



# **GOVERNMENT OF ENUGU STATE OF NIGERIA**

## **2019 SECOND QUARTER AND MID-YEAR BUDGET IMPLEMENTATION REPORT**

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## **PREFACE**

The second quarter of 2019 Budget performance review was guided by the activities in the sector from the month of April – June 2019. As should be noted, these months form the transitional period of one tenure into the next; as government all over the federation witnessed change of tenure and less activities due to the political climate. This notwithstanding, the Government of Enugu State continued its stride in Economic development through infrastructural growth and development.

This can be attested to by the number of road and housing contracts that were approved within the second quarter. Our capital expenditure within the second quarter was reasonable whereas the recurrent expenditure maintained the same altitude it has garnered in the first quarter. This was due to regular payment of salaries and overheads. On issue of revenue, we maintained the same equilibrium on federal revenue, whereas the state internal generated revenue was not quite impressive due to the political activities that took the shine off the administration zeal at increasing her revenue base. It is expected that the third quarter will show a lot of promise with the expected inauguration of the executive council very soon.

I wish to thank our staff who are unrelenting in collating the necessary data that forms the basis of this report and analysis, while expressing our profound gratitude to the office of the Accountant General for supplying the necessary data and information that helped us in this report.

**Ugwu Casmir K.**

Permanent Secretary

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Enugu State

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## EXECUTIVE SUMMARY

The need to reflate the economy by investing in key critical infrastructure and social development motivated the 2019 budget of Peace, Equity and Prosperity. Enugu State 2019 Budget was predicated on certain macro-economic assumptions; which include

- a) Benchmark oil Price of \$60 per Barrel
- b) Exchange rate of N305
- c) Oil production level of 2.3 million barrels per day
- d) GDP rate of 3.01 %
- e) Inflation rate of 9.98%

Average price of Oil will be \$59.18 a barrel in 2019 and \$59.02 a barrel in 2020 and will remain unchanged in real terms over the medium term. The estimate and projection are based on statistical information available through March, 29 2019.

Hence, our 2019 budget was built on expectations guided by 2018 economic development and estimated revenue from FAAC, IGR, Capital receipts.

However, as the year progressed, and during the first quarter, the following realities unfolded:

The price of crude oil stood at US \$68 per barrel in contrast with the US \$60 price benchmark reflecting an increase by 13.3%

Oil production rate slacked to 1.8 mbp as against the projected 2.3 mbp, thus falling 21.24% short of expectation

Real GDP growth was 2.2% in the first quarter, falling by 26.91% below the expected 3.01%

The inflation rate was 11.37 % in the quarter, being 1.39 % higher than the expected 9.98%

### **Revenue Outturns**

Based on the underlying parameters driving the Budget, the projected revenue was ninety three billion six hundred and ninety nine million two hundred and forty three thousand (N 93,699,243,000) naira. Out of this total amount, N65, 965,243,000 represents Statutory Allocation out of which only N22, 298,158,756.07 (Statutory Allocation =N10,132,845,556.24, Vat =N3,107,889,892.09 &Refund (Federal roads) =N9,057,423,307.74) was realized in the second quarter of the year 2019 which represents 33.80%. N27, 734,000,000 is from our independent revenue Source. As at the end of the first quarter of the year, total state retained revenue was N2, 896,567,153.77 billion (or 10.4 % less than prorated projections). The estimated average for each quarter is N6, 933,500,000. The retained revenue for the second quarter is N1,917,451,545.29 The shortfall is largely attached to the underperformance of second quarter collections which were significantly less than projection by N5,016,048,454.71 billion (or 27.65 %) respectively. The low performance may be attributed to the fact that most MDAs did not meet up with their target due to low revenue drive from State Internal Revenue Service on the second quarter of the year. Also, the country's election and other factors contributed to under performance in revenue of the State. The dissolution of the EXCO and long wait for the reconstitution of government may have taken a toll on the revenue action.

### **Expenditure Outturns**

On the Expenditure side, a total sum of sixty five billion, seven hundred and five million nine hundred thousand Naira (N65, 705,900,000) was budgeted for recurrent expenditure while N43, 493,343,000 billion was provided for capital expenditure. The estimated capital expenditure per quarter is N10, 873,335,750 and N4, 947,777,034.57 kobo was utilized in the second quarter of the year. This represents 45.50% of the estimated

figure. The short fall in capital spending for second quarter of the year was due to funding challenges and the need to use available resource to meet recurrent needs.



## **1.0 INTRODUCTION**

The 2019 Budget was guided by 2018 global economic developments and analysis outcome, as well as estimated revenue from share of Federal Accounts Allocation (FAAC), Internally Generated Revenue (IGR), Capital Receipts, Medium Term Expenditure Framework, 8-Point Development Agenda and Visit Every Community Document. This budget was also prepared using a recurrent to capital ratio of 60:40 which is in line with international best practices and also gave special consideration to the completion of ongoing capital projects in Enugu State.

The 2019 approved Budget, titled "Budget of Peace, Equity and Prosperity" was built on the peaceful coexistence in the State, to ensure even distribution of resources as well as maintain the momentum on building new and rebuilding existing social and physical infrastructure for the benefit of our citizens and residents.

### **KEY DELIVERABLES AND EXPECTED OUTCOME OF THE 2019 BUDGET**

1. Better urban, Inter-Local Government and community road infrastructure;
2. Enhanced security of life and property and improved access to justice;
3. Improved access to health facilities;
4. Improved access to quality and affordable water and sanitation;
5. Increase in private sector investment
6. Improved and upgraded school infrastructure to improve learning environment as well as ensure quality teaching;

7. Job creation through increased inflow of local and international investments;
8. Affordable housing through Public Private Partnership (PPP);
9. More resources from Internally Generated Revenue (IGR) to fund development projects;
10. Strengthened systems and institutions for improved service delivery.

## **EXPECTED OUTCOMES**

1. World class infrastructure and transport network;
2. Better, educated, healthy and productive citizens;
3. More secured and responsive citizens;
4. Clean and eco-friendly environment;
5. Robust and dynamic Civil Service;
6. Improved investor-friendly environment for sustainable private sector development.

The Appropriation Bill for the 2019 Budget was presented to the Enugu State House of Assembly on 17th December, 2018 with the total sum of N109,199,243,000.00, N65,705,900,000.00 for Recurrent Expenditure representing 60.00% and N43,493,343,000.00 for Capital Expenditure representing 40.00%. After careful deliberation on the floor of the Enugu State House of Assembly, the same amount was approved for 2019 Fiscal Year.

During the second quarter 2019, there was need to reallocate recurrent and capital expenditure to accommodate government new programmes and projects which are unforeseen and uncertain in nature. The 2019 Revised Budget was scrutinized and approved by the Enugu State House of Assembly on

This 2019 second quarter budget report provides detailed information on the budget implementation for the period under review. The rest of the report is organized as follows: a brief analysis of the macroeconomic development under which the budget was executed, fiscal analysis of the 2019 Budget Implementation and assumptions, followed by 2019 Resources Profile and careful analysis of 2019 second quarter budget implementation. Finally, we present a brief conclusion of this report.

## **2.0 MACROECONOMIC DEVELOPMENT & ANALYSIS**

### **GLOBAL ECONOMY**

According to IMF World Economic Outlook update, global growth is currently estimated at 3.1 percent in 2015, 3.4 percent in 2016 and 3.6 percent in 2017. The pickup in global activity is projected to be more gradual than in the October 2015 World Economic Outlook (WEO), especially in emerging market and developing economies. In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016-17. The projected pickup in growth in the next two years - despite the ongoing slowdown in China - primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though even this projected partial recovery could be frustrated by new economic or political shocks.

As a result of these developments, global growth is projected to slow down from 3.6 percent in 2018 to 3.3 percent in 2019 before returning to 3.6 percent in 2020. Growth for 2018 was revised down by over 0.1percent relative to the October 2018 World Economic Outlook (WEO), reflecting weakness in the second half of the year, and the forecast for 2019 and 2020 are now marked down by 0.4 percent point and 0.1percent point respectively.

The current forecast envisages that global growth will level off in the first half of 2019 and firm up after that .The projected pick up in the second half of 2019 is predicated on ongoing building of policy stimulus in China recent improvement in global financial market benchmark, the wanting

of some temporary drugs on growth in the euro area and a gradual stabilization of condition in the stressed emerging market economies including Argentina and Turkey. Improved momentum for emerging market and developing economies is projected to continue into 2020, primarily reflecting in development economies currently experiencing macro economies distress—a forecast subject to notable uncertainty. By contrast, activity in advanced economies is projected to continue to slow gradually as the impact of U.S fiscal stimulus fades and growth tends towards the modest potential for the group. Beyond 2020 globally growth is set plateau at about 3.6 percent over the medium term, sustained by the increase in the relative sizes of economies such as those of China and India which are projected to have robust growth by comparison to slower growing advanced and emerging market economies (even though Chinese growth will eventually moderate). As noted in previous WEO report, tepid labour production.

## **NIGERIA ECONOMY**

The Nigerian economy is characterized by structural challenges that limit its ability to sustain growth, create jobs and achieve real poverty reduction. The economy is highly dependent on a single commodity for economic activities, fiscal revenues and foreign exchange – oil – and must import raw materials and intermediate goods to sustain the manufacturing sector. The economy is also skewed towards consumption rather than investment, with gross domestic investment (GDI) to GDP ratio hovering at 13-14%.

To achieve the growth aspirations, the first requirement is a stable macroeconomic environment with low inflation, stable (market reflective) exchange rates and sustainable fiscal and external balances. This requires that monetary, trade and fiscal policies are well aligned to ensure coherence and effective coordination. The CBN will continue to work towards improving the operations of the foreign exchange market

to enhance its liquidity. Non-oil revenue will be accelerated through improved tax and Customs administration, including introduction of tax on luxury items. This would ensure a more diversified fiscal revenue base away from the current dependence on crude oil and gas. Fiscal consolidation will also be pursued.

The economy is thus diversifying and is becoming more service-oriented, in particular through retail and wholesale trade, real estate, information and communication. The 2015 outlook is for moderate growth of 5%, due to vulnerability to slow global economic recovery, oil-price volatility and global financial developments. The low oil price will lead to a sharp decline in fiscal revenues. However, the overall impact on non-oil sector GDP will be relatively muted. The sector is, thus, expected to remain the main driver of growth over the medium term and, in the light of the recent macroeconomic challenges, the government has adopted an adjustment strategy that hinges on tightening government spending and shoring up non-oil revenues to compensate for dwindling oil revenues. Addressing security issues remains a key challenge. Insurgency in the north-east and other parts of the country has negative implications for investment; it also may hamper the fight against poverty as well as increase crime. An increased number of both internally displaced persons and refugees in neighbouring Cameroon and Niger have created a grave humanitarian situation. However, the current regional coalition force against Boko Haram appears to be making headway in subduing the insurgency.

