Multi Year Budget Framework (Economic and Fiscal Update (EFU),

Fiscal Strategy (FS) and

Budget Policy Statement (BPS)

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Table of Contents

List of Tables

List of Figures

Abbreviations

BPS	Budget Policy Statement
BRINCS	Brazil, Russia, India, Nigeria, China, South Africa
CBN	Central Bank of Nigeria
CPIA	Country Policy and Institutional Assessment
DMD	Debt Management Department
EFU	Economic and Fiscal Update
ExCo	Executive Council
FAAC	Federal Allocation Accounts Committee
FS	Fiscal Strategy
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
IGR	Internally Generated Revenue
IMF	International Monetary Fund
MBNP	Ministry of Budget and National Planning
MBEP	Ministry of Budget and Economic Planning
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
NBS	National Bureau of Statistics
NNPC	Nigerian National Petroleum Company
NPC	National Planning Commission
OAG	Office of the Accountant General
PFM	Public Financial Management
PIB	Petroleum Industry Bill
PITA	Personal Income Tax Act
PMS	Petroleum Motor Spirit
SHoA	State House of Assembly
TWG	Technical Working Group
VAT	Value Added Tax
G20	Group of 20
MINT	Mexico, Indonesia, Nigeria and Turkey
N-11	Next 11 Emerging Economies
COVAX	COVID-19 Vaccines Global Access
OPEC	Organization of the Petroleum Exporting Countries
CPI	Consumer Price Index
EIA	Energy Information Administration

Section 1: Introduction and Background

1.A. The Preamble

1.A.1. Introduction

1. Ekiti State was created from the defunct Ondo State alongside five other States by the then Military Head of State,late General Sani Abacha on 1st October, 1996 to form one of the five States of the Southwest Geo-political Zone of Nigeria. On creation, Ekiti State had sixteen (16) Local Government Areas (LGAs). However, on the 4th of August, 2021, additional nineteen (19) Local Council Development Areas were approved for creation, following a legislation by the Ekiti State House of Assembly, which brings the Local Government Areas to thirty-four (34). Ekiti State is made up of over 152 Towns and Villages. The State consists of three (3) Senatorial Districts, namely: Ekiti Central, Ekiti North and Ekiti South. The motto of the State is '*Land of Honour' (Ile iyi, Ile Eye)*which was conceived as a result of the *"Omoluabi"* pedigree of the people of the State.
2. The topography of the State is dotted with undulating terrain with outcrops in some places. Most of the rocks and hills in the States are well exposed and are as high as 240m above the sea level in some places like Efon-Alaaye Ekiti, Ikere Ekiti, Igbara Odo-Ekiti, Okemesi Ekiti and Emure Ekiti. The rocks are heterogeneous, consisting of metamorphic and granitic portion with varying textural characteristics. The mineralogy of the outcrops is characterized by felsic minerals such as, quartz, feldspar and mica with some accessory minerals such as Myrmikite. The name of the State which derived from ''Okiti" (which means Hills) was underscored by the State's physical features composing of series of rock chains and valleys. The presence of these rocks has high economic and financial benefits such as employment opportunities through quarrying activities and tourism development which can contribute substantially to the Internally Generated Revenue.
3. Ekiti State is situated entirely within the tropics. It is located between longitudes 40°51′ and 50°451′ East of the Greenwich meridian and latitudes 70°151′ and 80°51′ North of the Equator. It lies south of Kwara and Kogi States, East of Osun State and bounded by Ondo State in the East and in the south, with a total land Area of 5,887.890sq km. The State Capital, Ado-Ekiti, is the most populous city in the State with population estimation of 497,000 in 2021 and a growth rate of 3.54%. Ekiti State age distribution has about 59.4% of its population in the 15-64 age bracket thus,which lends credence to its viable labour force and active working population.

Figure 1 Ekiti State Map as at 3rd August, 2021.

4. The State lies within the tropical rainforest with two distinct seasons. These are the rainy season (April–October) and the dry season (November–March). Temperature ranges between 21° and 28 °C with high humidity. Tropical forest exists in the south, while savannah occupies the northern peripheries.These climatic factors uphold the growth of

a range of commercially valued products like Cocoa, Citrus, Kola and Oil palm, Maize, Rice, Yam, Cocoyam, Plantain, Banana, Cassava and Vegetables. Ekiti State is rated among the six highest Cocoa producersin the country with 80% of the product exported.

1.A.2. Budget Process

5. The Budget process shows the Budget Cycle in a Fiscal Year.It entails procedure through which Government's incomes and expenditure are determined and appropriated. It commences with the preparation of the Medium-Term Expenditure Framework (MTEF) which has three components, namely:

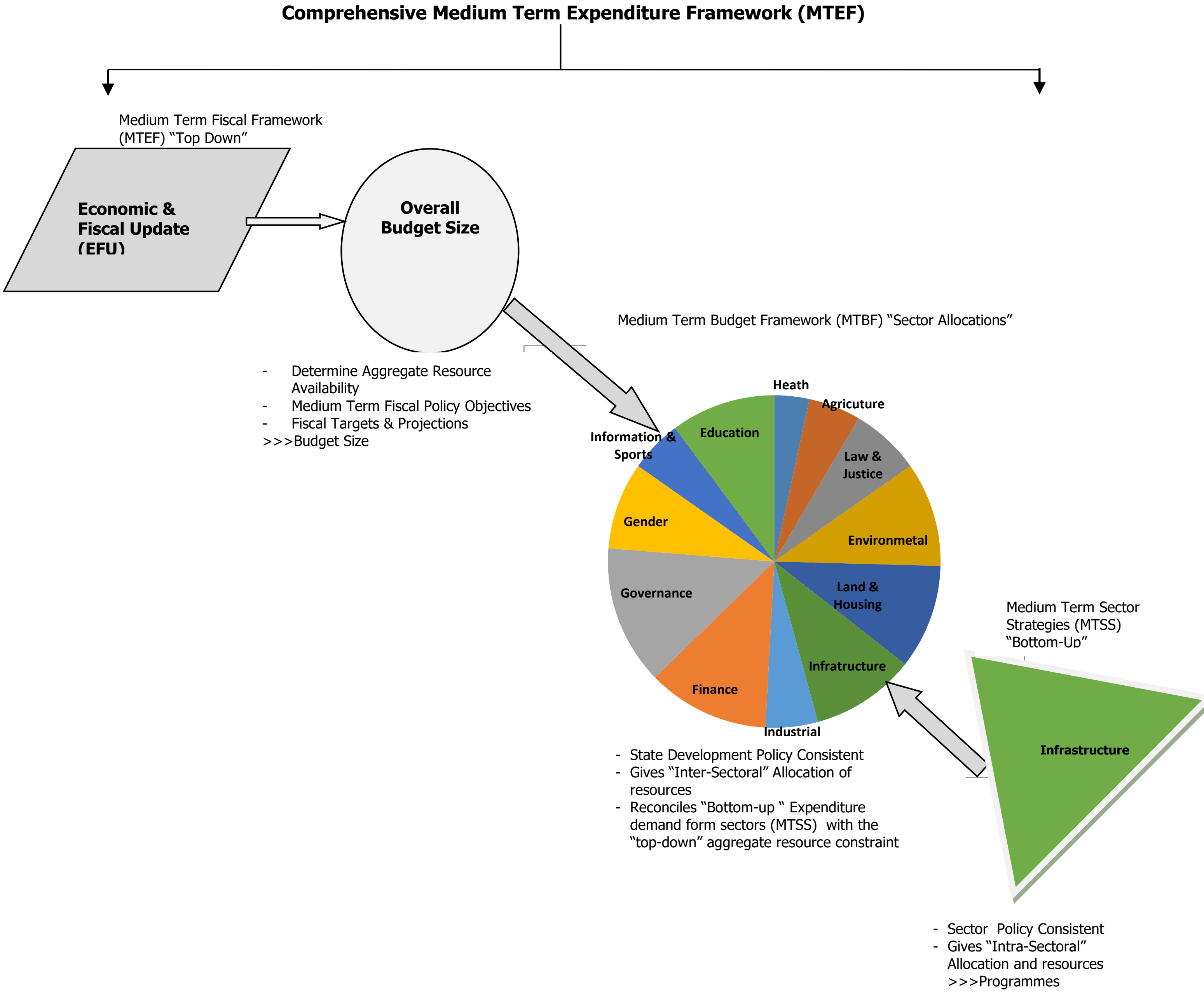
   a. Medium Term Fiscal Framework (MTFF);

   b. Medium Term Budget Framework (MTBF); and

   c. Medium Term Sector Strategies (MTSS).

