



# **GOVERNMENT OF IMO STATE OF NIGERIA**

## **2020 FIRST QUARTER BUDGET IMPLEMENTATION REPORT**

*Produced and published by  
Imo State Ministry Of Budget And Economic Planning  
April 2020*

## FOREWORD

This report is the first ever quarterly budget appraisal or implementation report in the State, meticulously package by the Ministry of Budget and Economic Planning in the last 18 years. Previous administration through the office of Accountant General have refused to make Financial statistics available to perform this obligation because of the opaque nature of previous Government Fiscal accountability. The present Government led by **His Excellency, Senator Hope Uzodimma** believes in transparency and willing to render Account of stewardship to the people of Imo State. Thus the need to re-engineer and better the economic life of Imolites formed the road map for critical review of the quarterly performance of the MDAs. Careful assumptions were drawn after appraisal of the global economic trend that inform both our economic and fiscal updates for the 2020 budget.

However, before the commencement of the new budget cycle, the Ministry of Budget and Economic Planning reviewed the previous performances, taking into cognizance the fragile crude oil and revenue its consequence on Naira value. The need to operate a realistic budget necessitated the reduction on the budget size of about **₦276Billion to ₦197.7Billion** in 2020.

It is encouraging that despite the numerous economic challenges inherent in the present administration, the global economic lock down occasioned by the Coronavirus Pandemic, the State has maintained a fair economic stability. Hence much has been achieved through prudent economic management and the financial prowess of the present administration ably led by **His Excellency, Senator Hope Uzodimma**.

I wish to thank the staff of this Ministry (Budget and Economic Planning) who painstakingly put together this report, Office of Accountant General of the State who honored our request by releasing vital fiscal Statistics which enable us to present this report.

**Hon C. C. Osuala, PhD**

*Hon Commissioner,*

*Ministry of Budget and Economic Planning (MBEP)*

## **PREFACE:**

This first edition of the 2020 Quarterly Budget Review is a step in the right direction. This appraisal of the budget will encourage accountability, transparency and credibility and will also help in the monitoring of how the State spends its money. The 2020 Budget comes from a background of economic uncertainty given the fact that the nation just recovered from a recession the previous year.

The expectation was high on oil revenue, though the state was not relenting on collection of all accrued revenues from the internal sources.

The new administration kicked off on an empty treasury depicting a rocky economic base. The situation was compounded two months later when the nation recorded its first index case of the dreaded Covid 19 pandemic, resulting to a safety measure of lockdown. This drastically affected the Internally Generated Revenue (IGR) and the Gross Domestic Product (GDP) of the State as civil servants were all at home.

This notwithstanding, many capital projects were executed and of course both Personnel cost and Statutory Revenue Fund Charges were attended to which yielded laudable achievements in the first quarter despite all the economic doldrums

I wish to sincerely appreciate all the staff of the Ministry of Budget and Economic Planning for their relentless efforts and team spirit which saw the realization of this report.

**Rev. Udeh R.O**

*Ag. Permanent Secretary*

Ministry of Budget & Economic Planning.

## Fiscal Analysis of the 2020 Budget Appraisal or Implementation

2020 Approved Budget of Imo State Adopted Federal Government 2020 Budget Assumption such as:

1. Crude oil bench mark of \$57per barrel
2. Oil production estimate of 2.5 barrels per day
3. Exchange rate of ₦305 per US\$



### IMO STATE GOVERNMENT OF NIGERIA APPROVED ESTIMATE – 2020 CONSOLIDATED FINANCIAL STATEMENT

		DRAFT BUDGET2020	% OF BUDGET 2020	APPROVED BUDGET 2019
<b>A. REVENUE</b>				
1	INTERNAL RESOURCES	36,646,753,912	20.5%	25,576,653,662
2	STATOTORY ALLOCATION	58,700,000,000	32.8%	50,000,000,000
3	VALUE ADDED TAX	13,000,000,000	7.3%	12,000,000,000
4	EXCESS CRUDE FUND	-	0.0%	3,000,000,000
5	13% DERIVATION FUND	10,000,000,000	5.6%	6,000,000,000
6	JAAC(IMO STATE UNIVERSAL BASIC EDUCATION BOARD)	19,000,000,000	10.6%	-
7	OTHER EXERNAL REVENUE	3,170,000,000	1.8%	1,113,395,185
<b>TOATL: RECURRENT REVENUE</b>		<b>140,516,753,912</b>	<b>71.0%</b>	<b>97,690,048,847</b>
<b>B RECURRENT EXEPENDITURE</b>				
1	OVERHEAD COSTS (INCLUDES 10BN FGN DEDUCTIONS)	34,702,219,005	17.5%	17,112,658,110
2	PERSONNEL COSTS	8,949,496,411	4.5%	15,304,901,626
3	SUBVENTION COSTS (INCLUDES 19BN IMSUBEB)	32,114,096,070	16.2%	13,449,316,397
4	CRFC (*)	15,743,247,101	8.0%	16,303,247,101
<b>TOTAL : RECURRENT EXEPENDITURE</b>		<b>91,509,058,588</b>	<b>46.3%</b>	<b>62,170,123,234</b>
<b>C RECURRENT TRANSFER</b>				
	TRANSFER TO CAPITAL FUND	49,007,058,588	24.8%	35,519,925,613
<b>D CAPITAL RECEIPTS</b>				
1	DEVELOPMENT PARTNERS	37,353,389,355	18.9%	127,439,222,965
2	GRANTS	952,500,000	0.5%	1,688,800,000
3	DIRECT FUNDING (FG)	-	0.0%	-
4	MISCELLANEOUS	-	0.0%	-
<b>TOTAL CAPITAL RECEIPTS</b>		<b>38,305,889,355</b>	<b>19.4%</b>	<b>129,128,022,965</b>
<b>TOTAL CAPITAL FUND</b>		<b>87,313,584,679</b>	<b>44.1%</b>	<b>164,647,948,578</b>
<b>E CAPITAL EXEPENDITURE</b>				
	MINISTRY OF WORKS	<b>40,270,384,575</b>	20.4%	
	ECONOMIC SECTOR	<b>23,305,659,233</b>	11.8%	82,439,555,839
	SOCIAL SERVICES SECTOR	<b>21,139,598,734</b>	10.7%	50,399,991,403
	ADMIN SERVICES SECTOR	<b>17,421,907,270</b>	8.8%	72,117,999,396
	COUNTERPART FUNDS EXP	<b>4,146,034,868</b>	2.1%	9,690,401,940
<b>TOTAL CAPITAL EXEPENDITURE</b>		<b>106,283,584,680</b>	<b>53.7%</b>	<b>214,647,948578</b>
<b>F BUDGET SUMMARY</b>				
	TOTAL REVENUE	<b>178,822,643,267</b>		<b>226,818,071,812</b>
	TOTAL EXEPENDITURE	<b>197,792,643,267</b>		<b>276,818,071,812</b>
	BUDGET DEFICIT SOURCED FROM INTERNAL LOAN FOR CAPITAL EXEPENDITURE	-18,970,000,000	9.6%	- 50,000,000,000

