

OGUN STATE GOVERNMENT



VOLUME 1

2023 - 2025

MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

- **ECONOMIC AND FISCAL UPDATE (EFU)**
- **FISCAL STRATEGY PAPER (FSP)**
- **BUDGET POLICY STATEMENT (BPS)**

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Document Control	
Document Version Number:	1.0
Document Prepared By:	MINISTRY OF BUDGET AND PLANNING
Document Approved By:	
Date of Approval:	DECEMBER 2022
Date of Publication:	DECEMBER 2022
Distribution List:	Published online at Ogun State Government Official website; https://archive.ogunstate.gov.ng/download/ogsg-2023-2025-mtef/

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List of Abbreviations

BRINCS	Brazil, Russia, India, Nigeria, China, South Africa
CBN	Central Bank of Nigeria
CPIA	Country Policy and Institutional Assessment
CRF	Consolidated Revenue Fund
CSOs	Civil Service Organizations
DMD	Debt Management Department
EFU	Economic and Fiscal Update
ExCo	Executive Council
FAAC	Federal Allocation Accounts Committee
FRL	Fiscal Responsibility Law
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
HRM	Human Resource Management
IGR	Internally Generated Revenue
IMF	International Monetary Fund
MDAs	Ministry, Department and Agencies
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
MTNDP	Medium Term National Development Plan
NBS	National Bureau of Statistics
NNPC	Nigerian National Petroleum Company
NPC	National Planning Commission
OAG	Office of the Accountant-General
OECD	Organisation for Economic Cooperation and Development
PFM	Public Financial Management
PIB	Petroleum Industry Bill
PITA	Personal Income Tax Act
PMS	Premium Motor Spirits
SHoA	State House of Assembly
VAT	Value Added Tax
WEO	World Economic Outlook
OGIRS	Ogun State Internal Revenue Service
OGFRC	Ogun State Fiscal Responsibility Commission
OGPPB	Ogun State Public Procurement Board
OGSG	Ogun State Government
OGSBS	Ogun State Bureau of Statistics

1 Introduction and Background

1.A Introduction

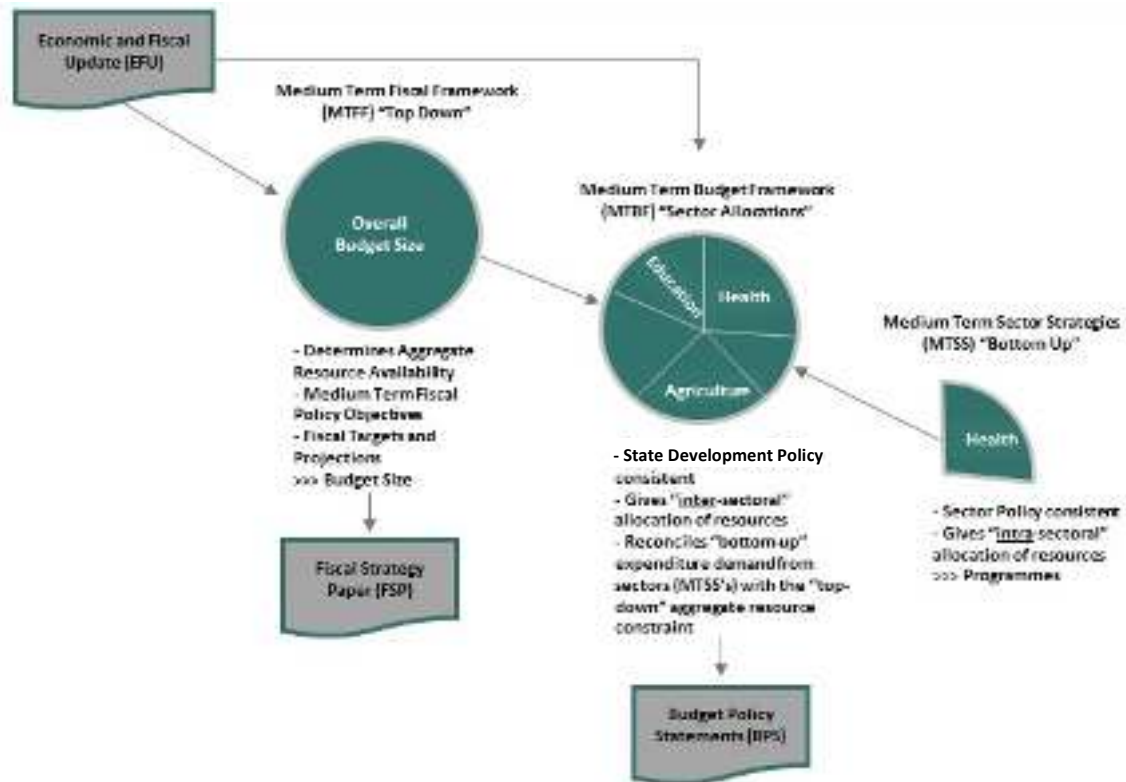
1. The Economic and Fiscal Update (EFU) provides economic and fiscal analyses which forms the basis for the planning and budgeting process. It is aimed primarily at policy makers and decision takers in the Ogun State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.
2. On the other hand, Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) are key elements in Medium Term Expenditure Framework (MTEF) and annual budget process, and as such, they determine the resources available to fund Government projects and programmes from a fiscally sustainable perspective.
3. The present administration under the leadership of **His Excellency, Prince Dapo Abiodun** MFR vision is ***“To provide a focused and qualitative governance and to create enabling environment for a public private partnership, which is fundamental towards achieving sustainable economic development and individual prosperity for the people of Ogun State”***.
4. The administration’s agenda of **“Building Our Future Together”** has positioned the State to adopt the preparation of the EFU-FSP-BPS through the successful production of 2020 – 2022, 2021 – 2023 and 2022 – 2024 State MTEF as part of the movement towards a comprehensive Public Financial Management process.
5. Hence, the document provides a platform for both the State Legislature and Executive Council to discuss the allocation of resources in the 2023 budget and the outer years of 2024 and 2025.
6. The MTEF provides the Government with a means to manage the burden of competing policy priorities and budget realities. This helps to reprioritize expenditure and make informed policy choices that are affordable in the medium term.
7. Expectedly, the document outlines the macroeconomic target for the period 2023 – 2025 and provides input to the preparation of the 2023 budget and the 2024-2025 frameworks.
8. The projected macroeconomic targets are referred to in this document as the Macroeconomic Framework that is embedded in the Medium-Term Fiscal Framework (MTFF). It aligns with the Government’s macroeconomic objectives of determining the aggregate resources that are expected to be available to the Treasury for the budget over the medium term; and provide an explanation on Government key policy priorities and expenditures to which resources allocation will be aligned and to develop indicative resources/expenditures envelopes for the twelve (12) sectors in compliance with International Public Sector Accounting Standard (IPSAS) over the period of 2023-2025.

1.A.1 Budget Process

9. The budget process describes the budget cycle in a fiscal year. Its conception is informed by the MTEF process which has three components namely:
 - i. Medium Term Fiscal Framework (MTFF);
 - ii. Medium Term Budget Framework (MTBF); and
 - iii. Medium Term Sector Strategies (MTSS).
10. It commences with the conception through preparation, execution, control, monitoring and evaluation and goes back again to conception for the ensuing year’s budget.

11. The MTEF process is summarized in the diagram below:

Figure 1: MTEF Process



1.A.2 Summary of Document Content

12. In accordance with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) is the first step in the budget preparation cycle for Ogun State Government (OGSG) for the period 2023-2025.
13. The purpose of this document is three-fold:
- To provide a backward-looking summary of key economic and fiscal trends that will affect the public expenditure in the future - Economic and Fiscal Update;
 - To set out medium term fiscal objectives and targets, including tax policy; revenue mobilization; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTFF; and
 - Provide indicative sector envelopes for the period 2023-2025 which constitute the MTBF.
14. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis to inform the planning and budgeting process. It is aimed primarily at budget policy makers and decision takers in the Ogun State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:
- Overview of Global, Continental, National and State Economic Performance;
 - Overview of the Petroleum Sector;
 - Trends in budget performance over the last six (6) years.
15. The FSP is a key element in the OGSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund the Government's growth and poverty reduction programme from a fiscally sustainable perspective.

1.A.3 Preparation and Audience

16. The purpose of this document is to provide an informed basis for the 2023-2025 budget preparation cycle for all the key stakeholders, specifically:
 - State House of Assembly (SHoA);
 - Executive Council (ExCo);
 - Ministry of Budget and Planning (MoB&P);
 - Ministry of Finance (MoF);
 - All Government Ministries, Departments and Agencies (MDAs);
 - Civil Society Organizations (CSOs).
17. The document is prepared within the first two quarters of the year prior to the annual budget preparation period. It is prepared by Ogun State Economic Working Team using data collected from International, National and State organisations.

1.B Background

1.B.1 Legislative and Institutional arrangement for PFM

18. Legislative Framework for PFM in Ogun State - The fundamental law governing public financial management in Nigeria and Ogun State is the 1999 Constitution as amended. Sections 120 and 121 of the Constitution provide that all revenues accruing to Ogun State Government shall be received into a Consolidated Revenue Fund (CRF) to be maintained by the Government and no revenue shall be paid into any other fund, except as authorized by the State House of Assembly (SHoA) for a specific purpose. The withdrawal of funds from the CRF shall be authorized by the SHoA through the annual budget or appropriation process. The Governor of Ogun State shall prepare and lay expenditure proposals for the coming financial year before the Ogun State House of Assembly (OGSHoA), and the OGSHoA shall approve the expenditure proposal by passing an Appropriation Law. The Appropriation Law shall authorize the executive arm of government to withdraw and spend the amounts specified from the CRF¹.
19. Apart from the Nigerian Constitution, Ogun State has a set of laws and regulations that regulate its budget preparation and implementation. The laws include:
 - Ogun State Fiscal Responsibility Law, 2020 which provides the following:
 - the creation of the implementation organ,
 - Medium Term Expenditure Framework (MTEF), how public expenditure may be conducted, borrowing process, transparency and accountability in governance and principles of sound financial management.
 - Public Procurement (Amendment) Law, 2020 sets the administrative arrangement, standards, and procedures for procurement in Ogun State;
 - Ogun State Audit Service Commission Law, 2020;
 - Ogun State Debt Management (Establishment) Law, 2020;
 - Ministry of Budget and Planning: Budget Implementation Guideline;
 - Public Service Rule;
 - Financial Regulation; and
 - Occasional Treasury Circulars issued by the Accountant General of Ogun State for additional rules and guidelines to support accounting, internal audit, and stores procedures.

¹Sections 120 and 121 of Constitution of Federal Republic of Nigeria 1999 as amended.

20. **Institutional Framework for PFM in Ogun State** – The Executive arm of the government, in line with its Constitutionally vested powers, proposes the budget (revenue and expenditure estimates) before the commencement of each financial year, and implement it after legislative approval by the Ogun State House of Assembly. The State’s Ministries, Departments and Agencies (MDAs) assist the Executive Governor to perform these functions. Consequent on legislative approval of the budget, MDAs receive authorization of the Governor to commence project execution. The Governor’s express authorization is necessary for MDAs to award contracts and for the Treasury to honour due certificates.
21. In specific terms, the Ogun State Executive Council (ExCo) formulates the policies of the State Government, considers, and recommends the state budget to the House of Assembly. On passage, the Executive Governor signs the appropriation bill into Law. The House of Assembly appropriates expenditure in the budget, maintains oversight over budget execution, and enforces audit findings.
22. The Ministry of Budget and Planning (MoB&P) prepares and coordinates the strategic and fiscal planning of the MTEF/MTBF in line with the Ogun State Fiscal Responsibility Law, 2020, ensures budget discipline and adequate monitoring and evaluation of government revenue and expenditures. Thus, it oversees the preparation of the budget, both capital and recurrent.
23. The Ministry of Finance (MoF) manages public finances and fiscal policies for the State in collaboration with the Ministry of Budget and Planning (MoB&P). MoF is responsible for core Treasury functions of revenue and expenditure management, accounting, and Fund & Cash Management. The Ministry of Finance has two important quasi-autonomous agencies, the Office of the Accountant-General for the State (OAGS) and Ogun State Internal Revenue Service (OGIRS).
24. The Office of the Accountant-General a semi-autonomous and Professional arm of the MoF, performs treasury and accounting functions for the State. Other functions include receipt of revenue (not generation), expenditure management, financial reporting and internal audit; collate and prepare Statutory Financial Statements of the State Government and any other Statements of accounts required by the Commissioner for Finance; maintain and operate the accounts of the Consolidated Revenue Fund, development fund and other public funds and provide cash backing for the operations of the State Government; maintain and operate the State Government’s accounts; conduct routine and in-depth inspection of the books of accounts of State’s Ministries, Departments and Agencies to ensure compliance with rules, regulations, policy decisions and maintenance of account codes; and formulate and implement the accounting policy of the State Government. The Office of the Accountant-General deploys personnel to run the finance and internal audit departments of all MDAs in the State. The MDAs prepare monthly returns of Transcripts and Bank reconciliation Statements to the Accountant-General.
25. The Ogun State Internal Revenue Service (OGIRS) performs revenue administration for the entire State with policy direction from the Ogun State Ministry of Finance.
26. The Ogun State Fiscal Responsibility Commission (OGSFRC) derives its powers and functions from the Fiscal Responsibility Law, 2020 and oversees the MTEF process with specific schedules that cover revenue and expenditure monitoring and evaluation, target setting for MDAs and ensuring aggregate fiscal discipline for the State.
27. The Debt Management Office (DMO a semi-autonomous and professional arm of the MoF) charged with specific function of Public Debt Management for the State as well as consulting with the Debt Management Office at the Federal level.
28. The Auditor-General reviews and reports on budget implementation. The State Auditor General conducts audits of spending agencies to ensure Government spendings follow budget and that funds are accounted for in terms of best financial practices. The audit report is submitted to the SHoA for consideration.
29. It is worthy to note that in a bid to achieve a sustainable economic environment in the State and institutionalize the reforms in Public Financial Management, the present administration of **Prince Dapo Abiodun MFR, the Executive Governor of Ogun State** has done the following amongst others over the last three (3) years:

- **State Fiscal Responsibility Law, 2020:** For the first time in the history of Ogun State, the present administration took the giant step to legislate the long-standing Fiscal Responsibility Law in the State. The law established **Ogun State Fiscal Responsibility Commission**, highlights roles and functions of all the stakeholders and as well spells out the expected fiscal activities in the State.
- **Bureau of Statistics:** In a bid to have Statistical System that will be well coordinated and provide accurate, reliable, efficient and effective data for end-users within and outside the State, the present administration upgraded the Central Department of Statistic to a Bureau and appointed the first Statistician-General in the State. The Bureau has been re-organized and repositioned to provide accurate data for decision makers and other stakeholders in the State. The State Statistics Law, 2012 was amended in year 2020 (i.e., State Statistics (amendment) Law, 2020).
- **Bureau of Public Procurement:** The State Public Procurement Law, 2014 was amended and enacted as Public Procurement (Amendment) Law, 2020 by the present administration and it also established the Bureau of Public Procurement with the appointment of the first Director-General. The Bureau has however commenced various activities for the State targeted towards effective public financial management and to create a fair, transparent, and competitive public procurement system that will deliver value for money to State spending.
- **State Debt Management Office:** The Unit was reinforced and upgraded to deliver its functions optimally; maintain a reliable database of all instruments, Loans and Contingent's liabilities, prepare and implement a plan for the efficient management of the State debts obligations at sustainable levels compatible with desired economic activities for growth and development for each financial year,
- **The Central Department of Monitoring and Evaluation:** Strengthening and equipping the State M&E stakeholders and the inauguration of the State Technical Working Committee on M & E to ensure projects and programmes approved in the State Budget are executed, measure the output, outcomes, and impact to provide necessary feedback to the State Government for efficient and effective decision making.
- **Ogun State Public Private Partnership Office (PPP):** Establishment of the Ogun State Public Private Partnership Office as an MDA with the appointment of a Director-General. The present administration focus on creating an enabling environment for investment to thrive and create good governance, and individual prosperity. The Public Private Partnership initiative will drive the State's economy and the ambition is to position Ogun State as the fastest growing economy in the country.
- **Medium Term Revenue Strategy (MTRS):** The MoB&P in conjunction with MoF prior to the preparation of 2021 - 2023 State MTEF initiated the MTRS process in the State; a movement from the traditional expenditure-based budget to a revenue driven budget by identifying major Revenue generating MDAs in the State. The State is determined to extend its tax net to informal sector which involves the larger percentage of the State's Economy.
- **States Fiscal Transparency, Accountability and Sustainability (SFTAS):** Sustaining and benefitting from the State's Fiscal Transparency, Accountability and Sustainability (SFTAS) programme to achieve effective and efficient resources allocation in line with international best practices.
- **Adoption of the IPSAS Accrual:** This is a principle-based accrual basis for presentation of accounting framework that is developed and maintained by the International Public Sector Accounting Standards Board (IPSASB). The preparation and presentation of the State's Budget and Financial Statement reporting systems have now changed from cash basis to accruals basis.
- **Compliance with the National Chart of Accounts (NCoA):** The Federal Government has urged state governments to domesticate the National Chart of Account (NCoA). This is used to qualify State's for performance-based grants under the States' Fiscal Transparency Accountability and Sustainability (SFTAS) Programme for Results 2020 Annual Performance Assessment (APA).
- **Ogun State Audit Service Commission Law, 2020:** The State Audit Service Commission Law, 2020 was signed on 31stDecember 2021, the law established Ogun State Audit Service Commission and the offices of the Auditor-General for both State and Local Government.

- The State Government relies on the extant **Public Service Rules** that further defines the roles of public officers in the PFM system. The rule details Human Resource Management (HRM) processes and tools including, job descriptions, roles and responsibilities, recruitment, career, discipline, and boarding procedures. The establishment of the **Bureau of Public Service Reforms** formerly known as **Public Service Transformation Office (PSTO)** further enhances efficiency from the Public Servants.

1.B.2 Overview of the State MTEF/Budget Calendar

30. Indicative Budget Calendar for Ogun State Government is presented below:

Table 1: State MTEF/Budget Calendar

Stage	Date(s)	Responsibility
Previous Year Budget Performance Review (i.e., Performance Management Review -PMR)	April-May 2022	<ul style="list-style-type: none"> • MoB&P.
Preparation and Adoption of Medium-Term Fiscal Framework (MTFF) & Medium-Term Budget Framework (MTBF)	June 2022	<ul style="list-style-type: none"> • MoB&P • MoF
Review of Medium-Term Sector Strategy (MTSS)	June-July 2022	<ul style="list-style-type: none"> • MoB&P
Presentation of MTEF to State Exco and OGHA	July – August 2022	<ul style="list-style-type: none"> • MoB&P • State Exco • OGHA
Issuance of Year 2022 Call Circular	July 2022	<ul style="list-style-type: none"> • MoB&P
Budget Consultative Forum (i. e Stakeholders Forum)	August-September 2022	<ul style="list-style-type: none"> • MoB&P • ExCo
Collection and Collation of Budget proposals from MDAs	July-September 2022	<ul style="list-style-type: none"> • MoB&P
Budget Bilateral Discussions	August-September 2022	<ul style="list-style-type: none"> • MoB&P • MoF
Preparation and submission of Budget Draft	September 2022	<ul style="list-style-type: none"> • MoB&P
Presentation of Year 2022 Draft Budget to His Excellency	September 2022	<ul style="list-style-type: none"> • MoF • MoB&P
Presentation of Year 2022 Draft Budget to the State Treasury Board (STB) & the State Executive Council (SEC)	October 2022	<ul style="list-style-type: none"> • MoB&P
EXCO/Legislative Parley on Year 2022 Budget	October 2022	<ul style="list-style-type: none"> • MoF • MoB&P • ExCo • OGHA
Presentation, Consideration and Passing of Year 2022 Appropriation Bill	October-December 2022	<ul style="list-style-type: none"> • OGHA
Assent of Year 2022 budget by the Governor	December 2022	<ul style="list-style-type: none"> • HE
Issuance of General and Developmental Warrant	January 2023	<ul style="list-style-type: none"> • MoB&P
Distribution of Budget Operational Guideline	January 2023	<ul style="list-style-type: none"> • MoB&P

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Global Economy

31. The International Monetary Fund (IMF) October 2022 World Economic Outlook (WEO) Update ², says that the global economy is experiencing several turbulent challenges. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Normalization of monetary and fiscal policies that delivered unprecedented support during the pandemic is cooling demand as policymakers aim to lower inflation back to target. But a growing share of economies are in a growth slowdown or outright contraction.
32. Inflation has soared to multidecade highs, prompting rapid monetary policy tightening and squeezing household budgets, just as COVID-19-pandemic-related fiscal support is waning. Many low-income countries are facing deep fiscal difficulties. At the same time, Russia's ongoing war in Ukraine and tensions elsewhere have raised the possibility of significant geopolitical disruption.
33. Although the pandemic's impact has moderated in most countries, its lingering waves continue to disrupt economic activity, especially in China. And intense heat waves and droughts across Europe and central and south Asia have provided a taste of a more inhospitable future blighted by global climate change.
34. In addition, the conflict adds to the economic strains wrought by the pandemic. Although, many parts of the world appear to be moving past the acute phase of the COVID-19 crisis, deaths remain high, especially among the unvaccinated. Moreover, recent lockdowns in key manufacturing and trade hubs in China will compound supply disruptions elsewhere.
35. A slowdown in global growth is forecast, from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. The global slowdown in 2022 is as projected in the July 2022 WEO Update, while the forecast for 2023 is lower than projected by 0.2 percentage.
36. Russia's invasion of Ukraine continues to powerfully destabilize the global economy. Beyond the escalating and senseless destruction of lives and livelihoods, it has led to a severe energy crisis in Europe that is sharply increasing costs of living and hampering economic activity.
37. With a few exceptions, employment and output will typically remain below pre-pandemic trends through 2026. Scarring effects are expected to be much larger in emerging market and developing economies than in advanced economies—reflecting more limited policy support and generally slower vaccination—with output expected to remain below the pre-pandemic trend throughout the forecast horizon.
38. Unusually high uncertainty surrounds this forecast, and downside risks to the global outlook dominate—including from a possible worsening of the war, escalation of sanctions on Russia, a sharper-than-anticipated deceleration in China as a strict zero-COVID strategy is tested by Omicron, and a renewed flare-up of the pandemic should a new, more virulent virus strain emerge.
39. War-related interruptions to production, trade sanctions, and strongly impaired access to cross-border payment systems will disrupt trade flows, notably for energy and food. The magnitude of these changes depends not only on the decline in exports because of the conflict and sanctions, but also on the elasticity of global supply and demand. Although the price of oil has risen sharply, spare capacity in other countries and the release of petroleum reserves will likely mean that these increases will be contained over the medium term. In contrast, the relatively inflexible infrastructure needed to transport gas (pipelines are more important for gas than for oil, for example) means that global supply can adjust less easily, raising the prospect of higher prices for longer.

²*World Economic Outlook, October 2022: Countering the Cost-of-living Crisis (imf.org)*

40. Prices of agricultural commodities are likely to rise further—particularly wheat (together, Russia and Ukraine account for close to 30 percent of global wheat exports) and, to a lesser extent, corn. These changes will add to already soaring prices of staple foods and that mean disruptions to Ukraine and Russian exports may be windfalls for other commodity exporters. The sharp increases in commodity prices echo those in the 1970s, when a regional conflict also prompted a spike in fossil fuel prices.
41. Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Upside inflation surprises have been most widespread among advanced economies, with greater variability in emerging market and developing economies.
42. Although a gradual resolution of supply-demand imbalances and a modest pickup in labour supply are expected in the baseline, easing price inflation eventually, uncertainty again surrounds the forecast. Conditions could significantly deteriorate. Worsening supply-demand imbalances—including those stemming from the war—and further increases in commodity prices could lead to persistently high inflation, rising inflation expectations, and stronger wage growth. If signs emerge that inflation will be high over the medium term, central banks will be forced to react faster than currently anticipated—raising interest rates and exposing debt vulnerabilities, particularly in emerging markets.
43. An increase in core sovereign interest rates before the war in Ukraine had already placed pressure on borrowers in some emerging market and developing economies. Markets have so far differentiated between countries directly and indirectly implicated in the conflict. Sovereign and credit default swap spreads have widened the most for Belarus, Russia, and Ukraine. Smaller extensions in spreads have occurred in other regional economies, such as Hungary and Poland.
44. A generalized flight to safety as the war continues could put other economies under stress too. More broadly, average spreads had—prior to the war—looked like previous tightening cycles, in 2018 and in the 2013 taper tantrum. Since then, spreads have generally increased moderately. And compared with previous episodes, there is also more differentiation across borrowers, with greater dispersion of spreads now than in 2013 or 2018. This reflects heterogeneity in country circumstances, including in the build-up of private debt and contingent liabilities.

