TOWARDS A GREATER DELTA

Delta State Budget 2019

Budget Department, Delta State.
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Introduction

What is a Budget?

A budget shows what the government expects to collect as revenue, what grants it expects to receive, how much it expects to save or borrow, and what the government plans to spend on.

A budget is a document that contains details about how the government plans to spend our communal wealth – the taxpayers’ money. Federal, state and local governments all have a budget document which is called an Appropriation Act.

In a democracy, every responsible citizen has the right to know how communal wealth is being expended in the delivery of public infrastructure and services.

What is a Citizens Budget?

A Citizens Budgets is a simpler, less technical version of a government’s budget specifically designed to present key information that is understandable by the general public. Citizens Budgets can vary widely in focus, content, and length and be presented in a number of ways, ranging from a simple brochure to a comprehensive report. Citizens Budgets should also be accessible by the general public, including being published online on an official state website.

Why is a Citizens Budgets Important?

Every responsible citizen has the right to know how communal wealth is being expended in the delivery of public infrastructure and services. State governments must ensure that citizens have a good understanding of how the budget directly affects their lives.

Citizens budgets foster a greater understanding of how public funds are utilized, especially if the information presented is a more accessible format than standard government budgets.

Although they are not meant to replace more detailed budget documents, they are important for informing citizens and civil society and contributes to the effort of increasing government accountability on how it manages public money.
**Budget Glossary**

**Total Budget Expenditure:** This is the total amount of budget for the given year. It is the summation of both the Recurrent Expenditure and Capital Expenditure as signed by the Executive Governor.

This is how the government plans to spend, on behalf of the citizens, according to the resources it manages. Government expenditure has two main categories: Recurrent and Capital Expenditure.

**Revenue:** Revenue is all the amount of money the government believes it will collect during the year from recurring taxes, levies and fees; put simply, this refers to money collected on behalf of citizens. States in Nigeria receive a share of revenues collected federally such as oil revenues, corporate income taxes, VAT and excises and duties.

These are called statutory allocation, VAT and other statutory revenue in the budget and are transferred to the states from the federation accounts. Revenues that states directly collect and retain for its own use are called internally generated revenue (IGR); IGR includes personal income taxes, road taxes, property taxes etc.

**Budget Deficit:** This is generally the difference between what the government intend to spend on expenditures and the revenue generation capacity. A deficit occurs when the expenditure figure is higher than the revenue and grants figure. The total budget financing is the summation of all the financing the government intends to raise through borrowing/loans (domestic and foreign), sales of government assets or other deficit financing items.

**Grants:** A grant is one of the government’s source of funds for funding ideas and projects to provide public services, stimulate the economy, and benefit the general public. Grants could be either from foreign or domestic and is normally provided for a
**Budget Glossary**

specific project and set of expenditures. Grants are not borrowing/loans so do not need to be paid back after it has been used for the intended project and set of expenditures.

**Loans:** Another source of funds for the government to finance the budget is a loan. Government borrows to finance its annual budget generally when revenues and grants are not enough to fund all the expenditures in the budget. Loans could be domestic and or foreign sources. Loans can be for a specific project or set of expenditures or could be used to finance the general budget expenditures.

Why does the Government borrow? When the government intends to spend more money than they expect to collect as revenue and receive in grants, the budget is in deficit.

When they intend to spend less than what they expect to collect in revenue and receive in grants, the budget is in surplus. A balanced budget is a budget where total revenues are equal to the total expenditures for the year.

When the budget has an expected deficit, the government will need to finance the budget deficit. It can do this through sales of government assets or through borrowing. Borrowing can be from banks, multilateral institutions, the federal government or from investors through the capital market.

**Recurrent Expenditure:** Refers to recurring payments: wages and salaries for civil servants; overhead costs (electricity bills, purchase of diesel); consolidated revenue account charges; transfers (to local government, for example); interest payments on existing loans; and other (subsidies, for example).

**Personnel Cost:** include salaries, allowance and other benefits that Government pays to its workers (civil servants).
Budget Glossary

**Overhead Cost:** These are any regular expenses which are not paid directly to a civil servant or other government workers, including amounts billed directly to customers. Overheads must be paid for regularly. Examples are electricity bills, water bills, the buying diesel for generators, or the money spent on travelling during work, by civil servants.

**Capital Expenditure:** Capital Expenditure is money spent by government to acquire or build fixed capital assets, land or intangible assets. Capital Expenditure is how much is used for projects like the building of schools, hospitals, roads, or buying security equipment. Capital Expenditure is sometimes called “Capex.”

**Sectoral Allocation:** Expenditure is allocated to different ministries, departments and agencies (MDA). Each MDA will have an approved budget of recurrent and capital expenditure as part of the overall approved state government budget to run its daily activities as well as carry out projects associated with them respectively.

It is recommended that States include allocations for all MDAs in the template or at least the highest spending MDAs.

