

" A CARING HEART " BUDGET

**THE 2010 BUDGET SPEECH DELIVERED BY THE
GOVERNOR OF ONDO STATE,
DR OLUSEGUN MIMIKO
TO THE ONDO STATE HOUSE OF ASSEMBLY**

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The Rt. Honourable Speaker

The Rt. Honourable Deputy Speaker

Honourable Members of the Ondo State House of Assembly

By the special grace of God and the goodwill of the people of our State, I have great delight to present to you today the 2010 Budget proposals of Ondo State, my first since I assumed office as the elected Governor of Ondo State.

Mr. Speaker sir, I wish to use this auspicious occasion to, once again, thank the good people of our dear state for their belief in us; their overwhelming support for our cause; and their unwavering confidence in our administration. We are indeed very grateful. It was in appreciation of their massive support that I promised during my inauguration with the profound statement that "I will work for you". This also informed the rollout of our 12-point developmental programme with the acronym "A CARING HEART" which has

remained our major platform for orchestrating phenomenal paradigm shift and enduring progress in the lives of our people. It was in furtherance of this that the structure of Government was remodeled to enhance total quality service delivery; and members of the executive arm of government agreed to a 25% reduction in their personal emolument as personal sacrifice.

REVIEW OF THE 2009 BUDGET

At the outset of this administration, we inherited an Appropriation Law of Ninety-Five Billion, Six Hundred Million Naira (N95.6 billion). As a testimony of our respect for the rule of law and for this House, the budget was implemented within the limits of the financial constraints that we had, even when it did not fully capture our desire and vision for the state. However, there were areas that required immediate and urgent intervention in terms of appropriation, especially those programmes that were patently in the public interest and could not be delayed for another year. These necessitated a

review of the Appropriation Law placed before this House as a Revised Budget of Eighty-Four Billion, Nine Hundred and Seventy-Five Million Naira (N84.975 billion) which had been duly passed by this honourable house.

The total budget of Eighty-Four Billion, Nine Hundred and Seventy-Five Million Naira (N84.975 billion) operated in this outgoing 2009 fiscal year comprised of a sum of Thirty-Nine Billion, Four Hundred and Twenty-Seven Million Naira (N39.427 Billion) as recurrent expenditure and Forty-Five Billion, Five Hundred and Forty-Eighty Million Naira (N45.548 billion) as capital expenditure.

Mr. Speaker, Honourable Members of the House of Assembly, inspite of the global economic meltdown and its attenuating effects on the actual revenue of the State, government did not hesitate in its commitment to the completion of inherited on-going projects, particularly forty-four road projects at various stages of completion. We started with the review of the projects and identified those

that had reached advanced stage of completion as well as those that are strategic to the economic development of the state and channeled funds to them. Furthermore, the following new projects were executed in the course of the year:

- i. construction Mother and Child Hospitals to address the unbearable congestion at the State Hospital and its debilitating effects on maternal and infant health care
- ii. construction of the Caring Heart Neighbourhood markets
- iii. repair of failed portions of some Federal Roads in the state
- iv. rehabilitation of inner city roads in Akure and other major towns in the state
- v. channelization of water ways in seven riverine communities
- vi. implementation of community-driven projects in 80 communities in 3 Local Government Areas
- vii. pilot implementation of the Abiye Project for Pregnant women
- viii. pilot implementation of the Kaadi Igbe-Ayo scheme
- ix. procurement of laboratory equipment for some Secondary Schools

- x. commencement of the Ondo State Social Security Scheme
- xi. repurchase of the **Oduduwa House**, Victoria Island, Lagos which was sold to a private person by the last administration
- xii. award of contract for asphalt overlay of Oyemekun-Adesida-Fiwasaye junction road, Akure
- xiii. award of contract for dualisation of Fiwasaye-Airport road, Akure
- xiv. award of contract for dualisation of Itanla junction-Ademulegun road, Ondo town
- xv. e.t.c.

Mr. Speaker, I wish to express my sincere appreciation to you, the Deputy Speaker and all Honourable Members for your commitment to sound governance and all-round development of our dear State. May the good Lord enable a continuing positive working relationship between all the arms of government for the benefit of our dear State.

OBJECTIVES AND POLICY THRUSTS OF THE 2010 BUDGET

Permit me, Mr. Speaker, to quickly emphasize that this administration has embraced a paradigm shift in its approach to budgeting. We have departed from the historical, incrementalist and diffused approach to budgeting which does not provide for a direct comparison between the hopes raised at annual budget rituals vis-à-vis tangible achievements recorded at the end of the budget year. In its place, we have adopted activity-based budgeting that focuses expenditure on mission-critical activities that will create tangible legacies in key areas of social and economic development.