The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in [Table 2](#) and [3](#)

45. [Table 3](#) respectively below.
46. Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

Table 2 : Real GDP Growth - Selected Countries

Country	Actual				Forecast		
	2018	2019	2020	2021	2022	2023	2027
Mexico	2.2	-0.2	-8.1	4.8	2.1	1.2	2.1
Indonesia	5.2	5.0	-2.1	3.7	5.3	5.0	5.1
Turkey	3.0	0.8	1.9	11.4	5.0	3.0	3.0
United States	2.9	2.3	-3.4	5.7	1.6	1	1.9
Germany	1.0	1.1	-3.7	2.6	1.5	-0.3	1.3
United Kingdom	1.2	1.6	-10.1	8.5	4.6	0.3	1.5
China	6.8	6	2.2	8.1	3.2	4.4	4.6
Ghana	6.2	6.5	0.5	5.4	3.6	2.8	6.8
South Africa	1.5	0.3	-6.3	4.9	2.1	1.1	1.4
Brazil	1.8	1.2	-3.9	4.6	2.8	1.0	2.0
Angola	-1.3	-0.7	-5.8	0.8	2.9	3.4	3.9
Nigeria	1.9	2.2	-1.8	3.6	3.2	3.0	2.9

Source:IMF's World Economic Outlook,October 2022

Table 3: Inflation (CPI) – Selected Countries

Country	Actual				Forecast		
	2018	2019	2020	2021	2022	2023	2027
Mexico	4.8	3.6	3.4	5.7	8.0	6.3	3.0
Indonesia	3.3	2.8	2.0	1.6	4.6	5.5	3.0
Turkey	16.3	15.2	12.3	19.6	73.1	51.2	15.0
United States	2.4	1.8	1.2	4.7	8.1	3.5	2.0
Germany	1.9	1.4	0.4	3.2	8.5	7.2	2.0
United Kingdom	2.5	1.8	0.9	2.6	9.1	9.0	2.0
China	2.1	2.9	2.4	0.9	2.2	2.2	2.0
Ghana	9.8	7.1	9.9	10.0	27.2	20.9	6.5
South Africa	4.6	4.1	3.3	4.6	6.7	5.1	4.5
Brazil	3.7	3.7	3.2	8.3	9.4	4.7	3.0
Angola	19.6	17.1	22.3	25.8	21.7	11.8	6.4
Nigeria	12.1	11.4	13.2	17	18.9	17.3	11.5

Source:IMF's World Economic Outlook,October 2022

2.A.2 Africa

47. The African Economic Outlook, 2021³ provides that real gross domestic product (GDP) in Africa rebounded strongly in 2021, growing by 6.9 percent. This rebound was supported by recovery in global demand, higher oil prices benefiting oil-exporting economies, easing of COVID-19 restrictions in most countries, and associated growth in domestic consumption and investment. Africa's real GDP growth is, however,

³African Economic Outlook 2022 - Supporting Climate Resilience and a Just Energy Transition in Africa(afdb.org)

projected to decelerate to 4.1 percent in 2022, reflecting ebbing of base effects and uncertainties related to the persistence of the COVID-19 pandemic and the impact of the Russia Ukraine conflict.

48. Growth varies widely across countries and regions. Economic growth in 2021 was highest in North Africa (11.7 percent) and East Africa (4.8 percent). In 2022, growth is expected to decelerate to 4.5 percent in North Africa and to stabilize at 4.7 percent in East Africa. Average growth in 2021 in west Africa was 4.3 percent and is projected to remain strong at 4.1 percent in 2022.
49. Growth in Central Africa is projected to rise to 4.6 percent in 2022, from 3.4 percent in 2021. Southern Africa's estimated growth of 4.2 percent represented the largest recovery, from a contraction of 6.0 percent, underpinned by strong recovery in Botswana (12.5 percent), Mauritius (4.0 percent), and South Africa (4.9 percent). Growth in the region is projected to slow down to 2.5 percent in 2022 as the effects of large fiscal stimuli peter out.
50. Africa's growth outlook is highly uncertain, with risks tilting to the downside. The spill over effects from the Russia-Ukraine conflict and related sanctions on Russia may cause a larger decline in global output than currently projected. A combination of low COVID-19 vaccination rollout and emergence of new COVID-19 variants may force countries to retain some restrictions. Other downside factors include heightened debt vulnerabilities, tight global financial conditions as inflationary pressures rise, the effect of the Russia-Ukraine conflict and related sanctions on Russia, climate and environmental risks, and other socio-political and security issues.
51. Upside factors include faster vaccination rollout, a comprehensive resolution of debt problems, and policies to accelerate structural transformation and build economic resilience. Macroeconomic fundamentals have generally improved, but considerable challenges remain in the medium term, due largely to persistence of the pandemic effects and volatility induced by the impact of the Russia-Ukraine conflict. The average fiscal deficit in Africa is projected to narrow to 4.0 percent of GDP in 2022, from 5.1 percent in 2021, reflecting scaling down of COVID-19-related interventions and relative strengthening of domestic revenues. However, rising commodity prices triggered by the Russia-Ukraine conflict represent a major headwind for the fiscal situation in the short to medium term, especially for economies dependent on imports of energy and food commodities.
52. The average current account deficit is projected to be 2.0 percent of GDP in 2022, down from 2.4 percent in 2021, underpinned by expected narrowing of the trade deficit and current transfers. Exchange rate fluctuations fell in most countries in 2021, supported by improved foreign exchange inflows. The outlook for exchange rates in 2022 and beyond depends on developments in international financial markets, especially on the back of the Russia-Ukraine conflict and normalization of monetary policy in advanced economies. Average inflation is projected to accelerate to 13.5 percent in 2022 from 13.0 percent in 2021, fuelled by a sharp rise in commodity prices, especially energy and food, due to escalation of the Russia-Ukraine conflict.
53. Sovereign debt remains a threat to economic recovery despite recent debt relief initiatives. Although Africa's debt-to-GDP ratio is estimated to stabilize around 70 percent in 2021 and 2022, from 71.4 percent in 2020, thanks to growth recovery and debt relief measures, it will remain above pre-pandemic levels. The international financial community's initiatives, such as the Debt Service Suspension Initiative (DSSI), the Common Framework, and the International Monetary Fund's August 23rd, 2021, general allocation of \$650 billion-equivalent Special Drawing Rights (SDRs) have also helped alleviate liquidity pressures in many countries by boosting external buffers. However, these initiatives have not erased debt vulnerabilities, with 23 African countries either in or at risk of debt distress as of February 2022. Additional structural reforms such as debt restructuring, and reprioritizing public spending are required to ensure long-term debt sustainability. Reconfiguring the global debt relief architecture, including reinstating the DSSI, will be crucial in supporting debt-ridden African countries' transition toward a path of sustainable debt in the medium to long term.
54. Despite a rebound in growth, the impacts of the COVID-19 pandemic on lives and livelihoods in Africa continued in 2021. The Bank estimates that about 30 million Africans were pushed into extreme poverty in 2021 and that about 22 million jobs were lost in African countries the same year due to the pandemic.

These outcomes are likely to continue in 2022 and 2023. When the prolonged effect of economic disruptions stemming from the Russia–Ukraine conflict is accounted for, the number of additional Africans who could be pushed into extreme poverty is estimated to be 1.8 million in 2022 and 2.1 million in 2023.

55. Workers in the informal sector, mainly women and youth, are the hardest hit. In addition, several African countries, such as eSwatini, South Sudan, and Uganda, closed schools for more than 36.7 weeks (the global average from the onset of the pandemic to October 2021)—equivalent to more than a half-year of schooling—eroding the positive trends in education over the past decade. Additional financing needs are estimated at about \$432 billion over 2020–22 (a revision from the previously estimated \$484 billion due in part to better-than-anticipated fiscal positions) and translated into an average of \$144 billion a year over this period to support the recovery.
56. Africa’s low vaccination rates are constraining faster economic recovery and increasing the health impact of COVID-19. These rates—15.3 percent of people were fully vaccinated by end-March 2022 against a target of at least 60 percent in most other global regions—are attributed to a combination of supply and demand-side impediments. Improving vaccination rates by tackling vaccine hesitancy and improving vaccine supply is key to reducing infections and mortality and to quickening the economic recovery. African countries will thus need to speed up their current vaccination rollout if they are to close the vaccination gap with other regions.

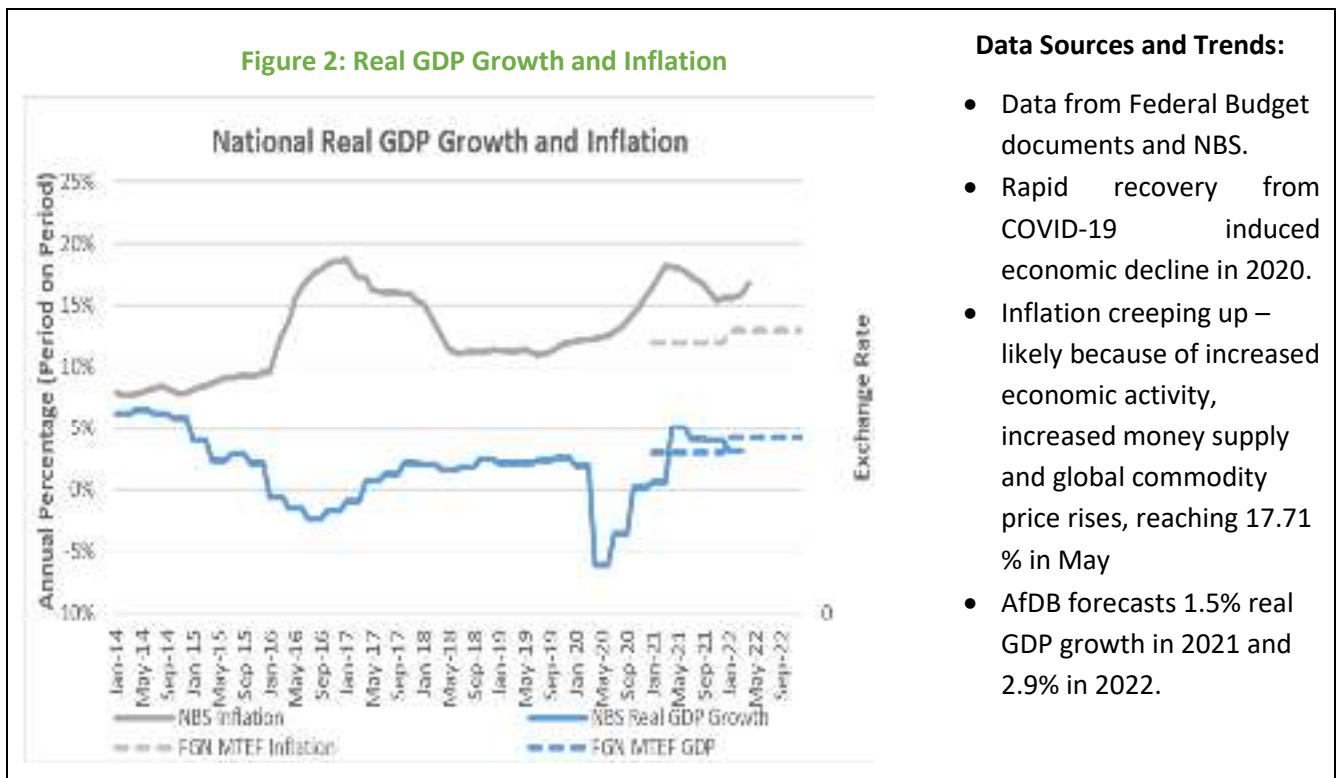
2.A.3 Nigerian Economy⁴

57. Nigeria’s economy – The effect of global economic integration has significant effect on Nigerian economy with positive and negative developments in parts of the globe having varying degrees of impact. The shocks of higher commodity prices due to the ongoing Russia–Ukraine conflict which has led to slow growth rate, regional disintegration among major global trading partners and blocks as well as the volatility in global monetary policy and capital flows are having implications on Nigeria. This has resulted in distributional and financial shocks, arising particularly from Nigeria’s huge dependence on crude oil revenue.
58. The negative effect of oil price since mid-year 2014 and the volatility in oil production has continued to expose the Nigerian economy to both domestic and external vulnerabilities. Decline in oil exports even with Nigeria being allocated an increase in OPEC output quota further reinforced the oil price effects, a reversal of the current account surplus as well as pressures on the foreign reserves and the exchange rate. To accommodate the pressures on the reserves, the foreign exchange policy has been revised continually. This has generated some pass-through effects on the volume of trade and led to rising inflation especially, given the nature of the exchange rate change and access restrictions. A flexible exchange rate policy has been instituted to stimulate trade and foreign investment in the economy, but its effect is yet to be felt in 2022. It is noteworthy that Nigeria has struggled to meet its production targets due to operational challenges and insecurity amid growing crude oil theft and pipeline vandalism.
59. Real GDP - Nigeria’s economy entered a recession in 2020, with the real GDP contracting by 1.8%, reversing three years of recovery from 2017 to 2020. This downturn resulted from the fall in crude oil prices on account of falling global demand and containment measures to fight the spread of COVID–19. However, in the fourth quarter of 2020, the Nigerian economy expanded by 0.11%; exiting one of its worst recessions, having posted a decline of 6.1% and 3.6% in 2020 Q2 and 2020 Q3, respectively. Data from the NBS from March 2011 to March 2022 shows an average real growth rate of 2.6 % and a nominal growth rate of 3.11%. Note that the data reached an all-time high of 6.9 % in March 2011 and a record low of -6.1 % in June 2020.
60. Overall, 2022 real GDP growth as estimated by the World Bank have been revised to 3.8% up from 2.5% projected earlier in the year. The upward revision of Nigeria’s growth forecast for 2022 was hinged on

⁴ Sources: IMF WEO, October 2022, NBS Reports, CBN Reports, NNPC Reports, OPEC Reports and US Energy Information Administration Reports.

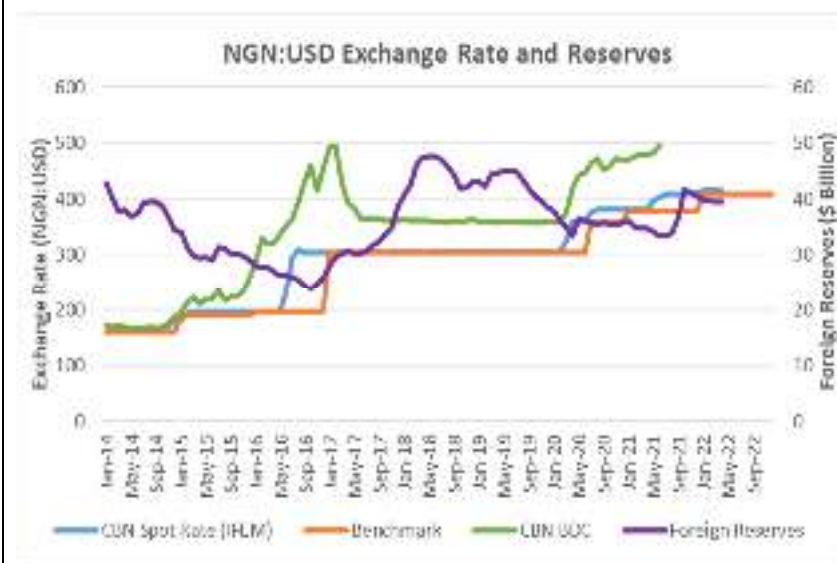
high oil prices coupled with reforms initiated by the passing of the Petroleum Industry Act (PIA) and the expected completion of the Dangote refinery in 2023.

61. According to the IMF forecast, it is expected that Nigeria’s economy will expand by 3.4% in 2022. The Federal 2022-2024 MTEF anticipates 2.5% growth in 2021, increasing to 4.2% in 2022 and a decline of 2.3% in 2023.
62. Inflation (CPI) reached 15.63% (year-on-year) in December 2021 representing a 0.13 percent points lower than the rate recorded in December 2020 which stood at 15.75%. This shows a slowing down in the rate when compared to the corresponding period of 2020 17% in 2021 according to the National Bureau of Statistics (NBS). IMF forecast shows that inflation is expected to be at 16.1% by the end of 2022. The decrease in end of 2021 inflation has been attributed to a marginal slowdown in food inflation in the previous months.
63. The national quarterly real GDP growth and year on year inflation rates from January 2014 and May 2022 are shown in [Figure 2](#) below.



64. Foreign Exchange Rate – the Naira devalued against the dollar from 305 to 360 to 380 and to 415 by end of May 2022. Foreign reserves have been on the decline since mid-2019 (25% drop from April 2019 to April 2020) and have remained relatively stable since the COVID pandemic. Foreign reserve stood at \$41.91 billion in November 2021 amid steady increase in global oil prices.
65. In 2022, arbitrage opportunities witnessed significant increase, weakening the convergence of foreign exchange windows. This is partly attributed to the ripples of economic downturn since the Russia–Ukraine conflict. Also, the fall in foreign reserve potentially condenses the policy options available to the Central bank of Nigeria (CBN) in controlling monetary aggregates.
66. The NGN: USD exchange rate, which is a key crude oil revenue parameter, for the period January 2014 to May 2022, along with the benchmarks assumed in the Federal Government budgets over the same period and foreign reserves, are shown in [Figure 3](#) below.

Figure 3: NGN: USD Exchange Rate and Foreign Reserves

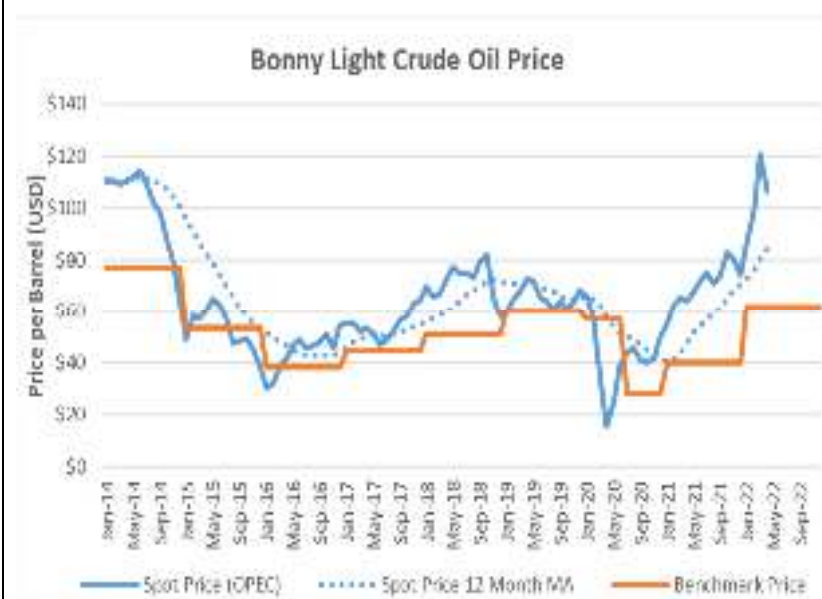


Data Sources and Trends:

- Data from Federal Budget documents and CBN.
- Devaluations coincide with (1) crude oil price drop and (2) reductions in foreign reserves.
- Currency has been relatively stable since mid-2022.
- Some merging of exchange rate windows (official, Import and export (I&E))

67. Crude oil price has trended upwards since the beginning of Ukraine-Russian conflict on February 24th, 2022, rising by US\$89.69 by 24th February 2022 to US\$117.17 by June 6th, 2022. This implies that crude oil price has increased by 23% in less than four months. The increase in the price of crude oil has been driven by the Ukraine-Russian conflict and other factors such as the failure of OPEC and non-OPEC members to increase their production level when the conflict began. These factors will continue to sustain high crude oil price in the second quarter of 2022. However, it is important to always consider that the crude oil market is highly volatile. This only serves to remind authorities of the delicacies and unpredictability that reinforce the rationale for a benchmark that is set significantly below the current / forecast price.
68. Crude Oil (Bonny Light) Price (spot price and benchmark for the period of January 2014 to May 2022 are presented in Figure 4 below.

Figure 4: Bonny Light Crude Oil Price



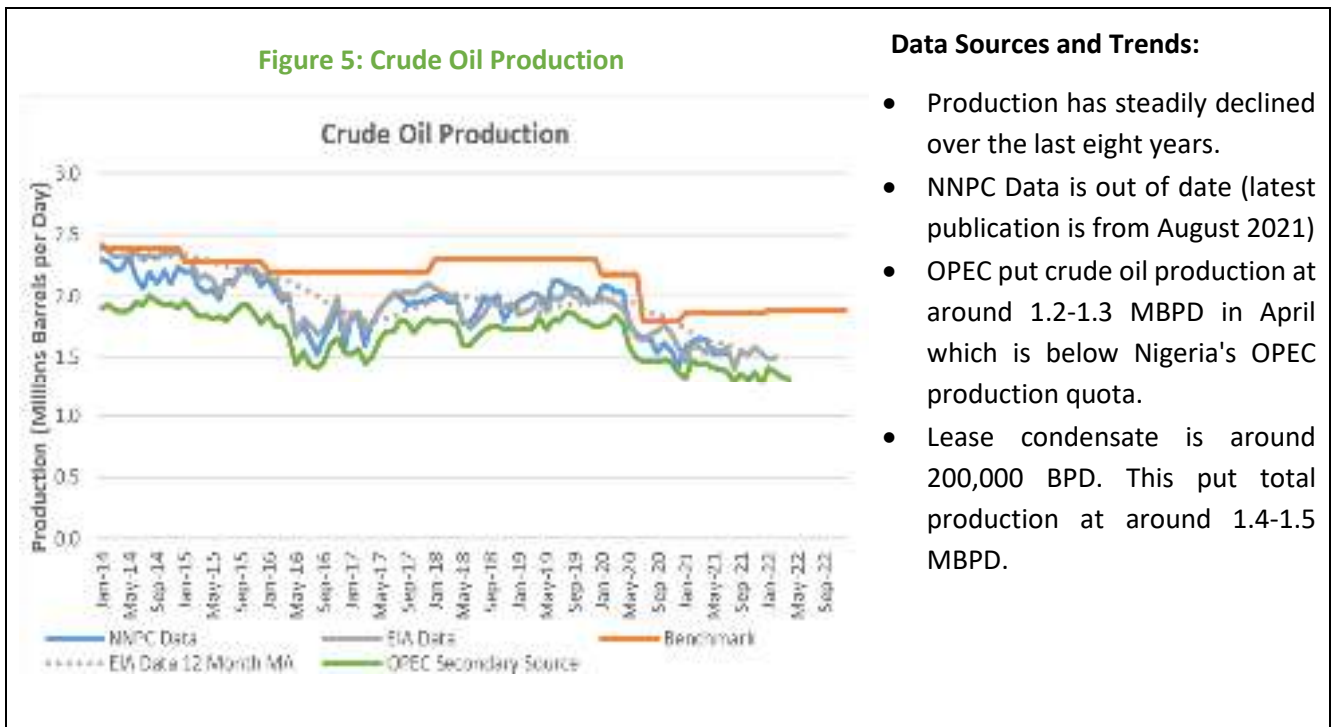
Data Sources and Trends:

- Data from Federal Budget documents and OPEC monthly reports.
- Prices falls to below zero in March 2020 as COVID-19 struck the world economy.
- Steady increase in the price in 2021 to around \$80 per barrel as world economy starts to re-open.
- Conflict in Ukraine and associated sanctions of Russia (particularly on its oil and gas) has sent prices soaring.

69. As indicated in Figure 4 above the current price of about \$117 is higher than the average price of \$70.68 recorded in 2021. The current price (6th June 2022) is \$117.68. EIA is forecasting an average price of

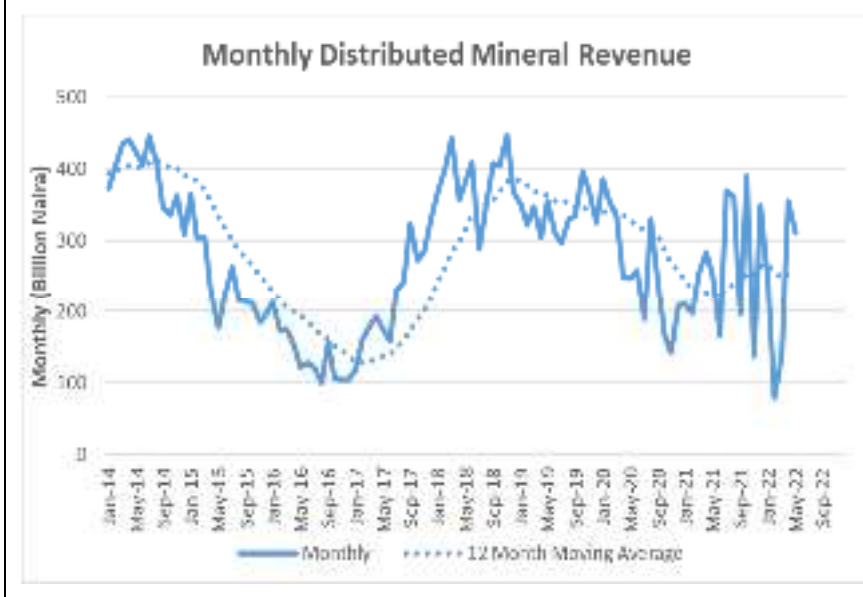
\$103.37 for Brent Crude in 2022. The IMF forecast in its April 2022 WEO suggest a price of around \$101.08 for Brent Crude – somewhat lower than EIA.