## IMO STATE CONSOLIDATED FINANCIAL STATEMENT 2020

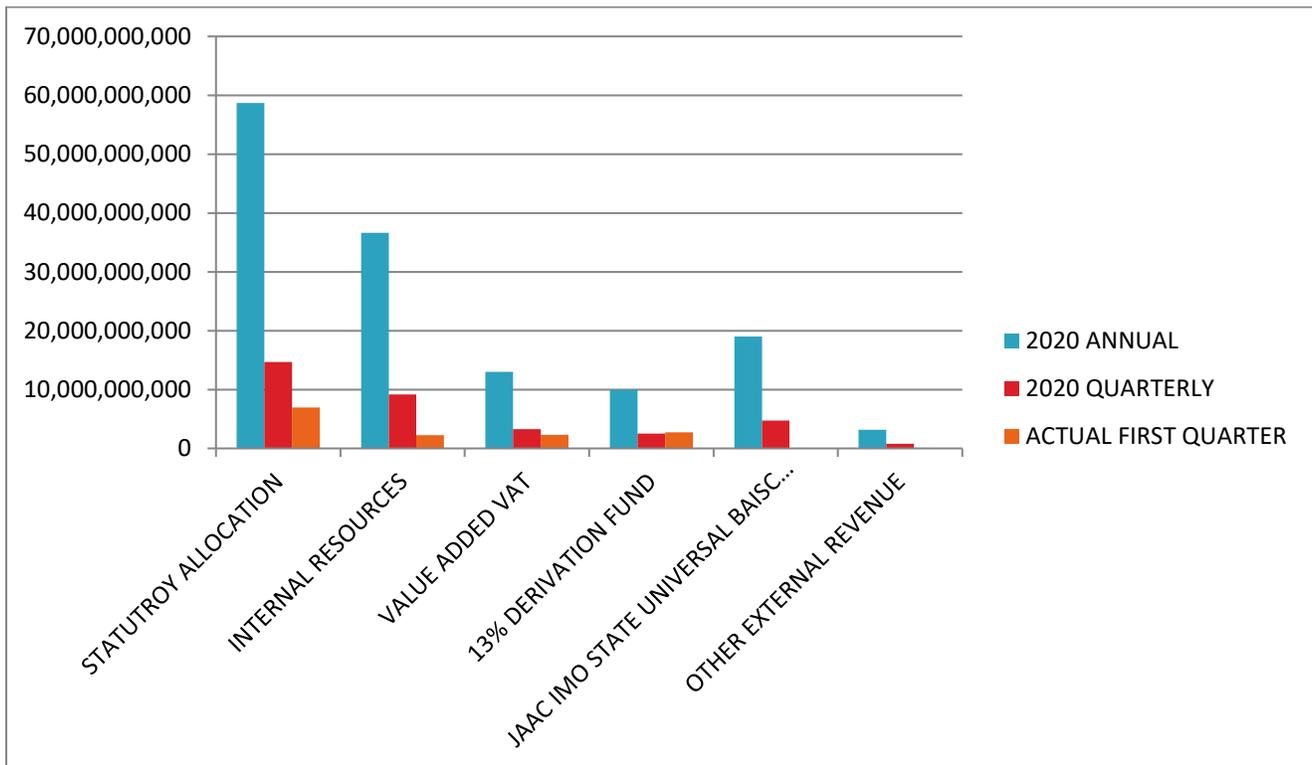
The Sum of **197,792,643,267** was appropriated by the Imo State House of Assembly for 2020 Fiscal Year. This is **78,945,428,545** less than 2019 approved Budget of **276,738,071,812**.

Out of the total approved Budget for 2020, the sum of **140,516,753,912** was for Recurrent Revenue, **91,509,058,588** or **46.3%** was for Recurrent Expenditure while **49,007,695,324** or **24.8%** was transferred to Capital and Capital Receipt was **38,305,889,355** or **19.4%**.