### **ENUGU STATE ECONOMIC SITUATION**

Since our economic mainstay is the oil income from the federation account, and of course the value Added Tax regime and exchange rate assured through Nigeria's Monetary and fiscal Policies, the State government will be impacted by the above economic updates and analysis both in the globe and Nigeria as a whole. However, our domestic

economic environment was impacted on in the second quarter by the lull in activities occasioned by the dissolution of the State Executive Council, and the formation of a new EXCO. Government activities were slowed down as the State is trying to form a new executive that will drive the implementation of the budget.

It should equally be noted that the State government revised the budget before the expiration of the past regime. This revision was done early in May, 2019 to accommodate some pressing items of expenditure that were not foreseen during the preparation of the budget last year and some that care out of emergencies.

It must equally be stated that what we did was to re-allocate values to some items in the budget and no extra money was added to the original budget size which still remains at N109, 199,243,000. Like I said this revised budget was necessitated by the need to attend to some very important infrastructural Projects which were hitherto not properly costed due to more new exigencies or those that demanded immediate attention but were not taken care of. They include Igbo-Ano Specialist Hospital project, the establishment of ESUT Campus at Nsukka and Special interventions in Nsukka urban and Rural Roads.

To be able to achieve these lofty Projects, money was moved from some less urgent Projects to attack the emergencies. This is what made the last Executive council to approve the revision of the budget before their exit. With the approval of the revised budget, activities picked up in the area of Infrastructural development within the second quarter. There is every high hope that the next quarter will witness those robust activities in the budget with the formation of executive Council.

## 3.0 FISCAL ANALYSIS OF THE 2019 BUDGET IMPLEMENTATION

### 3.1 2019 FISCAL FRAMEWORK/BUDGET ASSUMPTIONS

The 2019 approved Budget assumptions include key macro-economic development, estimated recurrent revenue and capital receipt, Medium Term Expenditure Framework, 8-Point Development Agenda, Visit Every Community Document and series of meetings with all stakeholders.

**Table 3.1: 2019 Budget Assumptions**

SN	PARTICULARS	2019 BUDGET BENCHMARKS	2019 Second QUARTER
1	Crude oil price benchmark	US\$60 per barrel	US\$68 per barrel
2	Oil production estimate	2.3 million barrels per day	1.8 million barrels per day
3	Exchange rate	N305/US\$	N306/US\$
4	Real GDP growth	3.01 percent	2.20 percent
5	Inflation Rate	9.98 percent	11.37 percent

Source: NBS and BOF

### 3.2 ENUGU STATE 2019 RESOURCES PROFILE

The sum of N109,199,243,000.00 was appropriated by the Enugu State House of Assembly for 2019 Fiscal year. This is 5.44% more than 2018 Approved Budget of N103,563,500,000.00. Out of the total Approved Budget for 2019 Fiscal year, the sum of N93,699,243,000.00 was for Recurrent Revenue, N15,500,000,000.00 was for Capital Receipts while N27,993,343,000.00 was transferred from Consolidated Revenue Fund to Capital Development Fund. Furthermore, the sum of N65,705,900,000.00 representing 60.00% of the total budget was for



Recurrent Expenditure while N43,493,343,000.00 representing 40.00% of the total budget was for Capital Expenditure. (Table 3.2).

During the second quarter 2019, there was need to reallocate recurrent and capital expenditure to accommodate government new programmes and projects which are unforeseen and uncertain in nature

**Table 3.2:** *2019 Budget Resource Profile*

ITEMS	Approved Budget 2018	%	Revised Budget 2018	%	Approved Budget 2019	%	Revised Budget 2019	%
	N		N		N		N	
Statutory Allocation	39,829,500,000	44.72	39,829,500,000	39.92	54,475,243,000	58.14	54,475,243,000	58.14
Value Added Tax (VAT)	11,234,000,000	12.61	11,234,000,000	11.26	11,490,000,000	12.26	11,490,000,000	12.26
50% Refund from Paris and London Club	8,000,000,000	8.98	8,000,000,000	8.02	-	0.00	-	-
Independent Revenue (IGR)	30,000,000,000	33.68	40,700,000,000	40.80	27,734,000,000	29.60	27,734,000,000	29.60
<b>TOTAL RECURRENT REVENUE</b>	<b>89,063,500,000</b>	<b>100.00</b>	<b>99,763,500,000</b>	<b>100.00</b>	<b>93,699,243,000</b>	<b>100.00</b>	<b>93,699,243,000</b>	<b>100.00</b>
<b>RECURRENT EXPENDITURE</b>								
Personnel Cost	37,500,431,000	61.76	34,695,431,000	57.14	24,337,180,000	37.04	24,337,180,000	37.04
Consolidated Revenue Fund Charges (CRFC)	-	-	-	-	14,325,000,000	21.80	13,840,000,000	21.06
Overhead Cost	17,234,600,000	28.39	20,039,600,000	33.00	20,065,720,000	30.54	20,550,720,000	31.28
Subvention	5,981,993,000	9.85	5,981,993,000	9.85	6,978,000,000	10.62	6,978,000,000	10.62
<b>SUB TOTAL</b>	<b>60,717,024,000</b>	<b>100.00</b>	<b>60,717,024,000</b>	<b>100.00</b>	<b>65,705,900,000</b>	<b>100.00</b>	<b>65,705,900,000</b>	<b>100.00</b>
<b>CAPITAL RECIEPTS</b>								
Transfer from Consolidated Revenue Fund	28,346,476,000	66.16	39,046,476,000	72.92	27,993,343,000	64.36	27,993,343,000	64.36
Aids and Grants	2,000,000,000	4.67	2,000,000,000	3.74	4,000,000,000	9.20	4,000,000,000	9.20
Public Private Patnership	500,000,000	1.17	500,000,000	0.93	500,000,000	1.15	500,000,000	1.15
50% Refund from Paris and London Club	8,000,000,000	18.67	8,000,000,000	14.94	-	0.00	-	-
Domestic Loans/Borrowing Receipts	2,000,000,000	4.67	2,000,000,000	3.74	5,000,000,000	11.50	5,000,000,000	11.50
International Loans/Borrowing Receipts	2,000,000,000	4.67	2,000,000,000	3.74	6,000,000,000	13.80	6,000,000,000	13.80
<b>TOTAL</b>	<b>42,846,476,000</b>	<b>100.00</b>	<b>53,546,476,000</b>	<b>100.00</b>	<b>43,493,343,000</b>	<b>100.00</b>	<b>43,493,343,000</b>	<b>100.00</b>
<b>CAPITAL EXPENDITURE SUMMARY BY SECTORS</b>								
Administration Sector	3,437,168,000	8.02	4,990,168,000	9.32	6,157,243,000	14.16	6,357,243,000	14.62
Economic Sector	24,225,345,000	56.54	31,041,845,000	57.97	24,584,264,000	56.52	25,809,264,000	59.34
Law & Justice Sector	1,219,200,000	2.85	2,969,200,000	5.55	1,046,320,000	2.41	1,046,320,000	2.41
Regional Sector	152,500,000	0.36	152,500,000	0.28	380,000,000	0.87	380,000,000	0.87
Social Sector	13,812,263,000	32.24	14,392,763,000	26.88	11,325,516,000	26.04	9,900,516,000	22.76
<b>TOTAL</b>	<b>42,846,476,000</b>	<b>100.00</b>	<b>53,546,476,000</b>	<b>100.00</b>	<b>43,493,343,000</b>	<b>100.00</b>	<b>43,493,343,000</b>	<b>100.00</b>
<b>BUDGET SIZE</b>	<b>103,563,500,000</b>		<b>114,263,500,000</b>		<b>109,199,243,000</b>		<b>109,199,243,000</b>	

Source: MB&P

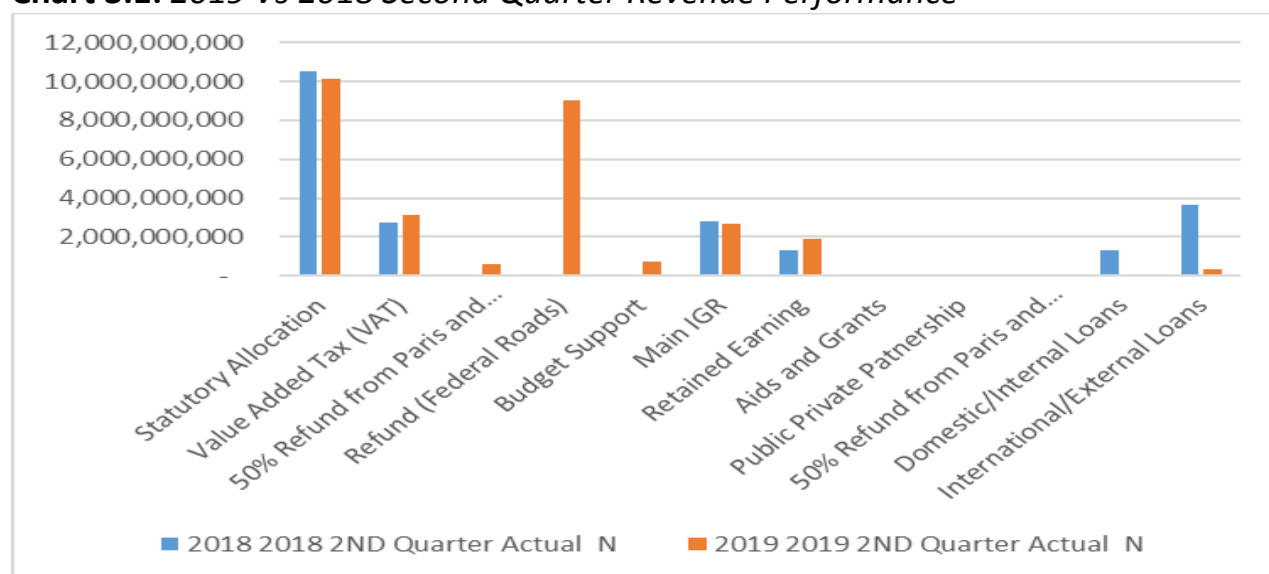
### 3.3 Analysis of Recurrent Revenue and Capital Receipts Performance

**Table 3.3: Performance of Revenue in the Second Quarter of 2019 Vs 2018**

S/N	DESCRIPTION	2018	2019	VARIANCE	
		2ND Quarter Actual	2ND Quarter Actual	2ND Quarter 2019 Vs 2ND Quarter 2018	
REVENUE		N	N	N	%
1	Statutory Allocation	10,524,791,597	10,132,845,556	(391,946,041)	(3.72)
2	Value Added Tax (VAT)	2,768,160,976	3,107,889,892	339,728,916	12.27
3	50% Refund from Paris and London Club (Ex. Gain)	-	600,000,000	600,000,000	-
4	Refund (Federal Roads)	-	9,057,423,308	9,057,423,308	-
5	Budget Support	-	700,000,000	700,000,000	-
<b>Sub-Total</b>		<b>13,292,952,573</b>	<b>23,598,158,756</b>	<b>10,305,206,183</b>	<b>77.52</b>
<b>Internally Generated Revenue (IGR)</b>					
4	Main IGR	2,819,373,896	2,705,976,791	(113,397,105)	(4.02)
5	Retained Earning	1,333,004,123	1,917,451,545	584,447,422	43.84
<b>Sub-Total (IGR)</b>		<b>4,152,378,019</b>	<b>4,623,428,336</b>	<b>471,050,317</b>	<b>11.34</b>
<b>CAPITAL RECEIPTS</b>					
6	Aids and Grants	-	-	-	-
7	Public Private Partnership	-	-	-	-
8	50% Refund from Paris and London Club	-	-	-	-
9	Domestic/Internal Loans	1,301,043,670	-	(1,301,043,670)	-
10	International/External Loans	3,661,269,445	326,756,360	(3,334,513,085)	(91.08)
<b>Sub-Total</b>		<b>4,962,313,115</b>	<b>326,756,360</b>	<b>(4,635,556,755)</b>	<b>(93.42)</b>
<b>Grand Total</b>		<b>22,407,643,707</b>	<b>28,548,343,452</b>	<b>6,140,699,745</b>	<b>27.40</b>

