

**ANALYSIS OF ONDO STATE YEAR 2021 BUDGET/PRESS
BRIEFING BY PASTOR EMMANUEL IGBASAN, STATE
COMMISSIONER FOR ECONOMIC PLANNING AND BUDGET, HELD
ON 14TH JANUARY, 2021 AT CONFERENCE HALL, MINISTRY OF
ECONOMIC PLANNING AND BUDGET, AKURE, ONDO STATE.**

Protocol,

It is with utmost delight and joy that I welcome you Gentlemen of the press to Budget 2021 analysis and press briefing. Budget analysis is a veritable tool used by development actors to ensure public accountability and prudent expenditure management with the aim of showcasing the allocation of public funds and making them transparent. As you all know, Government and good Governance should be about the people and for the people. Hence, today's event is to keep the good people of Ondo State apprised of Government activities in the last one year and how the Government intends to generate revenue and spend same in the 2021 fiscal year.

2. Ladies and Gentlemen, as part of this administration's commitment to good governance and accountability, we intend to further build the thrust and confidence of our people in

government. Therefore, this press briefing is geared towards revealing the fiscal priorities of the State for year 2021 to members of the public so that every stakeholder can avail himself of the details. Most celebrated case studies of accountability initiative across the globe include mechanism dealing directly with Public Expenditure Management Framework that analyses Budget to make public spending more accountable, transparent and responsive.

3. Gentlemen of the press, one unique thing about 2021 Budget is that it marks the beginning of Mr Governor's second term in office, which will start by the grace of God on the 24th February, 2021.

Review of 2020 Budget

4. The 2020 fiscal year started with an estimate of ₦187.859 Billion broken into ₦10.508 Billion for Debt Repayment, ₦14.180 billion for Statutory Transfer, ₦82.700 billion for Recurrent and ₦80.470 billion for Capital Expenditure, with a matching revenue of the same amount.

5. However, the novel Coronavirus (Covid-19) Pandemic altered the initial projections and the Budget performance was greatly impeded, which necessitated the need for a review of the Budget to reflect the reality of the period and re-appropriate funds to Covid-19 related activities in the Budget. The Budget was later reduced to ₦151.438 billion. This was broken into ₦13.000 billion for Debt Repayment; ₦12.060 billion for Statutory Transfers, ₦75.023 billion for Recurrent Expenditure and ₦51.355 billion for Capital Expenditure, with a matching revenue estimates of ₦151.438 billion. Priorities were given to Covid-19 related issues in the reviewed Budget. As at the end of September, 2020 Actual Revenue stood at ₦100.476 billion as shown in the table below:

2020 Actual Revenue

	REVENUE SOURCES	2020 Revised Budget	Cumulative Target as at September	Cumulative Actual as at September	Performance
(A)	Revenue from Federation Account	₦	₦	₦	(%)
i.	Statutory Allocation	26,730,614,126.83	20,047,960,595.12	25,110,395,290.85	125.25
ii.	Share of Value Added Tax	17,879,043,585.31	13,409,282,688.98	10,589,924,581.05	78.97
iii.	Mineral Derivation Fund	10,945,781,929.54	8,209,336,447.16	9,104,225,466.50	110.90
iv.	Budget Support Facility	0.00	0.00	0.00	-
v.	Gain on Foreign Exchange	1,500,000,000.00	1,125,000,000.00	1,461,827,336.67	129.94
vi.	Excess Petroleum Profit Tax	0.00	0.00	0.00	-
vii.	Excess Crude/Additional Fund	4,035,917,290.15	3,026,937,967.61	1,647,050,117.80	54.41
viii.	Refund on Federal Roads	8,000,000,000.00	6,000,000,000.00	0.00	0.00
ix.	Forex Account Stabilization/Excess Charges Refund	313,230,745.22	234,923,058.92	163,265,659.83	69.50
x.	Withholding Tax Refund From FGN	1,000,000,000.00	750,000,000.00	0.00	0.00