**TABLE 1.1 : PERFORMANCE OF REVENUE BUDGET AND ACTUAL IN 2020 FIRST QUARTER**

S/N	DESCRIPTION	BUDGET		ACTUAL	PERFORMANCE
		2020 ANNUAL	2020 QUARTERLY	1 <sup>ST</sup> QUARTER	1 <sup>ST</sup> QUARTER % PERFORMANCE
	REVENUE	₦	₦	₦	%
1	STATUTORY ALLOCATION	58,700,000,000	14,675,000,000	6,961,632,407.26	45.4%
2	INTERNAL RESOURCES	36,646,753,912	9,161,688,478	2,239,498,709.25	24.45%
3	VALUE ADDED VAT	13,000,000,000	3,250,000,000	2,286,983,336.25	70.4%
4	EXCESS CRUDE	—	—	(FEB-MARCH) 262,605,527.30	
5	13% DERIVATION FUND	10,000,000,000	2,500,000,000	2,725,730,139.51	109.03%
6	JAAC IMO STATE UNIVERSAL BASIC EDUCATION	19,000,000,000	4,750,000,000		
7	OTHER EXTERNAL REVENUE	3,170,000,000	792,500,000		
	<b>Total</b>		<b>35,129,188,478</b>	<b>14,476,450,119.57</b>	<b>41.2%</b>

**CHART1.1: 2020 FIRST QUARTER REVENUE PERFORMANCE**



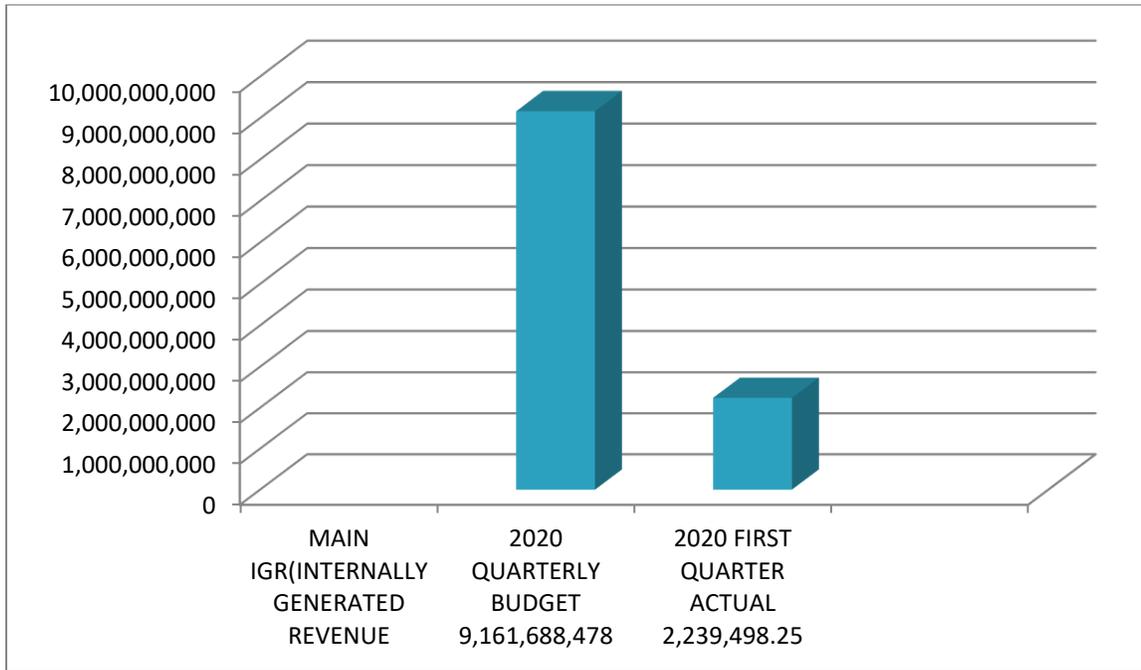
## **RECURRENT REVENUE PERFORMANCE**

Out of 35,129,188,478 projected Revenue for the first quarter, only 14,476,540,199.57 or 41.2% was realized. This performance is not good enough as table 1.1

## **IGR (INTERNALLY GENERATED REVENUE)**

Actual main IGR was 2,239,498,709.25 in the first quarter Jan-March 2020 as against 9,161,688,478 projected. This shows underperformance of 24.45% falling short of target by about 6,922,189,770.75.