Our fundamental purpose is to activate a sustainable trajectory of growth and development and also improve the quality of life of our people irrespective of their location in Ondo State. To this end, we are committed to pursuing the following programme objectives through the 2010 budget:

- a. expand the productive capacity of agriculture through enhancement of mechanized farming, seed multiplication, input supply and encouragement of new generation of farmers
- b. activate the industrial and economic base of the State through strategic Public Private Partnership
- c. improve employment generation by strengthening the small and medium scale businesses through micro credit facilities and artisan improvement programmes
- d. extend the community-driven development programme (3i initiative) to more Local Government Areas and rural communities
- e. implement the Ondo State Social Security Scheme including entrepreneurial skill development for youths.
- f. enhance the quality of education through the introduction of the Quality Education Assurance Agency (QED), upgrading the infrastructure of primary and secondary schools, retraining of teachers, recalibration of

science education as well as the construction of model primary schools

- g. adopt an integrated quality approach to road infrastructure by emphasizing asphalt overlay and zero tolerance for potholes
- h. enhance the quality of technical skills acquisition and application by upgrading Government Technical Colleges
- i. enhance the status of tertiary education in the state through strategic upgrade of infrastructure
- j. construct more Mother and Child Hospitals in the State
- k. introduce Highway Emergency Services
- l. ensure adequate supply and effective distribution of drugs to government hospitals
- m. upgrade some hospitals to the status of General Hospitals
- n. commence work on the Gani Fawehinmi Diagnostic Centre

- o. commence implementation of proper titling of property in the State
- p. ensure observable improvement in water supply
- q. ensure effective ecological control as well as proper landscaping and beautification of Akure and major towns in the State
- r. construct a world-class banquet hall
- s. deploy the digital database residence card
- t. construct state-of-the-art High Court building
- u. construct a modern guest house for the House of Assembly
- v. Commence work on phase 1 of the legislative village,
- w.e.t.c.

Mr. Speaker, Honourable members, you will therefore agree with me that these objectives are Specific, Measurable, Attainable, Realistic and Time-Bound and give credence to the 2010 budget as **A Caring Heart Budget** designed to activate the latent capabilities of Ondo State in the social,

economic, industrial and cultural domains. Their effective implementation will place our dear State on the path to greatness.

However, this will be impaired without a sound policy platform. In this connection, the 2010 budget is built on a two-pillar policy framework:

- a. in every Ministry, Department and Agency, attention will be given only to 'Star' projects that are deliverable, that will create legacies and that will have positive impact on majority of our people
- b. a project management model will be adopted in the management of every 'Star' project

OVERVIEW OF 2010 ESTIMATES **ASSUMPTIONS**

Mr. Speaker Sir, the 2010 budget is predicated on some of the assumptions of the national economy as contained in the Federal Budget, over which we have no control. In essence, our projections on revenue stem from the following indices:

- a benchmark crude oil price of \$57 per barrel
- an inflationary rate of 11.2%
- a GDP growth rate of 6.1%

Based on these basic assumptions and other variables in the foregoing presentation, the revenue estimates for the next fiscal year are as follows:

	N `billion
i Statutory Allocation	26.000
ii Internally Generated Revenue	6.916
iii Value Added Tax (VAT)	5.000
iv Rolled over fund from 2009	35.000
v Mineral Derivation Fund	20.000
vi Grants/Credits from Development Partners	3.957
vii Refund from FGN on Repair of Federal Roads	1.000
viii Other Revenue: Excess Crude etc	16.000
ix. Loan	<u>5.000</u>
Total	<u>118.873</u>

Please permit me to highlight some key issues in the above projections

- a. *Statutory Allocation*: In recent times, the price of crude oil is stabilizing in the international markets, and the amnesty granted to militants in the Niger Delta region is likely to stabilize production of the commodity. Nevertheless, we have retained the current year's projection of Twenty-Six Billion Naira (N26.000 billion) as expected revenue from this head in order to play safe and hedge our economy from the vagaries of fluctuating oil prices and make the budget implementable. We have deliberately avoided having bloated revenue figures.
- b. *Internally Generated Revenue (IGR)*. There is an appreciable increase in the projection for 2010 from Four Billion, Four Hundred and Forty-Two Million Naira (N4.442 Billion) to Six Billion, Nine Hundred and Sixteen Million Naira (N6.916 Billion) representing about 55.7% increase over 2009. Notwithstanding, the IGR

contributes only 5.82% of the total expected revenue. This implies that we are heavily dependent on external variables in implementing our budget. This is totally unacceptable and we will courageously address and redress it in 2010. Priority attention would be accorded growth drivers of the State's economy. Arrangement has also been completed to restructure the Board of Internal Revenue and all other revenue generating Agencies to be more result oriented. In the coming year, emphasis will be placed on efforts at improving Internally Generated Revenue, rather than Revenue from the Federation Accounts.

c. Roll-over fund from 2009 Budget. On assumption of office in February 2009, we took some administrative actions as a result of which most Ministries, Departments and Agencies were unable to utilize their budget allocations. These actions include:

- i. reorganization of Ministries and the need to put the finances of the State in proper perspective
- ii. assessment and review of projects especially those awarded at the twilight of the last administration

The aforesaid administrative actions coupled with a slight increase in revenue towards the last few months necessitated a rollover of funds from the 2009 budget.