70. Crude Oil Production for Nigeria in the first quarter of 2022 rose by 5.07 percent to 1.388 million barrels a day compared to 1.321 million barrels produced daily in the fourth quarter of 2021. However, this number fell to an average of 1.219 million barrels per day (mbpd) in April 2022, representing a 1.53% decline compared to 1.238mbpd recorded in March. The fall is happening despite OPEC increasing Nigeria’s oil production quota from the 1.735mbpd target approved in May 2022 to a new target of 1.772mbpd for June 2022. The new quota is significantly higher than the current levels at which Nigeria is producing. Interestingly, African countries like Gabon, Congo, and Libya recorded a decline in their daily average crude oil production. However, the likes of Algeria, Angola, Iraq, Saudi Arabia, UAE, and Venezuela saw an uptick in their crude production.
71. Lease condensate, which is captured as part of crude oil production from a budgeting perspective, is around 200,000 BPD. This put total production at around 1.4-1.5 MBPD (NNPC figures are out of date, the latest available figures are for July 2021). Several things are likely to impact crude oil production in the medium term, including the Petroleum Industry Bill (PIB) and any significant boycott of Russian oil because of the conflict in Ukraine.
72. Crude Oil Production (including condensates) for the period January 2014 to May 2022 along with the benchmark is presented in [Figure 5](#) below.



73. The policy thrust of the Economic Sustainability Plan (ESP) and National Development Plan include deregulation of the price of refined petroleum products and the establishment of a sustainable framework for maintaining the national strategic stock; remittance of 100% of royalties and taxes paid to NNPC into the Federation Account as well as sustained periodic reconciliation with DPR and FIRS. The implementation of the Finance ACT 2021 and VAT reforms, development of business continuity plans for tax and custom administration and rationalization of ineffective tax incentives and exemptions as well as increased remittances and recovery of unremitted revenues from GOEs.
74. Monthly distributed Mineral Revenues (Statutory Allocation (SA) and Net Derivation (ND)) to the three tiers of government from January 2014 to May 2024 inclusive are shown in [Figure 6](#) below.

Figure 6: Distributed Mineral Revenues

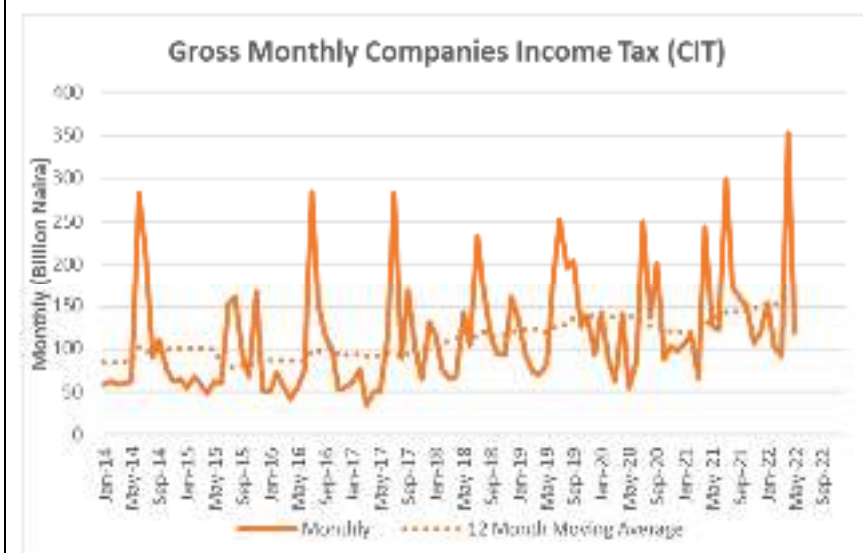


Data Sources and Trends:

- Data from FAAC summary sheets (OAGF).
- Significant dips in 2015-2016 and 2020 due to crude oil price crash.
- Significant volatility over the last 18 months, partially due to the fuel subsidy and major variations in prices
- There are currently a series of refunds to Crude Oil producing States for revenues channeled to the excess crude account and Sovereign Wealth Fund.

75. A total of N656.6 billion generated as revenue in the month of April 2022 has been disbursed to the federal, states and local governments as allocation for May 2022. This was lower than the last month (March FAAC distributed in April) of N725.6 billion. NNPC reported a Premium Motor Spirit (PMS) Under Recovery in the April 2022 to the tune of N271 billion. The continued subsidisation of PMS means that little to known of the benefit of increases in crude oil prices are translating into increased distribution mineral revenue.
76. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2014 to May 2022 inclusive are shown in [Figure 7](#) below. The graph also includes the 12-month moving average.

Figure 7: CIT Revenues



Data Sources and Trends:

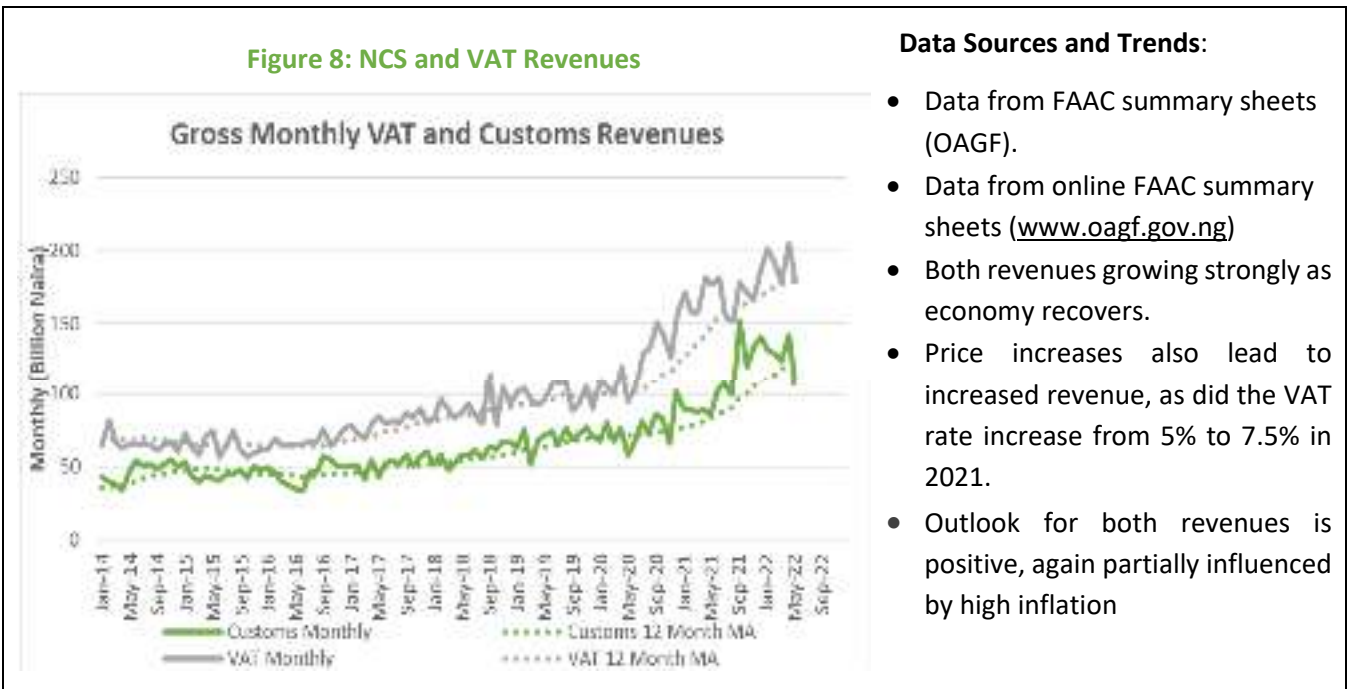
- Data from FAAC summary sheets (OAGF).
- Revenues dipped in late 2020 and early 2021 due to economic decline and tax expenditures.
- CIT spikes each June / July, but this is sometimes deducted as excess revenue and distributed later in the year.
- Overall performance is averaging N150 billion per month

77. The graph shows the annual spike in distributions (collections from the previous month) that is in line with the annual tax returns and payment cycle in FIRS. This generally happens in July because June collections are distributed in June, the month many companies file their return.
78. Nigeria generated a sum of N532.48 billion from Company Income Tax (CIT) in the first quarter of 2022, an increase of 35.6% compared to Q1 2021. High CIT in Q1 2022 compared to the volume in Q1 2021 is

something to cheer Nigeria as this show growth of the non-oil sector. It is also a signal for policy makers towards planning for a sustainable increase for non-oil revenue.

79. There is also a clear upward trend in CIT as shown by the linear trend line (which is useful given the level of fluctuation). Forecast of CIT for full-year 2022 is still difficult, it will be easier once the mid-year collections are known.
80. Customs and Excise duties (NCS), which is distributed as part of Statutory Allocation, and Value Added Tax (VAT) which is distributed for the period January 2014 to May 2022 are shown in **Figure 8** below.

Figure 8: NCS and VAT Revenues



81. VAT shows a clear upward trend since late-2015. This is to be expected as the general price level rose quite significantly over the same period, which should transfer straight into additional VAT (for VAT-able items). Given the increase in VAT from 5% to 7.5%, in the 2020 Finance Act, there have been significant spike in VAT over the last twenty-one months from August 2020. There is still a level of monthly volatility that makes it slightly difficult to forecast. However, with the economy returning to positive real growth and inflation staying slightly above 10% for some time, it is anticipated that VAT will continue to grow in nominal terms.
82. Exchange rate controls import policy and devaluing Naira may have affected some Customs receipts. However, there are still some short-term volatility and Federal Revenue reforms should increase collections in the medium term, but the timing of impact remains uncertain.

2.A.4 Ogun State Economy

83. Ogun State, the ‘Gateway State’ was created on 3rd February 1976 and has a high concentration of Industrial Estates and considered as a major manufacturing hub in Nigeria. Ogun State sits on a land mass of 16, 980.55.km2 (the second largest State in Southwest and twenty-fourth in Nigeria) with over 80% of Arable Land Area. It also offers ready market to a local population of over 7.5million people. The State serves as a trade strip to an estimated population of 350million within the West Africa/ECOWAS sub region. Agriculture and industrialization provide the major entry points for the government’s partnership and co-operation with the private sector.
84. The Gateway State serves as access point to the largest road network with strategic link to other regions of Nigeria. It strategically borders four major States and Republic of Benin (i.e., Ogun State borders Lagos State to the south, Oyo State and Osun State to the north, Ondo State, and the Republic of Benin to the

west) in the Southwest and is positioned as a strategic link to the Northern, Southern, Eastern regions of Nigeria.

85. The proximity to Lagos State which is the 5th largest Economy in Nigeria put the State at an economic of scale advantage position along the trade strip.
86. Ogun State is a vital economic and trade corridor because of its location and proximity to many Nigerian States, it is gradually becoming the industrial hub in Nigeria and West Africa. Ogun State's GDP has experienced a 42% growth from N1.7 trillion in 2013 to N2.9 trillion in 2021. In terms of Household consumption, Households in Ogun State consume N1.5 trillion worth of goods and services every year according to the NBS in 2019, the 6th largest in the Country.
87. Ogun State has been consistent in its revenue drive and aims at improving on the current fourth revenue ranking since 2019 till date in terms of revenue generation with an IGR of N101billion as at 31st December, 2021. Also, according to the Nigeria Investment Promotion Council (NIPC) in its 2020 Book of States, the State makes 30% contribution to national solid minerals production. Solid minerals are available in commercial quantities - Limestone, Bitumen, Phosphate, Granite, Silica Sand, Feldspar, Kaolin, Clay etc.
88. Comparative advantage on commercial activities because of the location of three (3) Free Trade Zones (FTZs) – Olokola FTZ, Igbesa FTZ and Kajola FTZ. Industrial Investment hubs mostly share resources, hence benefit from economies of scale. Till date, Ogun State ranks among the few States that has good rating in respect of Ease of Doing Business (EoDB) in Nigeria.
89. Investment in Education and a conducive environment has brought about the highest number of tertiary institutions in Nigeria (23 currently) making access to trainable labour easy in the State.
90. By year 2023, Ogun State aims to be the fastest growing economy and one of the top three States in Nigeria with broader focus on becoming Africa's Model Industrial & Logistics Hub. The overall mission is to give Ogun State focused and qualitative governance and to create the enabling business environment for public private sector partnership built on an awareness of the need for an investor friendly environment able to attract private sector capital and foster economic growth. This is the motivation behind ongoing reforms and infrastructural projects in the State, including the Ogun State Economic Transformation Project (OGSTEP) among others.

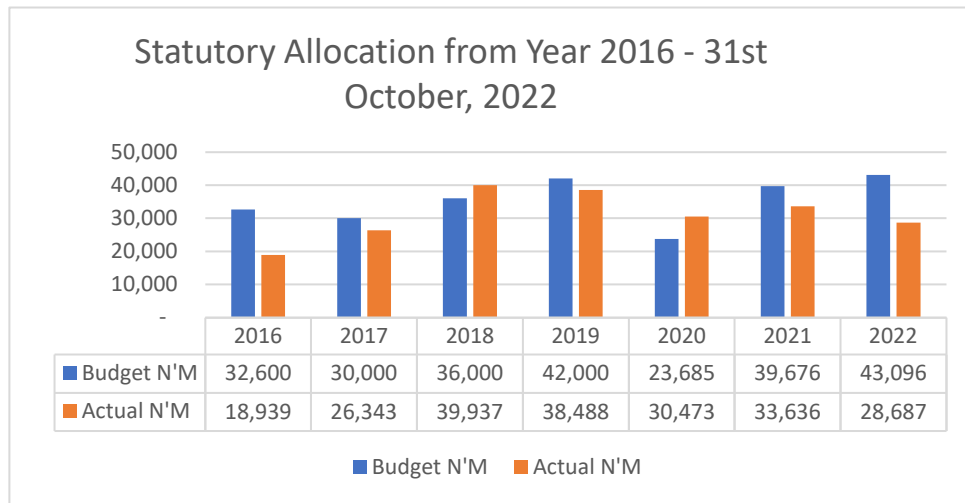
2.B Fiscal Update

2.B.1 Historic Trends

Revenue Side

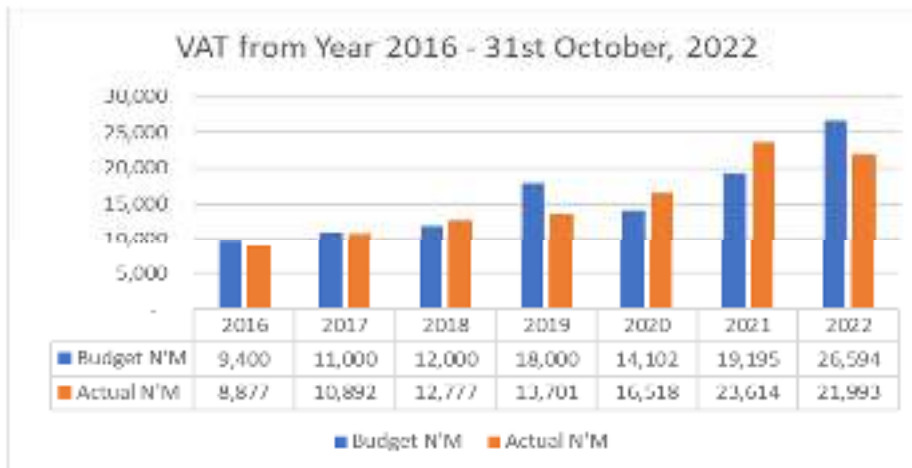
91. Composition of the State Revenue includes Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2016 to 2021 (six year historic) and 2022 budget.

Figure 9: Statutory Allocation



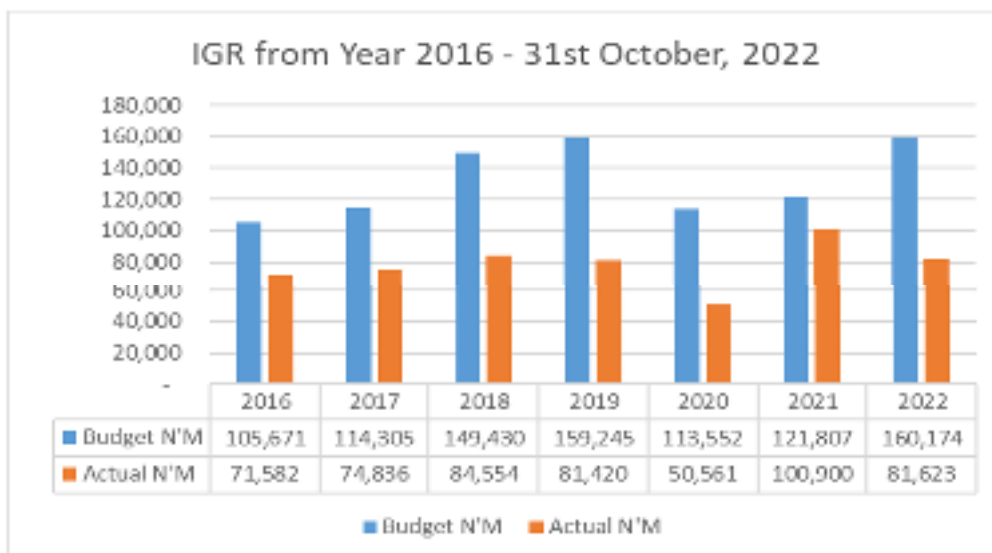
92. Statutory Allocation is a transfer from the Federal Allocation Accounts Committee (FAAC) and is based on the collection of minerals (largely Oil) and non-mineral revenues (companies income tax, customs and (excise) at the national level, which is then shared between the three tiers of government using a predetermined sharing ratio.
93. Actual receipts have risen year on year between 2017 and 2018 from N26B to almost N40B, this was after the drop in 2016 due to drop in the global oil price and production in Nigeria; based on the increase in the crude oil benchmark over the period of pre-COVID-19 and had a major drop in year 2020 because of the pandemic. Actual receipts as at 31st October 2022 show N28.7B.
94. It is however envisaged that in the medium term and the need to achieve fiscal sustainability, the subsidy on crude products (petroleum) may be removed and translate to increase in the revenue and allocation to Federal, States and Local Governments which would eventually bring more revenue in the outer years.
95. Going forward, it is important to take into consideration the crude oil benchmarks, the global effect of the pandemic and the envisaged gradual economic uptick will increase economic activities globally. The crude oil price has continued to be on the rise from the approved \$57 to over \$100 pb while global trade has brought about increase revenue from excise duties and other revenue components that makes the statutory allocation. However, the Russian invasion into Ukraine will have far reaching consequences in various ways: the situation has evolved into a humanitarian crisis, has turned food and energy security volatile and raises questions about the architecture of global security between Russia and Ukraine. This has contributed to the shortage of supply of crude oil and increase in oil price of commodity, Nigeria is expected to take advantage of the war crisis that will bring about increase in statutory allocation to the State through the sales of crude oil.

Figure10: Value Added Tax (VAT)



96. Value Added Tax (VAT) is the tax calculated according to value on goods and services at a rate of 7.5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government on monthly basis – partially based on set ratios, and partially based on the amount of VAT individual states generated. States receive 50% of the total VAT collections nationally, from which Ogun State gets around 2.5% of the VAT distribution to States.
97. VAT receipts have increased year-on-year due to the growth in nominal economic activity in Nigeria. With global ease of lockdowns and increased economic activity in Nigeria, the hospitality and service industries in the State are beginning to pick up; this is the main component of the Value Added Tax. The actual receipt as at 31st October, 2022 is N22B, the increase is due to GDP growth and increased new VAT rate.

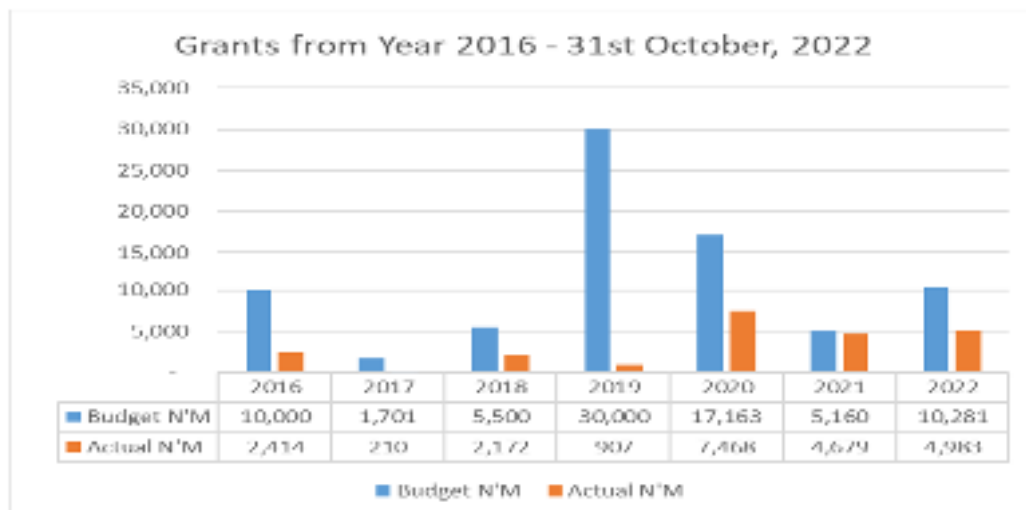
Figure 11: Internally Generated Revenue (IGR)



98. Internally Generated Revenue is revenue collected within the state, this relates to income tax (PAYE represents the highest contributor to IGR), withholding taxes, direct assessment fines, levies, fees, and other sources of revenue collectable within the state by the Ogun State Internal Revenue Service (OGIRS).
99. IGR has grown at a steady pace year on year since 2016 and witnessed little drop in year 2019 with major setback in year 2020; a reflection of the COVID-19 pandemic that clamped down almost all the economic activities not only in Nigeria but in the entire globe. However, with the strengthening of State Medium Term Revenue Strategies (MTRS), the State IGR was able to improve significantly with over 100% at a figure of N101b at the end of year 2021. Actual revenue as at 31st October 2022 is N82B.

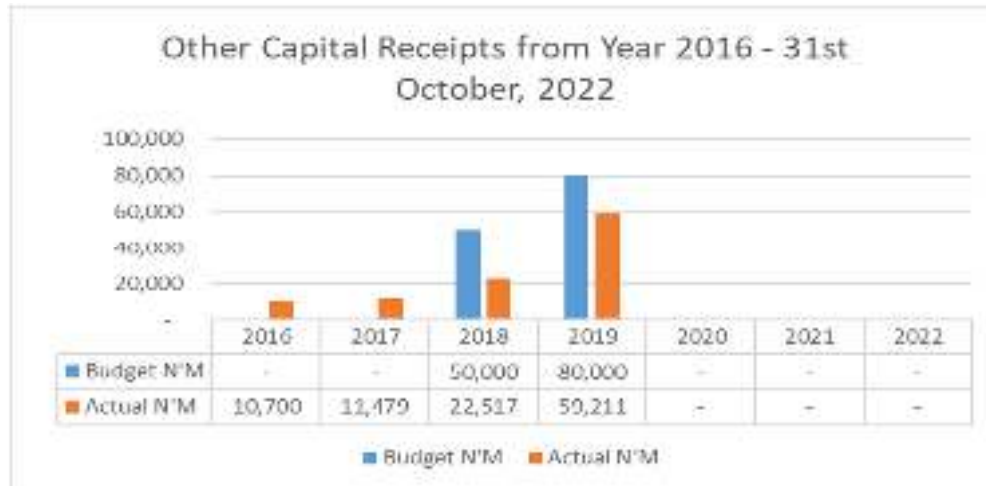
100. The State 2022 figure was predicated on the plan that the tax base will expand and improve collection methods to continue to boost IGR.
101. The present administration has commenced the review of outdated rates of taxes levied on Companies and individuals, a move to align the tax paid to commensurate with the present economic realities through the Ogun State Board of Internal Revenue Law 2021. Some key and strategic steps/drive taken by the State Government to significantly boost the State economy are the Lagos-Ogun Joint Development Commission to facilitate and accelerate infrastructural development, attracts investors as a result of existing ease of doing business, movement of people, goods and services, as well as stimulate industrialization along the border communities and ensure wholesome development in the two states. Also, the Ogun State Lands Administration and Revenue Management System launched in 2021 will continue to bring more investors into the property and Investment opportunities within the State and consequential increase in revenue.
102. It is of great significance to mention that the vision of the present administration in making Ogun State 'Africa's Model Industrial & Logistics Hub' by showcasing the investment opportunities in the State and positioning the State comfortably among the comity of States driving Nigerian's economy, will be a major prerequisite for revenue generation.