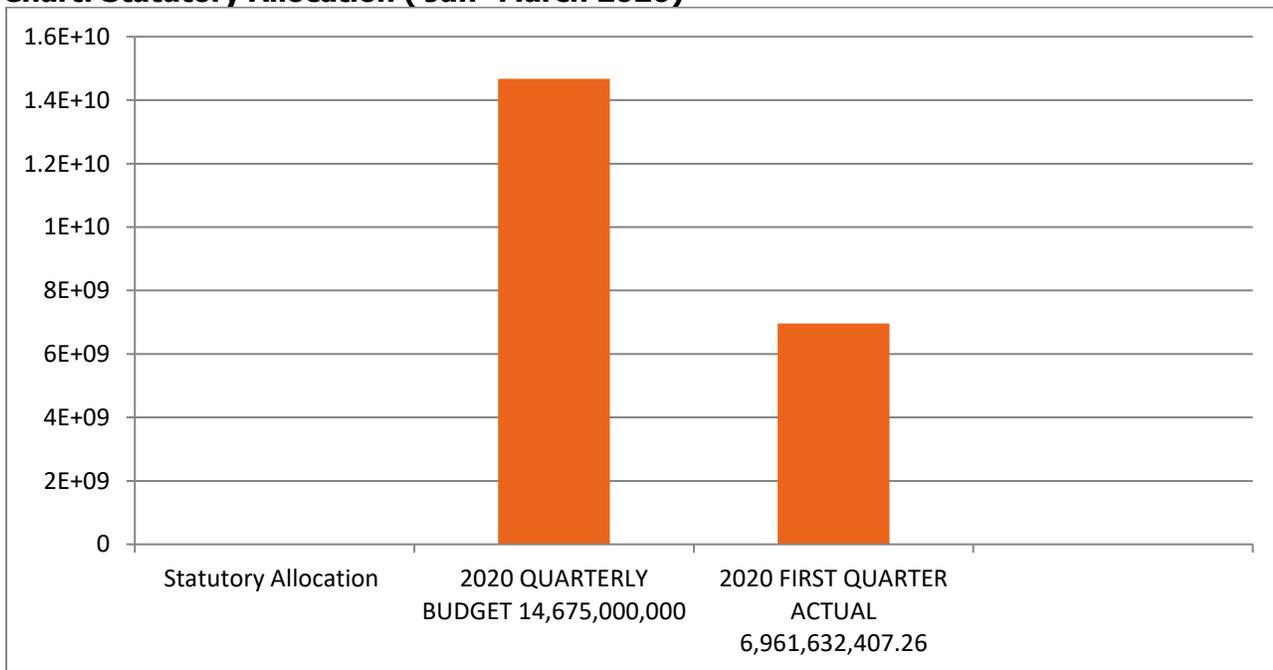
**Chart main IGR (first quarter Jan-March 2020)**



**STATUTORY ALLOCATION ( JAN- MARCH 2020)**

Statutory Allocation projected for the first quarter was ₦ 14,675,000,000 out of which ₦6, 961,632,407.26 was realized recording 47.4% the sum of 7,713,367,592.74 is short of the targeted Revenue.

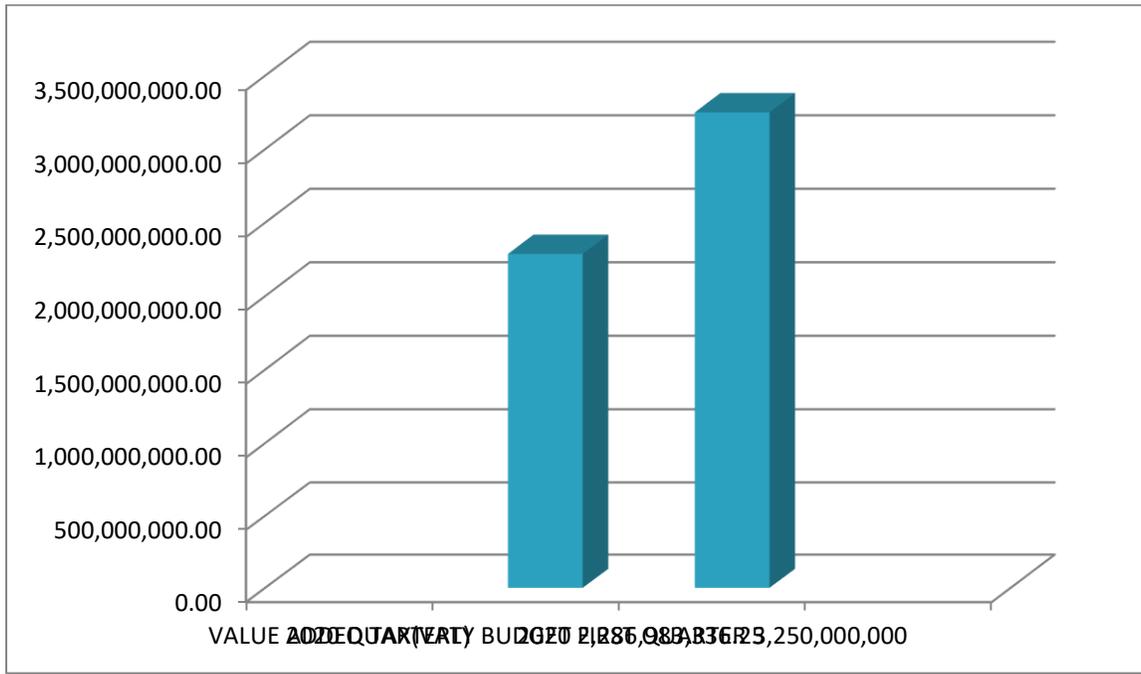
**Chart: Statutory Allocation ( Jan- March 2020)**



**VALUE ADDED TAX (VAT)**

Value Added Tax (Vat) posted a positive performance of over 70% contributing 2,286,983,336.25 against 3,250,000,000 in the first quarter.

