

**REPORT OF THE CONSULTATIVE MEETING WITH THE REPRESENTATIVES OF THE PEOPLE IN AKURE SOUTH, AKURE NORTH, IDANRE AND IFEDORE LOCAL GOVERNMENT AREAS OF THE STATE ON 2022-2024 MTEF AND 2022 BUDGET HELD AT BABFUNKE AJASIN AUDITORIUM, IGBATORO, AKURE ON WEDNESDAY, 25<sup>TH</sup> AUGUST, 2021.**

**1.0. INTRODUCTION**

1.1 Section 22, Subsection 2 (a) and (b) of the Ondo State Fiscal Responsibility Law (2017) mandates that the inputs of the people in communities and social groups across the state, including the Civil Society Organisations (CSOs), Non-Governmental Organisations (NGOs), Organised Private Bodies, the vulnerable, among others, must be sought while preparing the State's Medium Term Expenditure Framework (MTEF), with a view to including them in the yearly budget. To this end, the Ministry of Economic Planning and Budget had a consultative meeting with the people in Akure South, Akure North, Idanre and Ifedore Local Government Areas of the state on Wednesday, 25<sup>th</sup> August, 2021 in order to harvest their inputs into the State's Medium Term Expenditure Framework (MTEF) and as well captured their yearnings into the 2022 budget.

**2.0. OBJECTIVES OF THE MEETING**

2.1. The main objectives of the meeting were as follows:

- i. Consulting on the macro-economic framework, the Fiscal strategy paper, the Revenue and Expenditure framework, the strategic, economic, social and development priorities of government; and
- ii. harvesting inputs from the people of Akure South, Akure North, Idanre and Ifedore Local Government Areas in the State in order to include them in the 2022 budget.

### **3.0. PARTICIPANTS**

3.1. The meeting which was under the chairmanship of the Acting Commissioner and Permanent Secretary, Ondo State Ministry of Economic Planning and Budget, Mr. Bunmi Alade, had in attendance the Director, Development Planning, Mr. B. J. Daisi; the Director, Budget, Mr. Aworere Stephen; the Director, Monitoring and Evaluation, Alhaji Adekunle L. A.; the Director, Technical Assistance & Aid Coordination, Mr. Adebuseoye Monday. Also in attendance were the Deputy-Directors of the Ministry of Economic Planning and Budget as well as a host of other members of staff of the Ministry. The people in Akure South, Akure North, Idanre and Ifedore Local Government Areas which included the traditional rulers, market women, the CSOs, NGOs and CBOs were well represented at the meeting. The list of the participants is as attached.

### **4.0. WELCOME ADDRESS**

The Director, Development Planning, Mr. B. J. Daisi, welcomed the participants to the meeting. In his address, he noted that the parley heralded the series of consultative meetings that the State usually had with stakeholders during the preparation of the annual budget. He revealed that the thrust of the meeting was to harvest the input of the people in Akure South, Akure North, Idanre and Ifedore Local Government Areas towards the preparation of 2022 Budget. He concluded the address by assuring the participants that their ideas and views would be accommodated, as usual, into the 2022 annual Budget.

### **5.0. PRESENTATION ON 2021 BUDGET PERFORMANCE – SCORE CARD**

5.1 on the 2021 Mid-year Budget performance, the Permanent Secretary, Mr. Bunmi Alade, pointed out that Budget was a key policy instrument for allocating public resources among competing socio-economic needs; thus, involvement of stakeholders in crafting

the Budget could not be overemphasized. He added that the Ondo State Budget processes had been undergoing improvement in recent times, in terms of preparation, implementation, monitoring and appraisal. As a result of this development, the State had been consecutively qualified in accessing the State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results (PfR) grants since 2018. He joyfully announced that Ondo State was ranked the second best on Budgeting processes among the States in the nation for the year 2021. He reiterated the commitment of the present administration, under the leadership of Arakunrin Oluwarotimi Odunayo Akeredolu, SAN to fiscal transparency and accountability. He added that Mr. Governor had institutionalized the participation of the people of the State in the budget preparation processes in order to ensure inclusiveness, transparency and ownership of the annual budget. He, as well, posited that the budget preparation process would be cascaded to the Local Government Areas of the State. The Permanent Secretary, therefore, x-rayed the 2021 half-year Revenue and Expenditure performance as shown in the tables below:

Table 1. ***Revenue Performance***

| <b>S/N</b> | <b>REVENUE CATEGORY</b>               | <b>BUDGET</b>  | <b>MID-YEAR TARGET N'B</b> | <b>MID-YEAR ACTUAL N'B</b> | <b>MID-YEAR PERFORMANCE (%)</b> |
|------------|---------------------------------------|----------------|----------------------------|----------------------------|---------------------------------|
| 1          | REVENUE FROM FEDERATION ACCOUNT       | 88.623         | 44.311                     | 46.562                     | 105.080                         |
| 2          | INDEPENDENT REVENUE (IGR) WITHOUT RRA | 28.778         | 14.389                     | 15.104                     | 104.970                         |
| 3          | OTHER REVENUE SOURCES                 | 57.472         | 28.736                     | 5.772                      | 20.080                          |
|            | <b>TOTAL</b>                          | <b>174.873</b> | <b>87.437</b>              | <b>67.437</b>              | <b>77.130</b>                   |

From the Table above, the State's projections on the revenue from Federation Account and the Independent Sources were very accurate as the revenue from FAAC and IGR recorded over 100% each. It however did poorly on revenue from other sources which included grants, credits and other interventions from outside the State.

**Table 2. The 2020 and 2021 Mid-year Revenue performance compared**

| S/N | Revenue Categories              | 2021 Mid-Year actual ₦'B | Performance % | 2020 Mid-Year Actual ₦'B | Performance % | YOY % Performance |
|-----|---------------------------------|--------------------------|---------------|--------------------------|---------------|-------------------|
| 1.  | Revenue From Federation Account | 46,561,513,434.43        | 105.1         | 31,944,701,525.75        | 72.6          | 45.76             |
| 2.  | Independent Revenue (IGR)       | 15,103,894,427.97        | 105.0         | 11,229,544,665.20        | 74.6          | 34.50             |
| 3.  | Other Revenue Sources           | 5,771,646,861.03         | 20.1          | 11,741,487,520.88        | 29.3          | (50.84)           |
|     | <b>Total</b>                    | <b>67,437,054,723.43</b> | <b>77.1</b>   | <b>54,915,733,711.83</b> | <b>56.8</b>   | <b>22.80</b>      |

Comparing the Revenue Performance of the mid-year 2020 and mid-year 2021, the State recorded 45.76% increase in FAAC revenue performance year on year while Independent Revenue performed 34.50% increase year on year. The poor performance of revenue from other sources was 50.84%. This was majorly due to low grants from donor partners occasioned by COVID-19 pandemic.

**Table 3 Expenditure Performance**

| S/N | EXPENDITURE CLASSIFICATION | BUDGET         | MID-YEAR TARGET N'B | MID-YEAR ACTUAL N'B | MID-YEAR PERFORMANCE (%) |
|-----|----------------------------|----------------|---------------------|---------------------|--------------------------|
| 1   | RECURRENT EXPENDITURE      | 79.084         | 39.542              | 26.897              | 68.020                   |
| 2   | CAPITAL EXPENDITURE        | 69.915         | 34.958              | 12.928              | 36.980                   |
| 3   | STATUTORY TRANSFERS        | 12.241         | 6.121               | 5.268               | 86.080                   |
| 4   | DEBT REPAYMENT             | 13.633         | 6.816               | 8.182               | 120.030                  |
|     | <b>TOTAL</b>               | <b>174.873</b> | <b>87.437</b>       | <b>53.275</b>       | <b>60.930</b>            |

On the expenditure side, there was a shortfall of about 40% as at the mid-year of 2021. Government's effort towards defraying the debt stock of the State was highly noticeable from the table above.

5.5. Concluding his presentation, he reiterated that the on-going projects in the State were at different stages of completion and were majorly high net worth investment that would impact on the lives of the future generation.

## **6.0. PRESENTATION ON THE 2022-2024 MTEF AND THE 2022 BUDGET**

6.1. Speaking on the 2022-2024 MTEF, the Director Budget, Ministry of Economic Planning and Budget, Mr. Aworere Stephen, informed the meeting of the macroeconomic indices upon which projections for 2022 to 2024 were based. The macroeconomic indices as predicted by the IMF World Economic Outlook included National Inflation, National Real GDP Growth, Oil Production and Price Benchmarks and Naira/Dollar Exchange Rate. They are as shown below.