6. It begins with the conception and goes through preparation, execution, control, monitoring and evaluation.The MTEF Procedure is summarised in the diagram below:

Figure 1: MTEF Process



1.A.3. Summary of Document Content

7. In line with global best practice in Budgeting, the production of a combined Economic Fiscal Update (EFU), Fiscal Strategy (FS) and Budget Policy Statement (BPS) is the first step in the Budget Preparation Cycle for Ekiti State Government (EKSG).

8. The three-fold purposes of this document are:

   i. Economic and Fiscal Update (EFU): This provides a backward-looking summary of key economic and fiscal trends that will affect the public expenditure in the future;

   ii. Fiscal Strategy (FS: This sets out medium term fiscal objectives and targets, among which tax policy, revenue mobilisation, level of public expenditure, deficit financing and public debt; and

   iii. Budget Policy Statement (BPS): This provides indicative sector envelopes for the period 2022-2024 Fiscal Strategic Plan.

9. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis in order to guide the Budget planning process. It is aimed mainly to guide the Budget Policy Makers and Economic Decision Takers of Ekiti State Government. The EFU also provides an assessment of Budget performance and identifies significant macro-economic elements affecting Budget implementation. These include:

   i. Overview of Global, National and State Economic Performance

   ii. Overview of the Petroleum Sector

   iii. Trends in Budget performance over the last six Years

10. The FSP is a significant element in the Medium-Term Expenditure Framework (MTEF) and Annual Budget preparation process. As such, it determines the resources available to fund Government programmes from a fiscally sustainable perspective.

11. The BPS considers:

   i. Key Budget Policy Objectives

   ii. the numerical Multi Year Budget Framework (MYBF)

   iii. Justification for budgetary allocations based on policy priority of Government and criteria for Capital Project inclusion.

1.A.4. Preparation and Audience

12. The purpose of this document is to provide fundamental economic information for the 2022-2024 Budget preparation Cycle for all key Stakeholders, particularly:

   a. State House of Assembly (SHoA);

   b. Executive Council (ExCo);

   c. Ministry of Budget and Economic Planning;

   d. Ministry of Finance and Economic Development;

   e. All Government Ministries, Departments and Agencies (MDAs);

   f. Civil Society; and

   g. Open Government Partnership (OGP)

13. Usually, the document is prepared within the first-two quarters of the implementation of the current annual Budget period. It is prepared by Ekiti State Ministry of Budget and Economic Planning, using data collected from International, National and State Organisations.

1.A.5. Legislative Framework for PFM in Ekiti State

14. The Statutes governing Public Financial Management in Ekiti State include the 1999 Constitution of the Federal Republic of Nigeria (as amended), the Personal Income Tax (Amended) Act (PITA) 2011, the Ekiti State Public Finance Management Law, 2020, the Ekiti State Public Procurement (Re-Enactment) Law, 2020, the Ekiti State Legislative Fund Management Law, 2021 and the Ekiti State Judiciary Fund Management Law, 2021. The 1999 Constitutiontakes precedence in governing the Public Financial Management in Ekiti State. The other PFM-related Laws and Regulations shed more light on the provisions of the Constitution without any conflict.

15. Financial Law provides for regulatory and institutional framework for Public Financial Management. The Financial Regulations are the rules and laws that institutions operating in the financial industries are expected to follow. The Regulations describe accounting, internal auditing and stores procedures in the State.

16. In accordance with Ekiti State of Nigeria Public Service Rules (Revised Edition, 2017); the following rules are necessary:
    i. Recruitment (Rules 020201)
    ii. Performance Evaluation (Rules 050301)
    iii. Misconduct (Rules 030301)
    iv. Discipline (Rules 030102)

17. In addition, the Ektiti State Fiscal Responsibility (First Amendment) Law, 2020 ensures judicious management of the State's resources, long-term macroeconomic stability, clear-cut and accountable fiscal operations and financial management.

1.A.6. Institutional arrangement for PFM in Ekiti State

18. The Executive Arm of the State Government proposes the Budget and implements it after Legislative consideration and passage. However, all Ministries, Departments and Agencies (MDAs) as part of the Executive, assist to implement various projects and programmes of the Government as incorporated in the Budget. To commence any project, the MDAs would seek the approval of the Executive Governor, notwithstanding the legislative passage. The approval of the Governor is necessary for MDAs to initiate contracts and for the Treasury to honour the Certificates raised in line with the budgetary provision.

19. The House of Assembly appropriates expenditure in the Budget, maintains oversight over Budget execution and enforces audit queries in cases of misappropriation of the Public Fund and budgetary spending. Statutorily, the State Auditor General,as a member of Fiscal Coordinating Agencies, reviews and makes reports on Budget implementation within a given fiscal period. Other members of the Fiscal Coordinating Agencies,namely: Ministry of Finance and Economic Development (MoFD), Ministry of Budget and Economic Planning (MBEP), Ekiti State Fiscal Responsibility Commission (ESFRC), Ekiti State Bureau of Public Procurement (BPP), Ekiti State Bureau of Statistics and the Internal Revenue Service (IRS) play key roles in the management of the State financial resources.

20. The Ministry of Budget and Economic Planning coordinates strategic and fiscal planning of the whole Budget process. The Ministry of Finance and Economic Development manages Public Finances, including financial inflows and outflows of the State. The Office of the Accountant General (OAG) and the Debt Management Department (DMD) are semi-autonomous and professional Arms of the MoF, each charged with specific functions.

21. The IRS performs revenue generation function. The OAG performs treasury and accounting functions, while the DMD manages public debt. Treasury and accounting functions include receipt of revenue (not generation), expenditure management, financial reporting and internal audit. The OAG deploys personnel to run the finances of each MDA, while the Bureau of Central Internal Audit (CIA) officials are to ensure compliance with internal financial regulations across the MDAs. To promote book-keeping and accounting in the management of Public Fund, all MDAs prepare monthly returns of transcripts and bank reconciliation statements to the Accountant General's Office.

22. Ekiti State Bureau of Statistics provides Key Performance Indicators (KPI) for policy formulation, evidence-based plans and programme, monitoring and evaluation.

23. The Fiscal Responsibility Commission ensures fiscal discipline and monitors fiscal compliance among the MDAs in the State in line with Ekiti State Fiscal Responsibility Law. The Bureau of Public Procurement regulates public procurement by ensuring compliance with Due Process mechanism in the State. The Bureau of Public Procurement plays a significant role in ensuring that all MDAs adhere to the best practices in procurement. The State Auditor-General conducts post-mortem analysis of State Accounts to ensure value for money in the utilization of public funds while the Office of Auditor-General for Local Governments performs similar responsibilities at the Local Government level and reports to the Legislature (Public Account Committee) at the State level.

