oil Prices and a cut in Crude Oil production in Nigeria, Gross Statutory Allocation estimated for the Revised 2020 Budget has been reduced downward from ₦58,700,000,000 (Fifty Eight Billion, Seven Hundred Million) to ₦33,288,448,381 (Thirty three Billion , Two Hundred and eighty eight Million, four hundred and fourth eight thousand, three Hundred and eight one Naira only.)

The reduction shows a sum of ₦25,411,551,619 (Twenty five Billion, Four Hundred and Eleven Million, Five Fifty One Thousand, Six Hundred and Nineteen Naira) from the Approved Budget of ₦58,700,000,000 (Fifty Eight Billion, Seven Hundred Million).

Invariably, the figure amounts to **43%** reduction in expected Gross Statutory Allocations between the Approved 2020 Budget and Revised 2020 Budget.





1.3 REVISIONS TO VAT, OTHER FEDERATION ACCOUNT ALLOCATION COMMITTEE (FAAC) TRANSFERS AND MISCELLANEOUS REVENUES

Between the Approved and Revised 2020 Budget, there is an increment in projected VAT receivables. The increase is from ₦13,000,000,000 (Thirteen Billion Naira) to ₦18,428,598,226 (Eighteen Billion, four Hundred and twenty eight Million, five hundred Ninety Eight thousand, two hundred and twenty Two Naira) respectively. This amounts to an increase of ₦5,428,598,226 (Five Billion, four Hundred and Twenty Eight Million, five hundred Ninety Eight thousand, two hundred and twenty two Naira Naira).

1.4 The above figure represents a 42% increase in projected VAT receivables from the Federation. The revised figure for VAT receivables for the Revised Budget is based on figure provided by the Nigeria Governors Forum (NGF) Conservative Adjustment (CA) for Federation Revenue Projection. These figures are also in accordance with projected World Bank numbers for Federation Revenues. Similarly, other FAAC transfers and Miscellaneous Revenues which were proposed to be ₦22,170,000,000 (Twenty two billion, one hundred and seventy million) in the approved budget has been revised downward to ₦2,219,000,000 (Two Billion, Two Hundred and Nineteen Million Naira).

This figure of ₦2,219,000,000 (Two Billion, Two Hundred and Nineteen Million Naira) as estimated receipts for other FAAC transfers and Miscellaneous Revenue represents 89.9% reduction as compared to the Approved Budget.

1.5 REVISION TO INTERNALLY GENERATED REVENUE (IGR)

This aspect shows a downward revision amounting to ₦4,998,556,987 (Four Billion, Nine Hundred and Ninety Eight Million, Five Hundred and fifty Six Thousand, Nine Hundred and Eighty Seven Naira) of the IGR component which has been made between the Approved Budget 2020 and Revised Budget 2020.

The approved IGR 2020 Budget of ₦36,646,753,912 (Thirty Six Billion, Six Hundred and Forty Six Million, Seven Hundred and Fifty Three Thousand, Nine Hundred and Twelve Naira) compared to ₦31,648,198,925 (Thirty One Billion, Six Hundred and Forty Eight Million, One Hundred and Ninety Eight Thousand, Nine Hundred Twenty Five Naira) in the Revised 2020 Budget.

This sum is a reduction of 14% in the estimated IGR collection. The minimal reduction is as a result of about ₦14,000,000,000 (Fourteen Billion Naira) expected under IPPIS as payee arrears from Federal Institutions in the State worth about ₦3,000,000,000 (Three Billion Naira) was received in the month of March 2020.

1.6 REVISIONS TO GRANTS (INTERNAL AND EXTERNAL)

The approved Budget estimate for grants in the 2020 approved budget was ₦38,305,889,355 (Thirty Eight Billion, three hundred and five Million, Eight Hundred and Eighty Nine Thousand, Three Hundred and fifty five Naira). However, the revised Budget estimate for all grants now stands at ₦4,141,000,000 (Four Billion, One Hundred and Forty One Million Naira). The justification for the drastic reduction is that nothing had been received from the earlier approved





figures. The new figure is based on expectation from SFTAS CARES, SFTAS and Life End Projects.

TRANSFER TO CAPITAL FUND

The sum of ₦27,525,099,871 (Twenty Seven Billion, five Hundred and Twenty five Million, Ninety Nine Thousand, Eight Hundred and Seventy One Naira) is the total transfer to Capital Fund in the 2020 revised Budget as against the sum of ₦49,007,695,325 (Forty Nine Billion, Seven Million, Six hundred and Ninety five thousand, three Hundred twenty five Naira).

EN 2 – KEY EXPENDITURE ITEMS

2.1 MAINTAINING CRITICAL (NON-COVID) EXPENDITURE

Proposed Capital spending for critical NON-COVID response in the revised 2020 Budget stands ₦38,586,271,618 (Thirty Eighty Billion, Five Hundred and Eight Six Million, Two Hundred and Seventy One Thousand, Six Hundred and Eighteen Naira).