Hence, we are expecting that at the end of the year, we will have Thirty-Five Billion Naira (N35.000 Billion) as roll-over fund to be re-appropriated for 2010.

d. *Grant/Credits from Development Partners:* The projection of Three Billion, Nine Hundred and Fifty-Seven Million Naira (N3.957 Billion) represents only firm commitments from development partners for which Memoranda of Understanding (MOUs) have been executed. However, there is the likelihood that we will be able to generate more fund from this head as we are on the verge of brokering several other partnerships with

responsive development partners. It is our considered opinion that the revenue projection of Three Billion, Nine Hundred and Fifty-Seven Million Naira (N3.957 Billion) is achievable.

e. Loan: The State is proposing an admixture of short-term loan from the money market and long-term financing from the capital market (bond) to fund some of the Capital projects. Necessary approvals will be sought from this honourable house when the need arises

On the expenditure side, Mr. Speaker Sir, we are conscious of the challenges posed to our economy by inadequate infrastructure and the toga of underdevelopment. Hence, in allocating resources for the 2010 budget, we have deliberately given 63.92% to capital development while 36.08% was allocated to recurrent expenditure. Let me quickly assure members that our intention is even to gradually increase capital allocation to 70% over the coming years so that we can speed up the growth rate of the State economy

RECURRENT EXPENDITURE ESTIMATES:

A total recurrent expenditure of Forty-Two Billion, Eight Hundred and Eighty-Five Million Naira (N42.885 Billion) is being proposed as follows:

	Amount (N b)	%
i. Personnel Cost	17.000	39.64
ii. Other Charges	4.187	9.76
iii. Recurrent Grants to Parastatals and Tertiary Institutions	6.154	14.35
iv. Transfer to other Funds	10.834	25.26
v. Consolidated Revenue Fund Charges	4.402	10.27
vi. Grants & Loans	<u>0.308</u>	<u>0.72</u>
	<u>42.885</u>	<u>100.00</u>

CAPITAL EXPENDITURE ESTIMATES

14. In the next fiscal year, a total of Seventy-Five Billion, Nine Hundred and Eighty-Nine Million Naira (N75.989 Billion) is proposed for capital development. This is inclusive of a statutory grant of Eleven Billion, Five Hundred and Eighty-Four Million Naira (N11.584 Billion) to OSOPADEC. As a testimony to our avowed commitment to move this State

higher, the economic, social and environmental sectors have been given the pride of place as would be observed in the following sectoral breakdown of the expenditure:

	Sector	Amount (N'B)	%
i.	Economic Sector	20.376	26.81
ii.	Social Services	19.126	25.17
iii.	Environmental & Regional Development (including OSOPADEC)	19.759	26.00
iv.	Administration	<u>16.728</u>	<u>22.01</u>
		<u>75.989</u>	<u>100.00</u>

One unique feature of the capital estimate for the next fiscal year is the shift from the conglomeration and proliferation of the book of estimates with small inconsequential projects. As I mentioned earlier, our policy is to focus on Star projects for each MDA. It is these star projects that would be vigorously pursued, implemented and delivered to the people of the State within the next fiscal year. At the end of year 2010, it will be very easy for the ordinary man on the street to assess our performance based on the content of the book of estimates.

Mr. Speaker, some of our key initiatives for the 2010

Capital Budget include:

a. Agriculture	-	N2.998bn
b. Promotion of commerce& Industry	-	N2.2bn
c. Enhancement of electricity supply	-	N876.624m
d. Road construction	-	N12.307bn
e. Road maintenance	-	N1.500bn
f. Education	-	N7.724bn
g. Health service	-	N4.818bn
h. Water supply	-	N4.174bn
i. Lands & Housing	-	N3.216bn
j. OSOPADEC	-	N11.584bn
k. Urban Renewal	-	N1.300bn
l. Community-driven development(3i initiative)	-	N1.500bn

THE LEGISLATURE

Once again, Mr. Speaker Sir, I am indeed very happy to acknowledge the support of this honourable House since the advent of this administration. Members of this House have

demonstrated beyond any iota of doubt, an unalloyed commitment to the development of the State and good governance.