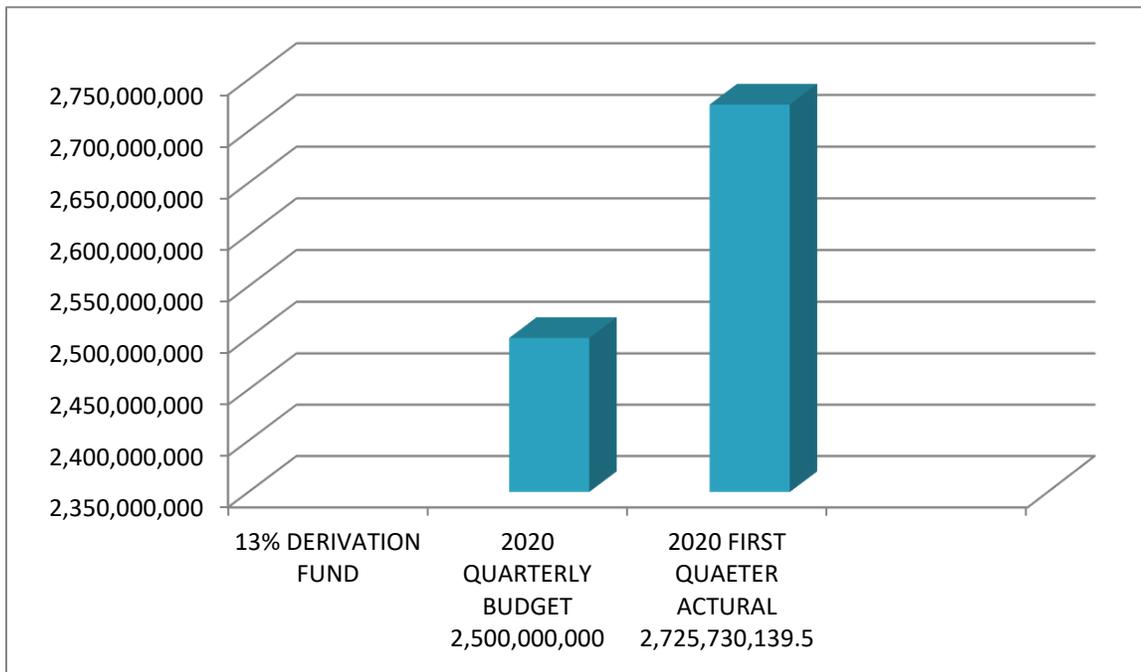
**Chart : Value Added Tax(VAT) (JAN-MARCH 2020)**



**13% DERIVATION FUND**

The actual 13% Derivation that accrued in the first quarter of 2020 was 2,725,730,139.5 as against 2,500,000,000 representing 109.03% or an increase by 225,730,140.

**CHART: 13% DRRVATION FUND 2**

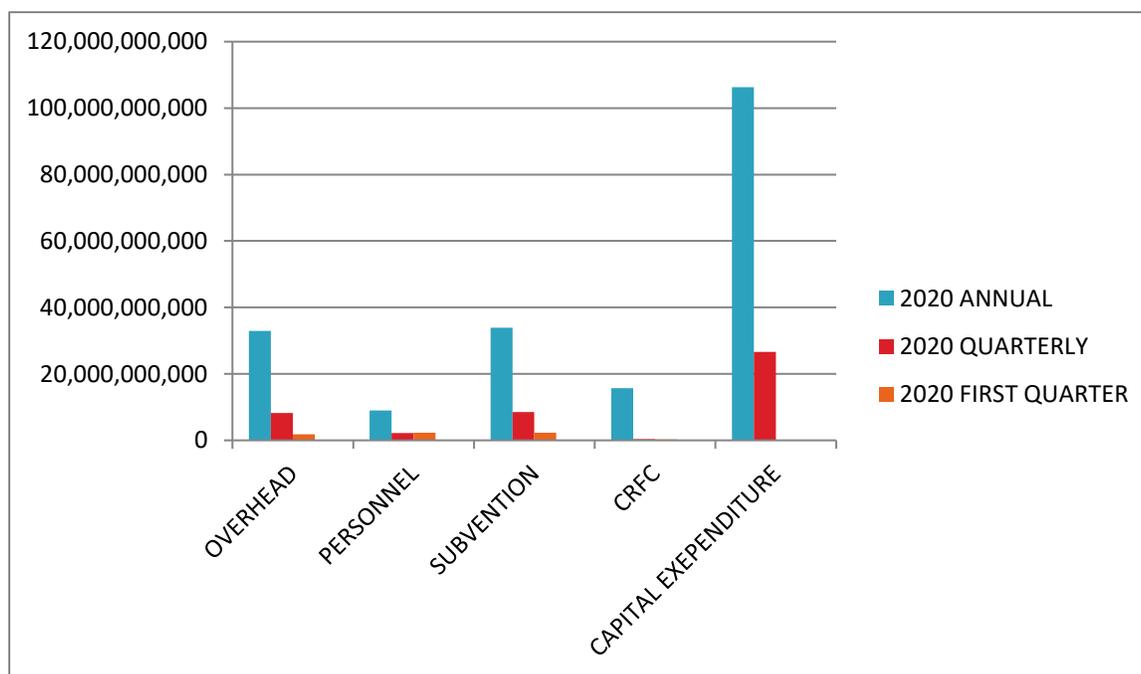


## PERFORMANCE OF BUDGET EXPENDITURE AND ACTUAL IN 2020 FIRST QUARTER

**Table 1.2**

S/N	DESCRIPTION	BUDGET		ACTUALS	2020 PERFORMANCE
		2020 ANNUAL	2020 QUARTERLY	2020 FIRST QUARTER	FIRST QUARTER
	EXPENDITURE	₦	₦	₦	%
1	OVERHEAD	32,944,719,005	8,236,179,751.25	1,852,908,771.44	23%
2	PERSONNEL	8,949,496,411	2,237,374,102.75	2,324,174,712.95	104%
3	SUBVENTION	33,871,596,070	8,467,899,017.50	2,320,261,315.07	28%
4	CRFC	15,743,247,101	393,561,775.25	280,235,000	72%

**CHART OF PERFORMANCE OF BUDGET EXPENDITURE AND ACTUAL IN 2020 FIRST QUARTER**



### **RECURRENT EXPENDITURE PERFORMANCE**

Recurrent Expenditure Appraisal for the First Quarter recorded a low percentage of 35% as only 6,777,579,800 was spent out of 19,335,014,646.75 as in table 1.2

#### **1. PERSONNEL COST**

The First Quarter 2020 Personnel Cost in review was 2,237,374,102.75 where as the sum of 7,732,293,496 was spent, which is 104% please note that the

Personnel Cost in the above table comprises salaries and allowances of Civil Servants and Political office holders.