1.A.7. Overview of Budget Calendar

24. Indicative Budget Calendar for Ekiti State Government is presented below:

Table 1: Budget Calendar

BUDGET CALENDAR TOWARDS THE PREARATION OF 2022 BUDGET

S/N	TASK	TIMELINE	ACTION BY	STATUS
1.	Issuance of Call Circular for 2022 Budget preparation	Monday, 16th August, 2021	Budget Office	Done
2.	Deadline for submission of returns on 2022 Advance Proposal	Friday, 27th August, 2021	MDAs	Done
3.	Reconciliation Meeting on 2022 Advance Proposal	Thursday, 2nd September – Friday, 3rdSeptember, 2021.	Budget Office/ Fiscal Coordinating Agencies	Done
4.	Meeting with HE, the Governor, on 2021 Revised Budget	Monday, 13thSeptember, 2021	HCBEP and others	Done
5.	Presentation of 2021 RevisedBudget to EXCO	Wednesday, 22nd September, 2021	HCBEP	Done
6.	Presentation of draft copy of 2022 – 2024 MTEF Document to HE, the Governor.	Tuesday, 28thSeptember, 2021	HCBEP and his Team	In view
7.	Presentation of 2022 – 2024 MTEF Document to EXCO	Wednesday, 29thSeptember, 2021	HCBEP	In view
8.	Sectorial Allocation/Allocation of Envelopes to MDAs on Capital & Recurrent Expenditure	Tuesday, 6th October, 2021	Budget Office / MDAs	In view
9.	Citizens Engagement Meeting (Town Hall meetings across Villages and Towns)	Thursday, 7th October, 2021	Mr. Governor	In view
10.	Pre-Treasury Board meeting with MDAs	Monday, 11th – Tuesday,12thOctober, 2021	Pre-Treasury Board/ Budget Office	In view
11.	Presentation of 2022 Draft Budget to Mr. Governor	Wednesday, 13th October, 2021	Mr. Governor	In view
12.	Treasury Board meeting with MDAs	Friday, 15th October, 2021	Treasury Board	In view
13.	Consideration of the 2022 draft Budget by EXCO	Wednesday, 20thOctober, 2021	EXCO	In view
14.	Presentation of the 2022 Appropriation Bill/ draft 2022 Budget by Mr.	Thursday, 21stOctober, 2021	Mr. Governor / Budget Office	In view

	Governor to SHoA			
15.	Consideration & Passage of the 2022 Appropriation Bill by the SHoA	To remain in the HoA for 8 weeks	SHoA	In view
16.	Assent of the 2021 Appropriation Law by Mr. Governor	Date to be determined by Mr. Governor	Mr. Governor	In view

Section 2. Economic and Fiscal Update

2.A. Economic Overview

25. The Economic Update provides an analysisof the trends in economic developments caross the globe to the local economy and the likely impacts of observed trends on future growth prospects. This trend is very important, considering the exposure of the Nigerian economy to the fluctuations in the global economy as it affects commodity prices, foreign direct investments, exchange rate and, particularly, the inexplicable influence of international financial institutions such as the World Bank and the IMF, on the Nigerian economy.

2.A.1. Global Economy

26. The International Monetary Fund's (IMF's) April 2021 World Economic Outlook (WEO) Update[1], provides that after an estimated contraction of –3.3% in 2020, the global economy is projected to grow at 6% in 2021, moderating to 4.4% in 2022. The contraction for 2020 is 1.1% points lower than the projection in the October 2020 World Economic Outlook (WEO), reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working.

27. The April 2021 projections for 2021 and 2022 are 0.8% and 0.2% higher in the October 2020 WEO, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year. Global growth is expected to moderate to 3.3% over the medium term—reflecting projected damage to supply potential and forces that predate the pandemic.

28. Due to unprecedented policy response, the COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been worse hit and are expected to suffer more medium-term losses.

29. Output losses have been particularly large for countries that rely on tourism and commodity exports, including Nigeria, and for those with limited policy space to respond. Many of these countries entered the crisis in a precarious fiscal situation and with less capacity to mount major health care policy responses or support livelihoods. The projected recovery follows a severe contraction that has had particularly adverse impact on employment and earnings of certain groups.

30. Globally, income inequality is likely to increase significantly because of the pandemic. Close to 95 million more people are estimated to have fallen below the threshold of extreme poverty in 2020 compared with pre-pandemic projections.

31. Commodity prices (particularly, crude oil) are expected to firm up further in the months ahead. Given their record-low levels of a year ago, firmer prices should mechanically lift consumer price indices, and headline inflation could turn volatile in coming months. The volatility should be short lived.

32. Trimmed-mean inflation rates (which eliminate extreme price changes from the price distribution every month to filter out underlying inflation and provide slow-moving, unbiased estimates of price pressure) point to declining, not increasing, inflation pressure. Whether inflation temporarily overshoots or starts trending up in the medium term has quite different implications and depends in the first instance, on the credibility of monetary frameworks and the reaction of monetary authorities to rising inflation pressure.

33. Monetary frameworks have also improved considerably in many emerging markets over the past decade. Inflation expectations are much more anchored. Inflation has declined and

[1]World Economic Outlook, April 2021: Managing Divergent Recoveries (imf.org)

become less persistent, and the risk of runaway inflation has decreased accordingly. However, progress has not been uniform. Some countries continue to observe high and volatile inflation and may be limited in the monetary accommodation they can provide without risking destabilizing inflation. Rapidly rising food prices have already lifted headline inflation rates in some regions, including sub-Saharan Africa and Asia. Temporarily high headline inflation could raise inflation expectations in these economies and affect inflation durably.

34. Future developments will depend on the path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic, the effectiveness of policy actions to limit persistent economic damage (scarring); the evolution of financial conditions and commodity prices; and the adjustment capacity of the economy. The ebb and flow of these drivers and their interaction with country-specific characteristics will determine the pace of the recovery and the extent of medium-term scarring across countries.

35. WOE, April 2021 concludes that strong international cooperation is vital for achieving the objective of ensuring that emerging market economies and low-income developing countries continue to narrow the gap between their living standards and those of high-income countries. On the health care front, this means ensuring adequate worldwide vaccine production and universal distribution at affordable prices—including through sufficient funding for the COVAX facility—so that all countries can quickly and decisively beat back the pandemic. The international community also needs to work together to ensure that financially constrained economies have adequate access to international liquidity so that they can continue needed health care, other social and infrastructure spending required for development and convergence to higher levels of income per capita. Countries should also work closely to redouble climate change mitigation efforts. Moreover, strong cooperation is needed to resolve economic issues underlying trade and technology tensions (as well as gaps in the rules-based multilateral trading system). Building on recent advances in international tax policy, efforts should continue to focus on limiting cross-border profit shifting, tax avoidance and tax evasion.

36. The economic outlook (GDP growth rate and inflation rate) of selected countries are shown in tables 2 and 3 below.Countries selected represent G20, BRINCS, MINT, N-11, Petro-economies and other large African countries.

Table 2: Real GDP Growth - Selected Countries

Country	Actual				Forecast		
	2017	2018	2019	2020	2021	2022	2026
Mexico	2.1	2.2	-0.1	-8.2	5.0	3.0	2.0
Indonesia	5.1	5.2	5.0	-2.1	4.3	5.8	5.2
Turkey	7.5	3.0	0.9	1.8	6.0	3.5	3.5
United States	2.3	3.0	2.2	-3.5	6.4	3.5	1.6
Germany	2.6	1.3	0.6	-4.9	3.6	3.4	1.1
United Kingdom	1.7	1.3	1.4	-9.9	5.3	5.1	1.4
China	6.9	6.7	5.8	2.3	8.4	5.6	4.9
Ghana	8.1	6.3	6.5	0.9	4.6	6.1	5.4
South Africa	1.4	0.8	0.2	-7.0	3.1	3.6	1.3
Brazil	1.3	1.8	1.4	-4.1	3.7	2.6	2.0
Angola	-0.2	-2.0	-0.6	-0.4	0.4	2.6	3.7
Nigeria	0.8	1.9	2.2	-1.8	2.5	2.3	2.2

Source: IMF's World Economic Outlook, April 2021.

37. COVID-19 pandemic had severe impact on global growth as most of the BRICS, MINT and advanced economies had economic contraction (a negative GDP growth) in 2020. However, China, Turkey and Ghana had GDP growth in 2020. All the selected countries are expected to have a positive GDP growth in 2021 and beyond.

Table 3: Inflation (CPI) - Selected Countries

Country	Actual				Forecast		
	2017	2018	2019	2020	2021	2022	2026
Mexico	6.0	4.9	3.6	3.4	3.5	3.1	3.0
Indonesia	3.8	3.2	2.8	2.0	2.0	3.1	2.9
Turkey	11.1	16.3	15.2	12.3	13.6	11.8	11.0
United States	2.1	2.4	1.8	1.2	2.3	2.4	2.2
Germany	1.7	1.9	1.3	0.4	2.2	1.1	2.1
United Kingdom	2.7	2.5	1.8	0.9	1.5	1.9	2.0
China	1.6	2.1	2.9	2.4	1.2	1.9	2.0
Ghana	12.4	9.8	7.2	9.9	9.0	8.2	6.0
South Africa	5.3	4.6	4.1	3.3	4.3	4.5	11.3
Brazil	3.4	3.7	3.7	3.2	4.6	4.0	3.3
Angola	29.8	19.6	17.1	23.3	22.3	13.1	5.8
Nigeria	16.5	12.1	11.4	13.2	16.0	13.5	10.5

Source: IMF's World Economic Outlook, April 2021.

