

THE REPORT OF THE CONSULTATIVE MEETING WITH THE ORGANIZED PRIVATE SECTOR AND THE TRADE UNIONS IN ONDO STATE ON 2021 -2023 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) AND 2021 BUDGET PREPARATION HELD AT BABAFUNKE AJASIN HALL, MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT, IGBATORO ROAD, AKURE ON TUESDAY, 3RD NOVEMBER, 2020.

1.0 INTRODUCTION

1.1 Pursuant to Section 22, Subsection 2 (a) and (b) of the Ondo State Fiscal Responsibility Law (FRL), (2017) which provides that public consultation be made with the citizens and their representative with a view to harvesting their inputs into the State's MTEF leading to the yearly budget; a parley with the members of the organized Private Sector and members of Trade Unions in Ondo State on the 2021 -2023 MTEF and 2021 budget preparation was held at Babafunke Ajasin Hall, Ministry of Women Affairs and Social Development on Tuesday, 3rd November, 2020. The meeting was presided over by the Honourable Commissioner for Economic Planning and Budget, Pastor Igbasan Emmanuel.

2.0 OBJECTIVE OF THE CONSULTATIVE MEETING

2.1 The main objectives of the meeting were as follows:

- i. to present the 2021 – 2023 MTEF which included the projections for 2021 budget;
- ii. to take ownership of the Annual Budget by harvesting inputs of the representatives of members of Organized Privates Sector and Trade Unions in order to include them in the 2021 budget.
- iii. to jointly monitor progress of government activities and ensure that there is prudent public financial management in the State.

3.0 PARTICIPANTS

3.1 The meeting was attended by the Honourable Commissioner, Ondo State Ministry of Economic Planning and Budget, Pastor Emmanuel Igbasan, the Permanent Secretary, Ondo State Ministry of Economic Planning and Budget, Mr. Bunmi Alade, Director Budget, Mr. Aworere Stephen, Director Technical Assistance & Aid Coordination, Mr. Adebusey Monday, Director Monitoring and Evaluation, Alhaji Adekunle L. A, Mrs. Ayeni, R. K., Deputy Director Budget, Mr. E. O. Apata and a host of other members of staff of the Ministry of Economic Planning and Budget.

3.2 Also, present at the meeting were the members of the Organized Private Sectors, Trade Unions and a good number of interested citizens of the State.

4.0. OPENING REMARKS

4.1. Mr. Bunmi Alade, the Permanent Secretary, Ondo State Ministry of Economic Planning and Budget, welcomed the participants to the all-important occasion. He remarked that the consultative meeting was organized to present the economic stance of the State in the year 2020 and to discuss the needs, desires and yearnings of the people as inputs into the year 2021 budget. He stated that the meeting was delayed due to COVID-19 restrictions and various happenings in the Country, but it is crucial and compulsory to engage all stakeholders before the preparation of the annual Budget despite all odd., He recalled that members of the Organized Private Sector and Trade Unions were interacted with during the Revised Budget Preparation. He implored the attendees to bear this meeting in mind as they could be called by independent bodies to ascertain if they were present at this consultative meeting. He affirmed that some of the requests of the groups were taken for consideration into the 2020 Budget and therefore asked the attendees to make request while taking note of effects of the COVID-19 pandemic on the State's economy. Concluding his remarks, he

enjoined all stakeholders to contribute meaningfully to the discussion of the meeting so as to have a robust, people-oriented post COVID-19 budget.