Figure 12: Grants



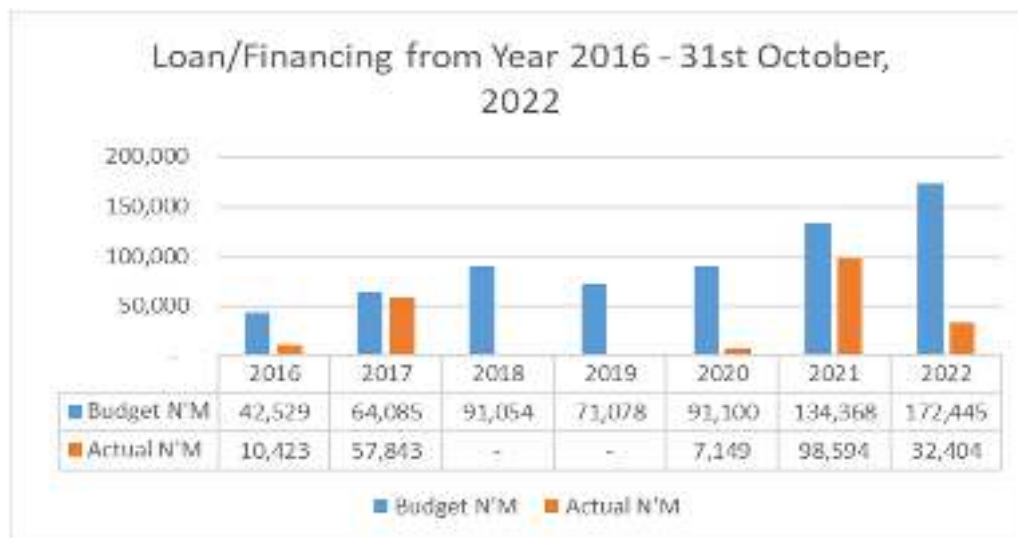
103. Grants are receipts from federal government and international development partners (including UK - Department for International Development (DFID), European Union (EU) and United Nations Children's Fund (UNICEF) etc.
104. Actual receipts/performance has been on a very low side, the trend continues to drop even in 2019 when the State was so optimistic in getting N30billion but generated less than N1billion. For this reason, performance against budget has also been poor as budgets have tended to pick up all anticipated grants whereas proceeds may not reflect all activities surrounding projections.
105. Grant estimates going forward should be consistent with signed agreements; any "blue-sky" should be specifically linked to the implementation of specific projects.
106. However, the State has been a beneficiary of the World Bank Group assistance to improve, strengthen and consolidate the Fiscal Sustainability Plan (FSP) to shield the State's finances against fiscal crisis.

Figure 13: Other Capital Receipts



107. Other Capital Receipts which include the PARIS Club Fund, refund on federal road construction and other maintenance costs incurred by the State were received from the Federal Government. The State witnessed significant actual receipts increase within 2018 and 2019, a huge increase from N22.5b to N59b, over 162% increase.
108. However, based on existing Federal Government policy on CAPEX FG Road Refund since 2019, refunds to State on road construction refund claims without legal backing/MOU has been stopped. This explains the zero performance in year 2020-2021.
109. The State is expected to receive refund with respect to Capital Expenditure incurred on Road Construction after satisfying laid FGN guideline on Federal Road construction by States.

Figure 14: Loan Financing

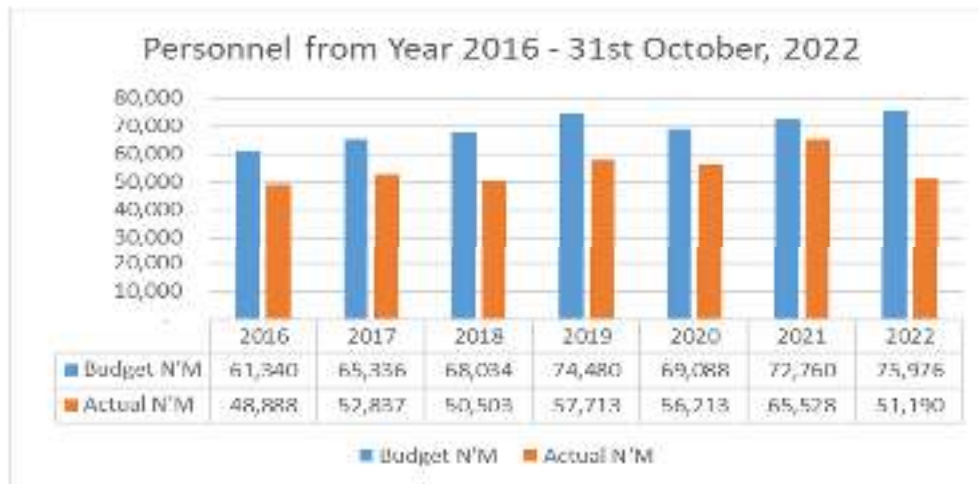


110. Besides some short-term borrowing from banking facilities, financing has come in the form of various World Bank programmes (Social Protection, Housing and Community Development, Health and Education sector support).
111. Nevertheless, the State is a beneficiary of the Central Bank Loan initiative 'Differentiated Cash Reserve Ratio - DCRR' of Seventy-Five Billion naira (N75billion) basically for infrastructural development in the State.

Expenditure Side

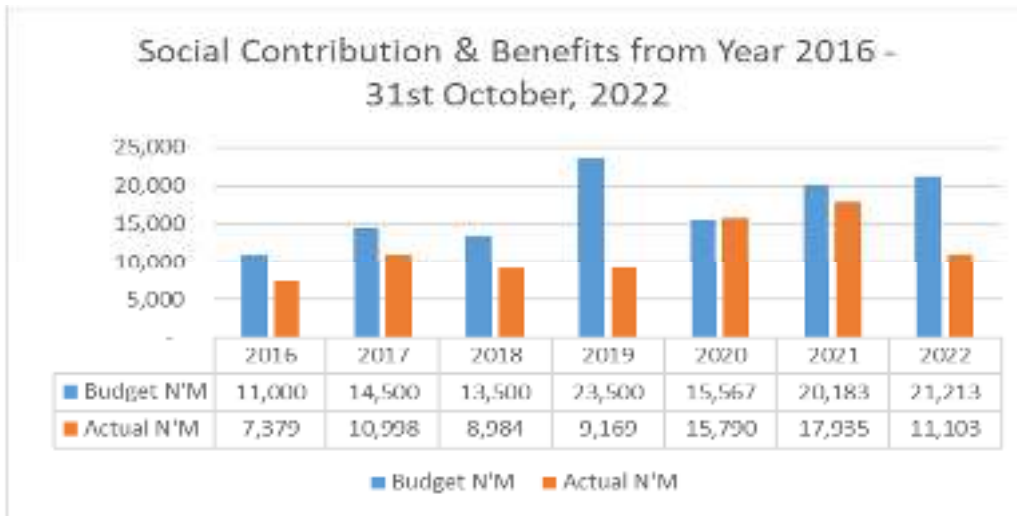
112. On the expenditure side, the Personnel (Salaries, Wages and Allowances), Social Benefits and Social Contributions, Overheads, Debt Service, and Capital Expenditure – budget versus actual for the period 2016 – 2021 (six years) and 2022 budget.

Figure 15: Personnel



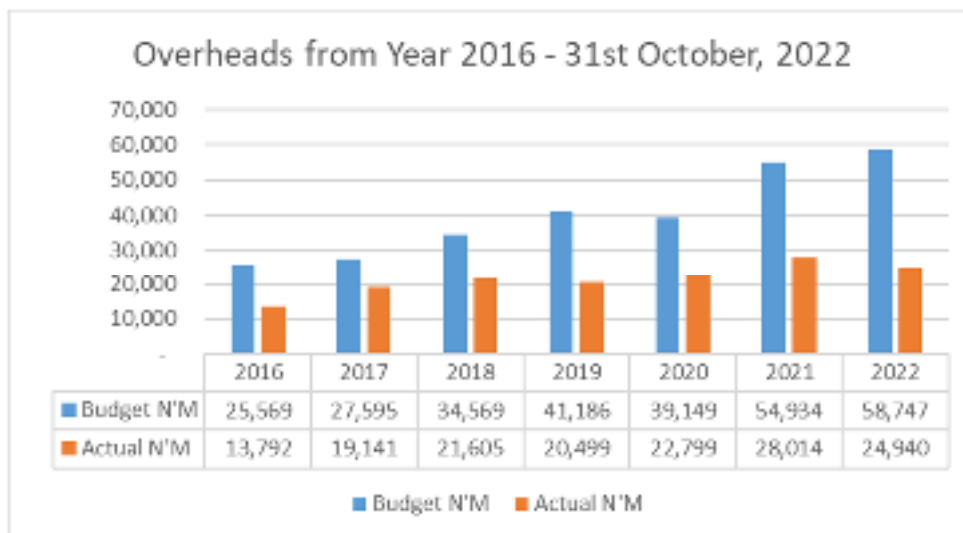
113. Personnel cost represents the wage bill of the State Government workers, funded from the revenue accruable to the State. This budgeted value has been on the increase from the year 2016 to year 2019, while the actual figure witnessed a decrease in year 2020 but rose again in year 2021. A gradual increase in Budgeted figures from 2020 to 2022 is because of absolute increase in the actual personnel costs in year 2019 which could be ascribed to the review of Health workers salaries, recruitment of teachers and continuous recruitment of staff as well as pension obligations and payment of backlog on pension liabilities which were appropriately budgeted for.
114. The present administration’s absorption of workers recruited by the immediate past administration, new recruitment across the health sector prior/post - COVID-19 crisis, education sector etc. This also explains the increase experienced in the budgeted personnel cost in 2021 and 2022.
115. The State is equally mindful to keep the personnel cost within the Sustainability level in view of the fact that year 2021 had an actual personnel cost of 24% of total revenue and 65% of IGR against the previous year 2020 which had 48% of total revenue and 111% of IGR. Much as the increasing personnel cost was borne out of social responsibilities brought about by the effect of the pandemic; the State will be mindful of operating within the minimal acceptable threshold for IGR within the medium term. As at 31st October, 2022 actual personnel cost stood at N51.2B.
116. The above decisions were necessary in the spirit of continuity and sustaining social responsibility to the people of the State.

Figure 16: Social Contribution and Social Benefit



117. This consist of monthly contributory pension scheme, gratuity and grants to the local governments to defray outstanding recurrent liabilities. The present administration inherited outstanding arrears on social contributions and social benefit in year 2019, after due financial auditing and consultation with all stakeholders concerning the outstanding payment. The State Government began to meet agreed financial commitment with the Stakeholders as evident in the financial year 2020 and 2021 actual performance and sustained in the present year 2022.
118. In the short and mid-term frame, the State Government continued to sustain payment of pension and gratuities within the limited resources, while conscious of the severity of the resulting macro-economic and fiscal economic challenges.

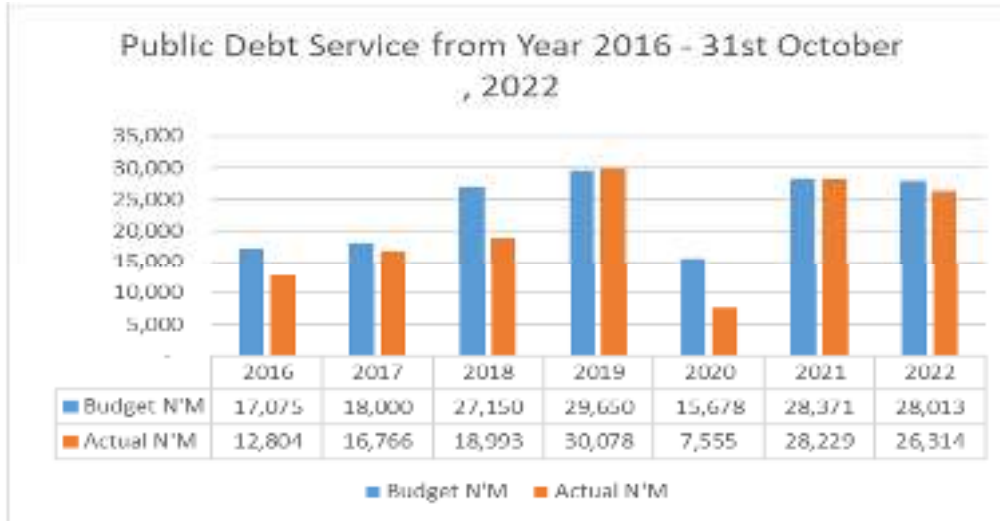
Figure 17: Overheads



119. Overheads comprise mainly of operational and maintenance costs for running day-to-day activities of the Government. Overhead allocations are transferred to MDAs on monthly basis subject to warrants and availability of fund.
120. The actual overhead costs have been below the budget limit since 2016, this will be sustained in the medium term.

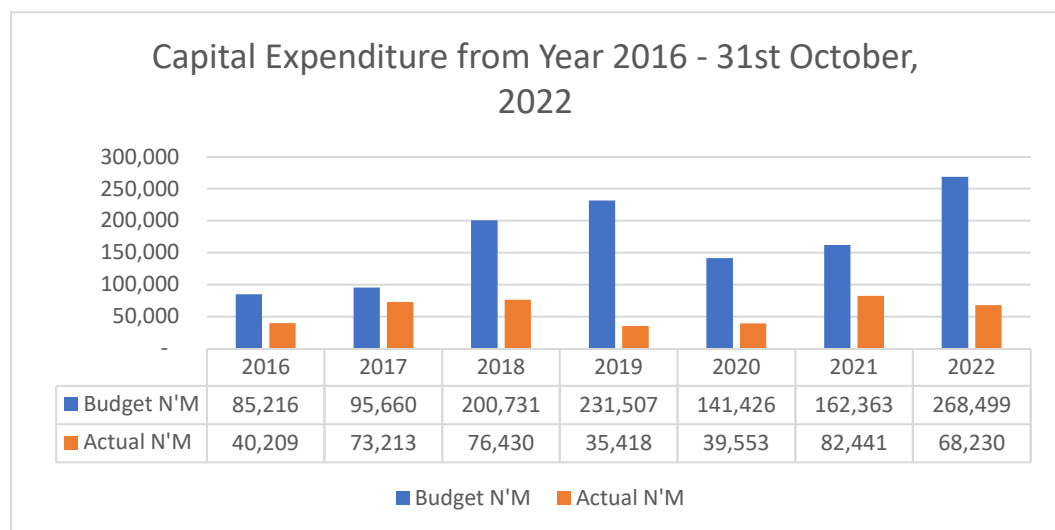
121. There should be concerted efforts to prune down the cost of governance, a necessary line of action in an inflationary environment. Hence, the government must review downward (depress overhead costs) MDAs overhead expenses substantially, but at reasonable percentages viz-a-viz revenue generation prospects of each MDA in the State.

Figure 18: Public Debt Service



122. Public debt charges include the interest on un-matured debt and on other accounts, amortization of premiums and discounts on un-matured debt, the servicing costs and costs of issuing new borrowings.
123. Due to a strong public debt system, the debt servicing costs have been well estimated over the period; to increase the State credit rating, the State Government ensures appropriate debt management is in place.
124. The debt service performance is necessary to review the debt position of the State Government; this will propel the ability of the State to borrow to execute necessary capital expenditure that will ensure economic growth and development of the State. However, the significance increase witnessed in the State Debt Service Figures in year 2021 and 2022 budget was because of the Federal Government/CBN intervention credit facilities and expiration of moratoriums on some credit facilities for developmental projects

Figure 19: Capital Expenditure



125. Capital expenditure represents the commitment of Government towards infrastructure development.
126. Except for 2017 and 2018 performance, capital expenditure has been decreasing owing to the State's inability to mobilize resources for execution of capital projects due to the shortfall in Government estimated revenue because of the pandemic effect on capital expenditure investment at both micro and macro level and the increase in recurrent expenditure which could not be correspondingly matched by the total revenue of the State in year 2020.
127. However, the actual for year 2021 has increased significantly as part of the uptick witnessed in the global economic recovery. The capital receipt in form of loans and grants which translated to huge investment on social and welfare projects.
128. As at 31st October, 2022 actual capital expenditure is N68 basically as a result of the continued Russia – Ukraine War and effect on supply of energy and grain coupled with dwindling federal revenue from crude oil because of oil theft in the Niger Delta with consequential effect on limited available funds to the State.
129. Going forward, prudent forecasting of revenue, capital development fund, and tight control on recurrent expenditure, will help increase the level of capital expenditure and improve performance against budget. This will be ensured by avoiding wastage, while concerted efforts will be involved in preparing detailed capital expenditure submission with guaranteed returns on investment.
130. In addition, the State Government must address the capital investment gaps in the medium term and outer years, by being more aggressive in her revenue drive; this is achievable by making sure that the various agencies work according to the reforms being introduced and as well complies with budget profiling as introduced to forestall future occurrence.
131. The emphasis on capital expenditure of the current administration has been on Fiscal and Financial reforms, infrastructure and security of lives and investments, the high capital expenditure performance reflects this and the investment in these sectors is expected to ultimately boost future economic activity in the state.

Figure 20 Capital: Recurrent Expenditure Ratio

Capital Expenditure Ratio Budget and Actual: 2016 - 2022



132. The Capital Expenditure dropped from 50% in 2018 to the lowest end of 28% in 2020 performance as a result of the Pandemic. However, the State will continue to strive and sustain the gradual improvement witnessed in 2021 performance, even though the State witnessed a decline in the Capital Expenditure ratio as at 31st October 2022 due to the continued Russia – Ukraine War and effect on energy coupled with dwindling federal revenue from crude oil as a result of oil theft in the Niger Delta which led to limited available funds to the State.
133. The performance of personnel, overhead and capital are detailed in both main organization and functional classifications in the tables 4 -6 below:

SECTORAL CLASSIFICATION

Table 4: Recurrent Expenditure Trend - Personnel

No.	Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
1	EDUCATION	35,979,000,000	29,977,088,791	33,107,500,000	31,653,988,280	36,456,506,594	35,684,448,335	36,637,723,777	27,942,377,534	88.10%	48.72%	54.31%
2	HEALTH	8,488,500,000	7,485,454,751	11,437,500,000	10,133,311,181	10,781,243,707	9,980,972,450	10,634,326,942	7,804,038,258	85.64%	14.17%	15.35%
3	HOUSING & COMMUNITY DEVELOPMENT	2,750,000,000	2,328,095,140	2,685,000,000	2,232,406,052	3,918,196,697	2,831,471,604	3,735,545,300	2,488,684,750	75.49%	4.48%	4.28%
4	AGRICULTURE & INDUSTRY	2,305,000,000	2,003,189,653	2,265,000,000	1,721,634,721	3,249,239,503	2,636,855,987	3,500,634,182	2,140,889,705	75.11%	3.88%	3.69%
5	INFRASTRUCTURE	815,000,000	673,716,475	850,000,000	597,832,150	1,081,135,421	803,441,518	1,081,447,758	605,922,314	70.04%	1.31%	1.16%
6	RECREATION, CULTURE & RELIGION	1,757,500,000	1,331,678,826	1,615,800,000	1,218,435,157	2,183,730,858	1,597,819,153	2,171,505,449	1,318,861,850	70.74%	2.65%	2.37%
7	SOCIAL PROTECTION	225,000,000	180,494,306	215,000,000	155,627,152	346,144,317	255,753,342	711,036,228	332,156,123	61.72%	0.51%	0.40%
8	GENERAL PUBLIC SERVICE (EXECUTIVE ORGAN)	11,570,000,000	8,755,937,716	7,271,224,632	1,529,995,622	2,543,180,504	2,325,960,608	5,245,113,027	3,071,445,450	58.89%	9.12%	6.80%
9	GENERAL PUBLIC SERVICE (FINANCIAL & FISCAL AFFAIRS)	1,373,500,000	1,142,557,493	1,380,000,000	1,041,991,892	2,731,242,049	1,398,212,176	2,139,168,675	1,067,031,713	60.99%	2.61%	2.02%
10	GENERAL PUBLIC SERVICE (GENERAL PERSONNEL SERVICES)	417,500,000	304,488,328	397,500,000	206,687,149	510,368,191	310,058,125	535,818,984	266,108,732	58.42%	0.64%	0.47%
11	PUBLIC ORDER & SAFETY	400,000,000	227,643,222	300,000,000	259,672,877	700,270,788	419,517,209	668,551,548	421,306,712	64.20%	0.71%	0.58%
12	ECONOMIC AFFAIRS	765,000,000	590,729,089	850,000,000	640,343,171	1,429,274,346	944,729,947	1,412,765,696	768,728,716	66.06%	1.53%	1.28%
13	JUDICIARY	1,310,000,000	941,134,340	1,260,000,000	1,117,677,607	1,660,191,560	1,282,298,599	1,636,913,680	1,309,743,649	79.27%	2.01%	2.02%
14	LEGISLATURE	824,000,000	381,380,017	500,000,000	294,190,920	560,899,897	463,468,348	1,166,835,582	295,542,873	47.01%	1.05%	0.62%
15	STATEWIDE	5,500,000,000	1,389,070,614	4,953,042,627	3,409,540,389	4,608,537,132	4,592,811,901	4,237,634,670	1,357,258,129	55.69%	6.61%	4.66%
	Total	74,480,000,000	57,712,658,760	69,087,567,259	56,213,334,321	72,760,161,565	65,527,819,301	75,515,021,496	51,190,096,508	79.03%	100.00%	100.00%

Table 5: Recurrent Expenditure Trend - Overhead

No.	Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
1	EDUCATION	4,225,000,000	2,032,947,564	5,053,500,000	1,852,666,259	5,934,454,952	3,723,506,723	4,313,156,345	2,731,595,158	52.96%	5.78%	4.92%
2	HEALTH	625,000,000	384,833,195	3,461,622,950	743,590,240	3,021,619,914	1,458,154,673	1,843,940,708	1,161,159,050	41.86%	2.65%	1.78%
3	HOUSING & COMMUNITY DEVELOPMENT	3,420,000,000	1,432,031,791	2,641,907,070	1,399,256,738	4,103,635,101	1,826,623,862	2,587,366,527	1,079,093,500	44.99%	3.77%	2.73%
4	AGRICULTURE & INDUSTRY	425,000,000	107,063,673	353,056,514	190,173,388	2,762,271,723	402,756,602	873,060,185	136,588,006	18.96%	1.31%	0.40%
5	INFRASTRUCTURE	710,000,000	107,176,250	1,053,033,704	182,853,659	438,891,302	214,565,096	1,149,417,021	144,170,154	19.36%	0.99%	0.31%
6	RECREATION, CULTURE & RELIGION	1,957,500,000	1,110,331,860	2,172,833,761	655,515,981	1,512,755,141	910,434,805	1,341,941,446	541,993,135	46.07%	2.07%	1.53%
7	SOCIAL PROTECTION	23,700,000,000	9,258,044,591	15,861,772,510	15,997,206,673	20,636,802,874	18,107,842,813	21,581,362,646	12,324,458,897	68.09%	24.19%	26.50%
8	GENERAL PUBLIC SERVICE (EXECUTIVE ORGAN)	5,755,000,000	3,442,579,374	5,287,000,000	4,857,490,785	5,775,382,770	5,380,943,812	8,859,000,000	6,714,791,610	79.43%	7.60%	9.70%
9	GENERAL PUBLIC SERVICE (FINANCIAL & FISCAL AFFAIRS)	10,095,000,000	3,796,883,242	4,270,000,000	2,998,092,362	18,172,725,526	4,744,976,259	22,295,341,236	3,315,765,009	27.09%	16.22%	7.07%
10	GENERAL PUBLIC SERVICE (GENERAL PERSONNEL SERVICES)	270,000,000	134,958,200	396,000,000	130,682,399	189,137,417	133,638,738	252,278,946	117,557,830	46.67%	0.33%	0.25%
11	PUBLIC ORDER & SAFETY	5,030,000,000	2,703,464,594	2,515,000,000	2,427,100,832	3,493,362,586	2,910,849,255	2,710,999,623	2,249,480,359	74.85%	4.07%	4.90%
12	ECONOMIC AFFAIRS	215,000,000	65,612,838	255,000,000	115,265,580	1,307,942,742	144,673,042	385,137,408	151,715,212	22.06%	0.64%	0.23%
13	JUDICIARY	590,000,000	524,465,510	720,000,000	615,500,000	966,374,555	681,793,184	1,065,394,918	677,900,000	74.80%	0.99%	1.19%
14	LEGISLATURE	3,168,200,000	1,213,358,000	4,610,115,590	1,218,600,000	2,733,977,973	1,275,913,100	2,788,975,423	892,168,200	34.58%	3.93%	2.19%
15	STATEWIDE	15,000,000,000	11,976,170,975	14,742,641,766	12,759,632,003	22,903,308,152	21,468,496,506	33,464,932,136	30,118,090,661	88.63%	25.47%	36.31%
	Total	75,185,700,000	38,289,921,656	63,393,483,865	46,143,626,899	93,952,642,731	63,385,168,469	105,512,304,568	62,356,526,780	62.17%	100.00%	100.00%