	Sub-total	70,404,587,677.05	52,803,440,757.79	48,076,688,452.70	91.05
(B)	Independent Revenue			0.00	-
i.	BIR	17,879,261,854.86	13,409,446,391.15	13,671,057,436.43	101.95
ii.	MEDAs	6,365,502,000.00	4,774,126,500.00	2,950,169,250.20	61.79
	Sub-total without RRA	24,244,763,854.86	18,183,572,891.15	16,621,226,686.63	91.41
iii.	Revenue Retaining Agencies (RRA)	0.00	0.00	2,750,573,806.34	-
	Sub-total with RRA	24,244,763,854.86	18,183,572,891.15	19,371,800,492.97	106.53
(C)	Other Revenue Sources				-
i.	Cash Reserve/Roll-Over Fund	4,081,000,000.00	3,060,750,000.00	706,000,000.00	23.07
ii.	Long Term Borrowings	30,161,391,484.60	22,621,043,613.45	29,374,672,137.88	129.86
iii.	Grants from Donor Agencies	12,707,484,078.80	9,530,613,059.10	3,197,648,021.25	33.55
iv.	Short Term Borrowings/Domestic Loan	9,838,772,904.69	7,379,079,678.52	2,500,000,000.00	33.88
	Sub-total	56,788,648,468.09	42,591,486,351.07	35,778,320,159.13	84.00
	Total	151,438,000,000.00	113,578,500,000.00	103,226,809,104.80	90.89
	Less (RRA)	0.00	0.00	2,750,573,806.34	-
	GRAND TOTAL	151,438,000,000.00	113,578,500,000.00	100,476,235,298.46	88.46

Source: Office of Accountant General, Internal Revenue Services & Other MEDAs

6. On the Expenditure side of the Budget, the appropriated value are as follows:

2020 Actual Expenditure As At September

S/N	EXPENDITURE DETAILS	2020 REVISED BUDGET ₱	CUMULATIVE ESTIMATE AS AT SEPTEMBER ₱	CUMULATIVE ACTUAL AS AT SEPTEMBER ₱	CUMULATIVE PERFORMANCE AS AT SEPTEMBER (%)
1	PERSONNEL COST	40,059,974,547.92	30,044,980,910.94	24,636,426,924.42	82
2	OVERHEAD COST	3,764,833,550.00	2,823,625,162.50	1,606,845,528.98	56.91
3	SPECIAL PROGRAMME	12,205,839,307.00	9,154,379,480.25	6,612,809,628.18	72.24
4	GRANTS AND CONTRIBUTIONS	8,340,955,000.00	6,255,716,250.00	3,629,391,891.56	58.02
5	SOCIAL CONTRIBUTIONS AND SOCIAL BENEFITS	10,650,800,000.00	7,988,100,000.00	7,443,382,482.95	93.18
A	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
B	DEBT SERVICE	13,000,000,000.00	9,750,000,000.00	12,121,044,769.24	134.57
	STATUTORY TRANSFERS		-	-	
1	TRANSFER TO LOCAL GOVERNMENT JOINT ACCOUNT (10%)	1,424,476,385.49	1,068,357,289.11	273,334,359.74	25.58
2	TRANSFER TO OSOPADEC	6,378,312,771.82	4,783,734,578.86	1,355,900,000.00	28.34
3	TRANSFER TO INTERNAL REVENUE SERVICES	4,257,519,505.89	3,193,139,629.42	2,538,804,080.61	79.51
C	TOTAL STATUTORY TRANSFER	12,060,308,663.19	9,045,231,497.40	4,168,038,440.35	46.08

	CAPITAL EXPENDITURE		-	-	
1	MEDAs/INSTITUTIONS	51,355,288,931.88	38,516,466,698.91	24,167,693,580.28	62.75
D	TOTAL CAPITAL EXPENDITURE	51,355,288,931.88	38,516,466,698.91	24,167,693,580.28	62.75
	GRAND TOTAL (A+B+C+D)	151,438,000,000.00	113,578,500,000.00	85,385,633,245.96	75.18

Source: Office of Accountant General and other MEDAs, Ondo State (unaudited)