38. Angola and Turkey both experienced high two digits inflation rates in 2020 while Ghana had inflation for the same year 2020 at 9.9%.

2.A.2. Africa

39. The African Economic Outlook, 2021[2] provides that Africa suffered its worst recession in more than 50 years in 2020 due to the COVID–19 pandemic, as its GDP declined by 2.1%. However, it is expected to increase by 3.4% in 2021. GDP per capita is estimated to have contracted by 10% in nominal terms in 2020. Africa suffered less economic losses from the pandemic than other regions of the world. The fatality rates per million people have been relatively modest in relation to other regions.

40. Africa's growth performance and recovery prospects vary across regions and economic groupings. The average GDP decline of 2.1% in 2020 and projected recovery to 3.4% growth in 2021 marks significant heterogeneity.

41. East Africa seems to be the most resilient region, due to less reliance on primary commodities and greater diversification. It enjoyed 5.3% growth in 2019 and an estimated 0.7% growth in 2020. In 2021, growth of real GDP is projected at 3.0%, and in 2022, 5.6%. The top performers in 2021 would be Djibouti (9.9%), Kenya (5.0%),

42. Southern Africa is the region that was hardest hit by the pandemic, with an economic contraction of 7.0% in 2020. It is projected to grow by 3.2% in 2021 and 2.4% in 2022. GDP in West Africa is estimated to have contracted by 1.5% in 2020, better than the initial projection of 4.3% decline in June 2020, partly due to the relatively limited spread of the virus in the region.

43. Many West African countries-maintained growth in 2020, including Benin (2.3%), Côte d'Ivoire (1.8%) and Niger (1.2%). Other countries such as Cabo Verde (–8.9%), Liberia(-3.1%) and Nigeria (–3%) were in recession in 2020. Growth in the region is projected at 2.8% in 2021 and 3.9% in 2022, as lockdowns are eased and commodity prices rebound.

44. In Central Africa, real GDP is estimated to have contracted 2.7% in 2020. Countries significantly impacted by the crisis in the sub-region include Cameroon (–2.4%), Republic of Congo (–7.9%), Democratic Republic of Congo (–1.7%), and Equatorial Guinea (–6.1%). Growth is projected to recover to 3.2% in 2021 and 4% in 2022 in Central Africa.

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[2]African Economic Outlook 2021 From Debt Resolution to Growth: The Road Ahead for Africa(afdb.org)

45. The economies of North Africa contracted by an estimated 1.1% in 2020, propped up mainly by Egypt, which maintained 3.6% growth despite the relatively severe health impact of the virus in the country. Other countries contracted significantly in 2020, including Tunisia (–8.8%), Morocco (–5.9%), and Algeria (–4.7%). The effects of COVID–19, internal conflict, and a drop in oil prices caused an estimated 60.3% contraction of real GDP in Libya. North Africa is projected to experience robust recovery of 4% in 2021 and 6% in 2022.

46. Similarly, Africa's growth performance varies across country groups depending on structural characteristics. Tourism-dependent economies are estimated to have experienced the sharpest decline in growth in 2020, –11.5% for the group, which includes, among others, Mauritius (–15%), Seychelles (–12%), and Cabo Verde (–8.9%). The group is expected to bounce back in 2021 with a projected growth rate of 6.8%, assuming that the pandemic is subdued, permitting a resumption of international travel and tourism.

47. GDP in oil-exporting countries is estimated to have contracted by 1.5% in 2020, due to the collapse in oil demand and prices, with Libya (–60.3%), Equatorial Guinea (–6.1%), Algeria (–4.7%), Angola (–4.5%), Nigeria (–3.0%) suffering the most. The recovery in 2021 is projected at 3.1%, following an expected modest recovery in oil prices.

48. Other resource-intensive economies are estimated to have contracted by 4.7% in 2020 because of a drop in metal and mineral prices due to lower demand. Botswana (–8.9%), South Africa (–8.2%), Zambia (–4.9%), and Liberia (–3.1%) were particularly hard hit. Growth is projected to recover to 3.1% in 2021.

49. Growth in non-resource-intensive economies is estimated to have contracted by 0.9% in 2020. This group was least affected by the crisis, thanks to diversified economic structures and earlier strong public investments. Most of these countries entered the pandemic from a position of strength, with average GDP growth of 5.3% in 2019, and many did not implement stringent lockdown measures in 2020. Countries that maintained growth in 2020 include Ethiopia (6.1%), Benin (2.3%), Tanzania (2.1%), and Côte d'Ivoire (1.8%). This group is expected to rebound in 2021 with growth of 4.1%.

50. Monetary policies varied among countries prior to the pandemic. But the spread of COVID–19 has triggered a synchronization of policies, all of which are providing liquidity to ease the pandemic's impact. African Central Banks have eased monetary conditions with a variety of policy actions. Most Central Banks have cut monetary policy rates since January 2020. Central Banks have also injected liquidity into the banking system, ranging from 0.5% of GDP in Angola to about 3.1% of GDP in Zambia.

51. Fiscal deficits are estimated to have nearly doubled to 8.4% of GDP in 2020, from 4.6% in 2019, because of heavy stimulus spending by many countries to alleviate the pandemic's economic impact. The fiscal measures included above-the-line budgetary support through investments in health systems, expansion of social protection programs and support to the private sector, for example through tax relief. Some countries have also used below-the-line measures such as guarantees to support ailing businesses. The average size of the fiscal stimulus packages deployed by countries is about 3% of GDP, but it varies significantly from about 32% in Mauritius to 10% in South Africa to less than 1% in Tanzania.

52. The COVID-19 Pandemic has no doubt brought about increased setbacks on the economies of these countries as most of them could hardly introduce relief measures to assist their populace.

53. However, some countries i.e. Senegal and Mozambique had taken a bold step to invest on scientific research to derive a vaccine for this pandemic. This measure would if successful, accelerate the economies of these Countries. Other African Countries are beginning to take a cue.

2.A.3. Nigerian Economy[3]

54. **Nigerian economy** had been on a rough path even before the outbreak of COVID-19. Although the trajectory of economic growth had been improving since 2017, economic growth was still fragile and driven by just a few sectors. There is a high level of contagion across main macroeconomic indices in response to crude oil prices and production shocks – GDP, inflation, exchange rates and public expenditure all suffering.

55. Nigeria has one of the lowest revenue levels as a share of GDP worldwide. Furthermore, a large share of revenues is spent on the country's public debt service, leaving insufficient fiscal space for critical social and infrastructure spending and to cushion an economic downturn. In this context, mobilizing revenues through efficiency-enhancing and progressive measures is a top near-term priority. This situation is currently being worsened by the spate of insecurity in the country.

56. **Real GDP** - Nigeria's economy entered into 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.