Source: MB&P and OAG

**Chart 3.1: 2019 Vs 2018 Second Quarter Revenue Performance**



Source: MB&P and OAG

**Table 3.4: Inflows to the 2019 Enugu State Budget as at 30<sup>th</sup> June 2019**

S/N	DESCRIPTION	2019 BUDGET			2019 ACTUAL			2019 VARIANCE					
		ANNUAL	QUARTERLY	HALF YEAR	FIRST QUARTER	SECOND QUARTER	HALF YEAR	2ND Quarter Actual Vs Quarterly Budget		2ND Quarter Actual Vs 1ST Quarter Actual		Half Year Actual Vs Half Year Budget	
	REVENUE	N	N	N	N	N	N	%	N	%	N	%	
1	Statutory Allocation	54,475,243,000	13,618,810,750	27,237,621,500	10,219,754,784	20,490,268,864	30,710,023,648	6,871,458,114	50.46	10,270,514,080	100.50	3,472,402,148	12.75
2	Value Added Tax (VAT)	11,490,000,000	2,872,500,000	5,745,000,000	3,188,823,863	3,107,889,892	6,296,713,755	235,389,892	8.19	(80,933,971)	(2.54)	551,713,755	9.60
	<b>Sub-Total</b>	<b>65,965,243,000</b>	<b>16,491,310,750</b>	<b>32,982,621,500</b>	<b>13,408,578,647</b>	<b>23,598,158,756</b>	<b>37,006,737,403</b>	<b>7,106,848,006</b>	<b>43.09</b>	<b>10,189,580,109</b>	<b>75.99</b>	<b>4,024,115,903</b>	<b>12.20</b>
	<b>Internally Generated Revenue (IGR)</b>												
3	Main IGR	17,744,556,000	4,436,139,000	8,872,278,000	2,928,382,676	2,705,976,791	5,634,359,467	(1,730,162,209)	(39.00)	(222,405,885)	(7.59)	(3,237,918,533)	(36.49)
4	Retained Earning	9,989,444,000	2,497,361,000	4,994,722,000	2,896,567,154	1,917,451,545	4,814,018,699	(579,909,455)	(23.22)	(979,115,608)	(33.80)	(180,703,301)	(3.62)
	<b>Sub-Total (IGR)</b>	<b>27,734,000,000</b>	<b>6,933,500,000</b>	<b>13,867,000,000</b>	<b>5,824,949,830</b>	<b>4,623,428,336</b>	<b>10,448,378,166</b>	<b>(2,310,071,664)</b>	<b>(33.32)</b>	<b>(1,201,521,494)</b>	<b>(20.63)</b>	<b>(3,418,621,834)</b>	<b>(24.65)</b>
	<b>CAPITAL RECEIPTS</b>												
5	Aids and Grants	4,000,000,000	1,000,000,000	2,000,000,000	-	-	-	(1,000,000,000)	(100.00)	-	-	(2,000,000,000)	(100.00)
6	Public Private Partnership	500,000,000	125,000,000	250,000,000	-	-	-	(125,000,000)	(100.00)	-	-	(250,000,000)	(100.00)
7	Domestic/Internal Loans	5,000,000,000	1,250,000,000	2,500,000,000	-	-	-	(1,250,000,000)	(100.00)	-	-	(2,500,000,000)	(100.00)
8	International/External Loans	6,000,000,000	1,500,000,000	3,000,000,000	92,634,328	326,756,360	419,390,688	(1,173,243,640)	(78.22)	234,122,031	252.74	(2,580,609,312)	(86.02)
	<b>Sub-Total</b>	<b>15,500,000,000</b>	<b>3,875,000,000</b>	<b>7,750,000,000</b>	<b>92,634,328</b>	<b>326,756,360</b>	<b>419,390,688</b>	<b>(3,548,243,640)</b>	<b>(91.57)</b>	<b>234,122,031</b>	<b>252.74</b>	<b>(7,330,609,312)</b>	<b>(94.59)</b>
	<b>Grand Total</b>	<b>109,199,243,000</b>	<b>27,299,810,750</b>	<b>54,599,621,500</b>	<b>19,326,162,805</b>	<b>28,548,343,452</b>	<b>47,874,506,257</b>	<b>1,248,532,702</b>	<b>4.57</b>	<b>9,222,180,646</b>	<b>47.72</b>	<b>(6,725,115,243)</b>	<b>(12.32)</b>

Source: MB&P and OAG

**Table 3.5: Performance of Revenue Budget and Actual in the 2019 Second Quarter**

S/N	DESCRIPTION	2019 BUDGET			2019 ACTUAL			2019 PERFORMANCE			
		ANNUAL	QUARTERLY	HALF YEAR	FIRST QUARTER	SECOND QUARTER	HALF YEAR	SECOND QUARTER ACTUAL/QUARTERLY BUDGET	HALF YEAR ACTUAL/HALF YEAR BUDGET	SECOND QUARTER ACTUAL	HALF YEAR ACTUAL
	REVENUE	N	N	N	N	N	N	%	%	% (Contribution)	% (Contribution)
1	Statutory Allocation	54,475,243,000	13,618,810,750	27,237,621,500	10,219,754,784	20,490,268,864	30,710,023,648	150.46	112.75	71.77	64.15
2	Value Added Tax (VAT)	11,490,000,000	2,872,500,000	5,745,000,000	3,188,823,863	3,107,889,892	6,296,713,755	108.19	109.60	10.89	13.15
	<b>Sub-Total</b>	<b>65,965,243,000</b>	<b>16,491,310,750</b>	<b>32,982,621,500</b>	<b>13,408,578,647</b>	<b>23,598,158,756</b>	<b>37,006,737,403</b>	<b>143.09</b>	<b>112.20</b>		
	<b>Internally Generated Revenue (IGR)</b>										
3	Main IGR	17,744,556,000	4,436,139,000	8,872,278,000	2,928,382,676	2,705,976,791	5,634,359,467	61.00	63.51	9.48	11.77
4	Retained Earning	9,989,444,000	2,497,361,000	4,994,722,000	2,896,567,154	1,917,451,545	4,814,018,699	76.78	96.38	6.72	10.06
	<b>Sub-Total (IGR)</b>	<b>27,734,000,000</b>	<b>6,933,500,000</b>	<b>13,867,000,000</b>	<b>5,824,949,830</b>	<b>4,623,428,336</b>	<b>10,448,378,166</b>	<b>66.68</b>	<b>75.35</b>		
	<b>CAPITAL RECEIPTS</b>										
5	Aids and Grants	4,000,000,000	1,000,000,000	2,000,000,000	-	-	-	-	-	-	-
6	Public Private Partnership	500,000,000	125,000,000	250,000,000	-	-	-	-	-	-	-
7	Domestic/Internal Loans	5,000,000,000	1,250,000,000	2,500,000,000	-	-	-	-	-	-	-
8	International/External Loans	6,000,000,000	1,500,000,000	3,000,000,000	92,634,328	326,756,360	419,390,688	21.78	13.98	1.14	0.88
	<b>Sub-Total</b>	<b>15,500,000,000</b>	<b>3,875,000,000</b>	<b>7,750,000,000</b>	<b>92,634,328</b>	<b>326,756,360</b>	<b>419,390,688</b>	<b>8.43</b>	<b>5.41</b>		
	<b>Grand Total</b>	<b>109,199,243,000</b>	<b>27,299,810,750</b>	<b>54,599,621,500</b>	<b>19,326,162,805</b>	<b>28,548,343,452</b>	<b>47,874,506,257</b>	<b>104.57</b>	<b>87.68</b>	<b>100.00</b>	<b>100.00</b>

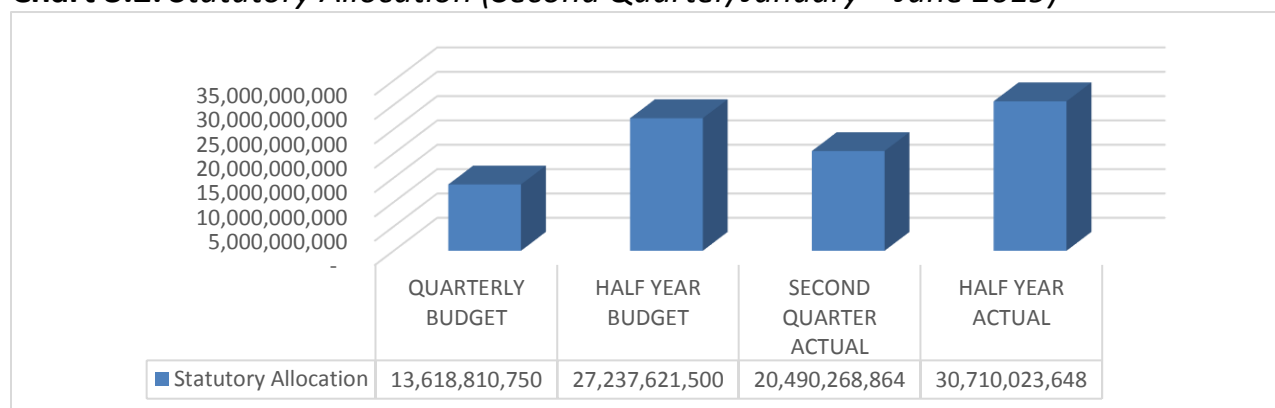
Source: MB&P and OAG

### 3.3.1 RECURRENT REVENUE PERFORMANCE

#### Statutory Allocation:

In the quarter under review, aggregate Statutory Allocation actual stood at N20,490,268,864.00. This comprises of Statutory Allocation N10,132,845,556.00, Refund from Paris and London Club (Exchange Gain) N600,000,000.00, Refund from Federal Government on the construction of Federal Roads by Enugu State N9,057,423,308.00 and Budget Support N700,000,000.00 (Table 3.3). This translate to a N6,871,458,114.00 or 50.46 percent more than the quarterly budget of N13,618,810,750.00 for the period under review. It contributed about 71.77 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts). The actual revenue realized only for Statutory Allocation in the second quarter of 2019 reveals a decrease of N391,946,041.00 or 3.72 percent when compared with the actual revenue in the second quarter of 2018 (Table 3.3). In the Mid-Year 2019, accumulated Statutory Allocation was N30,710,023,648.00 which translate to a N3,472,402,148.00 12.75 percent above budgeted projection of N27,237,621,500.00. This was 64.15 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts) (Table 3.4, 3.5).