5.0. KEYNOTE ADDRESS

- 5.1. The Honourable Commissioner for Economic Planning and Budget, Pastor Emmanuel Igbasan, presented a keynote address on behalf of the Executive Governor of the State, Arakunrin Oluwarotimi Odunayo Akeredolu, *SAN*. He welcomed all the participants to the auspicious occasion. While acknowledging the presence of the ICAN members, and all other trade associations, he solicited for better partnership with these groups in order to have an efficient public financial management of the State.
- 5.2. The Commissioner stated that the objectives of the parley with the members the Organized Private Sector and Trade Unions were to foster relationship between Government and the people, ensure inclusiveness, create awareness of what Government was doing and to create the sense of ownership. He added that the merits of the engagement included, ownership by the citizens, meeting the actual needs of the people, and monitoring of projects delivered according to specifications.
- 5.3. He commended Mr. Governor for changing the narrative in the area of Budget preparation by accenting to the Fiscal Responsibility Law and also for the efficient utilization of the commonwealth of the State on life-impacting programmes and projects as a fulfilment of the lofty campaign promises through the annual budget since the inception of his administration.
- 5.4. He mentioned that the Palliatives for the COVID-19 Lockdown were judiciously distributed; online classes for Students during lockdown, relaxation of tax-drive by ODIRS and cutting of some tax rates and formed Committees to ensure that the citizens live a better post-COVID-19 life. He enumerated other achievements of the present Administration across the State and made mention of the Port

Ondo which was in the pipe line. He further stated that, in line with global best practices, the State had been taken a radical, bottom-up approach to budgeting process and that the engagement was necessary to foster relationship between the Government and the people and for the people to take ownership of the process.

- 5.3. 6.5. Concluding the address, Pastor Emmanuel Igbasan reiterated the commitment of the present administration to serve the people of the State.

6.0.HIGHLIGHTS OF GOVERNMENT PROJECTS AND ACTIVITIES ACROSS THE STATE.

6.1.1. In his presentation, the Permanent Secretary, Chief Bunmi Alade highlighted the performance of the 2020 budget as compared with the year 2019 figures. He explained that having reviewed the State 2020 Budget from ₦187.859 billion to ₦151.438 billion due to the challenges posed by COVID-19 pandemic, the revised budget had provision for COVID-19 response activities which were aimed to protect lives and livelihood of people, curtail the spread, reduce fatality rate and alleviate the impact of the pandemic in the State. The revised Budget was signed into law on 28th July, 2020.

6.1.2. Speaking further, he enumerated that the Revenue from Federation Account from January to September 2020 had been N48.077 billion as against the expected actual of N52.803 billion; and that, Independent Revenue was N16.621 as against N18.184 billion expected within the same period.

6.1.1. 6.13. He gave the analysis on the Recurrent Expenditure which decreased from N53.656 billion in September 2019 to N43.929 billion in September 2020. He, however, stated that Capital Expenditure increased from N20.150 billion in 2019 to N24.168 billion in September 2020; Statutory Transfer increased from N1.879 in 2019 to N4.168 billion in 2020, also Debt Services increased from N5.335 billion to N13.121 billion as at September, 2020. He summarized that out of the ₦151.438 billion in the revised 2020 budget, a sum of ₦25.005 billion was

allocated for Covid-19 response programmes and projects, and this was divided into ₦22.902 billion and ₦2.108 billion for COVID-19 related Capital and Special programmes respectively.

6.1.2. On the projects and contracts awarded through the State Tenders' Board, a total of 184 new capital projects amounting to ₦28.385 billion were awarded between January and June 2020. With these, the projects awarded through the State's Tenders Board (STB) from years 2018 to 2020 totalled 2,611 with a cost of ₦171.706 billion. Aside these 2,611 projects, according to him, other MEDAs were also implementing projects and programmes through direct labour across the 18 LGA. Pictorial charts of the projects were shown on the screen for the viewing pleasure of the audience.

6.1.4. The Permanent Secretary stated that the Policy-thrusts and priorities of Government in the next fiscal year are aimed to further consolidate on the modest gain of the last three and half years, using many approaches that would benefit all and sundry across the State.

6.1.5. He concluded the presentation by charging all the attendees to enlighten the members of their groups and the general public about the good works of government.

7.0. BUSINESS OF THE DAY

7.1.0 PRESENTATION ON 2021-2023 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

7.1.1. Mr. Aworere Stephen, the Director Budget, began his presentation with the analysis of 2020 revised budget performance. He x-rayed the extent of revenue performance of the 2020 revised budget vis-à-vis the expenditure profile of the State. Total inflow/revenue from all sources stood at N100,48 billion as at

September, 2020. Expected target within same period is N113.58 billion Short fall of 11.54%.