**2018 Actual Budget**

2018 Actual Budget as used in this report is the unaudited figures for year 2018 budget performance.

With support from
World Bank,
Open Government Partnership Secretariat
and BudgIT Foundation.
General Framework

BUDGET SUMMARY

Delta State Budget 2019

N390.4bn
Total Budget Expenditure

N342.1bn
Total Budget
Revenue & Grants

N48.3bn
Budget Deficit

Towards a greater Delta
Where will the Money come from?

REVENUE SUMMARY

N26.80bn Opening Balance

N13.1bn Value Added Tax

N217.9bn Statutory Allocation

N73.4bn IGR

N86.0bn Domestic loans

N3.9bn Foreign loans

Towards a greater Delta
Revenue Breakdown

REVENUE PERFORMANCE

- 2019 Budget Target
- 2018 Budget Actual

- Internally Generated Revenue: N73.4bn
- VAT: N49.6bn
- Statutory Allocation: N217.9bn
- Other Statutory Revenue: N50.6bn

Towards a greater Delta
Deficit Financing

BUDGET DEFICIT FINANCING

- 2019 Budget Target
- 2018 Budget Actual

N86.0bn

N1.95bn

Domestic Loans

N1.1bn

N3.9bn

Foreign Loans

Towards a greater Delta
How will Government source the loans?

DOMESTIC LOANS

N86.0bn
Domestic Loans

N86bn
Commercial Bank Loans

Towards a greater Delta
EXPENDITURE SUMMARY

**How will Government spend the money?**

**N146.7bn**

- **N66.2bn** Personnel Cost
- **N71.7bn** Overhead Cost
- **N11.6bn** Social benefits/CRF
- **N7.6bn** Interest Payments

**N157.1bn** Total Recurrent Expenditure

**N233.2bn** Total Capital Expenditure

Towards a greater Delta
How will Government spend the money?

EXPENDITURE SUMMARY

- **2019 Budget Target**
- **2018 Budget Actual**

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 Budget Target</th>
<th>2018 Budget Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Cost</td>
<td>N66.2bn</td>
<td></td>
</tr>
<tr>
<td>Overhead Cost</td>
<td>N71.3bn</td>
<td>N71.7bn</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>N77.6bn</td>
<td>N109.5bn</td>
</tr>
</tbody>
</table>

N233.3bn

Towards a greater Delta
Expenditure: Where does the money go?

**CAPITAL EXPENDITURE**

**N87.2bn**
Ministry of works

**N21.6bn**
Ministry of Basic Education

**N8.6bn**
Ministry of Health

**N8.2bn**
Ministry of Housing

**N6.9bn**
Capital Territory Dev Agency

Towards a greater Delta
Expenditure: Where does the money go?

RECURRENT EXPENDITURE

- **N5.2bn**
  - Ministry of Basic Education

- **N2.1bn**
  - Ministry of Health

- **N1.1bn**
  - Ministry of Energy

- **N972.3m**
  - Ministry of Agriculture

- **N833.1m**
  - Sports Commission

Towards a greater Delta
### Expenditure: Where does the money go?

#### TRACK CAPITAL PROJECTS WITH US

<table>
<thead>
<tr>
<th>Project</th>
<th>Line Ministry/Agency</th>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of Trans Warri-Ode Itsekiri Bridges and Access Road PhaseI</td>
<td>Ministry of Works</td>
<td>Ode-Itsekiri</td>
<td>4,157,691,584</td>
</tr>
<tr>
<td>Dualisation of Ughelli-Asaba Road (Sector A)</td>
<td>Ministry of Works</td>
<td>Asaba</td>
<td>3,303,585,458</td>
</tr>
<tr>
<td>Dualisation of Ughelli-Asaba Road (Sector C)</td>
<td>Ministry of Works</td>
<td>Statewide</td>
<td>3,000,000,000</td>
</tr>
<tr>
<td>Warri / Uwie Storm Water Control</td>
<td>Ministry of Works</td>
<td>Warri</td>
<td>3,000,000,000</td>
</tr>
<tr>
<td>Construction of Roads in Warri and Environ</td>
<td>Ministry of Works</td>
<td>Warri</td>
<td>2,700,000,000</td>
</tr>
<tr>
<td>Construction of Ayakoromor Bridge across River Forcados</td>
<td>Ministry of Works</td>
<td>Ayakromor</td>
<td>1,575,000,000</td>
</tr>
<tr>
<td>Inter Construction of Link Roads along Okpanam</td>
<td>Ministry of Works</td>
<td>Okpanam</td>
<td>1,500,000,000</td>
</tr>
<tr>
<td>Construction of Roads in Delta North Senatorial District</td>
<td>Ministry of Works</td>
<td>Delta North</td>
<td>1,500,000,000</td>
</tr>
<tr>
<td>Construction of Roads in Delta South Senatorial District</td>
<td>Ministry of Works</td>
<td>Delta South</td>
<td>1,500,000,000</td>
</tr>
<tr>
<td>Dualisation of Effurun-Osubi-Eku Road (Sector A)</td>
<td>Ministry of Works</td>
<td>Effurun</td>
<td>1,452,520,787</td>
</tr>
<tr>
<td>Construction of Storm Water Discharge Channel along DBS/Cabinet/Umejei Adudu Way to Amilimocha River</td>
<td>Ministry of Works</td>
<td>Asaba</td>
<td>1,371,782,432</td>
</tr>
<tr>
<td>Construction of Storm Water Drainage along Amb. Ralph Uwechue Way to Anwai River</td>
<td>Ministry of Works</td>
<td>Asaba</td>
<td>1,308,034,817</td>
</tr>
</tbody>
</table>
## Expenditure: Where does the money go?