Table 6: Capital Expenditure Trend

No.	Sector	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	2022 Budget	2022 Actual	Performance	Average Budget	Average Actual
1	EDUCATION	48,375,209,203	2,751,636,436	4,141,955,845	2,714,062,089	15,897,040,627	3,962,117,075	15,265,142,585	2,807,450,999	14.62%	9.97%	4.75%
2	HEALTH	13,433,935,070	3,773,052,579	40,031,949,870	1,560,073,732	20,678,562,702	1,487,520,109	21,750,247,324	1,121,343,185	8.28%	11.42%	3.08%
3	HOUSING & COMMUNITY DEVELOPMENT	46,977,525,522	4,681,935,177	8,922,645,449	4,679,502,365	23,655,633,139	10,307,941,487	22,767,355,620	7,269,194,642	26.33%	12.19%	10.45%
4	AGRICULTURE & INDUSTRY	17,401,638,455	262,884,092	4,262,065,246	1,934,982,902	11,713,359,520	558,152,744	10,910,509,428	861,699,319	8.17%	5.28%	1.40%
5	INFRASTRUCTURE	75,964,821,900	19,017,579,136	62,918,223,865	16,403,296,153	51,611,382,668	45,304,993,254	162,022,667,471	49,579,427,971	36.96%	41.99%	50.54%
6	RECREATION, CULTURE & RELIGION	6,500,000,000	113,631,759	312,792,638	185,672,880	2,873,580,879	346,109,751	3,349,093,003	132,186,857	5.97%	1.55%	0.30%
7	SOCIAL PROTECTION	535,000,000	9,681,750	84,530,125	20,819,322	281,442,187	15,390,861	1,999,150,210	57,502,150	3.57%	0.35%	0.04%
8	GENERAL PUBLIC SERVICE (EXECUTIVE ORGAN)	4,610,000,000	2,649,542,425	1,691,000,000	1,436,040,914	4,095,018,693	3,429,589,014	3,681,272,468	2,319,319,618	69.86%	1.68%	3.81%
9	GENERAL PUBLIC SERVICE (FINANCIAL & FISCAL AFFAIRS)	2,360,000,000	697,903,039	1,490,000,000	416,039,541	10,523,615,468	289,357,877	5,658,913,837	68,166,756	7.35%	2.39%	0.57%
10	GENERAL PUBLIC SERVICE (GENERAL PERSONNEL SERVICES)	310,000,000	36,301,420	200,000,000	39,047,830	229,071,139	54,222,344	310,359,283	48,318,776	16.95%	0.13%	0.07%
11	PUBLIC ORDER & SAFETY	2,457,243,189	117,949,800	1,355,072,496	1,120,632,650	1,628,597,764	912,683,896	2,550,556,622	1,465,925,174	45.26%	0.95%	1.40%
12	ECONOMIC AFFAIRS	2,050,000,000	10,136,000	965,138,593	85,109,450	2,092,237,309	346,000,189	2,192,647,066	214,395,250	8.98%	0.87%	0.25%
13	JUDICIARY	1,950,000,000	0	270,000,000	85,109,450	346,442,819	47,524,938	518,949,495	92,015,030	7.28%	0.37%	0.09%
14	LEGISLATURE	4,081,955,450	126,246,750	1,659,000,000	605,600,000	999,843,970	13,575,000	3,085,573,804	265,862,200	10.29%	1.17%	0.39%
15	STATEWIDE	23,650,000,000	22,625,648,243	20,122,113,126	8,200,301,481	25,272,309,841	26,158,152,473	12,436,090,708	1,927,673,807	72.30%	9.71%	22.85%
	Total	250,657,328,788	56,874,128,606	148,426,487,252	39,486,290,757	171,898,138,727	93,233,331,013	268,498,528,923	68,230,481,733	30.71%	100.00%	100.00%

2.B.2 Debt Position

134. A summary of the consolidated debt position for Ogun State Government is provided in the table below.

Table 7: Debt Position as at 31st October 2022

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	ACTUAL 31ST OCTOBER, 2022
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	301%
2	Total External Debt/Gross FAAC	150%	98%
3	Total Public Debt/Total Recurrent Revenue	150%	220%
4	Total Public Debt/State GDP Ratio	25%	5%
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	30%
6	External Debt Service/Gross FAAC	10%	4%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	15%
8	Total Debt Service/Total Recurrent Revenue	25%	19%
B	PUBLIC DEBT DATA		Naira
1	Total Domestic Debt		245,829,850,000.00
2	Total External Debt		53,952,560,000.00
3	Total Public Debt		299,782,410,000.00
4	Total Domestic Debt Service		24,157,359,168.04
5	Total External Debt Service		2,156,468,947.26
6	Total Public Debt Service		26,313,828,115.30
C	STATE GDP FOR 2021-2024		
1	State GDP		5,573,907,866,874

135. As at October 2022, the State's total public debt was ₦299,782,410,000.00 broken into ₦245,829,850,000.00 for domestic and ₦53,952,560,000.00 for external debt. The DSA rating in respect of the State Domestic Debt/IGR as at 31st October 2022 stood at 301% against the 150% threshold: this can be adduced to the effect of post pandemic/Ukraine and Russia War in the face of emerging global challenges that affected economic activities and internally generated revenue target.

136. The Debt Management Office (DMO) will continue to review the debt position of the State Government with a view to propel the ability of the State to borrow to execute necessary capital expenditure that will ensure economic growth and development of the State.

137. However, the State will need to improve on her IGR next year and the outer years to meet/defray domestic debts and be within the sustainability ratio; and be well positioned for more financial facilities to be used for developmental projects.

3 Fiscal Strategy Paper

3.A Ogun State Macroeconomic Framework

138. The macroeconomic and mineral sector assumptions for 2022-2025 are presented in 11 below.

Table 8: State Key Macro-Economic Indicators

Macro-Economic Framework				
Item	2022	2023	2024	2025
National Inflation	16.11%	17.16%	16.21%	17.21%
National Real GDP Growth	3.55%	3.75%	3.30%	3.46%
State Inflation	11.24%	14.10%	14.00%	13.35%
State Real GDP Growth	2.75%	2.93%	3.18%	3.43%
State GDP Actual	5,573,907,866,874	5,737,223,367,374	5,919,667,070,456	6,122,711,650,973
Oil Production Benchmark (MBPD)	1.6000	1.6900	1.8300	1.8300
Oil Price Benchmark	\$73.00	\$70.00	\$66.00	\$62.00
NGN:USD Exchange Rate	415	435.6	435.9	437.6
Other Assumptions				
Mineral Ratio	16%	21.50%	25%	25%

139. The State’s growing population and estimated GDP is expected to be ₦5.73 trillion in 2023 and would be ₦6.12 trillion by 2025 with projected annual average growth rate of 3.07% from 2022 through to 2025. The projection is based on the gradual ease of lockdown which resulted to an increase in commercial and economic activities since Q3 of 2021 with marginal increase in the fiscal year 2022 and outer years of the medium-term framework. The vision of the State is to be the fastest growing economy and one of the top three States in Nigeria by 2023 with the focus of becoming Africa’s Model Industrial & Logistics Hub’, the Sub - Saharan Africa’s first choice destination for investment.
140. Mineral assumption projections based on the proceeds from the crude oil sales factored on the global price of crude oil and National budgeted price of crude oil benchmarks and Oil production per barrel based on the OPEC quota were duly considered. For fiscal year 2022, 2023, 2024 and 2025, the oil price benchmark per barrel is projected at \$73, \$70, \$66 and \$62 respectively. While Oil production is projected at a conservative quantity of 1.6m, 1.69m, 1.83m and 1.83m barrels per day for each of the four years. This makes up a greater proportion of projected revenue allocation from FAAC to the State.
141. Creation of an enabling environment with focus on transparent public financial management system; to attract both local and foreign investments and encourage Public-Private Sector Partnership with sustained investment in Finance and Economic Planning , Housing, Environment and Physical Planning, Transportation (Deep Sea at Ogun Waterside, Ogun East Senatorial District) Water and Waste Management, Industry, Trade and Investments, Agriculture and Food Security, Education, Healthcare, Physical Infrastructure Development, Information, Communication and Technology (ICT), and supported by enduring Human Capital Development to sustain all the intended vision through building of Institutions.
142. The macroeconomic objectives for the Medium Term 2023-2025 intend to support and position the State in the right path towards economic recovery and growth to achieve the overarching goal that includes maintaining the real economic growth at an annual average rate of 3.07% up to 2025, moderating inflation rate below the two digits of 13.4% by 2025.
143. These are achievable through the gradual ease of the global lockdown measures, flattening the pandemic curve coupled with the gradual increase in economic activities and the herald of the new financial system in the public service that ensures adherence and financial discipline, considerate

limits for expenditure to ensure low fiscal deficits and sustainable levels of public debts; creating a framework in which public funds are allocated optimally and cost- effectively to meet Government's policy aims, thus ensuring improvement of key performance indicators in Ogun State; adoption of accurate revenue estimates and the continued, sustainable growth in tax revenue from OGIRS and non-tax revenue from other revenue generating agencies in Ogun State.

144. In the medium and long term these measures are expected to create an enabling environment for private sector development through Public Private Partnership (PPP) initiatives; and improving governance and developing well-functioning public financial management system.
145. In line with the broad objectives Stated above, the Government's macroeconomic targets for the period 2023-2025 with the Fiscal Framework Projections are as follows:
- Increase the Internally generated revenue based on bold target through well-planned far-reaching reforms such as upward review of rents and rates, expansion of tax net base, tax compliance by informal sector, boosting revenue receipts by identifying and plugging revenue leakages etc will have a real terms positive impact in the medium term,
 - To ensure the State manage borrowing and financing of debt service significantly in the 2023 – 2025 medium term year to continue to attract credit investment,
 - Sustaining the real GDP growth rate at not less than 3.43% % growth by 2025 away from the projected 2021 contraction of 1.00%
 - To bring down end-year inflation to less than 13.4% in 2025,
 - To be fiscally sustainable by keeping the fiscal deficit of GDP at a barest level within the Medium Term,
 - Due to global gradual economic recovery and attendant social protection investment, the State will strive to achieve the fiscal stimulus of spending target of capital expenditure investment at an average of 58% within the 2023-2025 Medium Term Framework,
 - To keep the wage bill within the State wage policy and Development Policy Operation triggers.
146. To achieve the targets outlined as earlier Stated, the Government intends to pursue the following strategies:

Gross Domestic Product (State)

147. The effects of the recovery from the pandemic and Russia/Ukraine war on the State's economic activities and dwindling statutory revenue specifically from sales of crude oil, expectedly the medium term economic growth will be mainly influenced by the non-oil sector going by the location and localization of many industries and Agric - based industries in the State; hence, a structural shift in the economy is expected to attract investment in sectors such as Power, Agriculture, Transportation, Information, Communication and Technology (ICT), Housing and Education amongst others. This is expected to increase the contribution to State GDP growth.
148. Investments in key infrastructure as well as a continued focus on promoting macroeconomic stability are expected to activate this shift in the economy, thereby positioning Ogun State as one of the major emerging economies in Nigeria and the World. It is against this backdrop that economic growth rate is conservatively projected at an average of 3.07% between Y2022 - Y2025 in the Medium Term.

Inflation

149. Due to the gradual ease of the lockdown and gradual uptick of economic activities, it is expected that the shock on supply and the demand-pull inflation an aftermath effect of the pandemic will eventual ease off; hence in the medium-term inflation rate is expected to be curtailed at 13.4.% an important target for the achievement of macroeconomic stability by 2025. To effectively control inflation expectations, there is need to control price stability through the eventual interaction of the market forces of demand and supply and provide a suitable environment for business planning and investment activities.

3.B Fiscal Strategy and Assumption

3.B.1 Fiscal Policy Statement

150. As a responsible government, a transparent Public Financial Management (PFM) system will undoubtedly bring about desirable outcomes in the areas of aggregate fiscal discipline, strategic allocation of limited resources and efficient service delivery.
151. Substantially, the Public Expenditure Management (“PEM”) that emphasizes outcomes rather than budget lines will help resolve the gaps identified between expenditure and outcomes. This will serve as a road map towards institutionalizing the PFM reforms introduced by the present administration in line with World Best Practice.
152. PEM will continue to focus on outcomes and ensure that expenditure produces targeted outputs which are needed to achieve desired outcomes as against the traditional conventional budgeting that focuses narrowly on expenditures on inputs.
153. In achieving this, the Ministry of Budget and Planning strengthened the department of Monitoring and Evaluation to coordinate other existing departments of Planning, Research and Statistics in the different MDAs.
154. In the outer years of 2023 – 2025, the State Government’s fiscal policy will focus on improving the efficiency and effectiveness of spending; achieving a better balance between capital and recurrent expenditure, including greater control of the wage bill; directing capital expenditure on critical infrastructure; boosting revenue receipts by identifying and plugging revenue leakages; and gradual fiscal consolidation in order to achieve a level of public spending consistent with macroeconomic stability and sustainable debt.
155. In line with the present administration’s strategic imperatives and implementation road map, the medium-term fiscal strategy of the present administration 2023-2025 will rely on the existing five main pillars.
 - Infrastructure (ICT, Power, Transport, Industrialization)
 - Social Welfare and Well Being (Healthcare, Housing, environment and Physical Planning, Water and Waste Management)
 - Education (Human Capital Development),
 - Youth Empowerment (Sports, Entrepreneurship, Creative Arts, Entertainment)
 - Agriculture and Food Security (Cash and food Crops, Plantations, Forestry, Fisheries)
156. The focus of Government is to reduce the infrastructure gap as well as providing fiscal stimulus to lift demand and help the State’s economy to recover.
157. The above strategic investment is necessary for the State to provide and sustain necessary economic activities that will provide the necessary shock or serve as economic insulator in readiness to tackle the outcomes of the obvious pandemic and Ukraine versus Russia war challenges in the areas of elevated debt levels, bankruptcies, unemployment, and rising inequality.
158. The Government has the responsibility to put measures in place now to protect its citizenry by supporting business and employment opportunities while ensuring trade networks are preserved which will in turn foster greater and diversified economic growths.
159. The gradual recovery is imminent and the eventual diplomatic settlement of the Russia – Ukraine war will uptick global trade; the present administration will continue to ensure that the State is part of the smooth global recovery through its ISEYA agenda focused on the following priorities:
 - (i) **protect lives.** The State Government will place health expenditures at the top of the priority list. This includes funding health systems—getting resources to doctors, nurses and

hospitals, the purchase of medical equipment, and to help the most vulnerable people.

- (ii) **protect livelihoods.** Ensuring that the lifelines for households and businesses are available to reduce the effects of economic standstill witnessed during the pandemic. This includes cash transfers, wage subsidies and tax relief, helping people to meet their needs and businesses to stay afloat.
- (iii) **prepare for recovery.** The present administration despite paucity of funds has sustained its social protection programme as a fiscal stimulus to lift demand and help the economy to come back.

3.B.2 Objectives and Targets

160. The 2023 - 2025 fiscal objectives will continue with the year 2022 fiscal strategy; to intensify increased revenue while directing resources to the most productive and growth-enhancing sectors while upholding social safeguards.

161. Government will also take advantage of private capital to supplement capital allocations from the Budget. The highlights of Government fiscal strategy include:

- The revenue driven budget approach through the Medium-Term Revenue Strategy (MTRS) is expected to assist the State Fiscal Sustainability drive and endear potential investors to the State economy;
- Enhancing economic growth and ensuring inclusiveness;
- Promoting economic diversification;
- Maintaining macroeconomic stability;
- Increasing revenue generation;
- Re-balancing the distribution of Government spending;
- Improving quality of spending;
- To tilt capital investment funds towards Government Key priority areas;
- To use the budget to deepen the goals of job creation, poverty eradication and wealth creation;
- To sustain the Modified Zero-Based Budgeting (Modified ZBB) & MTSS across all MDAs and Budget profiling for cash management;
- To lay greater emphasis on maintenance of public assets;
- To effectively manage parastatals organizations to reduce their dependence on the State's finances;
- To foster a robust enabling environment for private investors through PPP initiatives and investment climate in general; and
- To improve fiscal discipline State-wide.

Enhancing economic growth and promoting inclusiveness

162. The bedrock of the State Economic Development Plan and Strategy (2021 – 2025 EDP&S) is the State Development Plan 2018-2030 (SDP), hence the EDP&S and the Medium-Term National Development Plan 2021- 2025 (MTNDP) will be the basis of driving the five pillars of the present administration – ISEYA, with the aim to lift people out of poverty and generate adequate jobs by 2025.

163. To realize this objective, new private investments will be harnessed, and expansionary public sector infrastructure spending will be sustained.

164. Government will strengthen the framework for concessions and public private partnerships, including working with the legislature to address legislative and regulatory bottlenecks undermining private investments in key sectors.
165. It is expected that growth, in the medium term, will generate the revenue necessary for future expansion of public service delivery, rebuild fiscal space, and narrow down borrowing requirements.
166. In view of the gradual reopening of the global economies and continued uptick of economic activities in the State, government support will be geared towards stimulating activities of Small and Medium-Scale Enterprises (SMEs). The State economy witnessed a growth of 1% in year 2021 and it is projected to be sustained for year 2022 – 2025 at an average growth of 3.07%.

Promoting Economic Diversification

167. The diversification of the productive base of the Ogun State economy is a critical objective of Government and germane to the quick recovery from the pandemic effect on the economy of the State.
168. In the medium-term, Government will make concerted economic diversification efforts through targeted interventions to boost the non-oil economy.
169. Government will leverage on Science, Technology, and Innovation (STI) in developing the value - chain to boost growth of the non-oil sector.
170. Supportive State Government policies and intervention measures will be aimed at developing the entire value chain in key areas of the real sector including agriculture, manufacturing, and solid minerals, among others.
171. In addition, science and technology will be effectively harnessed to drive competitiveness, productivity, and economic activities in all sectors.
172. The present administration acknowledges the importance of alternative revenue generation sources for the State; ample attention will be given to the Service Industry and Agriculture sector in its economic diversification strategy targeted towards increase revenue and job creation.
173. As part of the efforts to provide an enabling environment for economic diversification and growth, Government will accelerate the strategic establishment and implementation of Economic Development Clusters that will endear/invite investment to the State. This will further improve the domestic business environment, and secure both existing and new jobs.

Maintaining Macro Economic Stability

174. A stable macroeconomic environment is a pre-requisite for sustained growth. It endears certainty and enables businesses and households to plan their production, investment, and consumption activities.
175. In the medium term, macroeconomic objectives shall be to ensure stability in the macroeconomic environment, accelerate economic growth and enhance social inclusion through employment and job creation.
176. The strategies of government as contained in the Ogun State Development Plan (“OGSDP”) and the State Economic Development Plan and Strategy (2021 – 2025 EDP&S) are aimed at ensuring that the State achieves the global Sustainable Development Goals (“SDGs”). These goals include poverty eradication, zero hunger, good health, quality education, gender equality, water and sanitation, affordable and clean energy, decent economic growth, infrastructure, and industrialization.

Increasing Revenue Generation

177. Government's strategy is to continue engagements with relevant stakeholders and interested investors in the State.
178. In addition, security will be enhanced to attract new investments to the State. The tax system will be further strengthened by improving collection efficiency, enhancing compliance, and reorganizing the business practices of tax and revenue agencies.
179. The Government will expand the focus of the Medium-Term Revenue Strategy (MTRS) framework to cover identified MDAs with revenue generation potentials for the State. While, intensive efforts shall be made to identify and plug revenue leakages, improve tax compliance, tighten the tax code, and broaden the tax net by employing appropriate technology. In addition, government will ensure that more businesses in the informal sector are formalized.
180. A broad audit campaign will be conducted to identify under-filing taxpayers and non-compliant taxpayers will be engaged to ensure compliance.

Re-balancing the Distribution of Government Spending

181. The fiscal strategy will include efforts to address the skew towards recurrent expenditure.
182. Government will sustain its desire to continue to allocate over 58% of its spending to the execution of capital projects to gradually position the State in the right path towards economic growth.
183. The main challenge has always been funding constraint coupled with the present global economic limitations. To ensure significant available capital resources, efforts will be intensified to enhance internally generated revenue collection. In addition, the existing Consortium for the Administration of Salaries and Pension (CASP) will be strengthened to improve the effectiveness and efficiency of payroll administration.
184. Despite paucity of funds to meet increasing public needs; the State Government shall sustain investment on social and welfare projects to ward off social unrest in the State in the face of the economic and reality effects of the post pandemic.
185. Therefore, government intends to continue to utilize alternative mechanisms for financing capital projects and considered social and welfare investments in partnership with the private sector.

Improving the Quality of Spending

186. Government remains committed to improving the efficiency and quality of its spending.
187. Thus, public expenditure will be properly scrutinized to ensure value for money. To achieve this, budget formulation process will be further strengthened, and capital projects will be evaluated in line with the State Development Plan objectives and Strategic Pillars of the present Administration.
188. Over the medium term, government intends to key into the Public Expenditure and Financial Accountability (PEFA) assessment with the support of Development Partners.
189. As part of the cost minimizing measures, attention will continue to be paid to the costing of activities/projects, competitive bidding in public procurement, continuous audit of MDAs' operations and other public financial management reforms which will bring about positive results.

Ensuring Sustainable Deficit Levels

190. The Debt Management Office (DMO) is pursuing a debt management strategy designed to move away from short term expensive finance to longer term with less expensive financing. This would

significantly create more fiscal space for the private sector in the domestic credit market with overall positive impact on interest rates. It would also accord private capital a leading role in driving growth.

191. Consistent with the Ogun State Fiscal Responsibility Law; Fiscal deficit will be maintained within the acceptable threshold with specific consideration of emerging socio-economic challenges to the State.

Facilitating Output Growth, Economic Diversification and Job Creation

192. It is difficult to promote job creation in an environment with massive infrastructure deficit coupled with unemployment created by the effect of the pandemic. The present administration will continue to benefit from ongoing and new programmes supporting growth by the CBN targeted towards small and medium enterprises, manufacturing, airlines, and agriculture sectors.
193. CBN's initiatives, such as the Anchor Borrowers Programme, which allow participants in the agricultural value chain to access credit at single digit interest rates will be sustained.
194. The interventions in the critical sectors of the State's economy will be strengthened to enhance economic growth and reduce unemployment.
195. More importantly, avenues will be explored and supported by the present administration in its commitment in expanding and creating wealth in the State.

3.B.3 Key Sectoral Policy Initiatives

Accelerating Economic Growth and Job Creation

196. The State government shall do the following.
 - Enhance and sustain the State's credit rating required to position the State as a bankable and credit counterpart.
 - Improve process and coverage for internally generated revenue (IGR).
 - Enhance public finance management system.
 - Increase performance on Information Technology drive by the State through the Bureau to ensure unemployed youth catch up with global IT standard.
 - Provide incentives to corporate bodies and parastatals to expand opportunities for internships, traineeships for young new entrants into the labour market; and,
 - Provide loans to Micro, Small and Medium Scale Enterprises (MSMEs).
197. The present administration will continue to invest in Human Capital Development focused on acquisition of technical and vocational skills in specialized areas such as agriculture, manufacturing, and craftsmanship to boost economic growth.
198. This explains the prominence government has accorded to job creation through the existing Job Portal for all and sundry willing to seek gainful employment.
199. The thrust of the job portal is to have the aggregate summation of unemployed and underemployed residents of Ogun State and to create a strategy on job creation by amplifying State Government investments and support where necessary on sectors with potentials for massive job creation in the following:
 - Boosting public works programmes.
 - To latch onto the Federal Government N-Power volunteer corps to provide temporary employment for graduates annually in education, agriculture, and health.
 - Enforcing the local content policy to promote job creation through procurement processes.

- Improving employability of school leavers and graduates, given the changing nature of work arising from increasing digitalization of the global economy.
- Developing local empowerment centres to disseminate and provide business support to entrepreneurs through apprenticeship and mentorship.

200. To guarantee sustainability, incentives will be provided to participating employers, recognizing participants, and offering tax rebates.

Industrialization through Public Private Partnerships (PPP)

201. The State Government will continue to create enabling environment through increased mobility of people and resources and in tandem with the dictates of the existing Ogun State Public Private Partnership (PPP) Law.

202. The reviewed Public Private Partnership (PPP) law protects would-be and eventual investors with the goal of improving ease of doing business in the State.

203. The implementation of the State-wide physical infrastructure masterplan and implementation of the framework for Power Sector development are veritable strategic initiatives to activate Industrialization and sustain Public Private Partnerships (PPP) in the State.