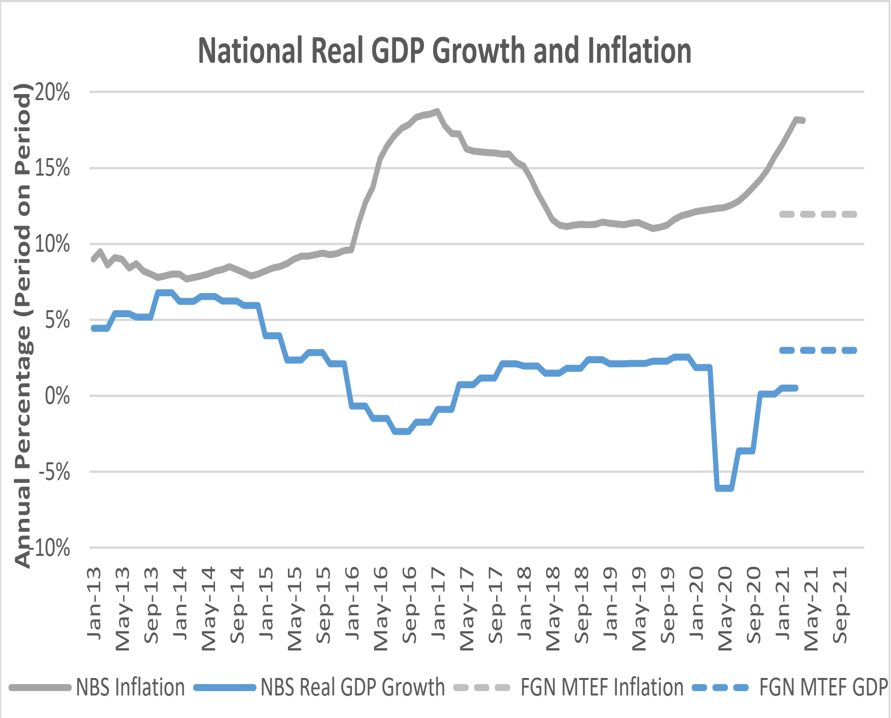
57. Overall real GDP is estimated by the World Bank to have shrunk by 3% in 2020, although mitigating measures in the Economic Sustainability Programme (ESP) prevented the decline from being much worse. According to the IMF forecast, it is expected that Nigeria's economy will expand by 2.5% in 2021. The Federal 2021-2023 MTEF anticipates 3% growth in 2021, increasing to 4.68% in 2022 but then declining slightly to 3.86% in 2023.

58. **Inflation (CPI)** is expected to increase from 13.2% recorded in 2020 to 16% by the end of 2021. Headline inflation (year-on-year) moderately declined to 18.12% in April 2021 from 18.17 per cent in March 2021, following nineteen consecutive months of continuous rise. The decrease was driven by a marginal slowdown in food inflation to 22.7% in April 2021 from 22.95 per cent in the previous month. The increase has been sharpest over the last 11 months and has coincided with the Naira devaluation from 305 to 380 (official rate); and the increase in VAT from 5% to 7.5%.

59. The national quarterly real GDP growth and year on year inflation rates from January 2013 and May 2021 are shown in figure 2 below.

[3] Sources: IMF WEO, April 2019, NBS Reports, CBN Reports, NNPC Reports, OPEC Reports and US Energy Information Administration Reports.

Figure 2: Real GDP Growth and Inflation



Data Sources and Trends:

- Quarterly Real GDP Growth returned to positive in the last quarter of 2020 at +0.11%, increasing to 0.51% in Q1 2021. Overall growth for 2020 was -1.92%.
- IMF WEO forecasts 2.5% growth in 2021, slowing slightly to 2.3% in 2022 and declining to 2.2% by 2026.
- World Bank is slightly more pessimistic, forecasting 1.1% in 2021 and 1.8% in 2022.
- AfDB forecasts 1.5% in 2021 and 2.9% in 2022.

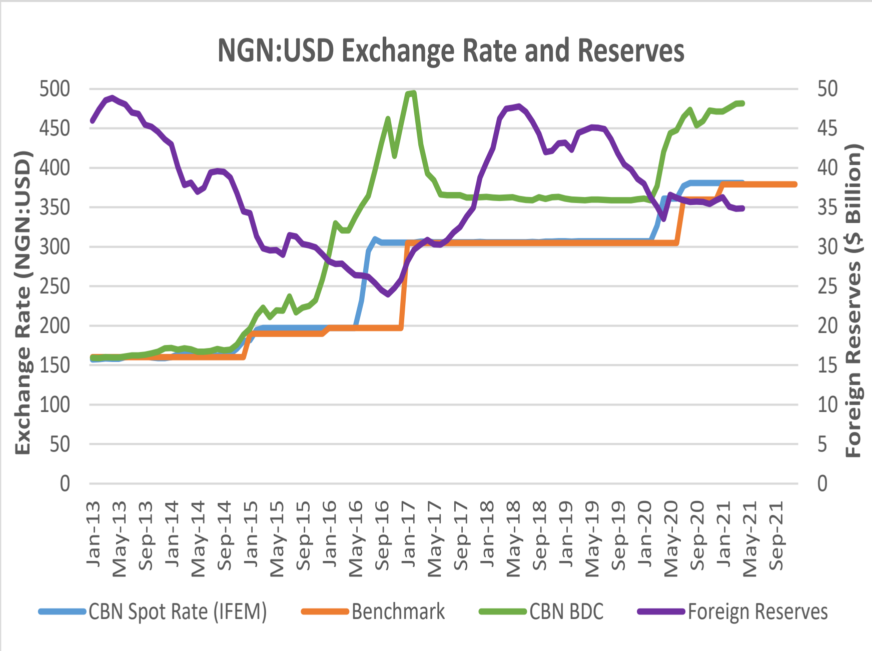
60. Foreign Exchange Rate – the Naira devalued against the dollar from 305 to 360 and very shortly after to 380 over the course of 2020. Foreign reserves, which had been on the decline since mid-2019 (25% drop from April 2019 to April 2020), and have remained relatively stable since the COVID pandemic, likely as a result of significant foreign borrowing (e.g., $3.5 billion from International Monetary Fund (IMF).

61. In 2020, arbitrage opportunities witnessed significant increase, weakening the convergence of foreign exchange windows. This is partly attributed to the COVID – 19 ripples of economic downturn. Also, the fall in foreign reserve potentially condenses the policy options available to the CBN in controlling monetary aggregates. Nigeria's foreign reserve has fallen to its lowest level in 10 months.

62. As of Friday, 4th June 2021, Nigeria's gross foreign exchange reserve stood at $34.170 billion, representing a year-to-date decline of $1.2 billion (3.4%). The last time Nigeria's reserve position was at this level was 5th June 2020, almost exactly 12 months ago. The foreign reserve has recorded a steady decline despite the recent bullish run in the global oil market.

63. The NGN:USD exchange rate, which is a key crude oil revenue parameter, for the period January 2013 to May 2021, along with the benchmarks assumed in the Federal Government Budgets over the same period, are shown in Figure 3 below.

Figure 3: NGN: USD Exchange Rate and Foreign Reserves

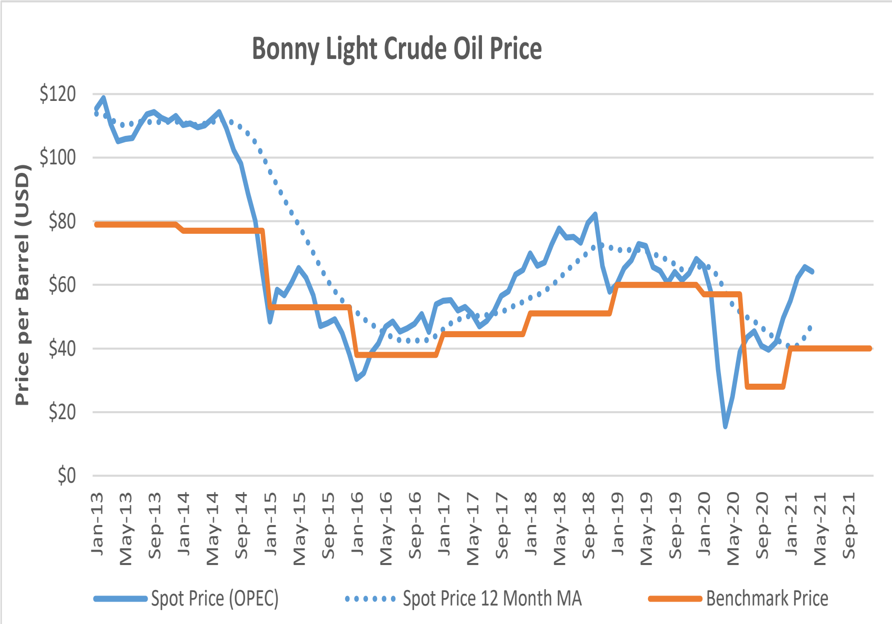


- Data Sources and Trends:
- Data from Federal Budget documents and CBN.
- The Naira devalued twice in 2020 against the US Dollar, from N305 to N360 and shortly afterwards to N380 as crude oil revenue declines impacted on foreign reserves.
- In late May 2021, CBN effectively replaced the Official Rate of N380 with the NAFEX, which has settled at around N410.
- The rate of N360 in the Federal MTEF is already out of date.