**TRACK CAPITAL PROJECTS WITH US**

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Ministry</th>
<th>Location</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widening of Warri/Sapele Road Phase I</td>
<td>Ministry of Works</td>
<td>Warri</td>
<td>1,260,000,000</td>
</tr>
<tr>
<td>Study and Design of Storm Water Management and Control Measures in the State</td>
<td>Ministry of Works</td>
<td>Statewide</td>
<td>1,245,000,000</td>
</tr>
<tr>
<td>Construction of Ovwor/Effurun-Otor Bridge and Access Roads</td>
<td>Ministry of Works</td>
<td>Ovwor</td>
<td>1,200,000,000</td>
</tr>
<tr>
<td>Dualisation of Asaba/Okpanam Road. Section II</td>
<td>Ministry of Works</td>
<td>Okpanam</td>
<td>1,007,620,948</td>
</tr>
<tr>
<td>Construction of Kwale/Beneku Bridge</td>
<td>Ministry of Works</td>
<td>Kwale</td>
<td>1,000,000,000</td>
</tr>
<tr>
<td>Rehabilitation of Roads across the State</td>
<td>Ministry of Works</td>
<td>Statewide</td>
<td>1,000,000,000</td>
</tr>
<tr>
<td>Construction of Abavo Circular/Ring Road (Phase I: 5.26Km length with spur into Ogbekile Street)</td>
<td>Ministry of Works</td>
<td>Abavo</td>
<td></td>
</tr>
<tr>
<td>Construction of Emore Road, Oleh</td>
<td>Ministry of Works</td>
<td>Oleh</td>
<td>760,000,000</td>
</tr>
<tr>
<td>Construction of Koko Township Roads, Warri North</td>
<td>Ministry of Works</td>
<td>Warri</td>
<td>760,000,000</td>
</tr>
<tr>
<td>Construction of Otumara to W.D.U</td>
<td>Ministry of Works</td>
<td>Otumara</td>
<td>700,000,000</td>
</tr>
</tbody>
</table>
## Expenditure: Where does the money go?

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<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akumazi-Owere-Ekuoma link Road (Phase II)</td>
<td>Ministry of Works</td>
<td>Akumazi</td>
<td>650,000,000</td>
</tr>
<tr>
<td>Continuation of Agbarho/Orherhe/Otokutu Road, Section I (from Agbarho to Orherhe)</td>
<td>Ministry of Works</td>
<td>Agbarho</td>
<td>625,386,798</td>
</tr>
<tr>
<td>Construction of Arhagba-Orogun Road (Phase I: from Arhagba/Emonu Junction to Ebor Community)</td>
<td>Ministry of Works</td>
<td>Arhagba-Orogun</td>
<td>611,313,305</td>
</tr>
<tr>
<td>Construction of Queens Street, Boji-Boji Agbor</td>
<td>Ministry of Works</td>
<td>Agbor</td>
<td>602,819,384</td>
</tr>
<tr>
<td>Dualisation of Old Lagos/Asaba Road from Emuhu Junction to Agbor Obi</td>
<td>Ministry of Works</td>
<td>Agbor</td>
<td>600,000,000</td>
</tr>
<tr>
<td>Construction of Ugbonomro Road (Phase II)</td>
<td>Ministry of Works</td>
<td>Ugbonomro</td>
<td>600,000,000</td>
</tr>
<tr>
<td>Construction of Akwukwu-Igbo to Ugbolu road</td>
<td>Ministry of Works</td>
<td>Akwukwu-Igbo</td>
<td>600,000,000</td>
</tr>
<tr>
<td>Construction of Boji-Boji Owa Roads, Agbor</td>
<td>Ministry of Works</td>
<td>Agbor</td>
<td>600,000,000</td>
</tr>
<tr>
<td>Aladja/Isaba Road</td>
<td>Ministry of Works</td>
<td>Aladja</td>
<td>600,000,000</td>
</tr>
<tr>
<td>Completion of the Rehabilitation of Runway and Taxiways, Extension of Box Culvert and ancillary works at Asaba International Airport</td>
<td>Ministry of Works</td>
<td>Asaba</td>
<td>553,600,000</td>
</tr>
<tr>
<td>Construction of Torugbene/Ojobo Road (Section A: 3.104 km from end of NDDC project to first Bridge)</td>
<td>Ministry of Works</td>
<td>Asaba</td>
<td>551,799,730</td>
</tr>
</tbody>
</table>