2. OVERHEAD

The actual Overhead Expenditure for the period was 1,852,908,771.44 as against 8,236,179,751.29 representing just 23%

3. SUBVENTION

The sum of 8,467,899,017.50 was appropriation of Subvention to Parastatals but Actual Expenditure stood at 2,320,261,315.07 representing 28%.

4. CONSOLIDATED REVENUE FUND CHARGES (CRFC)

The Actual Expenditure in this Quarter was 280,235,000 as against 393,561,775.25 representing 72%.

### 2020 BUDGET CAPITAL RECEIPTS PERFORMANCE FOR THE FIRST QUARTER (JANUARY – MARCH)

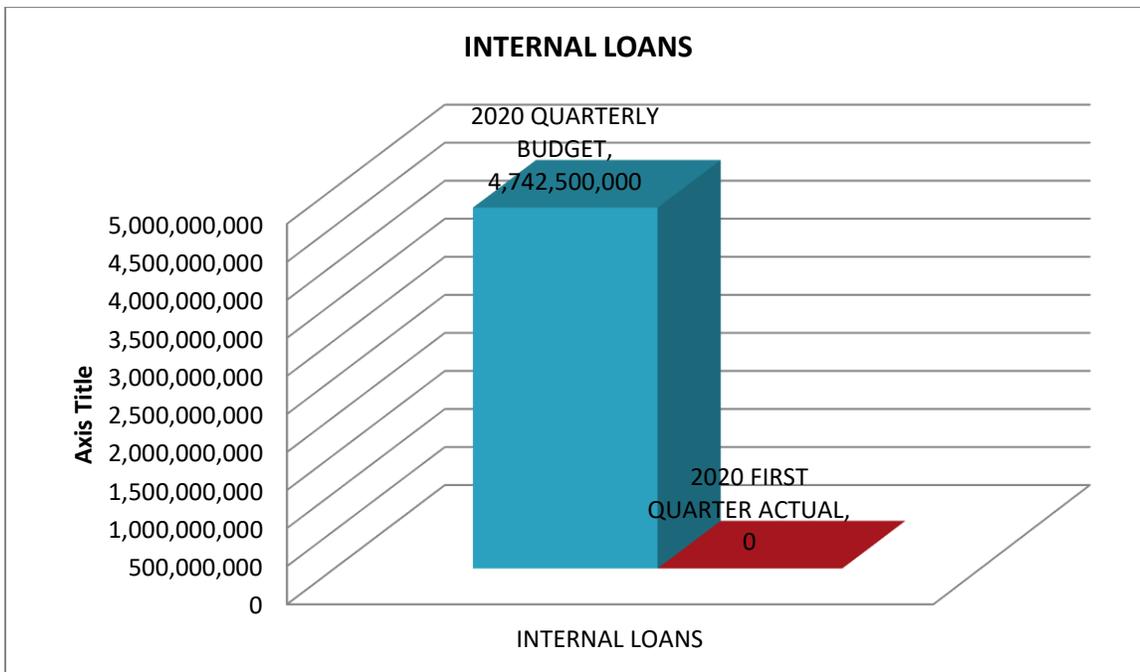
S/N	DESCRIPTION	BUDGET		ACTUAL	2020 PERFORMANCE	
		2020 ANNUAL	2020 QUARTERLY	2020 FIRST QUARTER	FIRST QUARTER ACTUAL/QUARTERLY BUDGET	FIRST QUARTER ACTUAL
1	INTERNAL LOANS	18,970,000,000	4,742,500,000			
2	DEVELOPMENT PARTNERS	37,353,389,355	9,338,347,339			
3	GRANTS	952,500,000	238,125,000			

#### INTERNAL LOANS:

The State has a quarterly budget of 4,742,500,000 in the 2020 Budget but has received nothing as Internal loan in the first quarter of the year under review (2020)