64. Crude oil price has trended upward since the end of October 2020, rising from Year 2016 to date (April 19), crude oil price has increased by 26% and has averaged US$64.17 per barrel. The increase in the price of crude oil has been driven by factors such as production cuts by OPEC and non-OPEC members and improved demand due to the administration of COVID-19 vaccines. These factors will continue to sustain high crude oil price in the second quarter of 2021. 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.

65. Crude Oil (Bonny Light) Price (spot price and benchmark for the period of January 2013 to April 2021 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.
- Though over the months of April and May 2021, crude oil price has averaged $62.5 per barrel, the Federal 2021-2023 MTEF set a price of $40 per barrel across the three years.
- Significant factors affecting both supply and demand of crude oil mean outlook is uncertain

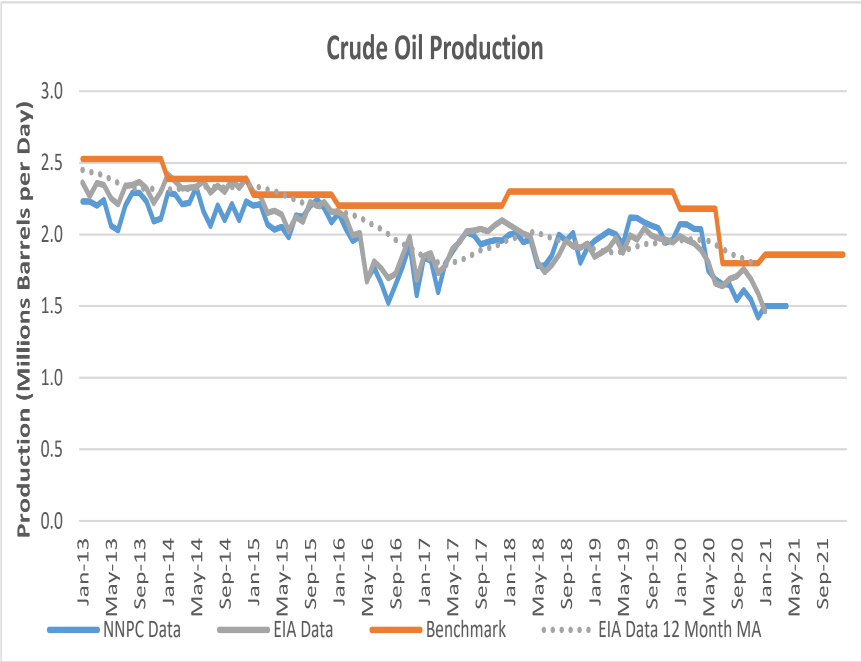
66. As indicated in figure 4 above the current price of about $66 is higher than the average price of $41.29 recorded in 2020. The current price (1 June 2021) is $71.21. EIA is forecasting an average price of $62.26 for Brent Crude in 2021, dropping marginally to $60.74 in 2022 (Bonny light usually trades a few cents above Brent Crude). The IMF forecast in its April 2021 WEO suggest a price of around $56.08 for Brent Crude – somewhat lower than EIA.

67. **Crude Oil Production** continues to fall below the potential (believed to be around 2.4 million barrels per day) (MBPD) and it has been so for the last five years. At 1.42 MBPD in December, 2020 (latest data available from NNPC), crude oil (including condensate) production is also significantly below capacity and below the ten-year average of 2.06 MBPD – largely as a result of OPEC quotas (currently set at 1.495 for Nigeria, but critically there is no cap on condensate production). Nigeria had to cut production in the latter months of 2020 as a result of over production (vis-à-vis its quota) earlier in the year.

68. According to EIA, production (including lease condensate) increased to 1.595 MBPD in February 2021. Lease condensate production has typically been in the region of 200,000 – 300,000 per day. EIA forecasts that global crude oil demand will increase by around 3.8% in 2022 compared to 2021. They forecast 97.7 MBPD in 2021, which is an increase of 5.4 MBPD from 2020. 2021 is forecast at 101.4 MBPD.

69. Crude Oil Production (including condensates) for the period January 2013 to May 2021 along with the benchmark is presented in figure 5 below.

Figure 5: Crude Oil Production



Data Sources and Trends:

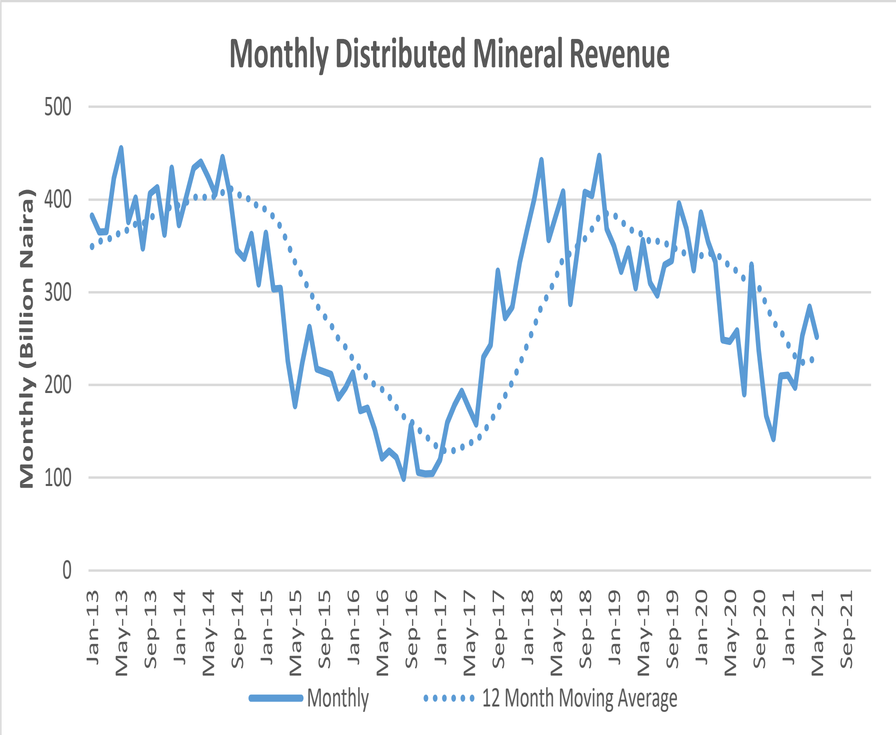
- Data from Federal Budget documents and NNPC monthly reports (production includes condensates).
- At 1.42 MBPD in December 2020 (latest data available from NNPC), crude oil (including lease condensate)
- production is also significantly below capacity and below the ten-year average of 2.06 MBPD – largely as a result of OPEC quotas (currently set at 1.495 for Nigeria, but critically there is no cap on lease condensate production).

70. The policy thrust of the ESP include deregulation of the price of refined petroleum products and establish 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 2020 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.

71. April and May 2021 FAAC distributions saw increasing levels of PMS Under Recovery in the NNPC Reports (N60.4 billion and N112.0 billion respectively, based on NNPC operations in the months of February and March 2021), to the extent that in May, NNPC were not able to remit any revenues to FAAC.

72. Monthly distributed Mineral Revenues (Statutory Allocation (SA) and Net Derivation (ND)) to the three tiers of government from January 2013 to May 2021 inclusive are shown in figure 6 below.