7.1.2. Speaking on the 2021 - 2023 MTEF, the Director Budget briefed the meeting that, having taken into cognizance all macroeconomic indices as contained in the Federal Government of Nigeria's 2021-2023 MTEF, and also after the consideration of revenues to the State from all sources in the coming year 2021, the State had proposed a total budget of ₦131.076 billion for year 2021.

7.1.3. He made mention that the 2020 budget had been radically reviewed to focus on MEDAs that were worse hit by COVID-19 pandemic. This post COVID budget now been proposed would be allocated to thirteen (13) sectors in the State. The

table below shows the details of the sectoral capital allocation.

PROPOSED SECTORAL ALLOCATION OF 2021 CAPITAL EXPENDITURE

S/N	Sector	2021 Allocation	% 2021
1	ADMINISTRATION OF JUSTICE	341,816,149.82	1.25%
2	AGRICULTURAL DEVELOPMENT	5,408,457,749.79	19.85%
3	EDUCATION	3,898,776,053.11	14.31%
4	ENVIRONMENT AND SEWAGE MANAGEMENT	3,073,299,238.62	11.28%
5	GENERAL ADMINISTRATION	1,251,523,054.88	4.59%
6	HEALTH	1,283,611,842.81	4.71%
7	INFORMATION	214,175,941.98	0.79%
8	INFRASTRUCTURAL DEVELOPMENT	3,364,520,604.04	12.35%
9	LEGISLATIVE ADMINISTRATION	293,139,799.37	1.08%
10	PUBLIC FINANCE	2,208,885,563.56	8.11%
11	REGIONAL DEVELOPMENT	4,633,511,025.29	17.00%
12	COMMUNITY DEVELOPMENT	584,116,205.39	2.14%
13	TRADE AND INDUSTRY	695,530,963.08	2.55%
	Total	27,251,364,191.76	100.00%

7.1.4. Mr. Aworere explained that the expenditure projection as depicted in the table above showed that the budget size of N131.075 Billion would be financed with only 26% coming from the Internally Generated Revenue in the State, this exemplified the financial dependence of the State on revenue from Federal Allocation.

7.1.5. Concluding his presentation on the 2021-2023 MTEF, he stressed that the State Government though challenged with paucity of fund, would continue to prioritise the needs of the people of Ondo State.

8.0. OBSERVATIONS/COMMENTS/REACTIONS FROM STAKEHOLDERS

8.1. In reactions to the presentation, the participants appreciated the efforts of the State Government for organizing the consultative meeting as a platform for them to air their views and make their requests for implementation in the coming fiscal year. They, however, commented/reacted that:

- efforts towards getting refund of cost incurred on rehabilitation of Federal Roads are not yielding results;
- presentation on the proposed cost of citing the Port Ondo with its benefits was not made;
- there was no more pressure on the RAMFAC to review the Revenue Sharing Formula;
- tax waiver, Business slowdown/shutdown would definitely reduce revenue generation/mobilization;
- Government to generate revenue by using experts to convert cow dung into fertilizer;
- Government had since ceased from sponsoring Industrialists for Trade Fair which could be a means of promoting locally manufactured goods;
- Government had not started harnessing the revenue benefits of Information and Communication Technology (ICT);
- Idanre Golf had been neglected for a long time;
- Agricultural practice in the Israel should be understudied and replicated in the State; and

- the State still had a high cost of governance which translated to little allocation for Capital Expenditure.

8.2. Responding to the comments, Pastor Emmanuel Igbasan agreed that government still had a lot to do. He, however, stated that to expand the fiscal space, and diversify the state's economy through agriculture, the state had been creating value addition in the agricultural value-chain.

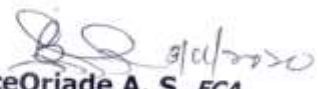
9.0. RECOMMENDATIONS

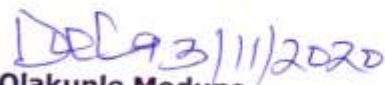
9.1. The followings were the recommendations to the issues raised above:

- The State should focus on enhancing capacity of the people to get the gains of productive activities;
- N34 billion as projected IGR figure for 2021, could only be achieved if there is proper management of Agricultural value-chain;
- Tourisms should be private sector driven; the State should create the enabling environment;
- The state should support the private sector in organizing trade fair;
- SITA should organize courses and programmes that could fetch the State revenue;
- Idanre Golf Course should be conceded to a private investor;
- The State should understudy the Israeli farmers for improved agricultural practices;
- The State should try harder to block all leakages and cut the cost of governance; and
- The State should intensify efforts on the exploitation of its Natural resources.