#### INTERNAL LOAN (JAN – MARCH 2020)

S/N	2020 QUARTERLY BUDGET	2020 FIRST QUARTER ACTUAL
1	4,742,500,000	0

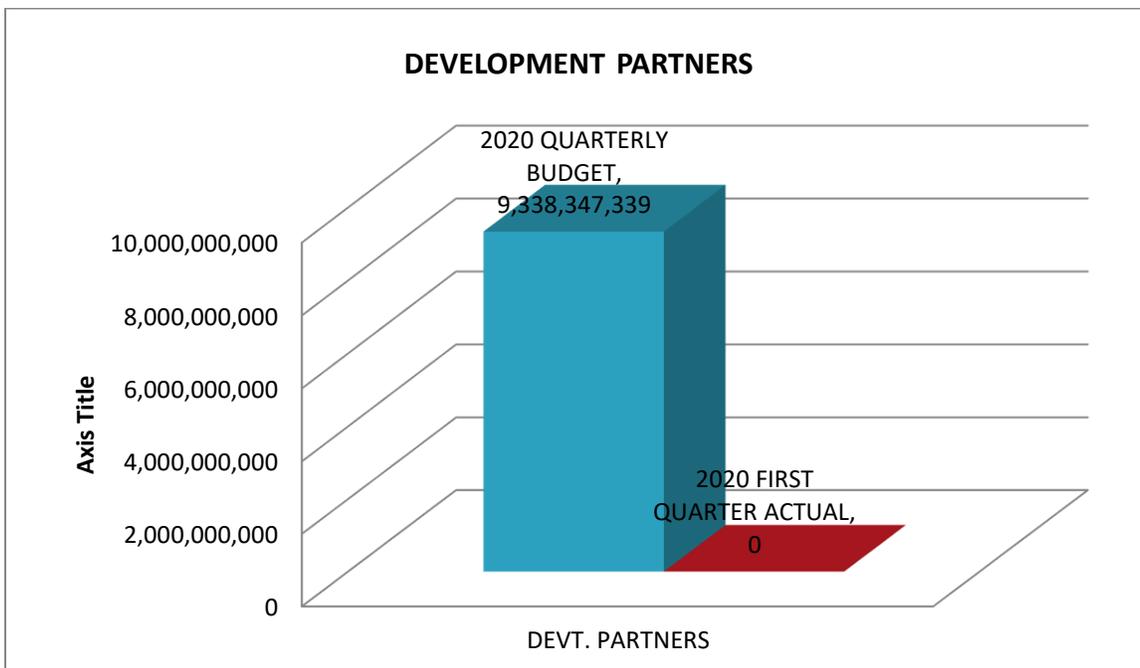


## DEVELOPMENT PARTNERS

Imo State has a quarterly budget of 9,338,347,339 in the 2020 budget but has received nothing in the first quarter of 2020.

### DEVELOPMENT PARTNERS (JAN – MARCH 2020)

S/N	2020 QUARTERLY BUDGET	2020 FIRST QUARTER ACTUAL
1	9,338,347,339	0

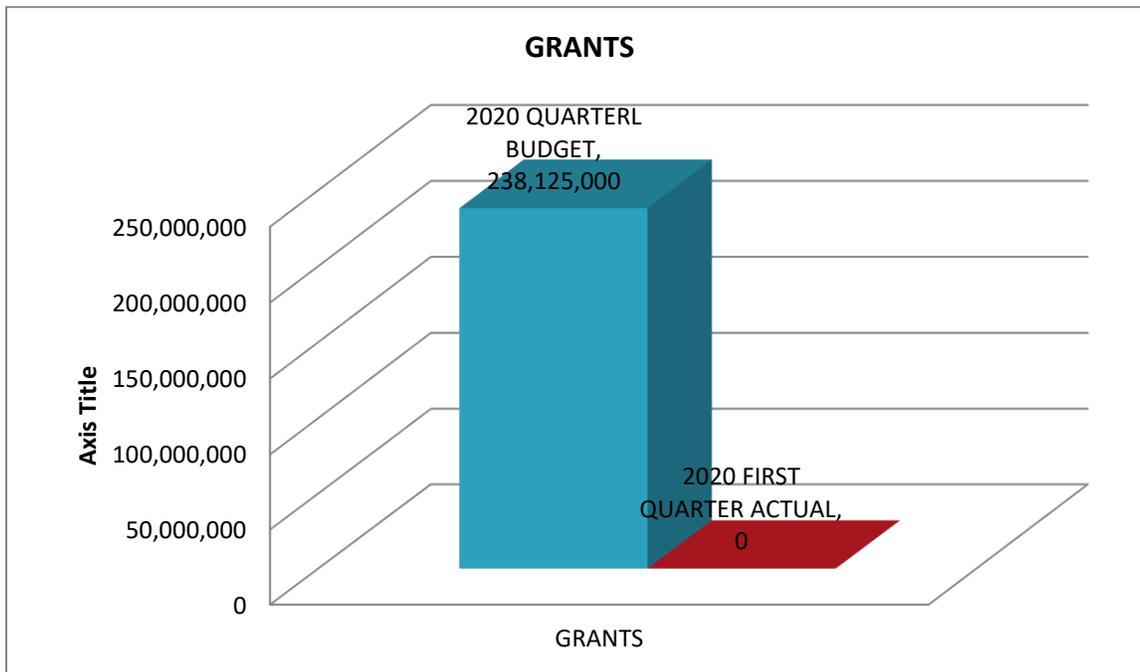


## GRANTS:

The State has a quarterly budget of 238,125,000 expected to be realized from Grants but nothing has been received so far in the first quarter of 2020.