A virile, responsive and innovative Assembly is *sine qua non* to the success of any democratic government. Therefore, we will strive to provide the needed infrastructure that will make the ODHA a reference point in the country. To this end, a sum of One Billion, Nine Hundred and Forty-Eight Million Naira (N1.948 Billion) has been set aside for various capital projects that will improve the working environment of honourable members. Our vision for this Assembly complex is to make it an edifice of pride to all of us.

ADMINISTRATION OF JUSTICE

Mr. Speaker Sir, you will agree with me that this administration is a product of a fair and impartial judicial system. Hence, we have made a firm commitment to entrenching the tenets of equity and fair play in the State. To

this end, access to justice by all and sundry is one of our cardinal objectives.

In the outgoing year, we have taken steps to ameliorate the problems faced in accessing justice. For example, cases for which shortages of legal representations were inadequate had been farmed out to private practitioners at a cost of One Hundred and Fifty Million Naira (N150 Million). Also, the backlog of Judgment Debt amounting to Twenty-Four Million, Two Hundred and Nine Thousand and Seventy One Naira (N24,209,071.00) hanging on the State had been cleared.

In the coming year, access to justice will be widened to all our citizenry. The two offices of the Citizens Mediation Centre at Okitipupa and Ikare will be strengthened considerably. In addition, the Office of the Public Defender, designed to assist the indigent and vulnerable members of the society, will be reinvigorated. Also, the Law Commission will be given the required attention.

Mr. Speaker Sir, the State had lost some cases in the past because of inadequate representation; therefore, we have already set in motion the process of engaging more State Counsels so that cases involving the State could be attended to promptly. Also, a special fund has been created under the Transfer to Other Funds of the Ministry of Justice, to assist the Ministry in meeting its commitments on courts attendance.

THE JUDICIARY

An impartial judicial system, Mr. Speaker, is critical to good democratic governance. Therefore, this arm of government will be given its pride of place in the coming years. For a start, we have, in consultation with this arm of government decided to upgrade the infrastructure in all the High Courts across the State for implementation over the next few years. It is our dream to equip our High Courts with world class facilities that would become a reference point across the nation. To this end, a sum of One Billion Naira

(N1.000 Billion) has been earmarked for the reconstruction of High Courts in 2010. This is in addition to other projects of the Judiciary.

THE PUBLIC SERVICE

The necessity for an efficient and result-oriented bureaucracy to enhance good governance cannot be overemphasized. A highly motivated workforce is therefore a necessary condition for the actualization of all the dreams of government. To this end, on assumption of office, one of the very first things we did was to set up machinery to reposition the Civil Service of Ondo State, by inviting the World Bank for assistance. To the glory of God, the State will benefit immensely as from 2010 in the World Bank assisted State Governance and Capacity Building Project II. The project is designed to assist in enhancing best practices in corporate governance. The project will improve capacity in such areas as budgeting, accountability, transparency and public accounts reporting. In the next five years, therefore, the

State has been lined-up to access Three Billion, Naira (N3.0 Billion) or Twenty Million U.S Dollars (\$20 Million), to improve our facilities and above all, expand our capacity to utilize public resources in the best and most efficient manner.

Similarly, we are in the process of introducing our version of Total Quality Management with the acronym COMESERVE, that is, **Commitment To Excellent Service**. This is aimed at overhauling the operations of government and positioning the public service to deliver excellent service at all times to the public. This project started with the training of all Permanent Secretaries for five days at the prestigious Lagos Business School. As a follow-up, a state-of-the-art Public Service Training Institute complex is being proposed at a cost of Six Hundred and Twenty Million Naira (N620.0 Million), while the World Bank would equip the Institute with modern facilities.

We would not only train our workers, Mr. Speaker Sir, we will also ensure that they are well motivated. Therefore, we

have made enough provision for payment of all workers entitlements (including retirees) as and when due.

CONCLUSION

Mr. Speaker Sir, honourable members, it is a notable fact that the fulfillment of any elected leader lies in the happiness and well being of the people. Therefore, I enjoin all of us to work together so that we may, as a united force, bring joy and prosperity to this State. There is no gainsaying the fact that detractors would want to use every available opportunity to pull us apart. The challenge, therefore, is for all of us to rise above parochial interest and deliver selfless service to the good people of Ondo State, which is the purpose for which we were all elected. Let me also use this opportunity to appeal to the good people of Ondo State to maintain the current atmosphere of peace and fulfill their civic and social obligations to the State.

In concluding, Mr. Speaker Sir, we need a large dose of courage, wisdom, intelligence and compassion for our people to navigate the often slippery path of leadership. Let me assure honourable members of our commitment to uplifting Ondo State and launching it on a trajectory of prosperity through the **2010 Budget**. This is our mandate and we shall uphold it through the Grace of God.

Thank you and God bless.