**Chart 3.2: Statutory Allocation (Second Quarter/January – June 2019)**

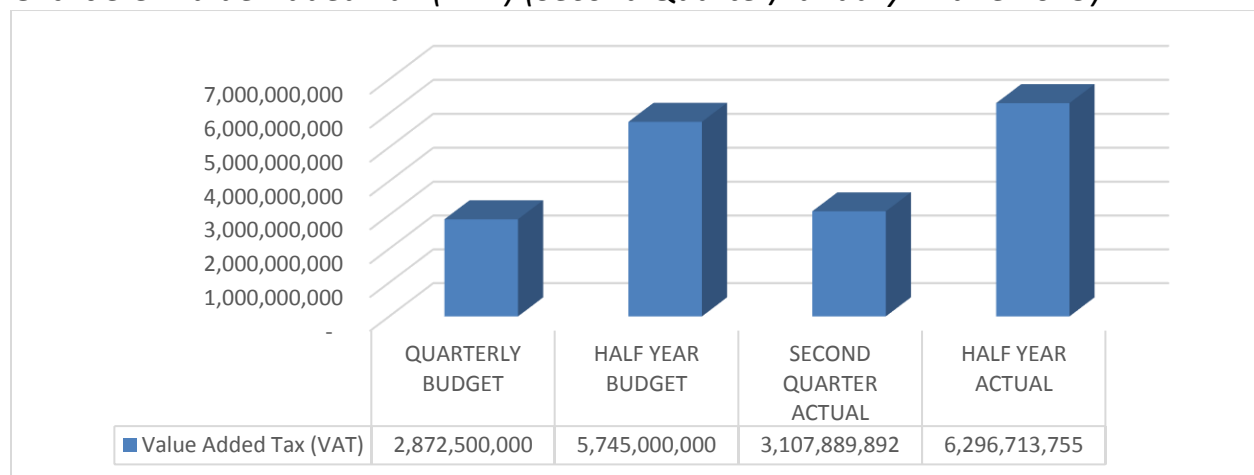


Source: MB&P and OAG

**Value Added Tax (VAT):**

N3,107,889,892.00 was recorded as actual in the second quarter of 2019 for Value Added Tax (VAT) which was an increase of N235,389,892.00 or 8.19 percent above the estimated quarterly projection of N2,872,500,000.00. It contributed about 10.89 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts) (Table 3.4,3.5). The actual revenue in the second quarter of 2019 reveals an increase of N339,728,916.00 or 12.27 percent when compared with the actual revenue in the second quarter of 2018 (Table 3.3). During the Mid-Year of 2019, VAT recorded N6,296,713,755.00 actual. It rose from N1,035,501,308.00 at the end of January to N1,113,140,840.00, N1,040,181,715.00, N974,309,651.00, N1,020,022,027.00 and N1,113,558,215.00 in February, March, April, May and June 2019 respectively. This represents an increase of N551,713,755.00 or 9.60 percent above the Mid-Year budget figure of N5,745,000,000.00. it contributed about 13.15 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts) (Table 3.4,3.5).

**Chart 3.3: Value Added Tax (VAT) (Second Quarter/January – June 2019)**

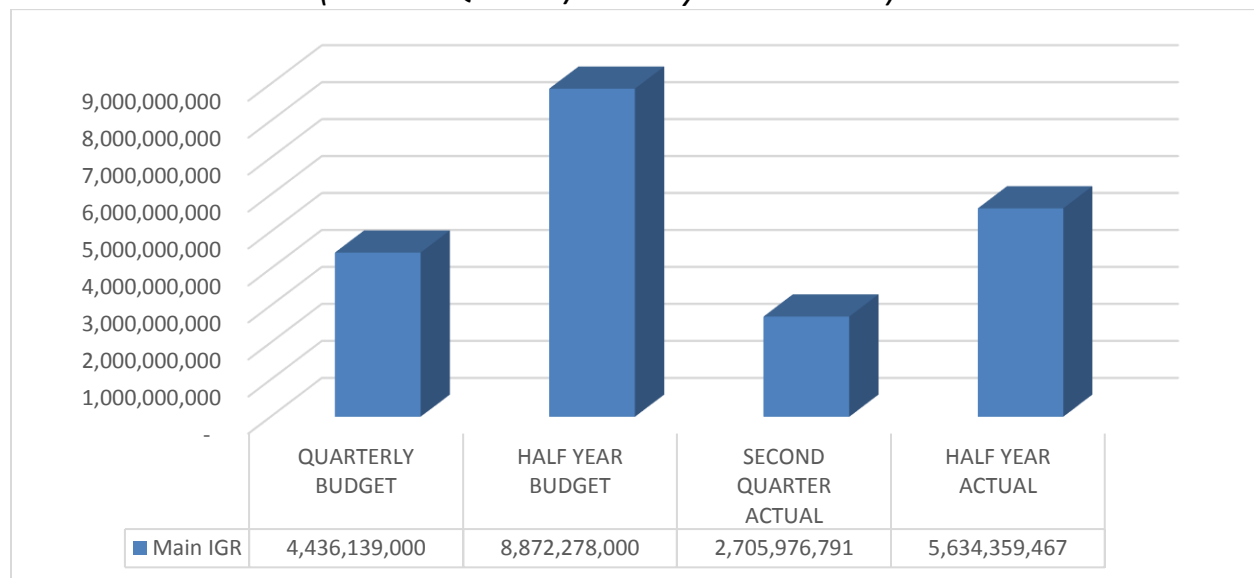


Source: MB&P and OAG

**Internally Generated Revenue (IGR) – Main:**

The Main IGR in the second quarter indicating a decrease of N1,730,162,209 or 39.00 below quarterly budget of N4,436,139,000.00 in which the actual stood at N2,705,976,791.00. It yielded about 9.48 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts) (Table 3.4,3.5). The actual revenue collected in the second quarter of 2019 reveals a shortfall of N113,397,105.00 or 4.02 percent when compared with the actual revenue in the second quarter of 2018 (Table 3.3). The actual revenue that accrued in the Mid-Year of 2019 was N5,634,359,467.00, depicting a decrease of N3,237,918,533.00 or 36.49 percent below the estimated Mid-Year budget of N8,872,278,000.00. It was however contributed 11.77 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts) (Table 3.4,3.5).

**Chart 3.4: Main IGR (Second Quarter/January – June 2019)**

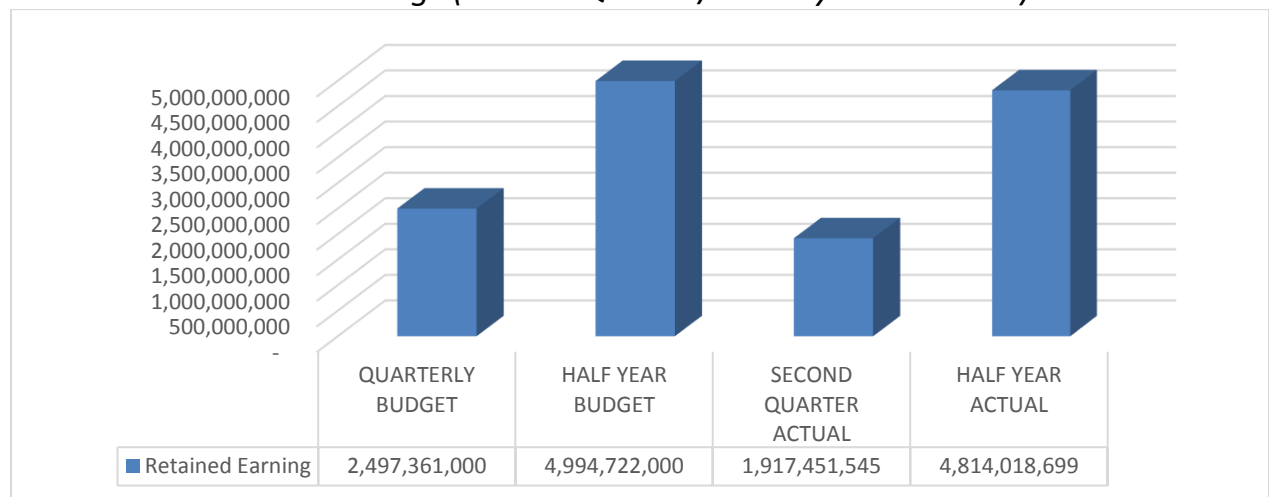


Source: MB&P and OAG

**Internally Generated Revenue (IGR) – Retained Earnings:**

The Retained Earning stood at N1,917,451,545.00 in the second quarter of 2019. It translates to a N579,909,455.00 or 23.22 percent shortfall when compared with the quarterly budget estimate of N2,497,361,000.00. However, it contributed about 6.72 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts). The actual revenue in the second quarter of 2019 reveals an increase of N584,447,422.00 or 43.84 percent when compared with the actual revenue in the second quarter of 2018. During the Mid-Year 2018, N4,814,018,699.00 was received against N4,994,722,000.00 budgeted projection. This translate to a N180,703,301 or 3.62 percent below the budgeted projection. It was however yielded 10.06 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts).

**Chart 3.5: Retained Earnings (Second Quarter/January – June 2019)**



Source: MB&P and OAG

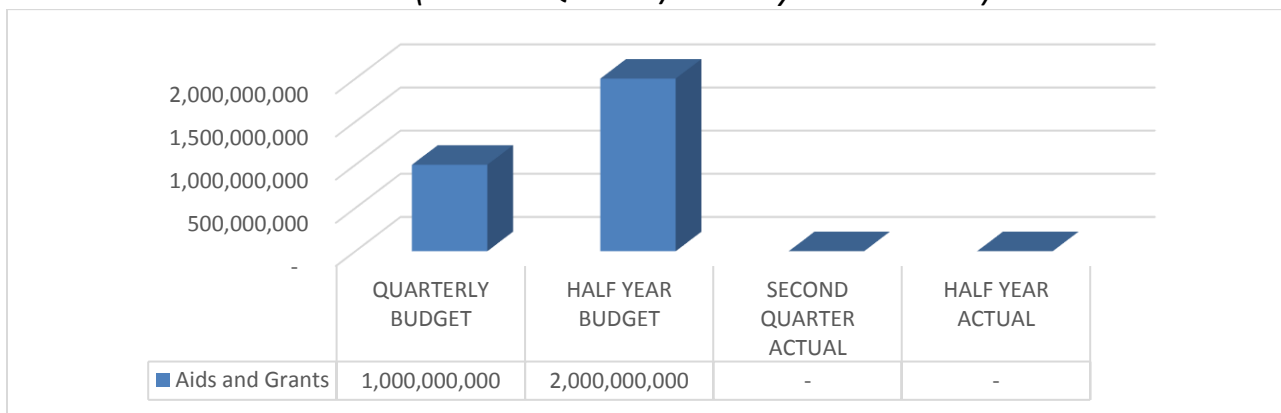


### 3.3.2 CAPITAL RECEIPTS PERFORMANCE

#### Aids and Grants:

The State projected quarterly budget of N1,000,000,000.00 to be realized from Aids and Grant but nothing was actually received in the first and second quarter of 2019.