**Table 4. 2022-2024 Macro-Economic Framework**

**Macro-Economic Framework**

| Item                            | 2021    | 2022    | 2023    | 2024    |
|---------------------------------|---------|---------|---------|---------|
| National Inflation              | 11.98%  | 13.46%  | 12.05%  | 11.68%  |
| National Real GDP Growth        | 3.00%   | 2.31%   | 2.30%   | 2.32%   |
| Oil Production Benchmark (MBPD) | 1.8600  | 1.8000  | 1.8500  | 1.9000  |
| Oil Price Benchmark             | \$40.00 | \$60.00 | \$72.01 | \$75.53 |
| NGN:USD Exchange Rate           | 379     | 410.25  | 410.25  | 410.25  |
| <b>Other Assumptions</b>        |         |         |         |         |
| Mineral Ratio                   | 36%     | 36%     | 38%     | 38%     |

He added that, having considered all sources of revenues to the State in year 2022, the State had proposed a total budget of N145.880 Billion as shown below:

**Table 5. 2022-2024 REVENUE/INFLOW PROJECTIONS**

| <b>Recurrent Revenue</b>       | <b>Proposed Budget 2022</b> | <b>Proposed Budget 2023</b> | <b>Proposed Budget 2024</b> |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Statutory Allocation           | 33,242,755,924              | 33,921,792,141              | 34,800,434,084              |
| Net Derivation                 | 12,480,288,527              | 13,853,120,265              | 14,822,838,684              |
| VAT                            | 19,699,753,485              | 22,733,115,310              | 26,298,803,578              |
| IGR                            | 31,655,963,000              | 34,821,567,000              | 38,303,723,000              |
| Excess Crude / Other Revenue   | 6,060,000,000               | 6,120,600,000               | 6,181,806,000               |
| <b>Total Recurrent Revenue</b> | <b>103,138,760,937</b>      | <b>111,450,194,717</b>      | <b>120,407,605,346</b>      |
| <b>Capital Receipts</b>        |                             |                             |                             |
| Grants                         | 6,632,200,000               | 2,990,500,000               | 3,229,500,000               |
| Other Capital Receipts         | 6,200,000,000               | 8,000,000,000               | 7,000,000,000               |
| <b>Total</b>                   | <b>12,832,200,000</b>       | <b>10,990,500,000</b>       | <b>10,229,500,000</b>       |
| <b>Reserves</b>                |                             |                             |                             |
| Contingency Reserve            | 2,074,882,702               | 1,061,958,019               | 1,313,011,993               |
| Planning Reserve               | 1,031,387,609               | 1,114,501,947               | 1,204,076,053               |
| <b>Total Reserves</b>          | <b>3,106,270,312</b>        | <b>2,176,459,967</b>        | <b>2,517,088,047</b>        |
|                                |                             |                             |                             |
| <b>Capital Expenditure</b>     | <b>33,399,268,324</b>       | <b>13,521,452,316</b>       | <b>17,814,016,349</b>       |
| Discretionary Funds            | 12,022,743,324              | 7,736,652,316               | 11,790,216,349              |
| Non-Discretionary Funds        | 21,376,525,000              | 5,784,800,000               | 6,023,800,000               |
| <b>Financing</b>               | <b>29,909,300,000</b>       | <b>5,794,300,000</b>        | <b>5,794,300,000</b>        |
| <b>Total Budget Size</b>       | <b>145,880,260,937</b>      | <b>128,234,994,717</b>      | <b>136,431,405,346</b>      |

He made mention that the 2022 budget had been radically structured to focus allocations to thirteen (13) sectors in the State. The table below shows the details of the sectoral allocation:

**Table 6. Sectoral Allocation of Capital Envelope**

| <b>Capital Expenditure by Sector</b> |                                   | <b>Total Capital Envelope</b>   |                              |
|--------------------------------------|-----------------------------------|---------------------------------|------------------------------|
| <b>No.</b>                           | <b>Sector</b>                     | <b>2022 Proposed Allocation</b> | <b>Percentage Allocation</b> |
| 1                                    | ADMINISTRATION OF JUSTICE         | 1,178,228,845.79                | 3.53%                        |
| 2                                    | AGRICULTURAL DEVELOPMENT          | 2,296,119,465.95                | 6.87%                        |
| 3                                    | EDUCATION                         | 3,806,629,552.07                | 11.40%                       |
| 4                                    | ENVIRONMENT AND SEWAGE MANAGEMENT | 2,782,534,468.12                | 8.33%                        |
| 5                                    | GENERAL ADMINISTRATION            | 1,197,530,343.22                | 3.59%                        |
| 6                                    | HEALTH                            | 2,210,083,076.63                | 6.62%                        |
| 7                                    | INFORMATION                       | 215,207,105.51                  | 0.64%                        |
| 8                                    | INFRASTRUCTURAL DEVELOPMENT       | 15,709,646,231.64               | 47.04%                       |
| 9                                    | LEGISLATIVE ADMINISTRATION        | 1,273,208,518.06                | 3.81%                        |
| 10                                   | PUBLIC FINANCE                    | 630,909,732.98                  | 1.89%                        |
| 11                                   | REGIONAL DEVELOPMENT              | 201,982,087.85                  | 0.60%                        |
| 12                                   | COMMUNITY DEVELOPMENT             | 601,137,166.22                  | 1.80%                        |
| 13                                   | TRADE AND INDUSTRY                | 1,296,051,730.37                | 3.88%                        |
| <b>Total</b>                         |                                   | <b>33,399,268,324.42</b>        | <b>100.00%</b>               |

6.2. Concluding his presentation on the 2020 – 2024 MTEF, Mr. Aworere stressed that, though the State Internal Revenue Service had been performing well, it would be needed to generate at least N60.0 Billion annually to be able to cover the State's recurrent expenditure. He however submitted that while the State Government would not be able to accommodate all the desires of the people due to limited resources and paucity of funds, the State would not desist from satisfying the most prioritised needs of the people of Ondo State.

## **7.0. OBSERVATIONS/COMMENTS**

7.1. Reacting to the presentation, the participants commended the State Government for the initiatives to harvest the inputs of the relevant stakeholders in the State and as well thanked the management of the Ministry of Economic Planning and Budget for ensuring

that some of their requests last year were accommodated in the current year budget.

They, therefore, commented/reacted as follows:

- i. That the state had not been paying serious attention and commitment towards the diversification of the State's economy;
- ii. That the State had not consider Ifedore Local Government in the State's effort to industrialize the State;
- iii. That the bad condition of rural roads was hampering rural productivity and hence, revenue generation;
- iv. That food prices and headline inflation in the State had been relatively higher than those of the neighbouring State;
- v. That Rates Officers in Idanre had been collecting taxes from farmers without proof of payment;
- vi. That the activities of timber contractor/farm produce in Idanre constituted a leakage to government revenue;
- vii. That the road in Alade-Idanre to Owena was in a bad state;
- viii. That the cost of farm implements, chemicals and other inputs into farming was alarmingly outrageous and there had been no encouragement from government;
- ix. That the State had been civil service driven, and the irregular payment of salary had a lot to do with the slow growth rate of the State's GDP;
- x. That the Akure-Ado road was in a deplorable state;

## 7.2. **RECOMMENDATIONS**

Having considered the reactions/observations of the participants, it was recommended:

- i. that the State Government should pay more attention and commitment towards the diversification of the State's economy;
- ii. that the State Government should consider Ifedore Local Government in the State's effort to industrialize the State;
- iii. that the rural roads in the State should be rehabilitated to engender rural productivity and hence revenue generation;
- iv. that the State Government should formulate policies towards food prices control;
- v. that the Rates Officers and Revenue collectors should be monitored for efficient revenue collection;
- vi. that leakages in government revenue due to the activities of timber contractor/farm produce in Idanre should be curtailed;
- vii. that the road in Alade-Idanre to Owena should be rehabilitated;
- viii. that the State Government should assist farmers through subsidizing of farm implements, chemicals, and other inputs;
- ix. that the State Government should cash in on the value chain in the agricultural produce to create jobs and increase revenue generation; and
- x. that the State Government should make payment of salary to increase the growth rate of the State's GDP.

## 8.0. CONCLUSION

8.1 After the vote of thanks was delivered by Mr. Adebayo Monday, the Director, Technical Assistance & Aid Coordination, the Permanent Secretary thanked the participants from the four Local Governments of Akure South, Akure North, Idanre and Ifedore Local Government Areas for their participation and constructive contributions. He, thereafter, re-echoed his commitment and promise to forward their views and recommendations to the Governor with a view to including them in the 2022 budget.

8.2 The Permanent Secretary finally reiterated the commitment of the present administration under the leadership of Arakunrin Oluwarotimi Akeredolu, SAN, to assiduously work to lift the State to a high level of unequalled development among the States in the country.

*Off. 25/8/2021*

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