The classification of critical Non-COVID spending has been given to ongoing projects and Projects for which contractual agreements have been entered into. Contracts awarded and which spending had begun prior to the COVID-19 outbreak have also been classified as critical non-essential expenditure.

The revised critical Non COVID spending for Recurrent Expenditure stands at ₦54,439,736,259 (Fifty Four Billion, Four Hundred and thirty Nine Million, Seven Hundred and Thirty Six Thousand, Two Hundred and Fifty Nine Naira).

Salaries for Public Servants with the exception of the Ministry of Health are considered critical NON COVID expenditure. This categorization has been made to **Safeguard Jobs** of Public Servants who make up a significant proportion of jobs in Imo State.

2.2 Personnel Cost reflected an increase from ₦8,949,496,411 (Eight Billion, Nine Hundred and Forty Nine Million, Four Hundred and Ninety Six Thousand, Four Hundred and Eleven Naira) in Approved 2020 Budget to ₦9,396,052,985 (Nine Billion, Three Hundred and ninety Six Million, Fifty Two Thousand, Nine Hundred and Eighty Five Naira) in revised 2020 Budget for the following reasons: Hazard Allowances for Health Sectors Staff, Special Wages for COVID-19 Taskforce in Transportation, Monitoring and Sanitation Services.

2.3 Overhead Cost was reduced from ₦32,944,719,005 (Thirty Two Billion, Nine Hundred and Forty Four Million, Seven Hundred and Nineteen Thousand, Five Naira) in approved budget 2020 to ₦24,084,285,489 (Twenty Four Billion, Eighty Four Million, Two Hundred and Eighty Five Thousand, Four Hundred and Eighty Nine Naira) with COVID-19 element of 5,630,000,000 (Five Billion, Six Hundred and Thirty Million Naira) to ensure adequate palliative and preventive materials such as Face-Masks, Sanitizers etc to the Vulnerable Groups.

2.4 CAPITAL RECEIPTS

The sum of ₦57,275,889,355 (Fifty Seven Billion, Two Hundred and Seventy Five Million, Eight Hundred and Eight Nine Thousand, Three Hundred and Fifty Five Naira) is provided as Capital Receipts in the Approved Budget. This has been reduced to the sum of ₦17,441,000,000





(Seventeen Billion, Four hundred and fourth one Million Naira) in the revised Budget 2020 representing 70% reduction of Capital Receipt.

The reduction in Capital Receipt is as a result of COVID-19 pandemic which made many donors to reduce funding for projects in 2020 work plan.

CAPITAL EXPENDITURE FOR COVID-19 RESPONSE BY SECTOR

S/NO	SECTOR	REVISED BUDGET 2020	COVID-19 RESPONSE ESTIMATE
1	Economic Sector	20,555,468,871	2,186,094,528
2	Social Services Sector	7,190,211,793	3,043,134,650
3	Admin. Services Sector	12,971,619,207	1,150,599,075
4	Government Transfers	4,248,800,000	
	TOTAL	44,966,099,871	6,379,828,253

2.5 REVISIONS OF THE CAPITAL EXPENDITURE

ECONOMIC SECTOR:

The Covid-19 estimated Capital Expenditure of the Ministry of Housing & Urban Development is ₦633,094,528 (Six Hundred and Thirty Three Million, Ninety Four Thousand, Five Hundred and Twenty-Eight Naira) and that of the Ministry of Works is ₦1,553,000,000 (One Billion, Five Hundred and Fifty three Million Naira) the total amount earmarked for the Economic Sector is **₦2,186,094,528** (Two Billion, One Hundred and Eighty Six Million, Ninety Four Thousand, Five Hundred and Twenty Eight Naira) representing **34.2%** of proposed Covid-19 intervention.

SOCIAL SERVICES SECTOR:

The Covid-19 estimated Capital Expenditure of the Ministry of Education is ₦1,445,500,000 (One Billion, four Hundred and Forty-Five Million, Five Hundred Thousand Naira), Health is ₦1,372,634,650 (One Billion, Three Hundred and Seventy- Two Million, Six Hundred and Thirty Four Thousand, Six Hundred and Fifty Naira), Gender & Vulnerable Group is ₦75,000,000 (Seventy-Five Million Naira), Social Welfare & Sanitation is ₦150,000,000 (One Hundred and Fifty Million Naira), **Ministry of Health ₦1,372,634,650 (One Billion, Three Hundred and Seventy Two Million, Six Hundred and Thirty Four Thousand, Six Hundred and Fifty Naira)** The total amount of the entire Social Services Sector is **₦3,043,134,650** (Three Billion, Forty Three Million, One Hundred and Thirty Four Thousand, Six Hundred and Fifty Naira) which represents **47.7%** of proposed Covid-19 intervention.

2.6 REVISION TO NON-ESSENTIAL SPENDING

The revised 2020 budget considers non-essential spending to mean projects, personnel and overhead costs that have been removed or reduced from the original 2020 budget.