**Chart 3.6:** *Aids and Grants (Second Quarter/January – June 2019)*

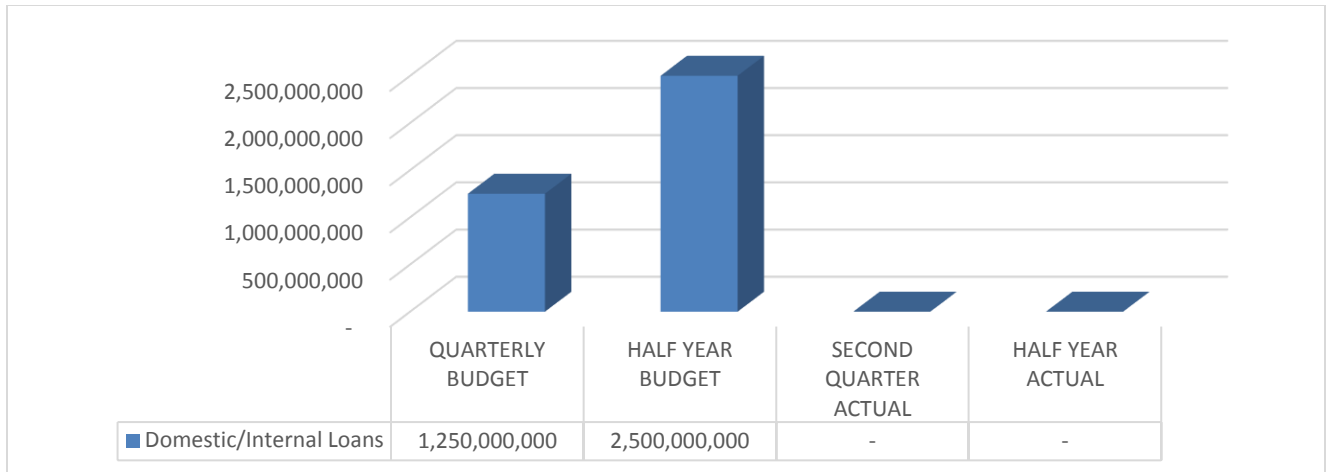


Source: MB&P and OAG

#### Internal Loan:

In the first and second quarter 2019, nothing was received against N1,250,000,000.00 quarterly budget projection.

**Chart 3.7:** *Internal Loan (Second Quarter/January – June 2019)*

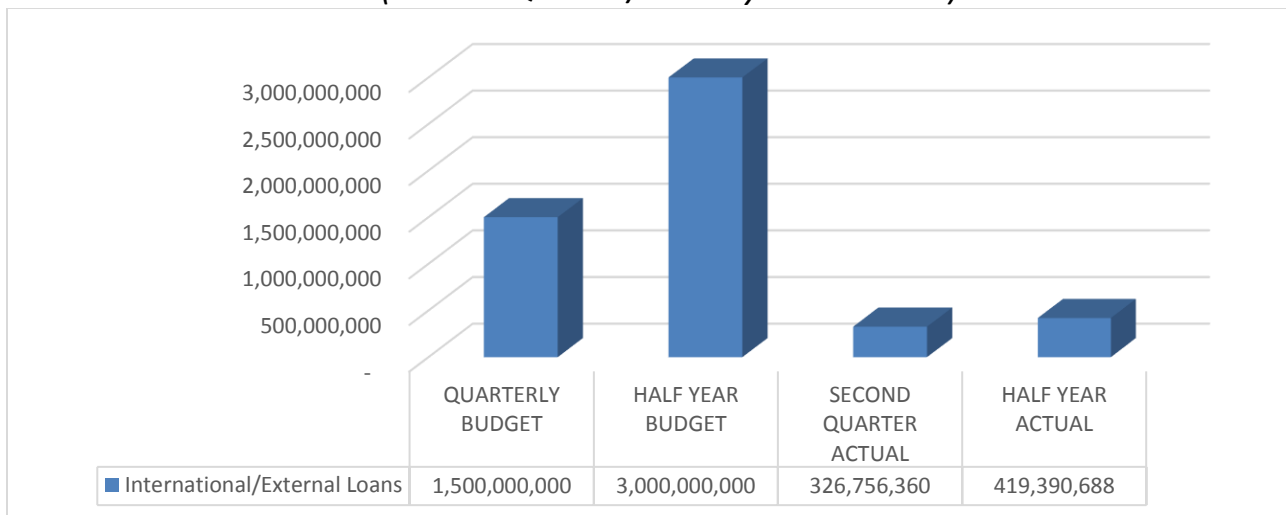


Source: MB&P and OAG

### External Loan:

The net External Loan in the second quarter of 2019 amounted to N326,756,360.00 depicting a shortfall of N1,173,243,640.00 below the quarterly budget of N1,500,000,000.00. It contributed about 1.14 percent of the State Total Resource Envelope (Actual Recurrent Revenue and Capital Receipts). The performance in the second quarter of 2019 was however significantly below the equivalent level in the same period of 2018 by N3,334,513,085.00 or 91.08 percent.

**Chart 3.8:** External Loan (Second Quarter/January – June 2019)

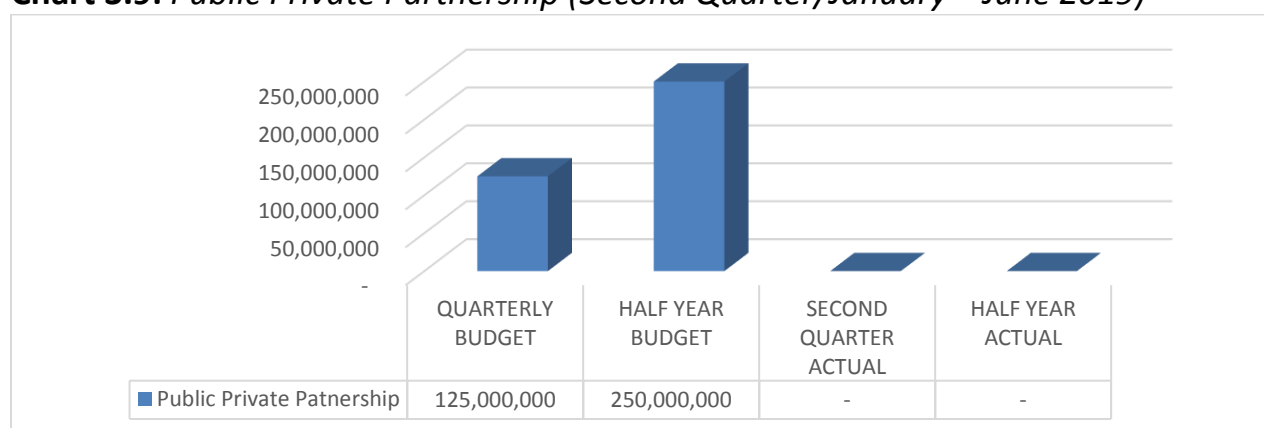


Source: MB&P and OAG

### Public Private Partnership:

The State projected N125,000,000.00 quarterly to be realized from Public Private Partnership but nothing was actually received in the first and second quarter 2019.

**Chart 3.9: Public Private Partnership (Second Quarter/January – June 2019)**



Source: MB&P and OAG

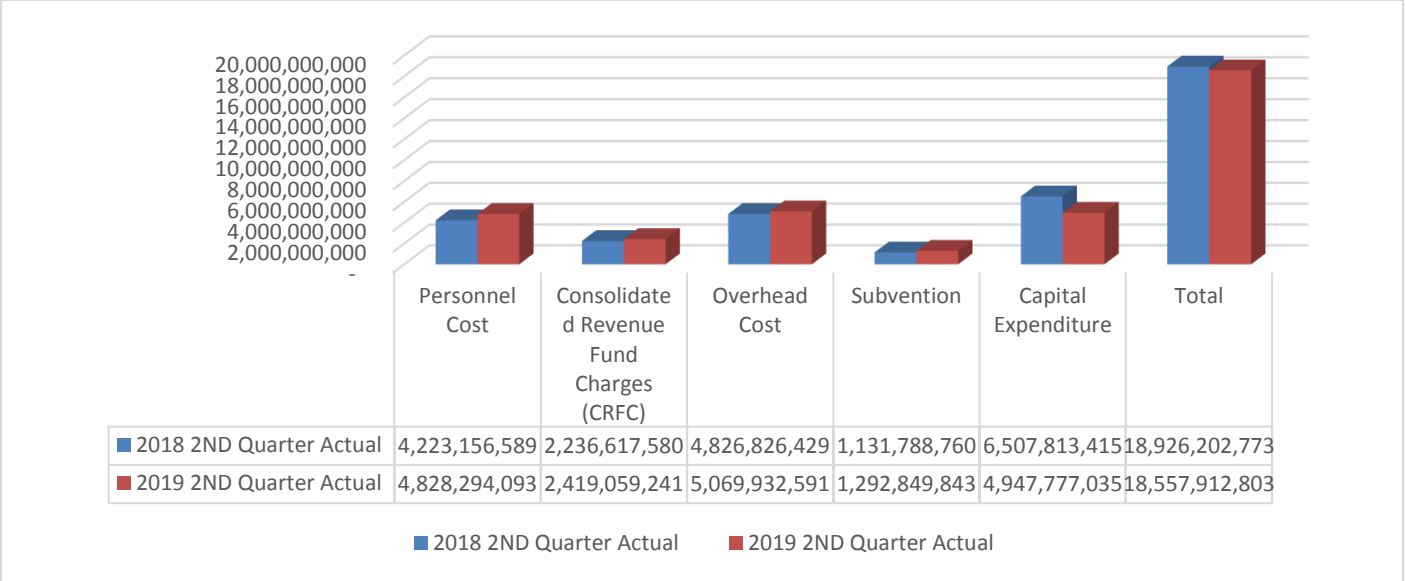
### 3.4 Analysis of Recurrent and Capital Expenditure Performance

**Table 3.6: Performance of Expenditure in the Second Quarter of 2019 Vs 2018**

S/N	DESCRIPTION	2018	2019	VARIANCE	
		2ND Quarter Actual	2ND Quarter Actual	2ND Quarter 2019 Vs 2ND Quarter 2018	
	EXPENDITURE	N	N	N	%
1	Personnel Cost	4,223,156,589	4,828,294,093	605,137,504	14.33
2	Consolidated Revenue Fund Charges (CRFC)	2,236,617,580	2,419,059,241	182,441,661	8.16
3	Overhead Cost	4,826,826,429	5,069,932,591	243,106,162	5.04
4	Subvention	1,131,788,760	1,292,849,843	161,061,083	14.23
5	Capital Expenditure	6,507,813,415	4,947,777,035	(1,560,036,380)	(23.97)
	<b>Total</b>	<b>18,926,202,773</b>	<b>18,557,912,803</b>	<b>(368,289,970)</b>	<b>(1.95)</b>