7. Ladies and Gentlemen, it is no longer news that Nigeria as a Nation is currently in recession and we are confronted with serious social and economic challenges, triggered by the novel Coronavirus Pandemic, Covid-19, as well as the end-sars protest that rocked the nation towards the end of last year. Our Country is faced with severe economic downturn, with stunted economic growth, job loses; massive youth unemployment; with poverty and crime rate on the increase. The National economy continues to be vulnerable because of our almost exclusive dependence on crude oil and imported goods. Despite all the gloom and despair, the Budget we are analysing today, christened, **“Budget of Hope”**, seeks to define the pathway to our economic emancipation and envisaged brighter future, as we shall judiciously deploy the State resources into high impact areas and mobilise our people to create wealth. God being on our side.

The 2021 Budget Estimate

8. In the last three and half years, we have, as a State, embarked on a number of initiatives, some of which have earned the State special recognitions and accolades. Some of these initiatives have been delivered while a number are still on-going. However, in view of the general economic trend in the Country, it is our desire to concentrate effort on completing the on-going projects. Hence, the 2021 Estimates has the twin objectives of the consolidation of the modest gains of the last three and half years by the delivery of most of the on-going projects and the reactivation of our economic life through technical and technological education.

9. The main focus of 2021 Budget is aimed at human Capital Development, stimulate economic development, expand the fiscal space and entrench good governance.

10. In order to achieve the aforementioned objectives, therefore, the following policy guidelines will be adopted:

- i. Sustaining the ideal of providing conducive learning environment, instructional materials and improved ICT

- while bursary and scholarship to students in tertiary institutions will be given attentions;
- ii. Continuous provision of health facilities and re-invigorating of our existing health institutions;
 - iii. Provision of requisite supports to the security agencies for crime prevention and control to attain a safe and secure environment for productive activities;
 - iv. Continuous and regular provision of palliatives for the less privileged and credit facilities to SMEs and MSMEs ;
 - v. Sustaining the hitherto investment friendly environment through improved ease of doing business and other incentives;
 - vi. Provision of adequate support to the Internal Revenue Service on the engagement of professionals and use of ICT to drive Independent Revenue generation;
 - vii. Aggressive monitoring of projects by appropriate agencies of government and regular review of performance of budget;

viii. Diversification of the State's economy with special focus on agricultural and industrial development.

11. The 2021 Budget has a provision of ₦174.873 Billion in total. The Budget has a provision of ₦69.915 Billion for Capital Project and ₦79.084 Billion for Recurrent Expenditure. It also has a provision of ₦12.241 Billion and ₦13.633 Billion for Statutory Transfers and Debt Repayment respectively.

12. In order to ensure that all the laudable projects in the 2021 Budget are well funded and delivered to specifications, three classes of revenues have been distilled out as follows:

- a. **Federation Account** - ₦57.923
- b. **Independent Revenue (IR)/Internally Generated Revenue (IGR)** - ₦28.778
- c. **Other Revenue Sources** - ₦88.172

A. Federation Account ₦57.923

S/N	REVENUE ITEM	2020 APPROVED BUDGET ₦'B	2021 APPROVED BUDGET ₦'B	EXPECTED MONTHLY RECEIPT ₦'B
i.	Statutory Allocation	26.731	33.413	2.784
ii.	Value Added Tax (VAT)	17.926	12.926	1.077
iii.	Mineral Derivation	10.946	11.584	0.965

B. Independent Revenue (IR) ₦28.778

13. The Projection of ₦28.778 Billion in 2021 as Independent Revenue (IR) represent an average of ₦2.398 Billion per month. Therefore, the contribution of IR to total revenue is 16.5%. The fluctuation of revenue from the Federation Account has been a perpetual problem since the emergence of Covid-19. This has worsened since the Country slipped into recession late last year. It should be noted that the State gave a lot of concessions to alleviate the tax burden of the people. Hence, expected revenue from IR instead of increasing geometrically, has been kept slightly above the revised 2020 Budget level. Be that as it may, efforts will be geared toward expanding the fiscal space by broadening the tax base. No additional burden will be laid on our people.

