

REPORT OF THE CONSULTATIVE MEETING WITH COALITION OF ORGANISED PRIVATE SECTORS, TRADE UNIONS AND PROFESSIONAL BODIES IN ONDO STATE ON 2022-2024 MTEF AND 2022 BUDGET HELD IN THE CONFERENCE HALL, MINISTRY OF ECONOMIC PLANNING AND BUDGET ON WEDNESDAY, 11TH AUGUST, 2021.

1.0. INTRODUCTION

1.1. According to Section 22, Subsection 2 (a) and (b) of the Ondo State Fiscal Responsibility Law (2017) the inputs of the Organised Private sectors, Trade Union, Professional 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 coalition of Organised Private sectors, Trade Union and Professional Bodies in the State on Wednesday, 11th August, 2021.

2.0. OBJECTIVES OF THE MEETING

2.1. The under listed were the main objectives of the meeting.

- 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;
- ii. Harvesting inputs from the Organized Private sector, Trade Union and Professional Bodies 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 who welcomed the participants on behalf of the Permanent Secretary; the Director, Budget, Mr. Aworere Stephen; the Director, Monitoring and Evaluation, Alhaji Adekunle L. A.; the Director, Technical Assistance & Aid Coordination, Mr. Adebusoye 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 representatives of the Organized Private Sectors, Woman organizations, and professional bodies were high in number 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 have with stakeholders during the preparation of the annual budget. He revealed that the thrust of the meeting was to harvest the input of the Organized Private Sectors, Woman organizations, and Professional Bodies, who he described as partners in progress with the State, 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**

S/ N	REVENUE CATEGORY	BUDGE T	MID- YEAR TARGE T N'B	MID- YEAR ACTUA L N'B	MID-YEAR PERFORMAN CE (%)
1	REVENUE FROM FEDERATIO N ACCOUNT	88.623	44.311	46.562	105.080
2	INDEPENDE NT REVENUE (IGR) WITHOUT RRA	28.778	14.389	15.104	104.970
3	OTHER REVENUE SOURCES	57.472	28.736	5.772	20.080
	TOTAL	174.87 3	87.43 7	67.43 7	77.130

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 Mid-Year N'B	actual	Performance %	2020 Actual	Mid-Year N'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)
	Total	67,437,054,723.43		77.1	54,915,733,711.83		56.8		22.80

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	12.241	6.121	5.268	86.080

	TRANSFERS				
4	DEBT REPAYMENT	13.633	6.816	8.182	120.030
	TOTAL	174.873	87.437	53.275	60.930

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

<u>Macro-Economic Framework</u>				
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
<u>Other Assumptions</u>				
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

Recurrent Revenue	Proposed Budget 2022	Proposed Budget 2023	Proposed Budget 2024
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
Total Recurrent Revenue	103,138,760,937	111,450,194,717	120,407,605,346
Capital Receipts			
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
Total	12,832,200,000	10,990,500,000	10,229,500,000
Reserves			
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
Total Reserves	3,106,270,312	2,176,459,967	2,517,088,047
Capital Expenditure			
Capital Expenditure	33,399,268,324	13,521,452,316	17,814,016,349
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
Financing	29,909,300,000	5,794,300,000	5,794,300,000
Total Budget Size	145,880,260,937	128,234,994,717	136,431,405,346

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

Capital Expenditure by Sector		Total Capital Envelope	
No.	Sector	2022 Proposed Allocation	Percentage Allocation
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%
	Total	33,399,268,324.42	100.00%

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 presentations, 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. The State local fabricators were not involved in execution of project and so promoting over dependence on their foreign counterparts;
- ii. The programmes and activities of government were not adequately publicized;
- iii. The State Government did not empower the Small Scale Medium Enterprises (SMEs) and involve them in Budget implementation process;
- iv. The State Government had persistently failed to acquaint the SMEs with opportunities that were available in the Agriculture sectors;
- v. The incessant change of school curriculum and unavailability of books at school libraries affected the standard of education;
- vi. The State Government had failed to consider recruiting more personnel in other areas of service as it was done in State Universal Basic Education Board;
- vii. The activities of ONDEA were not well publicised to the concerned people;
- viii. The Pre-paid meters were not evenly distributed and some areas were in dire need of transformers;
- ix. There were many on-going state projects without assurance of completion;

- x. The Small Scale and Medium Scale Enterprises (SMEs) were not adequately funded hence the dwindling in industrial development;
- xi. The political appointments were done without consideration of expertise and competency;
- xii. The change of Ministry of Commerce and Industry to an Agency would lower the morals of the officers and performance of the Agency;
- xiii. The State Ministry of Commerce and Industry was not collaborating with the Federal Ministry of Commerce and Industry for synergy of activities;
- xiv. The local contents were not being promoted in the State;
- xv. The market women in the State were not having access to credit facilities for their businesses; and
- xvi. The Organised Private sectors and Trade Unions were not adequately involved in the planning and the implementation of government's programmes and projects.

7.2. **RECOMMENDATIONS**

It was therefore recommended that:


- i. government should strive to involve local fabricators in execution of her projects as such would boost the economy of the State;
- ii. OSRC and other social media platforms should be leveraged on to showcase government's activities;
- iii. the empowerment of Small scale and Medium scale Enterprises (SMEs) would contribute to industrial development in the State;

- iv. the acquaintances of Micro, Small and Medium Scale Enterprises (MSMEs) with opportunities in the Agriculture sector would translate into the development of the sector;
- v. the State Government should provide more books to schools' libraries and proffer lasting solution to the incessant change in school curriculum;
- vi. the State Government should provide more employment opportunities for teeming unemployed youths;
- vii. the activities of ONDEA should be more publicised for concerned people;
- viii. government should come to the aid of the citizens in distribution of pre-paid meters and provision of transformers;
- ix. government should embark on projects could complete within the available resources;
- x. the SMEs be funded for industrial development in the State;
- xi. political appointments should be based on competency and expertise;
- xii. the nomenclature of Agency for Commerce and Industry should be reverted to Ministry of Commerce and Industry for optimal functioning and for it to be able to collaborate and cross fertilize ideas with the Federal Ministry of Commerce and Industry;
- xiii. government should promote local contents for more revenue generation;
- xiv. there should be easy access to soft loans for market women in the State and;
- xv. involvement Organised Private sectors and Trade Unions in the planning and the implementation of government programmes and projects should be made adequate.

8.0 CONCLUSION

8.1 While thanking the participants for their participation and contributions in the 2022 Budget consultative meeting, the Permanent Secretary promised that all their recommendations would be forwarded to the Governor with a view to including them in the 2022 budget.

8.2 Finally, the Permanent Secretary reiterated the commitment of the administration of Arakunrin Oluwarotimi Akeredolu, *SAN*, to lift the State to a height that would be the envy of all.

 11/8/2021
Mr. Greatsheyi Akintunde
NASSI
08064408074

 11/8/21
Temidayo O. Falade FCA
ICAN Chairman
08033583680


Akarakiri Thomas
OSATU
08038054754

Dr. Olowosusi O. Z.
Rep. NMA
08033919874