Source: MB&P and OAG

**Chart 3.10: 2019 Vs 2018 Second Quarter Expenditure Performance**



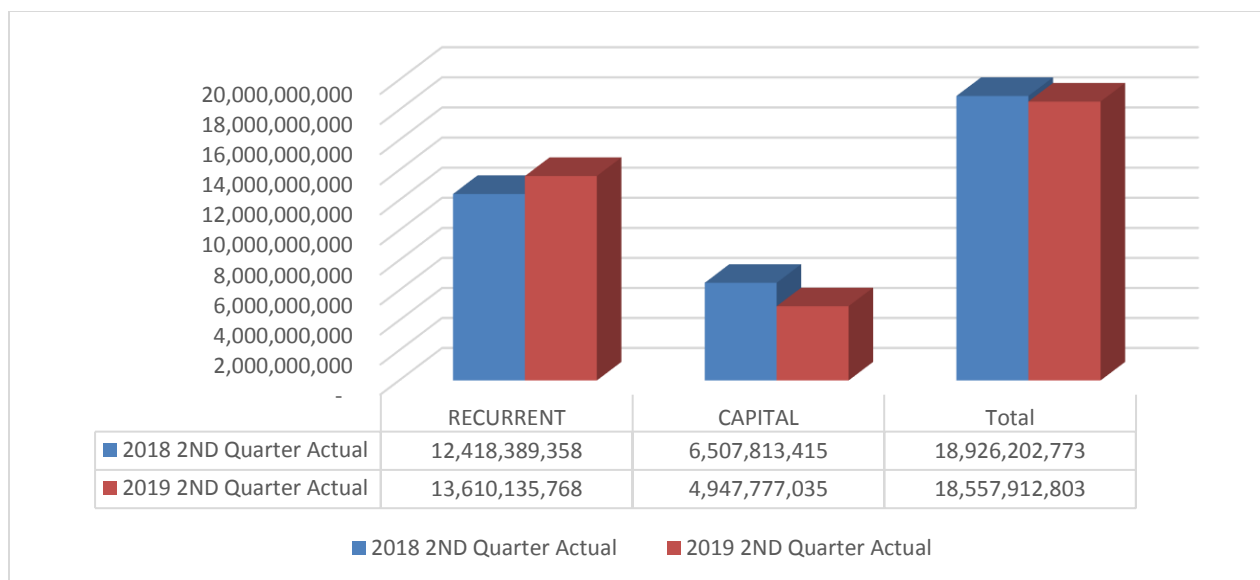
Source: MB&P and OAG

**Table 3.7: Performance of Aggregate Expenditure in the Second Quarter of 2019 Vs 2018**

S/N	DESCRIPTION	2018	2019	VARIANCE	
		2ND Quarter Actual	2ND Quarter Actual	2ND Quarter 2019 Vs 2ND Quarter 2018	
	EXPENDITURE	N	N	N	%
1	RECURRENT	12,418,389,358	13,610,135,768	1,191,746,410	9.60
2	CAPITAL	6,507,813,415	4,947,777,035	(1,560,036,380)	(23.97)
	<b>Total</b>	<b>18,926,202,773</b>	<b>18,557,912,803</b>	<b>(368,289,970)</b>	<b>(1.95)</b>

Source: MB&P and OAG

**Chart 3.11: 2019 Vs 2018 Second Quarter Aggregate Expenditure Performance**



Source: MB&P and OAG

**Table 3.8: Outflows 2019 Enugu State Budget as at 30th June, 2019**

S/N	DESCRIPTION	2019 BUDGET			2019 ACTUAL			2019 VARIANCE					
		ANNUAL	QUARTERLY	HALF YEAR	FIRST QUARTER	SECOND QUARTER	HALF YEAR	2ND Quarter Actual Vs Quarterly Budget		2ND Quarter Actual Vs 1ST Quarter Actual		Half Year Actual Vs Half Year Budget	
	EXPENDITURE	N	N	N	N	N	N	%	N	%	N	%	
1	Personnel Cost	24,337,180,000	6,084,295,000	12,168,590,000	5,123,677,404	4,828,294,093	9,951,971,497	(1,256,000,907)	(20.64)	(295,383,310)	(5.77)	(2,216,618,503)	(18.22)
2	Consolidated Revenue Fund Charges (CRFC)	13,840,000,000	3,460,000,000	6,920,000,000	2,641,027,388	2,419,059,241	5,060,086,629	(1,040,940,759)	(30.08)	(221,968,147)	(8.40)	(1,859,913,371)	(26.88)
3	Overhead Cost	20,550,720,000	5,137,680,000	10,275,360,000	4,102,144,929	5,069,932,591	9,172,077,520	(67,747,409)	(1.32)	967,787,663	23.59	(1,103,282,480)	(10.74)
4	Subvention	6,978,000,000	1,744,500,000	3,489,000,000	1,292,141,683	1,292,849,843	2,584,991,526	(451,650,157)	(25.89)	708,161	0.05	(904,008,475)	(25.91)
5	Capital Expenditure	43,493,343,000	10,873,335,750	21,746,671,500	2,029,516,193	4,947,777,035	6,977,293,228	(5,925,558,715)	(54.50)	2,918,260,841	143.79	(14,769,378,272)	(67.92)
	<b>Total</b>	<b>109,199,243,000</b>	<b>27,299,810,750</b>	<b>54,599,621,500</b>	<b>15,188,507,596</b>	<b>18,557,912,803</b>	<b>33,746,420,399</b>	<b>(8,741,897,947)</b>	<b>(32.02)</b>	<b>3,369,405,207</b>	<b>22.18</b>	<b>(20,853,201,101)</b>	<b>(38.19)</b>

Source: MB&P and OAG

**Table 3.9: Performance of Budget Expenditure and Actual in the 2019 Second Quarter**

S/N	DESCRIPTION	2019 BUDGET			2019 ACTUAL			2019 PERFORMANCE			
		ANNUAL	QUARTERLY	HALF YEAR	FIRST QUARTER	SECOND QUARTER	HALF YEAR	SECOND QUARTER ACTUAL/QUARTERLY BUDGET	HALF YEAR ACTUAL/HALF YEAR BUDGET	SECOND QUARTER ACTUAL	HALF YEAR ACTUAL
	EXPENDITURE	N	N	N	N	N	N	%	%	%(Contribution)	%(Contribution)
1	Personnel Cost	24,337,180,000	6,084,295,000	12,168,590,000	5,123,677,404	4,828,294,093	9,951,971,497	79.36	81.78	26.02	29.49
2	Consolidated Revenue Fund Charges (CRFC)	13,840,000,000	3,460,000,000	6,920,000,000	2,641,027,388	2,419,059,241	5,060,086,629	69.92	73.12	13.04	14.99
3	Overhead Cost	20,550,720,000	5,137,680,000	10,275,360,000	4,102,144,929	5,069,932,591	9,172,077,520	98.68	89.26	27.32	27.18
4	Subvention	6,978,000,000	1,744,500,000	3,489,000,000	1,292,141,683	1,292,849,843	2,584,991,526	74.11	74.09	6.97	7.66
5	Capital Expenditure	43,493,343,000	10,873,335,750	21,746,671,500	2,029,516,193	4,947,777,035	6,977,293,228	45.50	32.08	26.66	20.68
	<b>Total</b>	<b>109,199,243,000</b>	<b>27,299,810,750</b>	<b>54,599,621,500</b>	<b>15,188,507,596</b>	<b>18,557,912,803</b>	<b>33,746,420,399</b>	<b>67.98</b>	<b>61.81</b>	<b>100.00</b>	<b>100.00</b>

Source: MB&P and OAG

### 3.4.1 RECURRENT EXPENDITURE PERFORMANCE

The Original Recurrent Budget was once revised during the second quarter. This adjustment did not affect the total recurrent Budget Size but included reallocation of fund from consolidated Revenue fund charges to overhead expenditure to accommodate the increase in operational cost of Government establishments. The figure included the sum of N485,000,000.00 moved from consolidated Revenue Fund to overhead expenditure.

Analysis reveals that the total revised Budget size remains N109,199,234,000.00 for expenditure in the 2019, out of this amount, the sum N65,705,900,000.00 was for Recurrent Expenditure.

The data further revealed that a total amount of N13,610,135,768.00 was released and cash backed for Recurrent Expenditure as at 30th June 2019. This represents 82% performance within the quarter. The Quarter as recorded Signifies an increase of N451,144,304.00 over the first quarter performance which recorded N13,158,991,464.00. It also reveals

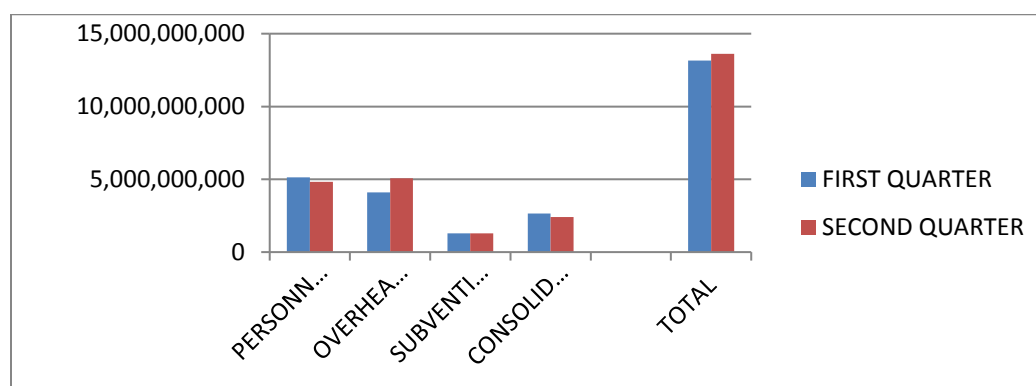
an increase of N1,437,342,550.00 above the figure reported at the end of June (second quarter)2018, Which recorded N12,172,793,256.00.