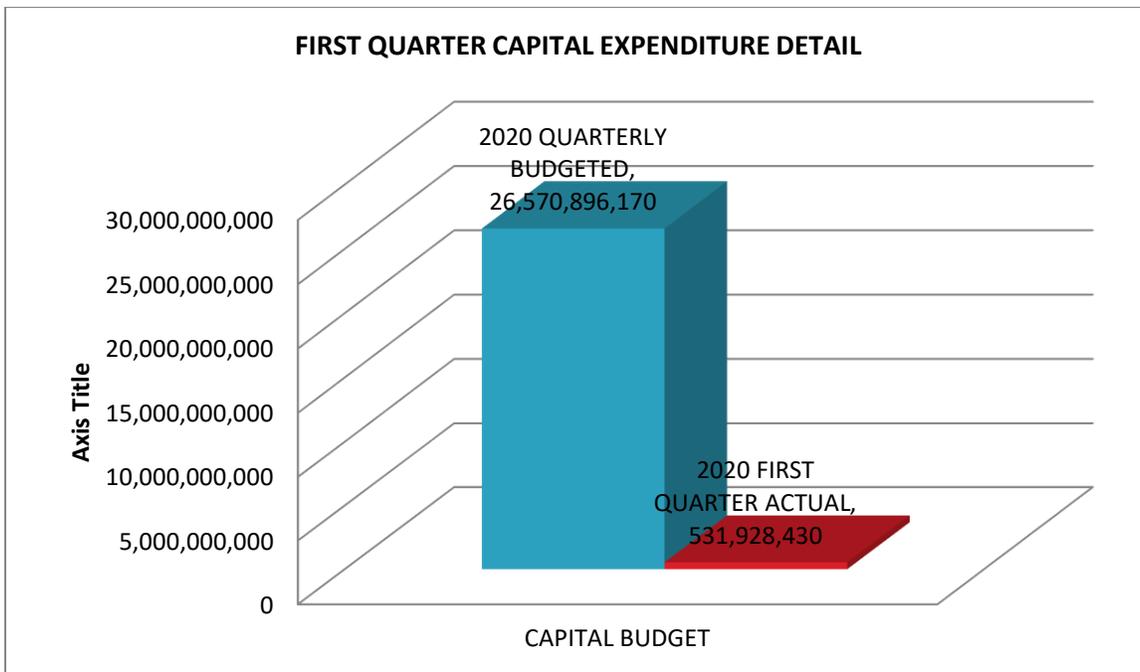
### GRANTS (JAN – MARCH 2020)

S/N	2020 QUARTERLY BUDGET	2020 FIRST QUARTER ACTUAL
1	238,125,000	0



### ANALYSIS OF CAPITAL EXPENDITURE PERFORMANCE IN THE FIRST QUARTER OF YEAR 2020:

S/N	DESCRIPTION	2020 QUARTERLY BUDGETED	2020 FIRST QUARTER ACTUAL	FIRST QUARTER PERFORMANCE
1	CAPITAL BUDGET	26,570,896,170	531,928,430	2%



**FIRST QUARTER APPRAISAL:**

A whopping sum of ***₦26,570,896,170 (Twenty-Six Billion, Five Hundred and Seventy Million, Eight Hundred and Ninety-Six Thousand, One Hundred and Seventy Naira only)*** was earmarked for Capital Projects in 2020 budget for the first Quarter of the year. This is to provide infrastructural projects for the well being of Imolites.

However, from the available records, it was observed that a total sum of ***₦531,928,430 (Five Hundred and Thirty One Million, Nine Hundred and Twenty-Eight thousand, Four Hundred and Thirty Naira Only)*** was released for Capital projects during the period under review (January – March 2020), representing 2% performance in the first Quarter. This shows a remarkable decrease in what was budgeted for the first quarter of the year and what was spent.

It was also observed that it was only the Economic and General Administration sectors that executed some projects in the first quarter of 2020 implying that the Social services sector was not carried along but it must be clearly stated that capital expenditure releases are made on request by the MDAs.

The reason for the poor performance of the Capital Project in the first Quarter is stemmed from the fact that the Covid 19 Pandemic shut the global economy down, thereby forcing the already government adopted US\$57 Per Barrel bench mark down to less than US\$20 Per Barrel. This appraisal was done based on the data available at the time of preparing this report.

## CONCLUSION

In conclusion, the 2020 Approved Budget can be said to be a Child born and brought up in a very difficult environment. The overall first quarter performance of 2020 Budget was adversely affected by the Global 2020 problem called COVID-19 or the Corona Virus Pandemic. This problem saw oil price crashing to an all time low level of below 10 per barrel. This affected the Revenue inflow in terms of Statutory Allocation.

The lockdown , hampered economic activities and frustrated revenue collection. The expected First Quarter Revenue target is **35,129,188,478** but only **14,476,450,119.57** or **41.2%** was realized th sum of **6,961,632,407.26** accrued to the State from Statutory Allocation, which represented **14,675,000,000** 47.4% performance.

IGR did not fare well as it recorded 24.4% performance bringing to the State 2,239,498,709.25 instead of 9,161,688,478 targeted.

On the Expenditure side, it did not record an impressive performance as it recorded 35% only out of targeted expenditure of **19,335,014,646.75** only **6,777,579,800** was spent. Subvention recorded the lowest performance of 28% as only **2,230,261,315.07** was spent as against, **8,467,899,017** targeted in the First Quarter.

Personnel Cost recorded 104% indicating that salary were promptly paid even meeting up increased Personnel Cost as **2,320,261,315** was paid as against **2,237,374,102.75** projected Personnel Cost.

In conclusion, we can say kudos the Executive Governor of Imo State **SENATOR HOPE UZODINMA**, who has been able to meet the obligations to the people of Imo State, despite the harsh economic climate occasioned by the Global Crisis because of the Corona Virus Pandemic. This is the first time Imo State First Quarter Budget analysis is going public in the last 18years.

This is because of transparency and openness of this administration and the dynamism of the best ever Commissioner for Budget and Economic Planning Imo State has ever produced in the person of **Hon. C.C. Osuala PhD**. Statistical information which are hardly released to do this work, he has been able to convince our new and vibrant Accountant General to release same as it will do the State good and not harm as erroneously believed by the previous administrations. May this good work started by the Hon. Commissioner never stop at this edition.