Capital spending cuts for projects were made based on priority rankings. Non-Essential capital spending cuts amounted to ₦61,317,484,809 (Sixty One Billion, three Hundred and Seventeen





Million, Four Hundred and Eighty Four Thousand, Eight Hundred and Nine Naira). The cut in non-essential capital spending amounts to a 57.7% reduction on the original 2020 capital budget of ₦106,283,584,680 (One Hundred and Six Billion, Two Hundred and Eighty Three Million, Five Hundred and Eighty Four Thousand, Six Hundred and Eighty Naira).

Table: 2.7 Major Cuts from 70% and above to Capital Expenditure by MDAs

S/NO	MDA	% CAPITAL SPENDING CUT
1	MINISTRY OF EDUCATION	76.5
2	MINISTRY OF JUSTICE	85.3
3	MINISTRY OF INFORMATION AND STRATEGY	85.0
4	OFFICE OF THE SECRETARY TO THE STATE GOVERNMENT	85.0
5	IMO STATE INDEPENDENT ELECTORAL COMMISSION	85.0
6	TECHNOLOGICAL DEVELOPMENT	89.8
7	BUREAU FOR STATISTICS	90.2
8	MINISTRY OF LANDS, SURVEY AND PHYSICAL PLANNING	91.2
9	JUDICIARY – HIGH COURT	92.2
10	MINISTRY OF YOUTH AND SOCIAL DEVELOPMENT	92.3
11	IMO STATE SPORTS COMMISSION	93.6
12	MINISTRY OF TRANSPORT	94.6
13	HOUSE OF ASSEMBLY	95.4
14	JUDICIARY –CUSTOMARY COURT OF APPEAL	98.2

GENERAL ADMINISTRATION SERVICES SECTOR:

The Covid-19 estimated General Administration Services Sector on Capital Expenditure involves the office of the Governor which is expected to spend ₦335,599,075 (Three Hundred and Thirty-Five Million, Five Hundred and Ninety Nine Thousand, Seventy Five Naira), Ministry of Special projects ₦750,000,000 (Seven Hundred and Fifty Million Naira, Bureau for Local Government & Chieftaincy Affairs ₦65,000,000 (Sixty Five Million Naira), totaling **₦1,150,599,075** (One Billion, One Hundred and Fifty Million, Five Hundred and Ninety Nine Thousand, Seventy Five Naira only), representing **18%** of proposed Covid-19 intervention.

As expected, the bulk of Covid-19 intervention in Imo State is in the social services sector in order to mitigate the social impact of Covid-19 Pandemic.

In summary, the total Covid-19 expected response on Capital expenditure for the revised 2020 Budget amounts to **₦6,379,828,253** (Six Billion, Three Hundred and Seventy Nine Million, Eight Hundred and Twenty Eight Thousand, Two Hundred and Fifty-Three Naira).

2.8 COVID RESPONSE EXPENDITURES

Imo State has had few cases of COVID-19 making its response focus on spread prevention and control of already imported cases. Provision of ₦1,250,000,000 (One Billion, Two Hundred and Fifty Million Naira) called COVID-19 special intervention wages has been introduced in the





revised 2020 budget of the ministry of health. It has been made to take care of increased hiring and allowances for front line workers in response to the COVID pandemic.

Total recurrent spending in the ministry of health amounted ₦910,000,000 (Nine Hundred and Ten Million Naira) out of ₦7,259,382,363 (Seven Billion, Two Hundred and Fifty Nine Million, Three Hundred and Eighty Two Thousand, Three Hundred and Sixty Three Naira) representing 12.5% of the Recurrent Budget of Ministry of Health.

Total COVID Recurrent Expenditure estimate for the revised 2020 budget stands at ₦15,359,836,130 (Fifteen Billion, Three Hundred and Fifty Nine Million, Eight Hundred and Thirty Six Thousand, One Hundred and Thirty Naira)

2.9 REVISIONS TO OTHER EXPENDITURE ITEMS

The debt servicing component of the revised 2020 Budget is projected at ₦7,070,951,247 (Seven Billion, Seventy Million, Nine Hundred and Fifty One Thousand, Two Hundred and Forty Seven Naira). This is an upward revision of 6% from the Approved Budgeted figure of ₦6,686,000,000 (Six Billion, Six Hundred and Eighty Six Million Naira) as a result of the suspension of debt repayment from Federal Government CBN loans.

A downward revision of Consolidated Revenue Fund Charges has also been made as part of this review process. A decrease of ₦467,247,101 (Four Hundred and Sixty Seven Million, Two Hundred and Forty Seven Thousand, One Hundred and One Naira) is made to the Approved Budgeted figure of ₦8,557,247,101 (Eight Billion, Five Hundred and Fifty Seven Million, Two Hundred and Forty Seven Thousand, One Hundred and One Naira).

3.0 REVISION TO DOMESTIC LOANS

The Commercial Bank Loan for Mineral Sector which has been originally included in the 2020 Budget has been revised. The loan totaled ₦13,300,000,000 (Thirteen Billion, Three Hundred Million Naira).

3.1 NON-LENDING INSTRUMENTS AND FINANCING GAPS

THERE ARE NO NON-LENDING INSTRUMENTS AS PART OF THE ORIGINAL AND REVISED 2020 IMO STATE BUDGET.