204. The State Government will also explore other economic and commercial variables that could make the State the next Industrial hub by:

- Reviewing/providing local fiscal and regulatory incentives to support the development of industrial cities, parks and clusters, especially around existing ports, and transport corridors;
- Partner with private sector to develop new commercial and retail malls, recreation facilities and city centres.
- Harmonization of taxes and levies to eliminate multiplicity and ensure ease of self-assessment and payment.
- Partner with real estate developers and access new technologies for mass housing projects.
- Partner with private sector to redesign, redevelop and construct new urban centres, commercial hubs, and rural/agricultural communities.
- Improve on the gains of the establishment of the Ogun State Investment Promotion and Facilitation Agency and Ogun State Enterprise Development Agency to bring investment needed support and capacity building to the Micro, Small, Medium Enterprises (MSMEs) which are the bedrock of any economy.
- Strengthen the PPP Office, capacity development of personnel to attract potential investors and sustain public - private sector partnership engagements.

205. Agriculture and Food Security Reforms and State Government intervention in the areas of land access, extension services, financing, will be considered to attract large scale farmers to the agriculture sector of the State.

206. The medium-term goal of the State is to achieve food security, self-sufficiency and sustainability in Ogun and a net exporter of key agricultural products, e.g., maize, rice, tomatoes, vegetable oil, cashew nuts, cassava, poultry, fish, and forestry products.

207. Strategies to achieve food security in the medium term include:

- Focus on three cash crops and two (2) livestock with competitive advantages: Cassava, Rice, Maize and Poultry and Fishery.
- Provide seamless land access through special Agric land allocation schemes for youth, small, medium, and large-scale farmers.

- Establish an Agricultural inputs and Support Agency to provide easy access to farm machineries and equipment on lease basis, facilitate the supply of inputs (seeds, fertilizers, and chemicals) and market off-take.
- Revamp and restructure the State agriculture extension services for provision of advisory and training of farmers.
- State to key into the National Food System Transformation Pathways
- Facilitate access to FGN/CBN intervention funds: Anchor Borrowers, Commercial Agric Credit (CACS); AGSMIES; Accelerated Agric Development (AADS) Improving access to finance.

Social Investments: Health, Education and Social Welfare

208. Human capital development focused on acquisition of technical and vocational skills in specialized areas such as agriculture, health and education and social intervention programmes are key strategic pillars the present government intends to explore in reducing poverty.

209. Furthermore, Government will:

- Review education curriculum to include technical, ICT, sciences and entrepreneurship skills and training.
- Seek partnership with the private sector in the development of educational institutions and technical certification programs.
- Revive and support new post-secondary school trade centres and technical schools.
- Introduce post-university skills development institutions (PUSDIs).
- Seek partnerships and strategic alliances with local and international bodies, such as the UNESCO, World Bank, DFI's, Bill and Melinda Gates Foundation etc.
- Improve enrolment especially in primary and secondary schools.
- Re-train, redeploy and recruit more teachers.
- Strengthen the newly established e-learning/digital class across schools and introduce e-libraries and research centres.
- Continue with the location of primary healthcare centres in each of the 235wards, including the renovation of the existing primary health care facilities.
- Expand and sustain the home-grown school feeding to enhance school enrolment and combat stunting.
- Rehabilitate, equip, and adequately staff the General Hospitals and Olabisi Onabanjo Teaching Hospital (OOUTH) to serve as effective referral centres for lower tier healthcare delivery centres.
- Designate a hospital as specialist centre in each of the three (3) Senatorial District.
- Re- train and recruit more medical personnel.
- Review and restructure the Health Insurance Scheme to facilitate accreditation and access to the Basic Healthcare Provision Fund (BHCPF) through enrolment of children, aged and vulnerable.
- Partner with the DFIs and NGOs to provide better healthcare outcomes: WHO, Federal Ministry of Health, local and International Foundations.
- Invest in the social housing programme: new low and medium density housing projects and estate across the State.
- Implement beautification projects of parks, gardens round-about, highways and other community centres.

3.C Indicative Three-Year Fiscal Framework

210. The indicative three-year fiscal framework for the period 2023-2025 is presented in the table below.

Table 9: Ogun State Medium Term Fiscal Framework

Fiscal Framework				
Item	2022	2023	2024	2025
Opening Balance	35,083,831,629.88	41,631,640,640.90	49,573,004,414.44	50,596,463,833.25
Recurrent Revenue				
Statutory Allocation	43,096,470,300.08	50,730,566,593.86	60,946,141,451.89	66,725,143,184.72
VAT	26,593,542,182.29	37,422,406,721.33	48,426,098,383.36	64,211,788,755.58
IGR	160,174,462,525.27	210,248,909,826.51	232,455,799,822.13	281,004,393,549.73
Excess Crude / Other Revenue	3,311,846,749.58	3,845,054,076.26	4,466,414,814.98	5,166,004,255.50
Total Recurrent Revenue	233,176,321,757.21	302,246,937,217.95	346,294,454,472.36	417,107,329,745.53
Recurrent Expenditure				
Personnel Costs	75,975,733,186.80	79,854,715,889.03	81,679,561,134.01	84,129,947,968.03
Social Contribution and Social Benefit	19,752,090,767.67	21,124,115,202.70	22,840,000,000.00	24,624,000,000.00
Overheads	58,746,818,551.74	61,763,151,086.22	70,032,181,869.18	79,315,221,048.18
Grants, Contributions and Subsidies	0	0	0	0
Public Debt Service	28,013,395,249.03	39,902,773,546.29	39,369,964,765.70	34,141,812,956.80
Total	182,488,037,755.24	202,644,755,724.25	213,921,707,768.89	222,210,981,973.01
Transfer to Capital Account	85,772,115,631.85	141,233,822,134.60	181,945,751,117.91	245,492,811,605.77
Capital Receipts				
Grants	10,281,020,000.00	11,673,450,588.72	8,282,000,000.00	4,376,000,000.00
Other Capital Receipts	0	0	0	0
Total	10,281,020,000.00	11,673,450,588.72	8,282,000,000.00	4,376,000,000.00
Capital Expenditure				
Discretionary Funds	223,518,275,922.80	230,485,332,134.60	250,249,581,117.91	276,535,261,605.77
Non-Discretionary Funds	44,980,253,000.00	39,120,606,588.72	37,812,680,000.00	31,154,112,000.00
Financing (Loans)	172,445,393,290.95	116,698,666,000.00	97,834,510,000.00	57,820,562,000.00
Total Revenue (Including Opening Balance)	450,986,566,678.04	472,250,694,447.57	501,983,968,886.79	529,900,355,578.78
Total Expenditure (including Contingency Reserve)	450,986,566,678.04	472,250,694,447.57	501,983,968,886.79	529,900,355,578.78
Closing Balance				
Ratios				
Growth in Recurrent Revenue	44%	30%	15%	20%
Growth in Recurrent Expenditure	64%	11%	6%	4%
Capital Expenditure Ratio	60%	57%	57%	58%
Deficit (Financing) to Total Expenditure	38%	25%	19%	11%
Deficit (Financing) to GDP Ratio	3%	2%	2%	1%

3.C.1 Assumptions

211. **Opening Balance** - This represents the projected cash and cash equivalence as at the beginning of a fiscal year. This assumes that the State will maintain a closing cash and cash equivalence for operation cash flow reasons.
212. **Statutory Allocation** – The accrued revenue to the State from the Federal Government is expected to increase relatively at 31% over the medium term of 2023-2025 from a low point of N51B to N67B in year 2025. The State has been conservative over the years in respect of statutory returns to avoid any financial shock that may occur because of production loss and sudden fall in prices. Forecast is based on the elasticity-based modelling.
213. **VAT** – The Federal Inland Revenue Services collects the tax on behalf of the Federal Government of Nigeria. Over the years the State has been ambitious in respect of expectations on VAT returns based on the VAT percentage of 2.46% of the State and the high commercial – economic activities in the State which is services delivery oriented. However, the State forecast a percentage increase of 73% between the medium term 2023– 2025 (2023 – N37B to 2025 –N64B). Forecast is hinged on the elasticity-based modelling.
214. **Internally Generated Revenue (IGR)** – It comprises of PAYE, withholding taxes, direct assessment, and other forms of revenue collectables by Ogun State Internal Revenue Services (OGIRS) and other generating MDAs in the State. Despite experiencing absolute annual increase over the years in IGR, there still exist a lot of revenue generation potentials within the State. To this end, IGR of the State is pegged at N210B -2023, N232B - 2024 and N281B - 2025. The projection is hinged on the improved revenue generation capacity of the State through a realistic policy driven model guided by proper and realistic revenue strategy (i.e., Medium Term Revenue Strategy – MTRS) which enables collective working/ interactions with MDAs to achieve a bottom-up approach to the prevailing gaps viz-a-viz revenue potentials, leakage blocking, technology development, monitoring and evaluation strengthening and capacity development. Most importantly, IGR projection is based on projected State GDP growth.
215. **Grants** – This represents an amount in cash or in kind received from Federal Authority, Development Partners or NGOs for a beneficial/Special Intervention Pprojects/Programmes.
216. **Miscellaneous Capital Receipts** – This represents the proceeds from Paris Club Refund and CAPEX on FG Road Refund in respect of Federal Roads constructed by the Ogun State Government. However, these are one-off transactions and are expected to be paid to the state government within 2023-2025 fiscal years.
217. **Financing**– This is the amount expected to be sourced from both Internal and External sources to fund the finance gap in the budget. The Internal sources include financial institutions and stock market classified under Concessionary loans (i.e., single digit interest loans with longer tenor that can be accessed from concessionary windows, it may be from CBN or other regulated source) or Differentiated Cash Reserves Requirement (DCRR) programme (It is a form of concessionary loan from CBN that is being assessed through Deposit Money Banks (DMBs). The CBN gives approval to DMBs to lend out from their cash reserves ratio with CBN, while External sources consist of Long-Term Loans from World Bank, AFDB etc. The State will ensure continuous growth of proceeds from the IGR (i.e., tax potential/tax space) to cover recurrent expenditures and sustain the debt sustainability; this is expected to attract credit facilities in the outer years to facilitate developmental projects as contained in the state year 2021 debt sustainability analysis. <https://archive.ogunstate.gov.ng/download/2021-ogun-state-debt-sustainability-analysis-and-debt-management-strategy-ogsg-dsa-dms/>
218. A schedule of all forecast Capital Receipts is presented in Annex 1.
219. **Personnel** – The projection considered 5% increase in personnel cost to cater for increment, outstanding promotion of three years and payment of outstanding allowances from 2023 to 2025 from N80B to N84B.

220. **Social Contribution and Social Benefits** – This is projected for outstanding payments on pension, gratuity, contributory pension and grants to local government based on existing agreement between the State Government and other stakeholders. Based on the peculiarity of the issue and social responsibility on the part of the Government, it is projected that a total sum of N21B, N23B and N25B will be paid to defray and sustain government's commitment within the years 2023 -2025.
221. **Overheads** – To sustain continuous operations of Government businesses and in view of the prevailing inflation rate; the State Government is expected to spend N62B, N70B and N79B between 2023 to 2025 respectively.
222. **Public Debt Service** - This includes the expenditure for the services of Internal and External Loans (i.e., interest and principal). It is the practice of Ogun State Government to capitalize Interest on Loans obtained for Developmental Projects in accordance with IPSAS 5 Accrual Accounting Standard; Public Debt Service is projected to be N40B, N39B, N34B within the medium term of 2023 to 2025.
223. **Capital Expenditure** – To achieve the fiscal stimulus of spending target of increased capital expenditure investment within the 2023-2025 Medium Term Framework, the State Government intend to invest an average of N288B.

3.C.2 Fiscal Trends

224. Based on the above envelope, actual figures for 2023-2025 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and expenditure in the line graphs overleaf.

Figure 21: Ogun State Revenue Trend

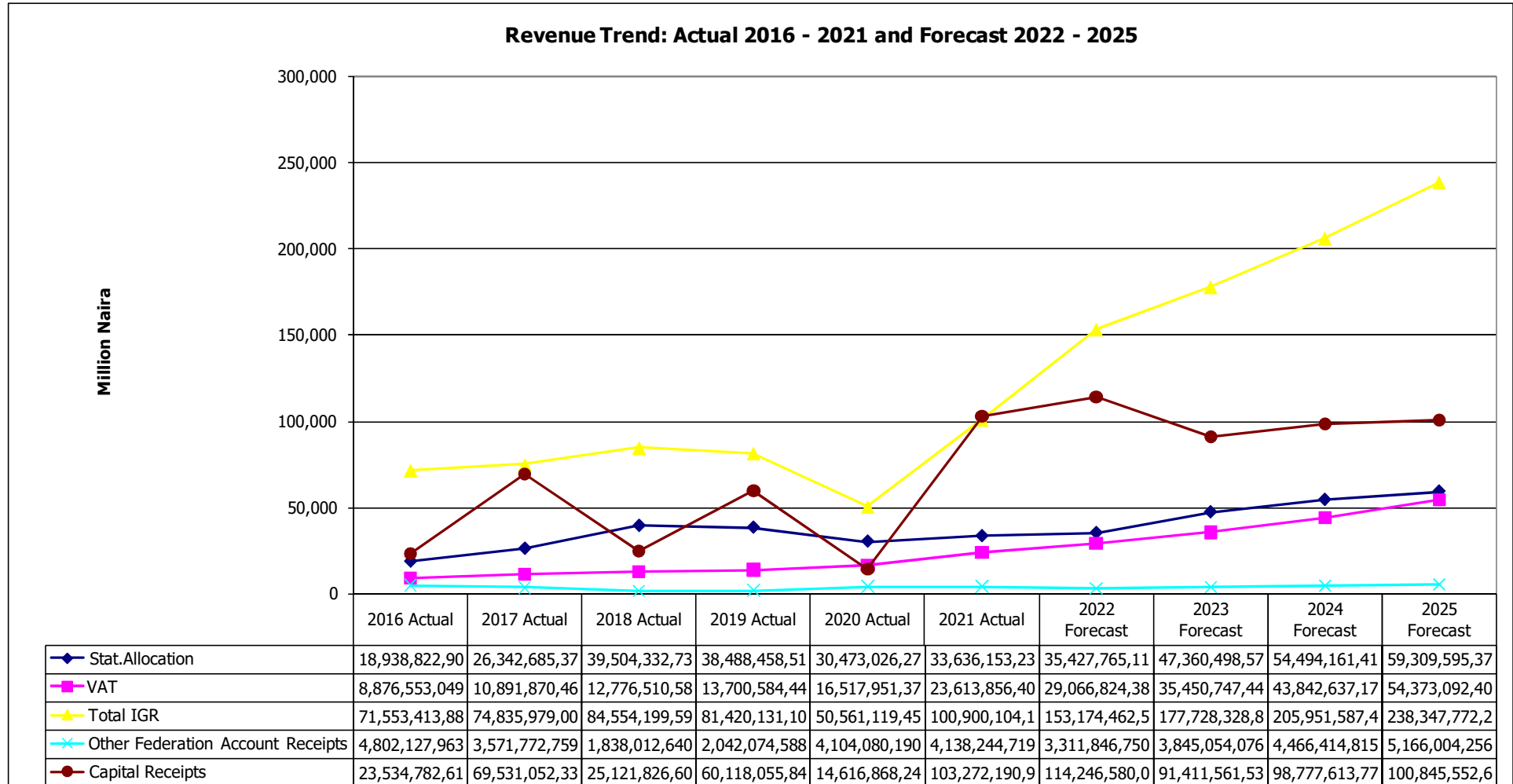
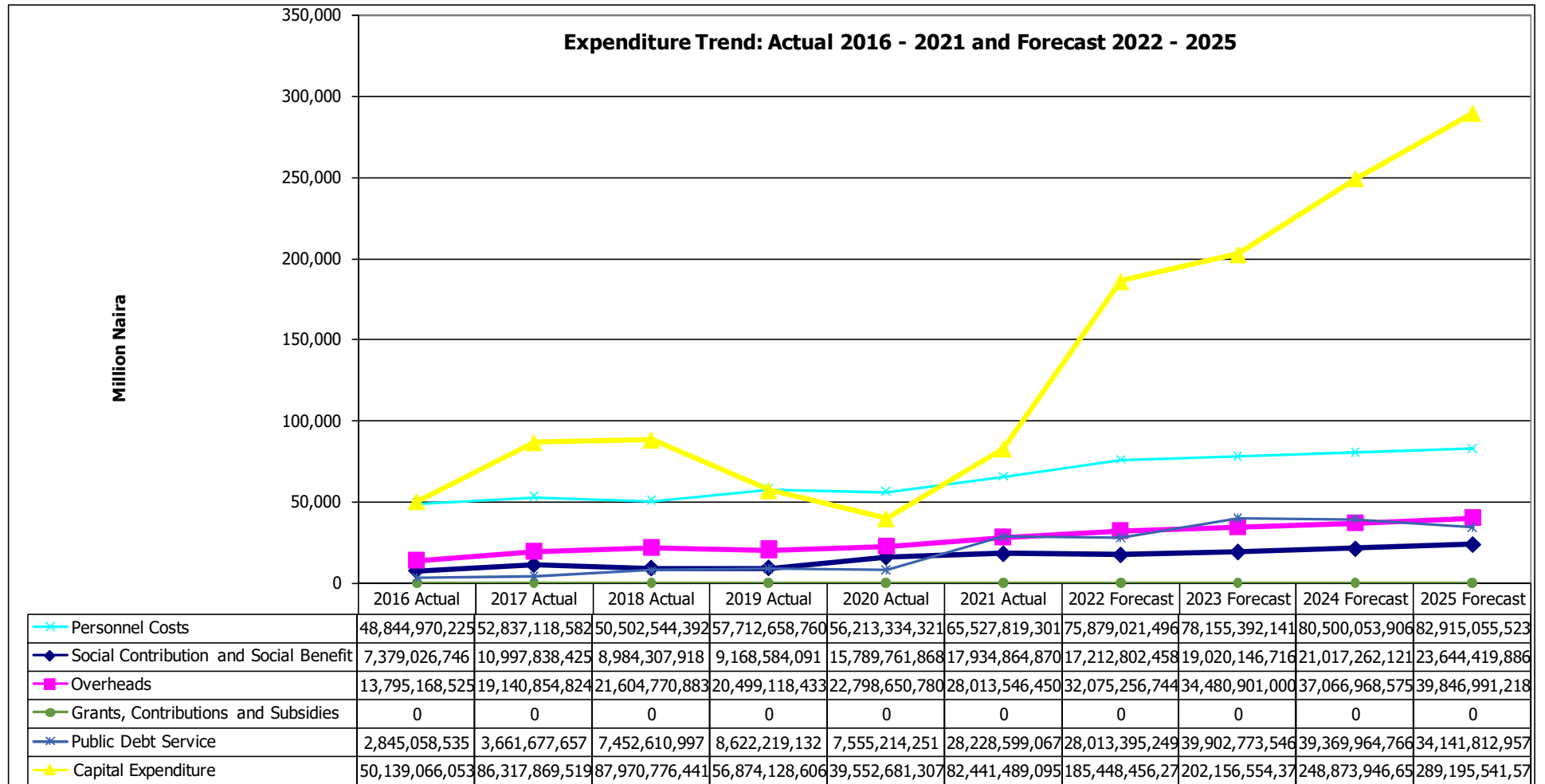


Figure 22: Ogun State Expenditure Trend


3.D Fiscal Risks

225. Fiscal risks comprise of general development or specific events that may affect the fiscal outlook. Some developments or events raise the possibility of a fiscal impact. In other cases, the likelihood of a fiscal impact may be reasonably certain but will not be included in the forward estimates because the timing or magnitude is not known.
226. It is important to emphasize that risk management is the business of all political leaders and civil servants. However, there is a need to dedicate a senior officer that will have responsibility for risk monitoring and management. This function will require the ability to predict, control, reduce, transfer, accept and avoid risks wherever possible.
227. The analysis and forecasting basis as laid out above implies some fiscal risks, including but not limited to the underlisted risk matrix, showing the various risk exposures, likelihood, impact and mitigating strategy for Ogun State.

Table 10: Fiscal Risks

	RISK	LIKELIHOOD	IMPACT	REACTION (MITIGATION STRATEGY)
1	POLITICAL			
A	Difference in political affiliation between State and Federal	LOW	There is high possibility of uncooperative attitude by the FGN whenever the State needs FGN sign off in crucial transactions which require FGN guarantee or sign off.	Continuous dialogue between the State and FGN and use of Legal means have been major mitigants to political risk. The current FGN and the OGSF have the same affiliation which mitigates this risk in the relevant timeframe.
B	Change in Government	MEDIUM	Change in government may likely stall the continuity of the State's policy thrust and affect implementation of the Development Plan.	Most reforms are properly Institutionalized. Government will continue to entrench its policies within the legal and institutional framework
2	ENVIRONMENTAL			
A	Natural Disaster e.g., flood, fire, etc.	HIGH	This can ultimately lead to unplanned expenditure, loss of life and distortion in plans	The State has strengthened different agencies such as OGSEMA, OGEPA, Ministry of Environment etc. amongst others to adequately manage any natural disaster occurrences. The Ogun State Waste Management Authority has also been set up.
B	Environmental Pollution	HIGH	The State's rising population and its cosmopolitan nature predisposes it to high generation of solid, water and air pollutants than most States of the Federation. This can amount additional expenditure on the State Government.	OGEPA, Ministry of Environment etc. can adequately manage any natural disaster occurrences. The Ogun State Waste Management Authority has also been set up.

C	Epidemic/Pandemic outbreak	HIGH	The State is susceptible to outbreak of contagious diseases from all parts of the world because it is neighbour to the commercial capital of the Country. The occurrence of this may expose the State to unplanned expenditure	The State has mechanism for quick response, there shall be designated Infectious Diseases Control hospitals and on-going capacity development of personnel to manage unforeseen cases. Different isolation centres have been established at both tertiary and secondary hospitals State-wide.
D	Global Warming	MEDIUM	The State is part of the global economy exposed to the consequences of the ozone layer depletion.	Government's programs and advocacy in environmental sustainability which includes, greening, yearly tree planting campaign and encouragement for the use of renewable energy sources shall be put in place.
3	FINANCIAL/ ECONOMIC			
A	Unforeseen Changes in Macroeconomic Indicators such as exchange rate, inflation rate and interest rate.	HIGH	The unforeseen changes in macro-economic variables predispose the State's economy to high volatility in revenue and expenditure.	The adoption of conservative assumption in determining the budget size and reduced expectation from statutory allocations have always mitigated economic shocks from major macro indicators.
B	Contingent Liability e.g., Default in liability obligation	LOW	The risk of default in making good the State obligation varies from legal risk, reputation, and loss of revenue	There is existence of professional MDA for management of debt obligation of the State
C	Fall in commodity prices e.g., crude oil and Gas.	HIGH	The major commodities determining the revenue size includes Oil and Gas. Any volatility in their prices has the potential of either downside or upside in revenue accumulation	The conservative projection for statutory allocation and robust IGR base has always reduced the effect of falling oil prices.
D	Counter-party failure	LOW	The government counter parties include contractors, suppliers, and financiers. Inability to meet up with agreed terms and conditions may occasion loss of funds, litigation, and reputation.	Implementation of budget profiling cash management in the State will mitigate the risk of payment default
E	Loss of revenue/Tax evasion	HIGH	Continuous evasion of taxes by potential taxpayers could result in reduction in IGR and negative impact on the overall budget performance.	The incidence of tax evasion is on the decrease. However, government is currently Implementing different programmes to bring more people

				into its tax net and have a comprehensive database of taxpayers.
4	SECURITY/ SOCIAL			
A	Rural urban Migration/population	HIGH	Uncontrolled rural Urban Migration will ultimately lead into population explosion which would mount more pressure on the scarce resources of the State.	Government continues to institute structures and programmes capable of reducing rural urban drift. Some of these include provision of essential amenities in rural areas and supports in agriculture. However, Government may not be able to control the influx from other States of the Federation.
B	Insurgency spill over, e.g., Herdsmen Clashes, Kidnappers and Robbers on the highway.	HIGH	Continuous insurgency activities in the Northeast Nigeria poses a huge risk to all parts of the country and the citizenry. The insurgency has mounted additional pressure on the resources of governments at all levels.	<p>The State Government is partnering with Nigerian Police Force, investing in Community Policing and security gadgets to monitor every aspect of the State.</p> <p>In addition, the creation of Security Network tagged 'AMOTEKUN' by the Southwest Governors with joint purchase of high-level Helicopter to combat the insurgence activities within the Southwest Region had gradually reduced the high rate of kidnapping and highway robbery.</p> <p>Establishment of the Ogun State Security Trust Fund (OGSTF) – a private sector driven programme to support the State Government on various security challenges in the State.</p> <p>Also, the State Government had in existence the Joint Security Intervention Squad (JSIS) handed over patrol vans and motorcycles to secure lives and properties in the State</p>
C	Crime	MEDIUM	The closeness to Lagos State and gateway to the neighbouring country (Seme Border) predisposes it to crime and violence. This will continue to affect the attraction of investors and mount pressure on State's security machinery	Ditto

D	Religious Sentiments	LOW	Religious bigotry is becoming endemic in everyday affairs of the citizenry. The expression of this sentiment polarizes national issues and discourse which is capable of degenerating to security threat. This is potential additional strain on revenue of the State.	The tolerant nature of the State is a major mitigant and advocacy in area of religious tolerance is equally of benefit
5	LEGAL			
A	Change in Debt Regulatory Framework	MEDIUM	This can impact negatively on the government's ability to raise debt finance.	The State government mitigates this through long-term debt instrument like bonds and multi-lateral loans from World Bank.
6	GLOBAL RISK			
A	Global financial crisis	HIGH	The risk posed by the global financial crisis and economic recession is extremely high considering the spiral effect on the banking system in Nigeria. The attendant consequence of this often manifest in form of liquidity squeeze and credit contraction. This can impact negatively on the government's ability to raise debt finance.	Ditto
B	Loss of key diplomatic relationship	LOW	The Federal Government is expected to sustain the existing cordial relationship with foreign countries and as a result the State will continue to benefit from the proceeds of the Foreign bilateral relationship	The State Government continues to utilize its potentials, governance structure and diplomatic relationship to manage and woo more development partners despite the FGN
C	War (Russia and Ukraine)	HIGH	Food supply crises (e.g., wheat, grain etc.) shortage of Gas and Oil supply to the international market	NNPC to conclude the ongoing contract module with the European Union on Production and Supply of Gas & Oil to the European Communities. The Federal Government will rely on the grain reserves to cushion existing shortage and commodity price spike

228. It should be noted however that no budget is without risk. The 2023 budget will be closely monitored with respect to the security situation and impact on the State economy.