The tables below show the comparison of the level of Recurrent Performance over budget for the second (2nd) quarter of the year ended 30th June 2019. It also represents the Recurrent Expenditure budget performance over the second quarter of the year 2018. The variance and percentage performance are also represented on the templates below

**Table 3.10: COMPARISM OF 1<sup>ST</sup> QUARTER/2<sup>ND</sup> QUARTER**

	FIRST QUARTER	SECOND QUARTER	% 1ST QUARTER/ 2ND QUARTER
DESCRIPTION			
PERSONNEL COST	5,123,677,404	4,828,294,094	1.06
OVERHEAD COST	4,102,144,989	5,069,932,591	1.24
SUBVENTION	1,292,141,683	1,292,849,843	1.00
CONSOLIDATED	2,641,027,388	2,419,059,240	0.92
TOTAL	13,158,991,464	<b>13,610,135,768</b>	1.03

**Chart 3.12: COMPARISM OF 1<sup>ST</sup> QUARTER/2<sup>ND</sup> QUARTER**



**Table 3.11: 2nd Quarter Report SUMMARY**

DESCRIPTION	ORIGINAL APPROVED BUDGET (N)	APPROVED REVISED BUDGET	REVISED BUDGET (QUARTERLY)	2ND QUARTER RELEASES	ACTUAL/CASH BACK	BALANCE FROM ACTUAL (N)	% ACTUAL/BUDGET	REMARKS
PERSONNEL COST	24,337,180,000	24,337,180,000	6,084,295,000	4,837,334,502	4,828,294,093	1,256,000,907	79	
OVERHEAD COST	20,065,720,000	20,550,720,000	5,137,680,000	5,084,056,187	5,069,932,591	67,747,409	98	
SUBVENTION	6,978,000,000	6,978,000,000	1,744,500,000	1,292,847,387	1,292,849,843	451,650,157	74	
CONSOLIDATED	14,325,000,000	13,840,000,000	3,460,000,000	1,592,818,498	2,419,059,241	1,040,940,759	70	
TOTAL	65,705,900,000	65,705,900,000	16,426,475,000	12,807,056,574	13,610,135,768	2,816,339,232	82	

**Table 3.12: WARRANT RELEASES JAN – JUNE**

DESCRIPTION	JAN	FEB	MARCH	TOTAL 1ST QUARTER	APRIL	MAY	JUNE	TOTAL 2ND QUARTER	cumulative
PERSONNEL COST	1,705,249,896	1,730,553,544	1,699,738,836	5,135,542,276	1,706,702,957	1,605,006,267	1,525,625,278	4,837,334,502	9,972,876,778
OVERHEAD COST	1,301,402,779	1,568,357,687	1,590,600,672	4,460,361,138	1,540,349,723	1,804,850,331	1,738,856,133	5,084,056,187	9,544,417,325
SUBVENTION	430,712,920	430,712,920	430,712,920	1,292,138,760	430,712,920	430,712,920	431,421,543	1,292,847,383	2,584,986,143
CONSOLIDATED	630,712,980	682,079,037	617,434,058	1,930,226,075	441,153,156	634,187,810	517,477,532	1,592,818,498	3,523,044,573
TOTAL	4,068,078,575	4,411,703,188	4,338,486,486	<b>12,818,268,249</b>	4,118,918,756	4,474,757,328	4,213,380,486	<b>12,807,056,570</b>	25,625,324,819

**Table 3.13: ACTUAL RELEASES**

DESCRIPTION	JAN	FEB	MARCH	TOTAL 1ST QUARTER	APRIL	MAY	JUNE	TOTAL 2ND QUARTER	cumulative
PERSONNEL COST	1,698,408,868	1,725,949,083	1,699,319,452	5,123,677,403	1,698,437,360	1,604,381,779	1,525,474,955	4,828,294,094	9,951,971,497
OVERHEAD COST	847,559,215	1,562,594,988	1,691,990,725	4,102,144,928	1,517,886,669	1,935,496,430	1,616,549,492	5,069,932,591	9,172,077,519
SUBVENTION	421,114,228	440,313,728	430,713,728	1,292,141,684	430,714,175	430,714,125	431,421,543	1,292,849,843	2,584,991,527
CONSOLIDATED	875,365,404	867,777,025	897,884,959	2,641,027,388	899,756,125	721,604,057	797,699,058	2,419,059,240	5,060,086,628
TOTAL	3,842,447,715	4,596,634,824	4,719,908,864	<b>13,158,991,403</b>	4,546,794,329	4,692,196,391	4,371,145,048	<b>13,610,135,768</b>	26,769,127,171

The breakdown of the Actual Recurrent expenditure in the second quarter of 2019 revealed that the sum of N6,084,295,000.00 was budgeted for Personnel cost within the period, but the sum of N4,828,294,094.00 was utilized, this signifies 79% performance over the appropriated sum, and a decrease of N295,383,310.00 or (6%) below the figure reported in the first quarter with a record of N5,123,677,404.00



The Revised Budget shows that a total of N5,137,680,000.00 were for overhead cost. But the sum the actual expenditure stood at N5,069,932,591.00 or (98%) performance during the quarter. This implies an increase of N967,787,602.00 above the figure utilized in the first quarter of 2019 which reported a total Overhead actual expenditure of N4,102,144,989.00.

Also, the sum N1,744,500,000.00 was appropriated for subvention to parastatals, but the actual expenditure stood at N1,292,849,843.00 in the second quarter representing 70% performance.

The sum N3,460,000,000.00 was approved in the revised budget for consolidated Revenue fund charges. Actual expenditure however amounted to N2,419,059,240.00 indicating 74% performance in this quarter. The data from the office of the State Accountant General on second quarter of 2019 recurrent performance shows that the all released warrants were 100% cash backed.

**Table 3.14: COMPARISM OF 1<sup>ST</sup> QUARTER 2018 OVER 1<sup>ST</sup> QUARTER 2019 PERFORMANCES**

DESCRIPTION	2018			2019		
	1ST QUARTER APPROVED BUDGET	1ST QUARTER RELEASES	TOTAL CASH BACK	1ST QUARTER APPROVED BUDGET	1ST QUARTER RELEASES	TOTAL CASH BACK
	2018	2018	2018	2019	2019	2019
PERSONNEL COST	6,373,875,750	4,644,197,491	4,318,693,073	6,084,295,000	5,135,542,276	5,123,677,404
OVERHEAD COST	4,754,900,000	4,307,774,690	4,134,467,284	5,016,430,000	4,460,361,138	4,102,144,989
SUBVENTION	1,495,498,250	1,116,338,760	1,101,188,760	1,744,500,000	1,292,138,760	1,292,141,683
CONSOLIDATED	2,555,000,000	1,383,004,519	2,139,798,671	3,581,250,000	1,930,226,075	2,641,027,388
TOTAL	15,179,274,000	11,451,315,460	11,694,147,788	16,426,475,000	12,818,268,249	13,158,991,464

Source: Ministry of Budget and Planning/Office of the Accountant General

**NOTE:** The Personnel cost in each of the tables comprises the salaries and allowances of civil servants and political office holders, while subventions are funds given to parastatals to argument their Internally Generated revenue for salaries.

Consolidated fund releases on the templates, comprise only pensions, gratuities and the loan repayment usually not issued release warrants but deducted at source by FAAC.

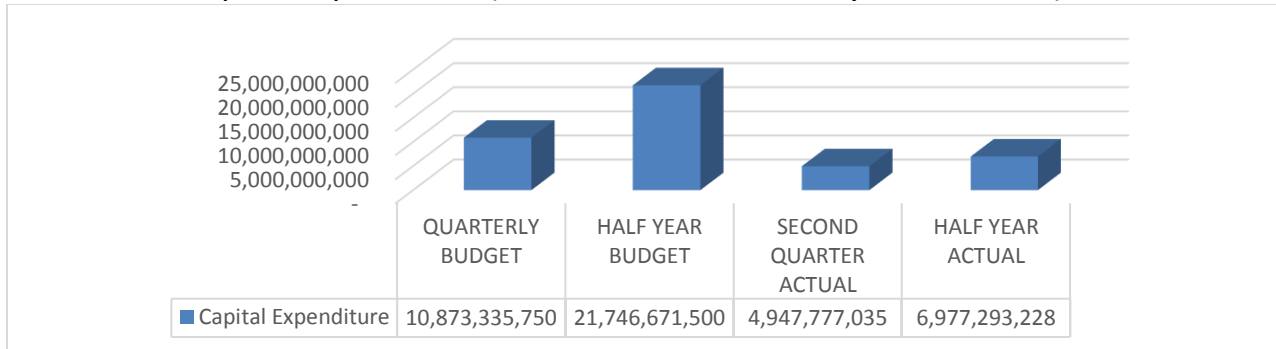
The overhead cost includes both monthly imprest released to Agencies for upkeep and other individual recurrent releases.

### **3.4.2 CAPITAL EXPENDITURE PERFORMANCE**

The sum of N43,493,343,000.00 was projected to fund the Capital Expenditure in 2019 translating to a quarterly budget of N10,873,335,750.00 for the provision of critical infrastructure in the roads, health, power, housing, water, education, transport, electricity, security and good governance etc. The sum of N2,029,516,193.00 was spent in the first quarter of 2019 while the sum of N4,947,777,035.00 was in the second quarter of 2019 giving a total of N6,977,293,228.00 for the half year. Actual expenditure in the second quarter of 2019 implies a significate decrease of N5,925,558,715.00 or 54.50 percent below the quarterly estimate of N10,873,335,750.00. Also, actual capital expenditure for the Mid-Year of 2019 translating to a N14,769,378,272.00 or 67.92 percent expenditure shortfall for the period. The actual capital expenditure in the second quarter 2019 reflect a decrease of N1,560,036,380.00 or 23.97 percent below the 2018 second quarter actual capital expenditure. It is important to note that

capital expenditure releases are made on request by the beneficiaries and also subject to budgetary provisions and availability of funds.

**Chart 3.13: Capital Expenditure (Second Quarter/January – June 2019)**



Source: MB&P and OAG

### 3.4.3 MDAs' Capital Vote Utilization

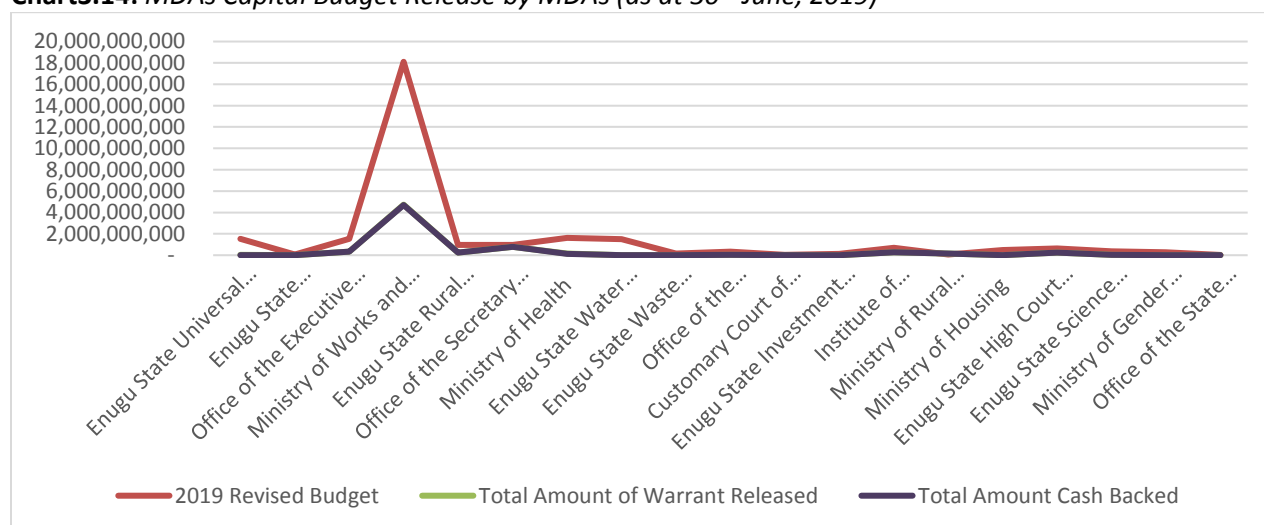
The total Capital Expenditure Warrants issued as at second quarter of 2019 was N2,189,105,554.00 out of this, N2,029,516,193.00 was cash backed. The data showed that most of MDAs have cash backed their warrants 100.00 percent during the second quarter 2019.