Other areas of focus include:

- Expansion in the deployment of technology to drive revenue collection;
- Determining and exploring new revenue areas;
- Plugging of revenue loopholes and leakages.

C. Other Revenue ₦88.172

14. In the same vein, ~~N~~88.172 billion is expected from other sources as listed below:

		N'B
i.	Cash Reserve/Roll-over Fund	- 16.763
ii.	Gain on Foreign Exchange	- 2.000
iii.	Gain on Disposal of Asset – Investment Property	- 5.500
iv.	Excess Crude	- 2.100
v.	Short-Term Borrowing/Domestic	- 12.929
vi.	Long-Term Borrowing	- 11.214
vii.	Grants	- 10.476
viii.	Health Insurance Contribution	- 0.590
ix.	Refund on excess crude	- <u>26.600</u>
	Total	= <u>88.172</u>

Expenditure Proposals

15. In spite of the harsh economic environment that stared us in the face when this administration came on board, particularly the sharp drop in the price of oil and the attendant hyper-inflation occasioned by Covid-19; government has remained steady, focussed, prudent and passionate in the tireless devotion to delivering solid democratic dividends to the people. A lot of

projects initiated by the former administration were completed and improved upon, while many projects started by this administration have been completed. Others are on the verge of being completed and hence priority is given to the completion and delivery of all such projects. A total budget of ₦69.915 billion has been appropriated for core Capital Projects.

Debt Service

16. A Budget of ₦13.633 billion, which represents 7.8% of the Total Budget size has been set aside to cater for debt repayment in 2021 fiscal year only.

Statutory Transfers

17. As mandated by the extant Laws, the sum of ₦12.241 billion has been set aside as Statutory Transfers to OSOPADEC and 10% of State's IR to Joint Account Allocation Committee (JAAC) of Local Government and cost of collection to Ondo State Internal Revenue Service (ODIRS) in year 2021.

RECURRENT EXPENDITURE

18. A total of ₦79.084 billion is earmarked for recurrent expenditure in year 2021. This represents a slight increase of

5.4% in the allocation in 2021 over the 2020 figure of ₦75.022. This is to cater for the ameliorative provisions for Covid-19 relief and the salary arrears of workers. In order to maintain and sustain all the laudable Capital projects being put in place by the present administration, adequate provision was made for maintenance recurrent expenditure in 2021 Budget. These and others led to the increase in recurrent provisions. The breakdown of recurrent expenditure is as follows:

Personnel Cost:

19. The sum of ₦42.228 billion or 53.4% of total recurrent vote has been earmarked for Personnel Cost for the year 2021 Budget. This will take care of promotion, annual increments and salary arrears that might be paid in the course of the year.

Grants and Contribution

20. Under this vote, a total of ₦9.558 billion or 12.1% of recurrent expenditure has been set aside to take care of the Personnel Cost of Parastatals and Tertiary Institutions across the State. It is expected that Tertiary Institutions will generate

internal revenue to augment their expenses while the grant will complement Personnel related costs.

Special Programme

21. A total sum of ₦12.096 billion or 15.3% of the Total recurrent has been provided for this class of expenditure, it represents a slight decrease of 0.9% of the 2020 figure. This was done to free up more fund for Capital Projects.

Overhead Cost

22. In the same vein, a total of ₦4.286 billion or 5.4% of total recurrent vote has been provided for the overhead cost in 2021. This is to basically take care of the running expenses of Ministries, Departments and Agencies of Government on a daily basis.

Social Contributions and Social Benefits

23. A total sum of ₦10.916 billion or 13.8% of the recurrent expenditure has been set aside for this item to take care of pensions, gratuities of pensioners, payments of benefits to past Governors/Deputy Governors.

CAPITAL EXPENDITURE

24. On the Capital side, a total of ₦69.915 billion or 40.0% of the total Budget was allocated to Capital Development. This is a deliberate attempt to consciously expand the fiscal space and rejig the economy. The key focus of government in 2021 shall be to complete on-going projects. Consequently, provision has been made for the completion of on-going road projects across the State. Port Ondo initiative will also be pursued with renewed vigour. The State is optimistic that it will be granted a certificate of "No Objection" for the establishment of its Deep sea port within the year. I am glad to inform you that plans are underway to ensure that Investors commence operations immediately the licence is issued. In the same vein, preliminary modular exploration of our Bitumen at Irele, which started some months ago, will be pursued with all tenacity, so that the economic gains can be felt by our people. This and many more will be done with 2021 Capital vote.