4 Budget Policy Statement

4.A Budget Policy Thrust

229. The direction in managing the economy in the medium term involves the government's priority in supporting the sustainable economic growth along with the fiscal sustainability despite the emergence of the unexpected pandemic outbreak and its spiral effect globally.
230. Therefore, in managing expenditures of the public sector, the government will adhere to the policy on achieving the operating targets, transparency, efficiency, and risk aversion to implement the government's policies leading to the direct benefits for the people.
231. In preparing the Y2023, 2024 & 2025 budgets, State government will have to set the following budget policy.
- Whether deficit budget policy will be adopted with consideration on the fiscal sustainability to maintain the continued economic expansion viz-a-viz the pandemic/Russia versus Ukraine war effects on the State's economy.
 - State government to improve managerial efficiency with the aim to reduce public spending.
 - The government agencies will be urged to redeploy certain operations which have lower priorities or become redundant to economize operating expenses.
 - The government will maintain at least the proportion of capital/recurrent expenditures at a 57: 43 to support and sustain economic expansion.
 - The contents of the Ogun State Development Plan (OGSDP) 2018 – 2030 shall be sustained by the present administration, the document provides government with a clear and progressive foundation on which to develop the work of the State and policy framework to which the public finances will be aligned.

4.B Sector Allocations (3 Year)

232. Presented in the tables below are the indicative three envelopes (i.e., Personnel, Overheads and Capital) for sectors and sub-sectors classified as main organization. Although, the State Government is expected to align the State Budgetary allocations of sectors with some International Benchmarks that forms best practices in governance such as the African Union (Abuja Declaration, 2017) wherein 15% was recommended for Health sector, 15% - 20% was recommended for Education by UNESCO while 10% was recommended for the Agricultural sector according to African Union MAPUTO Declaration.
233. However, the limited resources of the State had been a major challenge and most especially the recovery from the COVID- Pandemic and the ongoing Russia/Ukraine war has constrained the trade relationship globally, yet we plan to meet these standards in the long term.

ADMINISTRATIVE CLASSIFICATION

Table 11: Indicative Sector Expenditure Ceilings 2023-2025 – Personnel

S/No.		2022		2023 APPROVED		2024 APPROVED		2025 APPROVED	
		N' M	%	N' M	%	N' M	%	N' M	%
1	GOVERNOR	29,810.81	31.14%	31,175.29	30.87%	33,034.08	31.61%	35,123.90	32.30%
2	STATE HOUSE OF ASSEMBLY	1,375.84	1.44%	1,231.02	1.22%	1,267.96	1.21%	1,306.00	1.20%
3	MINISTRY OF INFORMATION & STRATEGY	954.00	1.00%	1,000.31	0.99%	1,003.30	0.96%	1,033.40	0.95%
4	OFFICE OF THE HEAD OF SERVICE	244.43	0.26%	263.40	0.26%	271.44	0.26%	279.58	0.26%
5	OFFICE OF THE AUDITOR-GENERAL	310.08	0.32%	384.23	0.38%	397.14	0.38%	409.06	0.38%
6	SERVICE COMMISSION	186.87	0.20%	193.74	0.19%	199.74	0.19%	205.73	0.19%
7	STATE INDEPENDENT ELECTORAL COMMISSION	117.04	0.12%	118.68	0.12%	122.96	0.12%	126.65	0.12%
8	LOCAL GOVERNMENT SERVICE COMMISSION	91.08	0.10%	105.60	0.10%	121.44	0.12%	125.08	0.12%
9	MINISTRY OF SPECIAL DUTIES & INTER-GOVERNMENTAL	340.85	0.36%	339.64	0.34%	350.33	0.34%	360.84	0.33%
10	SECRETARY TO THE STATE GOVERNMENT	-	0.00%	-	0.00%	-	0.00%	-	0.00%
11	MINISTRY OF AGRICULTURE	2,222.44	2.32%	2,376.19	2.35%	2,375.01	2.27%	2,446.26	2.25%
12	MINISTRY OF FORESTRY	697.65	0.73%	704.20	0.70%	725.75	0.69%	747.52	0.69%
13	MINISTRY OF FINANCE	1,345.35	1.41%	1,445.51	1.43%	1,489.44	1.43%	1,534.12	1.41%
14	MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	944.87	0.99%	921.59	0.91%	974.64	0.93%	1,003.88	0.92%
15	BUREAU OF JOB CREATION AND YOUTH EMPOWERMENT	-		25.31	0.03%	28.31	0.03%	32.31	0.03%
16	MINISTRY OF TRANSPORTATION	1,045.10	1.09%	1,059.56	1.05%	1,091.39	1.04%	1,124.13	1.03%
17	MINISTRY OF WORKS AND INFRASTRUCTURE	564.51	0.59%	554.69	0.55%	606.27	0.58%	624.46	0.57%
18	MINISTRY OF RURAL DEVELOPMENT	153.51	0.16%	169.78	0.17%	213.16	0.20%	219.55	0.20%
19	MINISTRY OF CULTURE AND TOURISM	214.42	0.22%	220.77	0.22%	227.39	0.22%	234.21	0.22%
20	MINISTRY OF BUDGET AND PLANNING	383.75	0.40%	355.73	0.35%	383.09	0.37%	394.58	0.36%
21	MINISTRY OF HOUSING	1,587.42	1.66%	1,543.79	1.53%	1,590.24	1.52%	1,637.95	1.51%
22	MINISTRY OF PHYSICAL PLANNING AND URBAN DEVELOPMENT	1,197.54	1.25%	1,245.32	1.23%	1,283.13	1.23%	1,321.62	1.22%
23	JUDICIARY	1,766.62	1.85%	2,046.23	2.03%	1,854.41	1.77%	1,910.04	1.76%
24	MINISTRY OF JUSTICE	438.72	0.46%	460.68	0.46%	474.50	0.45%	488.73	0.45%
25	LAGOS-OGUN JOINT DEVELOPMENT COMMISSION	-	0.00%	-	0.00%	-	0.00%	-	0.00%
26	MINISTRY OF YOUTH AND SPORTS	676.82	0.71%	679.10	0.67%	699.81	0.67%	720.80	0.66%
27	MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT	597.07	0.62%	762.45	0.76%	638.78	0.61%	657.95	0.61%
28	MINISTRY OF EDUCATION, SCIENCE & TECHNOLOGY	36,223.11	37.84%	38,770.14	38.39%	39,832.42	38.11%	41,012.39	37.72%
29	MINISTRY OF HEALTH	11,048.94	11.54%	11,597.02	11.48%	11,985.10	11.47%	12,344.66	11.35%
30	MINISTRY OF ENVIRONMENT	514.00	0.54%	530.26	0.53%	576.70	0.55%	594.01	0.55%
31	MINISTRY OF LOCAL GOVERNMENT & CHIEFTAINCY AFFAIRS	131.67	0.14%	137.93	0.14%	142.17	0.14%	146.44	0.13%
32	MINISTRY OF COMMUNITY DEVELOPMENT & COOPERATIVES	543.35	0.57%	560.68	0.56%	559.44	0.54%	576.22	0.53%
	TOTAL	95,727.82	100.00%	100,978.83	100.00%	104,519.56	100.00%	108,742.09	100.00%

Table 12 Indicative Sector Expenditure Ceilings 2023-2025 – Overhead

S/No.		2022		2023 APPROVED		2024 APPROVED		2025 APPROVED	
		N' M	%	N' M	%	N' M	%	N' M	%
1	GOVERNOR	17,514.05	20.19%	16,386.75	16.12%	24,627.61	22.33%	27,923.81	24.61%
2	STATE HOUSE OF ASSEMBLY	2,788.98	3.21%	3,823.54	3.76%	4,171.02	3.78%	4,425.52	3.90%
3	MINISTRY OF INFORMATION & STRATEGY	498.93	0.58%	554.87	0.55%	945.70	0.86%	1,140.89	1.01%
4	OFFICE OF THE HEAD OF SERVICE	155.04	0.18%	139.51	0.14%	163.28	0.15%	196.98	0.17%
5	OFFICE OF THE AUDITOR-GENERAL	140.00	0.16%	250.00	0.25%	101.34	0.09%	122.26	0.11%
6	SERVICE COMMISSION	57.22	0.07%	55.49	0.05%	71.43	0.06%	86.18	0.08%
7	STATE INDEPENDENT ELECTORAL COMMISSION	47.00	0.05%	50.00	0.05%	42.57	0.04%	51.35	0.05%
8	LOCAL GOVERNMENT SERVICE COMMISSION	44.05	0.05%	53.66	0.05%	80.00	0.07%	96.52	0.09%
9	MINISTRY OF SPECIAL DUTIES & INTER-GOVERNMENTAL	106.77	0.12%	124.37	0.12%	192.78	0.17%	232.57	0.20%
10	SECRETARY TO THE STATE GOVERNMENT	125.00	0.14%	100.00	0.10%	149.24	0.14%	180.04	0.16%
11	MINISTRY OF AGRICULTURE	597.61	0.69%	733.67	0.72%	658.20	0.60%	785.82	0.69%
12	MINISTRY OF FORESTRY	65.00	0.07%	83.94	0.08%	85.03	0.08%	101.51	0.09%
13	MINISTRY OF FINANCE	49,882.45	57.49%	60,253.34	59.27%	61,598.02	55.84%	58,109.89	51.22%
14	MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	439.28	0.51%	1,267.36	1.25%	533.09	0.48%	640.23	0.56%
15	BUREAU OF JOB CREATION AND YOUTH EMPOWERMENT	-	0.00%	12.00	0.01%	16.00	0.01%	17.50	0.02%
16	MINISTRY OF TRANSPORTATION	652.63	0.75%	142.21	0.14%	220.66	0.20%	266.20	0.23%
17	MINISTRY OF WORKS AND INFRASTRUCTURE	197.92	0.23%	423.61	0.42%	367.92	0.33%	443.86	0.39%
18	MINISTRY OF RURAL DEVELOPMENT	260.98	0.30%	287.10	0.28%	321.93	0.29%	388.38	0.34%
19	MINISTRY OF CULTURE AND TOURISM	145.80	0.17%	225.04	0.22%	95.29	0.09%	114.96	0.10%
20	MINISTRY OF BUDGET AND PLANNING	1,085.06	1.25%	1,366.59	1.34%	943.79	0.86%	1,138.59	1.00%
21	MINISTRY OF HOUSING	1,069.39	1.23%	1,500.06	1.48%	749.81	0.68%	897.58	0.79%
22	MINISTRY OF PHYSICAL PLANNING AND URBAN DEVELOPMENT	422.41	0.49%	318.52	0.31%	480.89	0.44%	574.13	0.51%
23	JUDICIARY	1,065.39	1.23%	1,088.64	1.07%	1,283.50	1.16%	1,548.42	1.36%
24	MINISTRY OF JUSTICE	137.36	0.16%	283.41	0.28%	189.64	0.17%	228.78	0.20%
25	LAGOS-OGUN JOINT DEVELOPMENT COMMISSION	20.00	0.02%	10.00	0.01%	11.17	0.01%	13.61	0.01%
26	MINISTRY OF YOUTH AND SPORTS	141.50	0.16%	286.78	0.28%	210.29	0.19%	253.70	0.22%
27	MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT	1,794.27	2.07%	2,262.36	2.23%	1,874.61	1.70%	1,961.52	1.73%
28	MINISTRY OF EDUCATION, SCIENCE & TECHNOLOGY	4,179.07	4.82%	5,720.76	5.63%	5,534.14	5.02%	6,124.28	5.40%
29	MINISTRY OF HEALTH	1,952.73	2.25%	2,307.50	2.27%	2,460.73	2.23%	2,851.02	2.51%
30	MINISTRY OF ENVIRONMENT	1,001.82	1.15%	1,275.25	1.25%	1,971.47	1.79%	2,353.74	2.07%
31	MINISTRY OF LOCAL GOVERNMENT & CHIEFTAINCY AFFAIRS	30.00	0.03%	36.59	0.04%	74.56	0.07%	89.94	0.08%
32	MINISTRY OF COMMUNITY DEVELOPMENT & COOPERATIVES	142.50	0.16%	243.00	0.24%	81.45	0.07%	97.24	0.09%
	TOTAL	86,760.21	100.00%	101,665.92	100.00%	110,307.16	100.00%	113,457.03	100.00%

Table 13 Indicative Sector Expenditure Ceilings 2023-2025 –Capital

S/No.		2022		2023 APPROVED		2024 APPROVED		2025 APPROVED	
		N' M	%	N' M	%	N' M	%	N' M	%
1	GOVERNOR	19,767.99	7.36%	29,710.26	11.02%	27,622.27	9.62%	32,160.01	10.45%
2	STATE HOUSE OF ASSEMBLY	3,085.57	1.15%	4,220.98	1.57%	5,235.33	1.82%	6,522.30	2.12%
3	MINISTRY OF INFORMATION & STRATEGY	741.78	0.28%	986.59	0.37%	290.22	0.10%	350.13	0.11%
4	OFFICE OF THE HEAD OF SERVICE	196.98	0.07%	251.53	0.09%	463.73	0.16%	559.44	0.18%
5	OFFICE OF THE AUDITOR-GENERAL	100.00	0.04%	160.00	0.06%	22.35	0.01%	26.96	0.01%
6	SERVICE COMMISSION	75.13	0.03%	84.99	0.03%	29.49	0.01%	35.58	0.01%
7	STATE INDEPENDENT ELECTORAL COMMISSION	28.69	0.01%	28.69	0.01%	14.55	0.01%	17.56	0.01%
8	LOCAL GOVERNMENT SERVICE COMMISSION	65.28	0.02%	76.67	0.03%	11.54	0.00%	13.93	0.00%
9	MINISTRY OF SPECIAL DUTIES & INTER-GOVERNMENTAL AFFAIRS	2,092.18	0.78%	1,130.62	0.42%	26.87	0.01%	32.42	0.01%
10	SECRETARY TO THE STATE GOVERNMENT	100.00	0.04%	100.00	0.04%	-	0.00%	-	0.00%
11	MINISTRY OF AGRICULTURE	8,704.66	3.24%	8,222.43	3.05%	11,460.22	3.99%	12,825.61	4.17%
12	MINISTRY OF FORESTRY	861.80	0.32%	948.63	0.35%	186.65	0.07%	225.18	0.07%
13	MINISTRY OF FINANCE	2,706.37	1.01%	4,133.62	1.53%	5,018.22	1.75%	6,052.72	1.97%
14	MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	3,253.98	1.21%	4,422.48	1.64%	7,720.94	2.69%	8,814.54	2.86%
15	BUREAU OF JOB CREATION AND YOUTH EMPOWERMENT	-	0.00%	38.61	0.01%	43.42	0.02%	45.01	0.01%
16	MINISTRY OF TRANSPORTATION	3,337.92	1.24%	4,621.88	1.71%	79.11	0.03%	95.44	0.03%
17	MINISTRY OF WORKS AND INFRASTRUCTURE	149,578.46	55.71%	116,794.96	43.32%	127,152.77	44.28%	131,122.90	42.61%
18	MINISTRY OF RURAL DEVELOPMENT	6,920.16	2.58%	8,500.00	3.15%	84.82	0.03%	102.32	0.03%
19	MINISTRY OF CULTURE AND TOURISM	717.98	0.27%	790.08	0.29%	15.37	0.01%	18.55	0.01%
20	MINISTRY OF BUDGET AND PLANNING	2,400.07	0.89%	2,313.14	0.86%	1,012.47	0.35%	1,221.44	0.40%
21	MINISTRY OF HOUSING	18,875.07	7.03%	16,962.88	6.29%	16,744.68	5.83%	20,200.78	6.57%
22	MINISTRY OF PHYSICAL PLANNING AND URBAN DEVELOPMENT	1,976.37	0.74%	3,538.18	1.31%	9,536.55	3.32%	5,504.89	1.79%
23	JUDICIARY	518.95	0.19%	1,060.45	0.39%	1,027.43	0.36%	1,239.49	0.40%
24	MINISTRY OF JUSTICE	197.18	0.07%	429.58	0.16%	3,104.14	1.08%	3,744.83	1.22%
25	LAGOS-OGUN JOINT DEVELOPMENT COMMISSION	78.11	0.03%	78.11	0.03%	81.19	0.03%	83.17	0.03%
26	MINISTRY OF YOUTH AND SPORTS	846.06	0.32%	641.34	0.24%	40.86	0.01%	49.30	0.02%
27	MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT	1,884.17	0.70%	1,293.56	0.48%	2,414.46	0.84%	2,912.80	0.95%
28	MINISTRY OF EDUCATION, SCIENCE & TECHNOLOGY	15,063.20	5.61%	22,272.70	8.26%	23,078.63	8.04%	24,842.06	8.07%
29	MINISTRY OF HEALTH	21,452.19	7.99%	32,856.89	12.19%	42,435.21	14.78%	46,223.26	15.02%
30	MINISTRY OF ENVIRONMENT	2,400.35	0.89%	2,416.48	0.90%	2,092.85	0.73%	2,524.81	0.82%
31	MINISTRY OF LOCAL GOVERNMENT & CHIEFTAINCY AFFAIRS	94.45	0.04%	64.27	0.02%	4.76	0.00%	5.74	0.00%
32	MINISTRY OF COMMUNITY DEVELOPMENT & COOPERATIVES	377.44	0.14%	455.35	0.17%	106.14	0.04%	128.05	0.04%
	TOTAL	268,498.53	100.00%	269,605.94	100.00%	287,157.25	100.00%	307,701.23	100.00%

Table 14: Indicative Sector Expenditure Ceillings 2023 - 2025 - Personnel

No.	Sector	2022 Budget	2022 Budget %	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
1	EDUCATION	36,637,723,777	48.52%	49.17%	39,262,118,271	49.32%	40,286,831,883	49.32%	41,495,436,839
2	HEALTH	10,634,326,942	14.08%	13.91%	11,105,039,652	14.10%	11,516,128,841	14.10%	11,861,612,707
3	HOUSING & COMMUNITY DEVELOPMENT	3,735,545,300	4.95%	4.87%	3,891,902,959	5.00%	4,083,726,945	5.00%	4,206,238,753
4	AGRICULTURE & INDUSTRY	3,500,634,182	4.64%	4.52%	3,608,217,489	4.62%	3,776,869,183	4.62%	3,890,175,258
5	INFRASTRUCTURE	1,081,447,758	1.43%	1.36%	1,089,905,977	1.46%	1,196,346,921	1.46%	1,232,237,329
6	RECREATION, CULTURE & RELIGION	2,171,505,449	2.88%	2.80%	2,235,678,929	2.82%	2,304,122,895	2.82%	2,373,246,582
7	SOCIAL PROTECTION	711,036,228	0.94%	1.14%	908,872,284	0.98%	802,341,185	0.98%	826,411,421
8	GENERAL PUBLIC SERVICE (EXECUTIVE ORGAN)	5,245,113,027	6.95%	6.61%	5,274,439,815	6.65%	5,433,868,451	6.65%	5,596,884,504
9	GENERAL PUBLIC SERVICE (FINANCIAL & FISCAL AFFAIRS)	2,139,168,675	2.83%	2.82%	2,255,327,146	2.87%	2,341,772,036	2.87%	2,412,025,197
10	GENERAL PUBLIC SERVICE (GENERAL PERSONNEL SERVICES)	535,818,984	0.71%	0.72%	577,835,552	0.73%	595,740,509	0.73%	613,612,724
11	PUBLIC ORDER & SAFETY	668,551,548	0.89%	0.89%	708,744,143	0.89%	730,006,469	0.89%	751,906,663
12	ECONOMIC AFFAIRS	1,412,765,696	1.87%	1.80%	1,436,561,987	1.81%	1,481,242,656	1.81%	1,525,679,936
13	JUDICIARY	1,636,913,680	2.17%	2.56%	2,046,229,336	2.27%	1,854,409,541	2.27%	1,910,041,827
14	LEGISLATURE	1,166,835,582	1.55%	1.54%	1,231,022,908	1.55%	1,267,962,783	1.55%	1,306,001,667
15	STATEWIDE	4,237,634,670	5.61%	5.29%	4,222,819,440	4.91%	4,008,190,835	4.91%	4,128,436,560
	Total	75,515,021,496	100.00%	100.00%	79,854,715,889	100.00%	81,679,561,134	100.00%	84,129,947,968

Table 15: Indicative Sector Expenditure Ceilings 2023 - 2025 - Overhead

No.	Sector	2022 Budget	2022 Budget %	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
1	EDUCATION	4,313,156,345	5.03%	5.70%	5,799,184,164	5.20%	5,693,632,774	5.57%	6,316,691,116
2	HEALTH	1,843,940,708	2.15%	2.18%	2,220,094,440	2.12%	2,319,932,266	2.36%	2,681,164,580
3	HOUSING & COMMUNITY DEVELOPMENT	2,587,366,527	3.02%	3.25%	3,301,972,067	2.86%	3,124,818,775	3.29%	3,730,721,136
4	AGRICULTURE & INDUSTRY	873,060,185	1.02%	1.15%	1,168,305,212	1.09%	1,193,291,883	1.25%	1,413,107,965
5	INFRASTRUCTURE	1,149,417,021	1.34%	0.91%	920,238,984	0.98%	1,073,518,659	1.14%	1,295,092,910
6	RECREATION, CULTURE & RELIGION	1,341,941,446	1.56%	1.58%	1,603,908,965	1.63%	1,785,810,703	1.89%	2,138,759,582
7	SOCIAL PROTECTION	1,829,271,879	2.13%	2.28%	2,323,017,995	2.00%	2,189,594,251	2.06%	2,341,526,505
8	GENERAL PUBLIC SERVICE (EXECUTIVE ORGAN)	8,859,000,000	10.33%	6.96%	7,077,867,474	7.57%	8,283,439,877	7.57%	8,593,141,868
9	GENERAL PUBLIC SERVICE (FINANCIAL & FISCAL AFFAIRS)	22,295,341,236	26.00%	22.02%	22,383,287,547	21.37%	23,377,631,964	23.26%	26,386,168,065
10	GENERAL PUBLIC SERVICE (GENERAL PERSONNEL SERVICES)	252,278,946	0.29%	0.24%	246,135,802	0.28%	309,680,485	0.33%	373,598,537
11	PUBLIC ORDER & SAFETY	2,710,999,623	3.16%	2.19%	2,227,347,704	2.79%	3,050,070,726	2.89%	3,279,605,323
12	ECONOMIC AFFAIRS	385,137,408	0.45%	0.97%	985,443,553	0.77%	844,925,018	0.88%	993,782,527
13	JUDICIARY	1,065,394,918	1.24%	1.07%	1,088,639,068	1.17%	1,283,504,778	1.36%	1,548,420,164
14	LEGISLATURE	2,788,975,423	3.25%	3.76%	3,823,536,526	3.81%	4,171,021,960	3.90%	4,425,520,893
15	STATEWIDE	33,464,932,136	39.02%	45.74%	46,496,945,130	46.34%	50,701,272,516	42.25%	47,939,732,834
	Total	85,760,213,801	100.00%	100.00%	101,665,924,633	100.00%	109,402,146,635	100.00%	113,457,034,005