**Table 3.15: Capital Budget Releases by MDAs (as at 30<sup>th</sup> June, 2019)**

		2019 Approved Budget	2019 Revised Budget	Total Amount of Warrant Released	Total Amount Cash Backed	Percentage of Release (Cash Backed/Revised Budget)
S/N	MDAs	N	N	N	N	%
1	Enugu State Universal Basic Education Board	1,518,682,000	1,518,682,000	27,417,734	17,964,384.00	1.18
2	Enugu State Broadcasting Service - Radio/TV ESBS/TV	68,000,000	68,000,000	14,212,000	13,566,000.00	19.95
3	Office of the Executive Governor	1,344,455,000	1,544,455,000	346,538,866	334,735,555.75	21.67
4	Ministry of Works and Infrastructure	16,076,000,000	18,101,000,000	4,731,878,658	4,693,424,068.73	25.93
5	Enugu State Rural Electrification Board (REB)	1,000,000,000	950,000,000	231,210,563	231,210,560.47	24.34
6	Office of the Secretary to the State Government	1,079,000,000	950,000,000	788,256,500	788,256,500.00	82.97
7	Ministry of Health	1,112,200,000	1,612,200,000	142,270,625	136,940,625.00	8.49
8	Enugu State Water Corporation	455,000,000	1,505,000,000	17,819,220	17,819,220.00	1.18
9	Enugu State Waste Management Authority (ESWAMA)	145,000,000	145,000,000	5,000,000	5,000,000.00	3.45
10	Office of the Accountant General	319,600,000	319,600,000	24,814,100	24,814,100.00	7.76
11	Customary Court of Appeal	27,000,000	27,000,000	13,237,566	13,237,566.14	49.03
12	Enugu State Investment Development Agency	114,400,000	114,400,000	492,500	492,500.00	0.43
13	Institute of Management and Technology (IMT)	690,000,000	690,000,000	282,456,918	282,456,917.67	40.94
14	Ministry of Rural Development	1,569,050,000	69,050,000	144,061,444	144,061,443.75	208.63
15	Ministry of Housing	498,000,000	498,000,000	4,000,000	4,000,000.00	0.80
16	Enugu State High Court - The Judiciary	626,600,000	626,600,000	241,825,127	241,825,126.80	38.59
17	Enugu State Science Technical and Vocational Sch. Mgt. Board	371,650,000	371,650,000	20,925,660	20,925,660.00	5.63
18	Ministry of Gender Affairs and Social Development	210,000,000	285,000,000	4,000,000	4,000,000.00	1.40
19	Office of the State Auditor General	25,450,000	25,450,000	15,005,500	2,563,000.00	10.07
	<b>Total</b>	<b>27,250,087,000</b>	<b>29,421,087,000</b>	<b>7,055,422,981</b>	<b>6,977,293,228</b>	<b>23.72</b>

Source: MB&P and OAG

Chart3.14: MDAs Capital Budget Release by MDAs (as at 30<sup>th</sup> June, 2019)



Source: MB&P and OAG

Table 3.16: Aggregate Expenditure in the 2019 Second Quarter

S/N	DESCRIPTION	2019 BUDGET			2019 ACTUAL			2019 VARIANCE					
		ANNUAL	QUARTERLY	HALF YEAR	FIRST QUARTER	SECOND QUARTER	HALF YEAR	2ND Quarter Actual Vs Quarterly Budget		2ND Quarter Actual Vs 1ST Quarter Actual		Half Year Actual Vs Half Year Budget	
EXPENDITURE		N	N	N	N	N	N	N	N	%	N	%	N
1	RECURRENT	65,705,900,000	16,426,475,000	32,852,950,000	13,158,991,403	13,610,135,768	26,769,127,171	(2,816,339,232)	(17.15)	451,144,366	3.43	(6,083,822,829)	(18.52)
2	CAPITAL	43,493,343,000	10,873,335,750	21,746,671,500	2,029,516,193	4,947,777,035	6,977,293,228	(5,925,558,715)	(54.50)	2,918,260,841	143.79	(14,769,378,272)	(67.92)
	<b>Total</b>	<b>109,199,243,000</b>	<b>27,299,810,750</b>	<b>54,599,621,500</b>	<b>15,188,507,596</b>	<b>18,557,912,803</b>	<b>33,746,420,399</b>	<b>(8,741,897,947)</b>	<b>(32.02)</b>	<b>3,369,405,207</b>	<b>22.18</b>	<b>(20,853,201,101)</b>	<b>(38.19)</b>

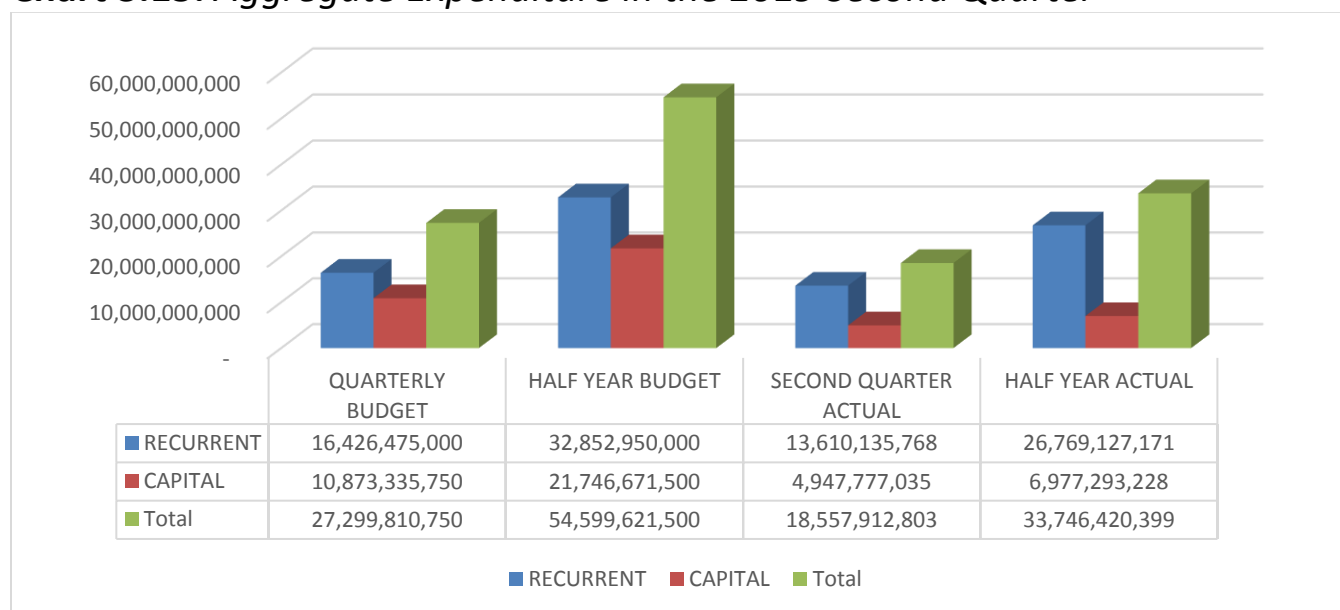
Source: MB&P and OAG

**Table 3.17: Performance of Aggregate Expenditure in the 2019 Second Quarter**

S/N	DESCRIPTION	2019 BUDGET			2019 ACTUAL			2019 PERFORMANCE			
		ANNUAL	QUARTERLY	HALF YEAR	FIRST QUARTER	SECOND QUARTER	HALF YEAR	SECOND QUARTER ACTUAL/QUARTERLY BUDGET	HALF YEAR ACTUAL/HALF YEAR BUDGET	SECOND QUARTER ACTUAL	HALF YEAR ACTUAL
EXPENDITURE		N	N	N	N	N	N	%	%	% (Contribution)	% (Contribution)
1	RECURRENT	65,705,900,000	16,426,475,000	32,852,950,000	13,158,991,403	13,610,135,768	26,769,127,171	82.85	81.48	73.34	79.32
2	CAPITAL	43,493,343,000	10,873,335,750	21,746,671,500	2,029,516,193	4,947,777,035	6,977,293,228	45.50	32.08	26.66	20.68
	<b>Total</b>	<b>109,199,243,000</b>	<b>27,299,810,750</b>	<b>54,599,621,500</b>	<b>15,188,507,596</b>	<b>18,557,912,803</b>	<b>33,746,420,399</b>	<b>67.98</b>	<b>61.81</b>	<b>100.00</b>	<b>100.00</b>

Source: MB&P and OAG

**Chart 3.15: Aggregate Expenditure in the 2019 Second Quarter**



Source: MB&P and OAG

## 4.0 Conclusion

In conclusion, by the second quarter of 2019 Budget, we noticed vividly that our performance was encouraging and produced strong effect. More, it cannot be hundred percent because of some factors observed globally to the general economy. This may be attributed to oil price fluctuation because whenever oil price change negatively it may in one way or the other affect the performance of this Budget as this is mostly wrapped up from the money collected from federal account.

Out of the N65,965,243,000.00 representing Statutory Allocation N22,298,158,756.07 – (Statutory Allocation=N10, 132,845,556.24 Vat =N3,107,889,892.09& Refund (Federal Roads) =N9,057,423,307.74) were realized in the second quarter of the year while the estimated

average for each quarter is N16,491,310,750.00. This showed a welcomed performance since we exceeded our projection. What we got from federal envelope may not have addressed all our aspiration and expectation but it has touched on those priorities that will benefit the general populace.

Further, the State Internal Generated Revenue (IGR) was not all impressive because by the second quarter in Accountant General's office record retained revenue was N1,917,451,545.29 out of N6, 933,500,000 expected per quarter or 27.65%. The performance may be attributed to low revenue drive on the part of State Internal revenue board.

More, on the Recurrent side, in the second quarter of the year, out of the Budgeted amount of N65,705,900,000.00, N13,610,236,768.18 was utilized by the second quarter according to Accountant General's office report. This was commendable as workers were paid as and when due.

More so, on Capital Expenditure side, the performance was not bad during the period because election and other issues disrupted some projects to be carried out. According to Accountant General's office report, the State was able to utilize N4, 947,777,034.57 in the second quarter out of the expected quarterly target of N10, 873,335,750.00. This represents 45.50% of the estimated figure, thus proving that we couldn't have a reasonable infrastructural development in the second quarter.

Finally, we may be in a high expectation as the goes on after the reform held all structures established in different sectors of the government and also hopeful to have a good and impactful government to all citizenry.

We believe strongly that our State is in the hands of God and He will carry us through in all lives endeavor and also in our efforts to develop our State.