25. Ladies and Gentlemen, in line with International best practices, government functions have been classified on sectoral basis for better understanding. The Economic and Social Sector

have the highest Sectoral Allocation in the 2021 Budget. This is understandable as the sectors are expected to stimulate the entire economy of the State, create jobs for our unemployed youth, as well as ensure that we provide care for the less privileged of our Society in our social inclusion programmes. Therefore, the breakdown of Capital Expenditure on Sectoral and Sub-Sectoral basis are as follows:

25.1. **Sectoral Analysis**

S/N	SECTORAL ANALYSIS	AMOUNT ₦'B	%
1.	Administration Sector	19.675	11.3
2.	Economic Sector	87.594	50.1
3.	Law and Justice	4.677	2.7
4.	Social Sector	58.293	33.3
5.	Regional	4.633	2.6

26. As a matter of deliberate policy measure, the education sector was given the much desired attention, to enhance the human Capital Capacity in the State. To this end, it was given the highest allocation in terms of new projects. However, because of the avalanche of on-going infrastructure projects and the need to pay contractors as obligations fall due, total allocation to infrastructure remains the highest at 21.19%. The health sector received the next higher allocation to enable the State contend

with the rampaging Covid-19 Pandemic and other emerging health issues. The details of the Sub-Sector allocation and their percentages is as presented below:

Sub-Sectoral Analysis

S/N	SUB-SECTORAL ANALYSIS	AMOUNT N'B	%
i.	Agricultural Development	8.437	4.82
ii.	Trade and Industry	3.787	2.17
iii.	Education	33.550	19.19
iv.	Health	17.970	10.28
v.	Information	1.696	0.97
vi.	Social and Community Development	3.974	2.27
vii.	Infrastructural Development	37.048	21.19
viii.	Environment and Sewage Management	2.800	1.60
ix.	Regional Development	4.634	2.65
x.	Administration of Justice	4.677	2.67
xi.	Public Finance	24.688	14.12
xii.	General Administration	13.298	7.60
xiii.	Legislative Administration	4.681	2.68
Xiv.	Debt Repayment	13.633	7.79
	Grand Total	174.873	100

27. In line with our practice of concentrating efforts on few key deliverable projects within a fiscal year, so as not to spread resources thinly, key initiatives, some of which are on-going, have been identified by MEDAs. It is these initiatives that will be pursued vigorously in year 2021 so that they would be delivered within the year. These initiatives will also be used to form our Key Performance Indicators (KPIs), to enable us determine the level

of performance of Ministries, Extra-Ministerial, Departments and Agencies (MEDAs). Some of the key projects include:

2021 Key Projects

Top Capital Projects : 2021 Budget		
Project	Line Ministry/Agency	Amount ₦'B
Rehabilitation/Construction of State Highways	Ministry of Works and Infrastructure	11,600,000,000.00
Dualisation of Shoprite - Oda Town	Ministry of Works and Infrastructure	2,000,000,000.00
Provision of Security Hardware	Ministry of Finance	1,318,766,709.11
Establishment of Cancer Treatment Center, Owo	Ministry of Health	1,300,000,000.00
Entrepreneurs Cycle Fund (Loans to Entrepreneurs in the 18 LGAs)	Ondo State Entrepreneurship Agency	1,000,000,000.00
National Livestock Transformation Programme	Ondo State Agribusiness Empowerment Centre	1,000,000,000.00
Ondo State Covid-19 Action Response and Economic Stimulus (Food Security & sustainable livelihood through FADAMA)	Ministry of Agriculture	995,400,000.00
Re-imburement to PHCs and Hospitals	Contributory Health Commission	728,000,000.00
Construction of New Hospital Complexes at SSHA and SSHO to create Specialist Clinic, General Outpatient Clinic, Accident and Emergency Department, Emergency Theater and Office Spaces	Ondo State University of Medical Sciences Teaching Hospital	600,000,000.00
Health Care for Under 5 and Pregnant Women	Contributory Health Commission	600,000,000.00
Renovation of Schools	Ministry of Education Science and Technology	600,000,000.00
Livestock Production and Resilience Support Project (L-PRES): Drawdown	Ministry of Agriculture	600,000,000.00
Establishment/Management of Deep Sea Port	Ondo State Investment Promotion Agency	525,000,000.00
Commercial Agriculture Credit Scheme(CACS)	Ondo State Agribusiness Empowerment Centre	520,306,813.00
Public Waste Collection	Ondo State Waste Management Board	468,000,000.00

