**GOVERNMENT OF BAYELSA STATE**

**EXPLANATORY NOTES**

**NOTE: 1 OIL PRICE**

The downward review of oil price is as a result of the low demand of crude oil products in the global oil market occasioned by the closure of many factories globally as a response to the COVID-19 lockdown measures worldwide.

**NOTE: 2 OIL PRODUCTION**

The reduction in production capacity is related to demand and supply principles. As the demand of the product is expected to be low, production capacity will equally be affected negatively. More so, sabotage and vandalization may likely increase because of the expected hardship.

**NOTE: 3 GDP GROWTH**

There is contraction in the economy both globally and nationally. This will consequently be constrained on the growth-related indices due to the global lockdown measures as a result of COVID-19 pandemic which is expected to negatively affect all economic activities.

**NOTE: 4 GROSS STATUTORY ALLOCATION/MINERAL REVENUE**

The drop in the estimation is as a result of expected reduction in both oil price and oil production which is projected at $20 and 1.5mb pd.

**NOTE: 5 INTERNALLY GENERATED REVENUE**

The downward review of Internally Generated Revenue estimate is majorly due to the exit of expatriate workers in the oil industry as a result of the COVID-19 pandemic. A drop is also expected in other revenue heads as well as other revenue generating MDAs.

**NOTE: 6 GRANTS**

The state expects additional financing from the World Bank in response to COVID-19 pandemic apart from the initially budgeted grants.

**NOTE: 7 DONATIONS**

As a result of the emergence of the pandemics, we expect friends of the state will make both cash and kind donation.

**NOTE: 8 PERSONNEL COST**

The state government will continue to pay more attention to payment of salaries and pension despite the decline of revenues, except a sharp decline that may be unbearable.

**NOTE: 9 OVERHEAD COST**

Overhead cost has been reduced in the proposed budget estimate as a result of expected drop in revenue. The decline is systematic; however, positive adjustments are made on COVID-19 response protocols as regards on compliance monitoring, palliatives, enlightenment campaign of sanitary items and personal protective equipment etc. The establishment of mobile court for the trial of violators of COVID-19 protocols.

**NOTE: 10 CAPITAL EXPENDITURES**

In order for the state to protect its citizens, the Government will construct more roads to enable citizens to have access to health facilities both the rural areas and in the urban cities in furtherance to consolidate the success. More hospitals will be built and others upgraded with modern health facilities to increase the access to better health care.

More so the state government will invest on agricultures to make food available and affordable, especially in the COVID-19 period.

**NOTE: 11 COMMERCIAL BANK LOANS**

The State plans financing the budgeting gap through commercial loans specifically tied to building more roads/hospitals constructions and upgrading existing hospitals as well as agricultural investments. Funds assemble through this medium are to be negotiated with a better repayment period and a moratorium to ease the repayment and make more cash available for essential expenditures.

NOTE: This proposal has not been passed by the State House of Assembly.