Table 16: Indicative Sector Expenditure Ceilings 2023 - 2025 - Capital

No.	Sector	2022 Budget	2022 Budget %	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
1	EDUCATION	15,265,142,585	5.69%	10.09%	27,195,425,077	8.19%	23,589,706,295	8.27%	25,458,621,674
2	HEALTH	21,750,247,324	8.10%	14.15%	38,155,158,098	14.85%	42,777,440,848	14.82%	45,606,704,639
3	HOUSING & COMMUNITY DEVELOPMENT	22,767,355,620	8.48%	8.36%	22,551,404,992	9.89%	28,480,004,763	9.22%	28,358,277,746
4	AGRICULTURE & INDUSTRY	10,910,509,428	4.06%	4.34%	11,706,186,087	4.25%	12,239,302,798	4.47%	13,765,798,247
5	INFRASTRUCTURE	162,022,667,471	60.34%	47.25%	127,397,049,134	44.18%	127,267,997,913	42.66%	131,261,910,824
6	RECREATION, CULTURE & RELIGION	3,349,093,003	1.25%	1.18%	3,168,964,129	1.38%	3,984,052,649	1.56%	4,806,361,116
7	SOCIAL PROTECTION	1,999,150,210	0.74%	0.53%	1,428,613,817	0.88%	2,541,078,633	1.00%	3,065,557,263
8	GENERAL PUBLIC SERVICE (EXECUTIVE ORGAN)	3,681,272,468	1.37%	1.39%	3,739,654,113	1.63%	4,687,274,930	1.84%	5,654,728,476
9	GENERAL PUBLIC SERVICE (FINANCIAL & FISCAL AFFAIRS)	5,658,913,837	2.11%	2.57%	6,940,557,232	2.20%	6,324,570,070	2.48%	7,629,961,332
10	GENERAL PUBLIC SERVICE (GENERAL PERSONNEL SERVICES)	310,359,283	0.12%	0.15%	398,326,554	0.17%	500,689,136	0.20%	604,031,374
11	PUBLIC ORDER & SAFETY	2,550,556,622	0.95%	1.18%	3,186,890,655	1.36%	3,911,182,971	1.53%	4,718,451,136
12	ECONOMIC AFFAIRS	2,192,647,066	0.82%	2.21%	5,960,925,100	2.68%	7,728,459,487	2.91%	8,952,108,068
13	JUDICIARY	518,949,495	0.19%	0.39%	1,060,448,141	0.36%	1,027,431,442	0.40%	1,239,493,291
14	LEGISLATURE	3,085,573,804	1.15%	1.57%	4,220,981,768	1.82%	5,235,332,114	2.12%	6,522,304,662
15	STATEWIDE	12,436,090,708	4.63%	4.6%	12,495,353,827	6.17%	17,767,737,070	6.51%	20,045,063,758
	Total	268,498,528,923	100.00%	100.00%	269,605,938,723	100.00%	288,062,261,118	100.00%	307,689,373,606

Table 17: Ogun State Global Sector Allocation

No.	Sector	Year 2023	%	Year 2024	%	Year 2025	%
		N' M		N' M		N' M	
1	EDUCATION	72,257	15%	69,570	14%	73,271	14%
2	HEALTH	51,480	11%	56,614	11%	60,149	11%
3	HOUSING & COMMUNITY DEVELOPMENT	29,867	6%	35,689	7%	36,295	7%
4	AGRICULTURE & INDUSTRY	16,483	3%	17,209	3%	19,069	4%
5	INFRASTRUCTURE	129,407	27%	129,538	26%	133,789	25%
6	RECREATION, CULTURE & RELIGION	7,009	1%	8,074	2%	9,318	2%
7	SOCIAL PROTECTION	24,041	5%	27,148	5%	29,685	6%
8	GENERAL PUBLIC SERVICE (EXECUTIVE ORGAN)	17,292	4%	19,405	4%	20,845	4%
9	GENERAL PUBLIC SERVICE (FINANCIAL & FISCAL AFFAIRS)	31,579	7%	32,044	6%	36,428	7%
10	GENERAL PUBLIC SERVICE (GENERAL PERSONNEL SERVICES)	1,222	0.3%	1,406	0.3%	1,591	0.3%
11	PUBLIC ORDER & SAFETY	6,123	1%	7,691	2%	8,750	2%
12	ECONOMIC AFFAIRS	8,383	2%	10,055	2%	11,472	2%
13	JUDICIARY	4,325	1%	4,295	1%	4,828	1%
14	LEGISLATURE	9,568	2%	10,770	2%	12,297	2%
15	STATEWIDE	63,215	13%	72,477	14%	72,113	14%
	TOTAL	472,251	100%	501,984	100%	529,900	100%

Table 18: Ogun State ISEYA Sector Classification

No.	ISEYA CLASSIFICATION	Year 2023	%	Year 2024	%	Year 2025	%
		N' M		N' M		N' M	
1	INFRASTRUCTURE (ICT, POWER, TRANSPORT, INDUSTRIALISATION)	137,790	29%	139,592	28%	145,261	27%
2	SOCIAL WELFARE & WELL BEING (HEALTH, HOUSING, ENVIRONMENT, PHYSICAL PLANNING, SPECIAL NEEDS)	105,388	22%	119,450	24%	126,129	24%
3	EDUCATION (EARLY CHILDHOOD, VOCATIONAL, TECHNICAL AND TERTIARY)	72,257	15%	69,570	14%	73,271	14%
4	YOUTH EMPOWERMENT, RELIGION AND CULTURE (SPORTS, ENTREPREUNERSHIP, CREATIVE ARTS AND ENTERTAINMENT)	7,009	1%	8,074	2%	9,318	2%
5	AGRICULTURE (FORESTRY, CROPS, PLANTATIONS, HUSBANDRY)	16,483	3%	17,209	3%	19,069	4%
6	ENABLERS (GENERAL PUBLIC SERVICE, PUBLIC ORDER & SAFETY)	133,324	28%	148,088	30%	156,852	30%
	TOTAL	472,251	100%	501,984	100%	529,900	100%

The gradual ease of lock down and the on-going Russia/Ukraine war came with slow and low economic activities globally and urgent need to re-strategize viz-a-viz limited resources in the face of emerging macroeconomic changes. Hence, the 2022 budget becomes the baseline for the 2023 -2025 medium term sectoral allocation.

234. Despite the above, the proposed allocations in this section will continue to be driven by the strategic allocation policy of the Government considering the following:

- 2021 – 2025 Ogun State Economic Development Plan & Strategy and Medium-Term National Development Plan;
- Ongoing projects;
- Projects that have revenue and employment generating capacity in line with the development drive of the present administration and social protection responsibilities being a fallout of the ravaging pandemic; and
- Projects contained in the 2018 – 2030 SDP.

Personnel Expenditure

235. Personnel cost represents the wage bill of the State Government funded from the revenue accruable to the State. The budgeted value has been on the increase; ascribed to recent three years promotion exercise, review of Health workers salaries, recruitment of teachers and continuous recruitment of staff which were appropriately budgeted for.

236. The above decision was necessary in the spirit of continuity and sustaining social responsibility to the people of the State. Nevertheless, in the medium term ahead, the state allocated annual expenditure of N80B in year 2023, N82B and N84B in the outer years of 2024 and 2025 respectively.

237. However, the State Government will ensure that the personnel cost is within the Sustainability level.

Overhead Expenditure

238. The present economic realities indicates that overhead cost should be reviewed downward to minimize wastages, yet Government operations cannot be sustained without attendant financial implications; funds have been allocated for the years 2023 – N102B, 2024 – N111B and 2025 – N113B respectively which include the Public Debt Services for the medium Term.
239. The government will explore necessary avenues to reduce the cost of governance, a necessary line of action in an inflationary environment viz-a-viz revenue generation prospects of each MDA in the State.

Capital Expenditure

240. The Government's all-encompassing objective in line with the ISEYA Strategic Allocation of resources (5 pillars) synergies into the existing fourteen functional sector and administrative sector classifications in the state to ensure **poverty eradication, social wellbeing and sustainable economic growth through infrastructure renewal and development** with the total capital investment of N866B for the medium-term (i.e., N270B, N288B & N308B for 2023, 2024 & 2025 respectively). The present administration is guided by the 3Ps concerning the gradual ease of the global economic lockdown; to protect lives, protect livelihoods and prepare for recovery.
241. It is imperative that the State's economy must key into emerging economic realities of the post pandemic era and the effect of Russia/Ukraine war to avoid permanent loss of productive capacity because of the gradual economic recovery and shortage of supply of commodities respectively. Consequently, the State government within the 2023 – 2025 medium term will invest an average of N385b (i.e., 44%) into Infrastructure sector, Health Sector will enjoy N127b (i.e., 15%), Housing to get N79b (i.e., 9%).
242. The continued investment in these sectors confirms the present administration's commitment towards achieving the Sustainable Development Goals (SDGs) and the present administration five development pillars ISEYA among others. The present administration is confident that these allocations would bring about rehabilitation and construction of more educational facilities that would give the public access to qualitative education at all levels in the State and as well provision of new basic health facilities to basic health service delivery, especially in the rural areas of the State.

Inter- and Intra- Functional Allocation & Sector Heads

243. The Medium-Term Fiscal Framework (MTFF) which is a top-down fiscal strategy of resource allocation, has helped to determine the aggregate resource available to the State within a three-year period, bearing in mind the medium-term fiscal policy objectives, fiscal targets, and projections, as well as the projected macroeconomic variables.
244. The overall budget is thereafter disaggregated into functions based on the State's priorities. This process refers to functional allocation of resources and is comprehensively covered in the MTBF.
245. The intra- functional allocation is to further disaggregate the resource allocation to each of the spending entities in line with sector priorities.
246. Government resources are limited but MDAs have unlimited requests and needs; therefore, there is a need for MDAs to prioritize their requests in line with the Government's overarching policy. Each Sector is to produce its medium-term policy document highlighting all its programmes and projects (with cost implications) for the year in order of priority and in line with Government policy thrust.
247. The Ministry of Budget & Planning (MB&P) gives envelopes to the sector which is then disaggregated by the Sector Committee through the conveyance of a general meeting wherein all MDAs that make up the sector are present, and chairman of the sector ensures a consensus is reached and MDAs are given a fair share of resource allocation.

248. The Sector Heads have the responsibility of ensuring that the Envelope allocated to the sector is effectively disaggregated to the respective MDAs under it and in line with government's goals.

4.C Considerations for the Annual Budget Process

249. As part of this Administration's plans to deliver on all her promises to the teeming population of the good people of Ogun State, the existing Economic Development Strategy will continue to be the platform for all initiative towards effective and qualitative service delivery.

250. To actualize the objectives of "building our future together" and to ensure spontaneous and evenly spread development, the State Government's 'five pillar development agenda' ISEYA; Infrastructure, Social Welfare and Well Being, Education, Youth Empowerment and Agriculture will be sustained.

251. It is equally contingent to note that existing development plans to address socio-economic growth such as the Rural Access Agricultural and Marketing Project (RAAMP) would serve as tools for effective co-ordination and assessments. In the same vein, the Ogun State Economic Transformation Project (OGSTEP) being financed by the World Bank is focused upon developing agriculture through the development of key agricultural value chains, the equipping of agriculture sector participants with greater levels of skill, investment in technical and vocational education for the benefit of the industry as well as investing in our business environment to make it more efficient and more attractive to private capital.

252. For a conducive and robust environment to thrive while engendering qualitative and rapid growth, the following enablers have been identified and will be pursued in year 2023 to accelerate progress across the State:

- Good Governance
- Enabling Business Environment
- Security
- ICT/Digital Transformation
- Transport Infrastructure

253. The most important policy drive of the present administration is to stimulate and gradually activate the State's economy back to the pre – COVID-19 era through budget realism, up-scaling of investments in critical socio-economic sectors and physical infrastructure, sustainable debt management as well as deepening of structural reforms in governance, public financial management, public service, and business regulation.

254. Moving forward in the medium term in allocating envelopes to different Sectors and MDA; priority would be given to the following in the allocation process.

- Completion of ongoing projects;
- Projects with revenue potential;
- Projects that can enhance employment generation;
- Projects consistent with priorities articulated in the State Economic Development Plan & Strategy 2021 – 2025;
- Projects that align with the seven (7) thematic areas contained in the Medium-Term National Development Plan 2021-2025, namely:
 - i. Economic Growth and Development;
 - ii. Infrastructure;
 - iii. Public Administration (Governance, Security, and International Relations);
 - iv. Human Capital Development;

- v. Social Development;
- vi. Regional Development; &
- vii. Plan Implementation, Communication, Financing, Monitoring and Evaluation

5 Summary of Key Points and Recommendations

255. We summarise below a list of the key points arising in this document:

Development Priorities

256. Conscious of the uncertain economic times globally, the present administrations' approach to public investment will be more prudent and conservative with specific attention to welfare and development priorities aimed at sustaining rapid, employment generating growth, while at the same time maintaining macroeconomic stability.
257. The State has been a beneficiary of the World Bank Group assistance to improve, strengthen and consolidate the Fiscal Sustainability Plan (FSP) to shield the State's finances against fiscal crisis. Essentially, the present administration will continue to partner and participate in the World Bank Programme; States Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results, to benefit from available financial grants following the attainment of various milestones in Budgeting Effectiveness, Financial Reporting, Citizen Engagement etc.
258. Government is determined to develop both physical and Human Capital; it recognizes that these will enhance investment and productivity in the State. The essential successful economic growth indicators shall be embraced in the areas of infrastructural development, increase in Internally Generated Revenue, attracting Industrial Investment along the Sagamu- Lagos expressway which are identified veritable sectors.
259. The present administration shall continue to take necessary comparative and absolute advantages to drive the economic growth of the State in line with the Development Agenda; emphasis shall be placed on the social wellbeing of the citizenry, the completion of ongoing projects and ensure strategic allocation of resources on projects that have revenue generation and employment potentials within the State.
260. Huge investments will be witnessed in the Education and Health sectors and Agriculture sector to improve food security, self-sufficiency and sustainability, sustain the existing Public, Private Partnership Initiatives (PPP) framework, implement State-wide physical infrastructure master plan in the areas of road network mapping and validation, re- design and develop urban centres, develop new low and medium density housing projects and estates across the State among several others.
261. The achievements in these sectors will be consolidated and in the next medium term, Government will begin to explore the potentials in other sectors such as commercial hubs and rural/ Agric communities, Transportation, ICT, Tourism and Hospitality Industries.
262. These are to form government's priorities. As a result, these development objectives and decisions will drive budget allocation over the medium term.

Role of Government

263. Government intervention in every economy is crucial in terms of policy formulation and implementation in relation to public expenditure, which can be classified into Government expenditure (Government purchase of goods and service for current use), Government Investment (government purchases intended to create future benefits such as Infrastructure investment or research spending) and Transfer Payment (i.e. government expenditure not on purchases but transfer of money like Social Security Payment).
264. Moving away from the global economic crisis, it is apparent that Government spending is expected to stimulate the economy against any shock, which occurs when the production or use of goods and services by the market is not efficient. Aware of the need to provide support to the economy, the State government shall ensure a suitable, effective, and concise legal and regulatory framework to serve as

a guide and protect the activities of the stakeholders in the market economy, which are mostly operated by private individuals.

265. It is therefore the responsibility of the government to protect the economy against market fluctuation, political instability or pressure as witnessed during the pandemic attack (e.g., provision of palliatives, allowances to health workers, construction of isolation centres, tax holidays to companies etc.). Where the market and the private sector are willing and able to produce goods and services more efficiently the Government will, over time, withdraw from these activities to focus on its core business and provide more of an enabling environment for private sector activity.
266. Presently government is engaging in a lot of partnerships with the private sector. The Government's Public-Private Partnership (PPP) initiative is an effective way of accelerating the delivery of policy priorities, while, stimulating economic growth in the State. Accordingly, the PPP programme has been carefully designed to encourage not only the flow of Foreign Direct Investment and private capital into Ogun State to complement the efforts of the Government's in "Building Our Future Together Agenda" but to deliver on the medium-term goals as prioritized.
267. The State's PPP strategy is to create several opportunities for investors to realize a reasonable return on investment while the people receive reliable and efficient services.
268. Consequently, the role of Ogun State Government in public expenditure is as crucial as making a strategic policy plan that could transform the economy. The State will sustain the formulation of economic policies and plans with strict adherence to implementation plan, monitoring and evaluation which will positively change the image of the State overtime and attract both local and foreign investments in due course.
269. Alternative funding sources will be accorded topmost priority to further deepen our revenue base and embrace the Fiscal Sustainability Plan (FSP) to achieve the vision, agenda, and strategic pillars as earlier enunciated. The FSP approach is geared towards managing public funds, ensuring maximization of the cost of governance.
270. It is to reposition the State for stronger fiscal independence through the medium-term revenue strategy framework that guarantees that internally generated revenue (IGR) contributes more than half of the State's total recurrent revenue and is sufficient to fund our total recurrent expenditure, including personnel and overhead costs. Hence, as part of fiscal discipline, the year 2023 budget will ensure transparency and accountability, increase performance of public revenue viz-a-viz expenditure, public financial management and debt management.
271. The outcome of the afore-mentioned approach is to create a hygienic and conducive environment that will attract both local and foreign investments which will create jobs, bring about gradual withdrawal of State Government in ownership of enterprises, and improve the Ease of Doing Business (EoDB) in the State.
272. The State does not exist in a vacuum and therefore is not insulated from the vagaries of both national and international socio-economic, security and trade policies. The economy of Nigeria is changing, and it is shifting from primary based economy reliant on farming and extractive industries such as oil and gas, to one making more money or GDP from manufacturing or secondary industries and more services in the tertiary sector.
273. In tandem with the aim of the Medium-Term National Development Plan 2021 – 2025 (MTNDP), it is apparent that the road map to self-sustenance as a State lies in our strong pursuit of developmental policies. Essentially, we should be able to attract quality private sector investments, focus on external funding to ensure economic diversification, inclusive growth, and sustainable development.

Annex 1 Detailed Capital Receipts

Table 19 Detailed Capital Receipts

ITEM	2022	2023	2024	2025
Internal Grants				
SOCIAL SAFETY NET (FGN)	1,835,580,000.00	-	-	-
SFTAS	3,937,440,000.00	-	-	-
SABER	-	4,356,000,000.00	4,359,000,000.00	4,376,000,000.00
UBEC FUND	-	3,519,450,588.72	-	-
TETFUND	2,535,000,000.00	2,425,000,000.00	2,550,000,000.00	-
SDG	600,000,000.00	-	-	-
BASIC HEALTH CARE DEVELOPMENT PROGRAMME	373,000,000.00	373,000,000.00	373,000,000.00	-
COVID-19 PREPAREDNESS & RESPONSE PROJECT (C)	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00	0
Sub-Total Internal Grant	10,281,020,000.00	11,673,450,588.72	8,282,000,000.00	4,376,000,000.00
External Grants				
Grant Balancing Item / Blue Sky				
Total Grants	10,281,020,000.00	11,673,450,588.72	8,282,000,000.00	4,376,000,000.00
	10,281,020,000.00	11,673,450,588.72	8,282,000,000.00	4,376,000,000.00
Internal Loans	0	0	0	0
BOND/LOCAL	30,000,000,000.00	20,206,790,000.00	0.00	0.00
INTERNAL LOANS	103,808,720,290.95	64,688,720,000.00	63,944,830,000.00	26,666,450,000.00
Total	133,808,720,290.95	84,895,510,000.00	63,944,830,000.00	26,666,450,000.00
	133,808,720,290.95	84,895,510,000.00	63,944,830,000.00	26,666,450,000.00
External Loans	0	0	0	0
RAAMP (IDA/AFD)	2,050,750,000.00	2,308,680,000.00	2,178,000,000.00	871,200,000.00
NEWMAP (WORLD BANK)	410,150,000.00	0.00	0.00	0.00
NIGERIA FOR WOMEN(WORLD BANK)	2,050,750,000.00	853,776,000.00	949,608,000.00	422,532,000.00
AFDB	4,556,766,500.00	0.00	0.00	0.00
OGSTEP (WORLD BANK)	6,791,250,000.00	3,526,912,500.00	1,725,625,000.00	1,725,625,000.00
OGSTEP (WORLD BANK)	705,500,000.00	705,500,000.00	975,000,000.00	975,000,000.00
OGSTEP (WORLD BANK)	6,496,467,850.00	3,096,467,850.00	3,845,240,000.00	2,037,500,000.00
OGSTEP (WORLD BANK)	2,263,750,000.00	2,263,750,000.00	368,750,000.00	368,750,000.00
OGSTEP (WORLD BANK)	10,000,000,000.00	16,234,486,000.00	23,228,327,054.25	24,134,375,054.25
OGSTEP (WORLD BANK)	661,719,650	661,719,650.00	619,129,945.75	619,129,945.75
NIGERIA CARES	625,375,000.00	625,375,000.00		
NIGERIA CARES	512,687,500.00	613,801,500.00		
NIGERIA CARES	205,075,000.00	205,075,000.00		
NIGERIA CARES	707,612,500.00	707,612,500.00		
FG /IFAD	598,819,000.00	0.00	-	
Total	38,636,673,000.00	31,803,156,000.00	33,889,680,000.00	31,154,112,000.00
	38,636,673,000.00	31,803,156,000.00	33,889,680,000.00	31,154,112,000.00
Loan Balancing Item / Blue Sky				
Total Loans	172,445,393,290.95	116,698,666,000.00	97,834,510,000.00	57,820,562,000.00
TOTAL CAPITAL RECEIPTS	182,726,413,290.95	128,372,116,588.72	106,116,510,000.00	62,196,562,000.00
Other Capital Receipts	182,726,413,290.95	128,372,116,588.72	106,116,510,000.00	62,196,562,000.00

Annex 2 Medium Term Revenue Strategy (MTRS)

Table 20 Medium Term Revenue Strategy

		2022 BUDGET	2023 REVENUE TARGET	2024 REVENUE TARGET	2025 REVENUE TARGET
S/NO	MDAS	N' M	N' M	N' M	N' M
1	OGUN STATE INTERNAL REVENUE SERVICES	56,304.09	90,000.00	92,125.44	110,550.52
2	OLABISI ONABANJO UNIVERSITY, AGO-IWOYE	6,082.58	7,301.84	8,762.20	10,514.64
3	TAI SOLARIN UNIVERSITY OF EDUCATION	3,857.94	3,630.35	4,356.42	5,227.70
4	MOSHOD ABIOLA POLYTECHNIC, ABEOKUTA	2,884.86	4,698.23	5,637.88	6,765.46
5	GATEWAY POLYTECHNIC, SAAPADE	784.89	1,176.16	1,201.39	1,261.67
6	MINISTRY OF EDUCATION, SCIENCE & TECHNOLOGY	2,286.77	1,887.95	1,841.04	2,718.64
7	OGUN STATE HOUSING CORPORATION	1,793.70	1,891.12	2,269.35	2,723.22
8	OGUN STATE PROPERTY AND INVESTMENT CORPORATION	6,461.05	8,020.50	9,624.60	11,549.52
9	BUREAU OF LANDS & SURVEY	42,807.31	43,299.74	52,652.43	52,933.73
10	OGUN STATE PLANNING DEVELOPMENT PERMIT AUTHORITY	11,890.09	10,894.75	10,894.75	18,826.13
11	OGUN STATE WASTE MANAGEMENT AUTHORITY	333.47	1,560.60	1,872.72	2,247.26
12	MINISTRY OF INDUSTRY, TRADE & INVESTMENT	1,810.03	2,100.00	2,520.00	3,024.00
13	MINISTRY OF AGRICULTURE	314.12	1,196.73	1,436.08	1,723.29
14	AGRICULTURAL DEVELOPMENT CORPORATION	389.30	551.67	662.01	794.41
15	MINISTRY OF FORESTRY	205.68	353.18	403.81	464.57
16	OGUN STATE FORESTRY PLANTATION PROJECT AREA J4	132.40	174.40	209.28	251.14
17	MINISTRY OF FINANCE	8,867.45	16,166.69	17,623.19	27,306.11
18	MINISTRY OF TRANSPORTATION	600.00	1,359.91	1,631.89	1,958.27
19	TRAFFIC COMPLIANCE & ENFORCEMENT AGENCY	33.98	839.19	1,024.29	1,232.13
20	OGUN STATE MARKET DEVELOPMENT BOARD	73.33	144.72	173.67	208.40
21	MINISTRY OF CULTURE AND TOURISM	59.57	56.05	67.26	80.72
22	OGUN STATE TELEVISION	428.41	631.13	757.36	908.83
23	OGUN STATE BROADCASTING CORPORATION	398.11	528.64	634.36	761.24
24	OGUN STATE SIGNAGE AND ADVERTISING AGENCY	251.00	324.24	389.09	466.91
	SUB-TOTAL	149,050.12	198,787.79	218,770.50	264,498.51
	OTHER MDAs	11,006.34	11,461.12	13,685.30	16,505.88
	GRAND TOTAL	160,056.47	210,248.91	232,455.80	281,004.39