10.0. CONCLUSION

10.1. The Honourable Commissioner thanked the participants for making this year's consultative meeting worthwhile. He promised that their contributions, comments and suggestions at the meeting would not be jettisoned but would be accorded the expected attention while making the 2021 Budget. He as well reiterated the commitment of the State Government under the leadership of ArakunrinOluwarotimiAkeredolu, SAN, to continue to hold trust for the people, service them and give them their desired expectations as the administration commences another term in office.


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APPENDIX I**Revenue Performance as at September, 2020**

REVENUE SOURCES	2020 Revised Budget	Cumulative Target as at September	Cumulative Actual as at September	Performance
	₦	₦	₦	(%)
Statutory Allocation	26,730,614,126.83	20,047,960,595.12	25,110,395,290.85	125.25
Share of Value Added Tax	17,879,043,585.31	13,409,282,688.98	10,589,924,581.05	78.97
Mineral Derivation Fund	10,945,781,929.54	8,209,336,447.16	9,104,225,466.50	110.9
Gain on Foreign Exchange	1,500,000,000.00	1,125,000,000.00	1,461,827,336.67	129.94
Excess Crude/Additional Fund	4,035,917,290.15	3,026,937,967.61	1,647,050,117.80	54.41
Refund on Federal Roads	8,000,000,000.00	6,000,000,000.00	0	0
Forex Account Stabilization/Excess Charges Refund	313,230,745.22	234,923,058.92	163,265,659.83	69.5
Withholding Tax Refund From FGN	1,000,000,000.00	750,000,000.00	0	0
Independent Revenue	24,244,763,854.86	18,183,572,891.15	16,621,226,686.63	91.41
Cash Reserve/Roll-Over Fund	4,081,000,000.00	3,060,750,000.00	706,000,000.00	23.07
Long Term Borrowings	30,161,391,484.60	22,621,043,613.45	29,374,672,137.88	129.86
Grants from Donor Agencies	12,707,484,078.80	9,530,613,059.10	3,197,648,021.25	33.55
Short Term Borrowings/Domestic Loan	9,838,772,904.69	7,379,079,678.52	2,500,000,000.00	33.88
GRAND TOTAL	151,438,000,000.00	113,578,500,000.01	100,476,235,298.46	88.46%

APPENDIX II**Expenditure Performance as at September, 2020**

EXPENDITURE DETAILS	2020 REVISED BUDGET ₦	CUMULATIVE ESTIMATE AS AT SEPTEMBER ₦	CUMULATIVE ACTUAL AS AT SEPTEMBER ₦	PERFORMANCE AS AT SEPTEMBER (%)
Personnel Cost	40,059,974,547.92	30,044,980,910.94	24,636,426,924.42	82
Overhead Cost	3,764,833,550.00	2,823,625,162.50	1,606,845,528.98	56.91
Special Programme	12,205,839,307.00	9,154,379,480.25	6,612,809,628.18	72.24
Grants And Contributions	8,340,955,000.00	6,255,716,250.00	3,629,391,891.56	58.02
Social Contributions And Social Benefits	10,650,800,000.00	7,988,100,000.00	7,443,382,482.95	93.18
Total Recurrent Expenditure	75,022,402,404.92	56,266,801,803.69	43,928,856,456.09	78.07
Debt Service	13,000,000,000.00	9,750,000,000.00	13,121,044,769.24	134.57
Total Statutory Transfer	12,060,308,663.19	9,045,231,497.40	4,168,038,440.35	46.08
Capital Expenditure		-	-	
Total Capital Expenditure	51,355,288,931.88	38,516,466,698.91	24,167,693,580.28	62.75
GRAND TOTAL	151,438,000,000.00	113,578,500,000.00	85,385,633,245.96	75.18