Figure 6: Distributed Mineral Revenues

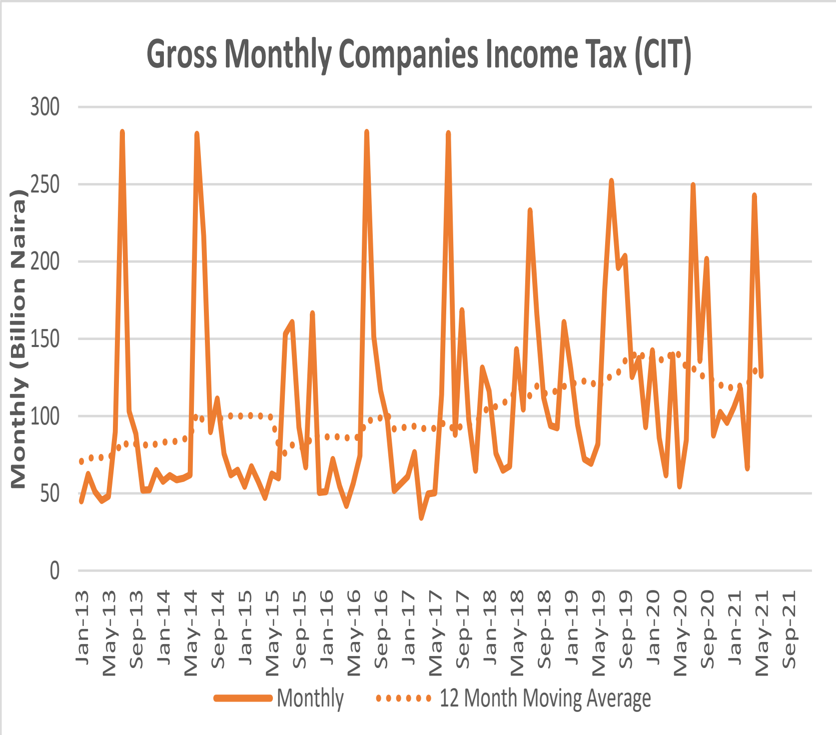


Data Sources and Trends:

- Data from FAAC summary sheets (OAGF).
- In May 2021, Mineral revenue grew to N370 billion.
- Mineral revenues dropped significantly in 2020 as crude oil prices crashed and OPEC production quotas were cut
- Distributed mineral revenues (through Statutory Allocation and Derivation) fell from N4.038 trillion in 2019 to N3.102 trillion in 2020 – a drop of 23%
- Jan-May performance in 2021 is 24% lower than the same period in 2020.

73. A total of N616.9 billion generated as revenue in the month of April 2021 has been disbursed to the Federal, States and Local Governments as allocation for May 2021. However, the NNPC did not remit any revenues to FAAC in May 2021. NNPC first started to report PMS Under Recovery in the March 2021 FAAC pack (based on PMS Under Recovery in January 2021). April and May 2021 FAAC distributions saw increasing levels of PMS Under Recovery in the NNPC Reports (N60.4 billion and N112.0 billion respectively, based on NNPC operations in the months of February and March 2021), to the extent that in May, NNPC were not able to remit any revenues to FAAC.

74. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2013 to May 2021 inclusive are shown in Figure 7 below. The graph also includes linear trend.

Figure 7: CIT Revenues	**Data Sources and Trends**:
	• Data from FAAC summary sheets (OAGF). • Quite significant variability in receipts over the last thirteen months, including large distributions in May 2021. • Linear trend added to graph to smooth large fluctuations. • Company Income Tax (CIT) revenues declined by 12% in 2020, possible as a result of minor tax expenditure and concessions related to COVID-19, and the real economic activity. • Although real GDP fell by 1.8% in 2020, nominal GDP actually grew by 7.7% as a result of 13% inflation over the course of the year. • Jan-May performance in 2021 is 35% above the same period in 2020.

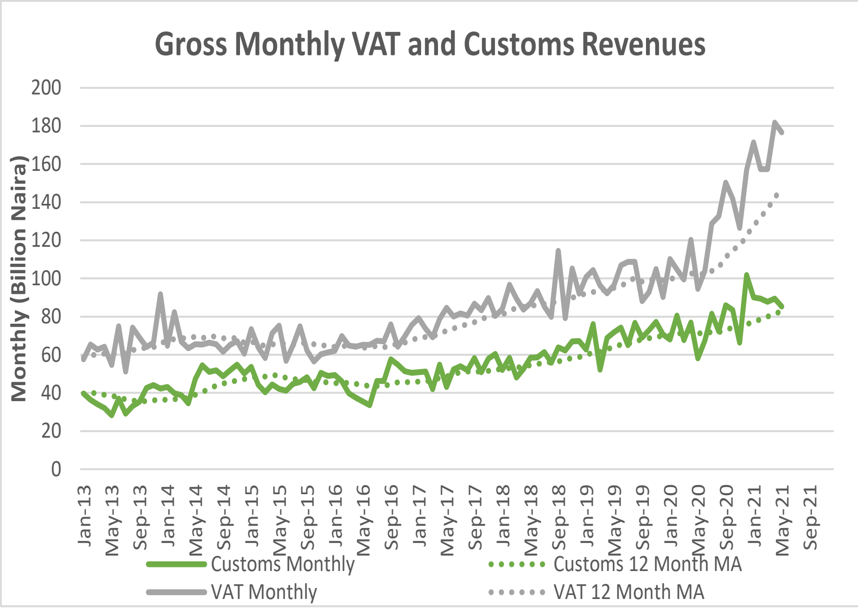
75. The graph shows the annual spike in distributions (collections from the previous month) that is in line with the annual tax returns and payment cycle in FIRS. This generally happens in July.

76. The total collection from August 2017 to April 2019 is 35% higher than the collections from August 2016 to April 2017. This may be due to one off collections as part of the FIRS amnesty programme (which ended in December 2017, and has been extended to end of June 2018), but these should also result in more corporate taxpayers being brought into the net which will boast tax collections in subsequent years. High levels of decline in CIT in May 2021 compared to the volume in April 2021 is something to monitor and trend in the condensed projection in the short term.

77. 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 2020 and 2021 is still difficult, it will be easier once the mid-year collections are known.

78. Customs and Excise duties (NCS), which is distributed as part of Statutory Allocation, and VAT (which is distributed in its own right), for the period January 2013 to May 2021 are shown in Figure 8 below.

Figure 8: NCS and VAT Revenues



Data Sources and Trends:

- Data from FAAC summary sheets (OAGF).
- Data from online FAAC summary sheets (www.oagf.gov.ng)
- Jan-May performance in 2021 is 26% above the same period in 2020.
- Value Added Tax (VAT) grew by 23.5% in 2020 – significantly ahead of nominal GDP growth. This largely as a result of the increase in the VAT rate from 5% to 7.5%.
- VAT continues to grow significantly in 2021. Jan-May performance in 2021 is 60% above the same period in 2020.

79. 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 translate 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 nine 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. Above however, is subject to the resolution of the agitation for VAT collection and distribution by some States in favour of the status quo.

80. 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.

81. Forecasts for 2022-2024 are contained in the Fiscal Strategy Paper section of this document.

2.A.4. Ekiti State Economy

82. Ekiti State is located in the South-Western part of Nigeria. The State was created on 1st October, 1996 alongside five other States in the country by the then military government under Military Head of State, late. General Sani Abacha to form one of the five States which made up the Southwest Geopolitical Zone of Nigeria. On creation, Ekiti State had 16 Local Government Areas (LGAs). However, on the 4th of August, 2021, an additional 19 more Local Council Development Areas (LCDAs) were approved for creation following the enactment of Ekiti State House of Assembly, which brings the current Local Government Areas to 34. Ekiti State is made up of over 152 Towns and Villages. The State is divided into three (3) Senatorial Districts namely: Ekiti Central, Ekiti North and Ekiti South. The motto of the State is *'Land of Honour' (Ile iyi, Ile Eye).*

83. The topography of the State is dotted with undulating terrain with some outcrops in several places. Most of the rocks and hill in the States are well exposed and are as high as 240m above sea level in some places like Efon-Alaaye Ekiti, Ikere Ekiti, Igbara Odo-Ekiti, Okemesi Ekiti and Emure Ekiti. The rocks are heterogeneous, consisting of metamorphic and granitic portion with varying textural characteristics. The name of the State which derives from ''Okiti" (which means Hills) was underscored by the State's physical features

composing of series of rock chains and valleys. The presence of these rocks has high economic and financial benefits by creating employment opportunities through quarrying activities and tourism development which also have the capacity to generate revenue.