CSDP: Ondo State Covid-19 Action Response and Economic Stimulus (Provision of Basic Infrastructure and Social Services)	Community and Social Development Agency	365,400,000.00
Drilling of Boreholes and Allied Matters	Ondo State Rural Water Supply and Sanitation Agency	306,016,496.00
KAMOMI AKETI Accelerated Water Scheme	Ondo State Rural Water Supply and Sanitation Agency	302,000,000.00
Provision of Relief Materials to Victims of Natural Disasters in the State	State Emergency Management Agency	250,000,000.00
Development and Management of Ondo State Free Trade Zone	Ondo State Investment Promotion Agency	220,000,000.00
Scholarship and Bursary Awards	Ondo State Scholarship Board	209,750,000.00
Purchase of 2 Fire fighting Trucks	Ministry of Works and Infrastructure	170,000,000.00
Training and Capacity Building	Ondo State University of Medical Sciences Teaching Hospital	160,000,000.00
French Development Agency (AFD) Water Facility (GCC)	Water Corporation	146,573,211.14
Purchase of Medical Equipment	Ondo State University of Medical Sciences Teaching Hospital	100,000,000.00

CONCLUSION

28. Ladies and Gentlemen, the 2021 fiscal year incidentally heralds the commencement of the second term of this administration led by our amiable Governor, Arakunrin Oluwarotimi Odunayo Akeredolu, SAN. This Budget is intended to help us realize our collective dreams and aspirations for the State, while working in partnership with the private sector. It is our belief that the full and proper implementation of the provisions of this Budget will lead us towards becoming a society that is self-reliant

and less dependent on Statutory Transfers from the Federation account.

29. The achievements so far recorded by this administration, despite our lean resources, could not have been possible without the help of the Almighty God, to Him alone be all the glory.

30. Gentlemen of the press, the success or otherwise of the 2021 Budget is going to be a joint responsibility of all stakeholders in the polity, including you men of the pen profession. As you all know that revenue must be generated to sustain the laudable programmes contained in the Budget. Therefore, I wish to use this medium to enjoin all residents of the State to pay their taxes to serve as impetus for government to continue to provide public goods and services for our common good.

31. Finally, I want to implore you men of the pen profession to play your own role as the link between the Government and the people, both locally and in the diaspora. Let us report what will benefit and foster peace among our people let us be guided by the ancient Roman quote "Vox Pupuli Vox Dei" (the voice of the people is the voice of God).

32. The Budget is a public document and is already posted on the State Website www.ondobudget.org. The Budget portal is users friendly with a feedback mechanism and citizen participation module, where members of the public can ask questions and interact using this link [https:// forms.gla/Derpqw2NbQZY2nu38](https://forms.gla/Derpqw2NbQZY2nu38). I therefore enjoin all stakeholders to acquaint themselves with the programmes and projects contain therein, so as to be able to key-in into its seamless implementation process in 2021.

33. Gentlemen of the press, let me thank you immensely for your time and support on this journey of renewal and advancement also for all your contributions so far and the cooperation expected of you in the future, we thank you. The peace, progress and prosperity of our State is a collective responsibility. As much as the government will endeavour to fulfil her stewardship mandate, the populace should endeavour to fulfil their civic obligation and responsibilities as we all join hands to build the Sunshine State of our dream.

34. Thank you.