APPENDIX III

Revenue Projections

Item	Proposed 2021 Estimates	Proposed 2022 Estimates	Proposed 2023 Estimates
Recurrent Revenue			
Statutory Allocation	33,413,267,658.54	39,427,655,837	46,524,633,888
Net Derivation	11,583,777,563.23	13,016,180,165	15,645,711,512
VAT	12,925,776,175.98	14,187,472,237	15,295,413,282
IGR	34,016,453,000.00	40,819,743,600	48,983,692,320
Total Recurrent Revenue	91,939,274,397.75	107,451,051,839	126,449,451,002
Capital Receipts			
Grants	11,072,286,400	2,772,286,400	2,872,286,400
Other Capital Receipts	16,950,000,000	14,200,000,000	8,200,000,000
Total Capital Receipts	28,022,286,400	16,972,286,400	11,072,286,400
Financing	11,114,300,000.00	7,614,300,000	8,614,300,000
Total Budget Size	131,075,860,797.75	132,037,638,239	146,136,037,402

Expenditure Projections

Item	Proposed 2021 Estimates	Proposed 2022 Estimates	Proposed 2023 Estimates
Personnel	43,999,913,105	48,327,348,558	53,256,738,111
Overheads	3,794,833,550	3,995,735,378	3,596,161,840
Social Contribution and Social Benefits	11,715,880,000	14,059,056,000	16,870,867,200
Special Programmes	12,205,839,307	15,022,291,541	16,022,291,541
Grants and Contributions	9,175,050,500	8,429,500,000	9,429,500,000
Public Debt Charge	13,632,855,035	13,383,766,564	13,041,772,631
Transfer to Local Government	2,746,258,655	3,266,710,385	3,891,252,462
Transfer to Internal Revenue Services	6,553,866,455.00	8,152,639,746.00	10,071,167,695.20
Total	103,824,496,606	114,637,048,172	126,179,751,481
Transfer to Capital Account	-11,885,222,208	-7,185,996,333	269,699,521
Capital Receipts			
Grants	11,072,286,400	2,772,286,400	2,872,286,400
Other Capital Receipts	16,950,000,000	14,200,000,000	8,200,000,000
Total	28,022,286,400	16,972,286,400	11,072,286,400
Transfer to OSOPADEC	4,633,511,025	5,206,472,066	6,258,284,605
Capital Expenditure	22,617,853,166	12,194,118,001	13,698,001,316
Discretionary Funds	10,816,966,766	1,807,531,601	2,211,414,916
Non-Discretionary Funds	11,800,886,400	10,386,586,400	11,486,586,400
Financing	11,114,300,000.00	7,614,300,000	8,614,300,000
Total Budget Size	131,075,860,797.75	132,037,638,239	146,136,037,402

APPENDIX IV

Capital Expenditure by Sector		Total Capital Envelope	
S/N	Sector	% 2021	2021 Allocation
1	ADMINISTRATION OF JUSTICE	1.25%	341,816,149.82
2	AGRICULTURAL DEVELOPMENT	19.85%	5,408,457,749.79
3	EDUCATION	14.31%	3,898,776,053.11
4	ENVIRONMENT AND SEWAGE MANAGEMENT	11.28%	3,073,299,238.62
5	GENERAL ADMINISTRATION	4.59%	1,251,523,054.88
6	HEALTH	4.71%	1,283,611,842.81
7	INFORMATION	0.79%	214,175,941.98
8	INFRASTRUCTURAL DEVELOPMENT	12.35%	3,364,520,604.04
9	LEGISLATIVE ADMINISTRATION	1.08%	293,139,799.37
10	PUBLIC FINANCE	8.11%	2,208,885,563.56
11	REGIONAL DEVELOPMENT	17.00%	4,633,511,025.29
12	COMMUNITY DEVELOPMENT	2.14%	584,116,205.39
13	TRADE AND INDUSTRY	2.55%	695,530,963.08
	Total	100.00%	27,251,364,191.76

PROPOSED SECTORAL ALLOCATION OF 2021 CAPITAL EXPENDITURE