84. Ekiti State is situated entirely within the tropics. It is located between longitudes 40°51′ and 50°451′ East of the Greenwich meridian and latitudes 70°151′ and 80°51′ north of the Equator. It lies south of Kwara and Kogi State, East of Osun State and bounded by Ondo State in the East and in the south, with a total land Area of 5,887.890sq km. The State Capital- Ado-Ekiti, is the most populous city in the State with estimation 497,000 in 2021 and a growth rate of 3.54%. Ekiti's gender distribution is closely aligned between males and females with about 50.7% males and 49.3% females making up the population. Ekiti's age distribution has about 59.4% of its population in the 15-64 age bracket, thus showing a viable labour force and active working population.

85. The State lies within the tropical rainforest with two distinct seasons. These are the rainy season (April–October) and the dry season (November–March). Temperature ranges between 21° and 28 °C with high humidity. Tropical forest exists in the south, while savannah occupies the northern peripheries.These climatic factors uphold the growth of a range of commercially valued products like Cocoa, Citrus, Kola and Oil palm, Maize, Rice, Yam, Cocoyam, Plantain, Banana, Cassava and Vegetables. Ekiti State is listed among the six highest Cocoa producers in Country with 80% of the product exported. This is imperative on the availability of well-drained soil of average pH range and extensive precipitation which characterized the State. This has aided year-round Agricultural practice which also forms the bedrock of the State economy providing income and employment for more than 75% of the population of Ekiti State.

86. The State is involved in Livestock Farming like poultry, goats, sheep and cattle rearing. TheIkun Dairy Farm in Ikun- Ekiti, a joint venture between the State Government and Promasiddor would increase milk production in the country and also serve as a prototype for National Livestock Transformation Plan in addressing farmer-herder crisis in the country.

87. The State is also blessed with water resources, one of which is Ero River located in Moba Local Government. The State also boasts of an array of dams comprising Egbe Dam in Aiyekire Local Government, Ero dam in Moba Local Government, Itapaji Dam in Ikole Local Government and Ureje Dam in Ado Ekiti Local Government Area. The origin of notable rivers like Osun, Ose, and Ogbese which drained the Southwest has been traced to State. More so, a variety of tourist attractions abound in the State; namely, Ikogosi Warm Springs; Arinta Water Falls; Olosunta and Orole hills of Ikere; Erin-ayonugba River at Erijiyan Ekiti; Fajuyi Memorial Park of Ado - Ekiti and so on. The Ikogosi Warm Springs is adorable centre of attraction for tourists.The warm spring is a unique natural feature, and supporting facilities are developed in the centre. The spring is at present, being processed and packaged into bottled water for commercial purpose.

88. Ekiti State is endowed with lots of bounteous mineral resources, although the majority of these natural resources found in the state are untapped. Most of these minerals include ceramic clays and kaolinitic clays that are located in the Ijero Local government area, Feldspar, Marble, Quartzite, Granite, Tin and Columbite. The exploration of these solid mineral could uphold a flourishing Solid Minerals Industry and improve the economic status of the citizenry. There likewise exist a bounty of important precious stones like gold, marble and uranium.

89. The State is homogeneous, consisting of Yoruba-speaking people (with slight variation in accents), with close historical and cultural affinity. Ekiti people are well known for their entrepreneurial abilities and also for their diverse and quality of traditional arts; mat weaving in Ogotun-Ekiti, pottery centre at Isan-Ekiti, music, poetry.

90. In Ekiti State, an accelerated approach has been instituted to drive the potentials of Secondary School Pupils and Teachers with entrepreneurship and Information Communication and Technology skills to complement teaching and learning. The idea is to make entrepreneurship and ICT a way of life by encouraging its application in every sphere of life and to reduce the demand for white collar jobs and promoting future employers of labour. This catch-them-young approach for ICT has the potential of making the State the base for the development of cutting-edge technology in Nigeria.

91. The State as at 2010 had the lowest Pupils to Teacher ratio in Southwestern Nigeria at both the Primary and Secondary levels (Universal Basic Education Commission 2010 Basic Education Profile). At the tertiary level, the State has significant number of highly qualified personnel that are contributing to the educational development of several other states in Nigeria and even overseas. Given this human resource based in the educational sector, Ekiti State could contribute significantly to the socio-economic development of Nigeria and facilitate the realization of the national vision of making Nigeria a developed Country.

92. The State at present has three different Government owned tertiary institutions and other private institutions. These Institutions are all located in strategic areas of the State. The Institutions are: Ekiti State University, Ado Ekiti, Bamidele Olumilua Universty of Education, Science and Technology, Ikere Ekiti, College of Health Technology, Ijero Ekiti among others. The prognosis for establishing these institutions at Ado/Iworoko-Ekiti, Ijero Ekiti and Ikere Ekiti was to ensure a rapid and sustainable development of the areas.The services of these Institutions are being compensated significantly buy other educational Institutions such as Federal University, Oye-Ekiti, Federal Polytechnic, Ado-Ekiti, AfeBabalola University, Ado-Ekiti, Crown Polytechnic and other schools of Science and Technology as well as School of Midwifery and Nursing. This investment by the State Government has led to the creation of job opportunities for the populace of these communities. Also, Micro-Small and Medium Enterprises (MSMEs) have sprung up in these locations to improve the standard of living of the people. The present administration has embarked on the establishment of a College of Technical and Commercial Agriculture at Isan-Ekiti to produce vibrant farmers to develop the economy of the State. This nevertheless, will to a great extent, eradicate poverty in the State.

93. One of the goals of the State Government is the commitment to improve grassroots sports through the assemblage of talented sportsmen and women. In order to achieve this goal, the present administration has made a proposal to establish a Sport Academy at Ikogosi Ekiti with a view to combining academics with sporting activities for better performance. In addition, a general overhaul of all sporting facilities is presently being implemented. This will in no small measure ensure peace and friendliness among the people of the State.

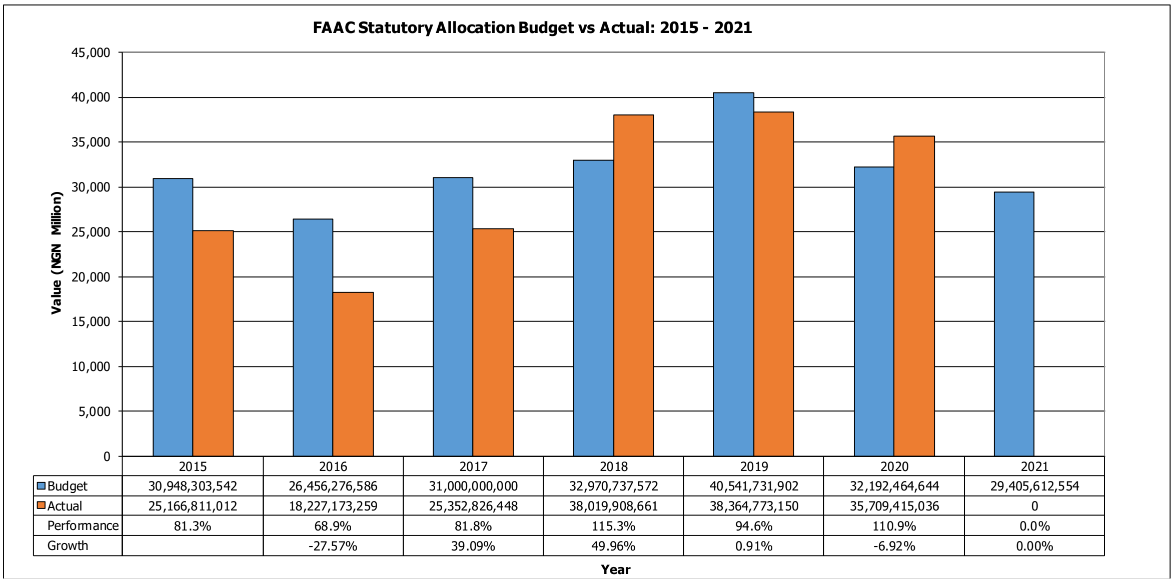
2.B. Fiscal Update

2.B.1. Historic Trends

Revenue Side

94. On the revenue side, the documentlooks at Statutory Allocation, Value Added Tax (VAT), Independent Revenue and Capital Receipts – budget versus actual for the period 2015-2021 (six years historic trend).

Figure 2: Statutory Allocation



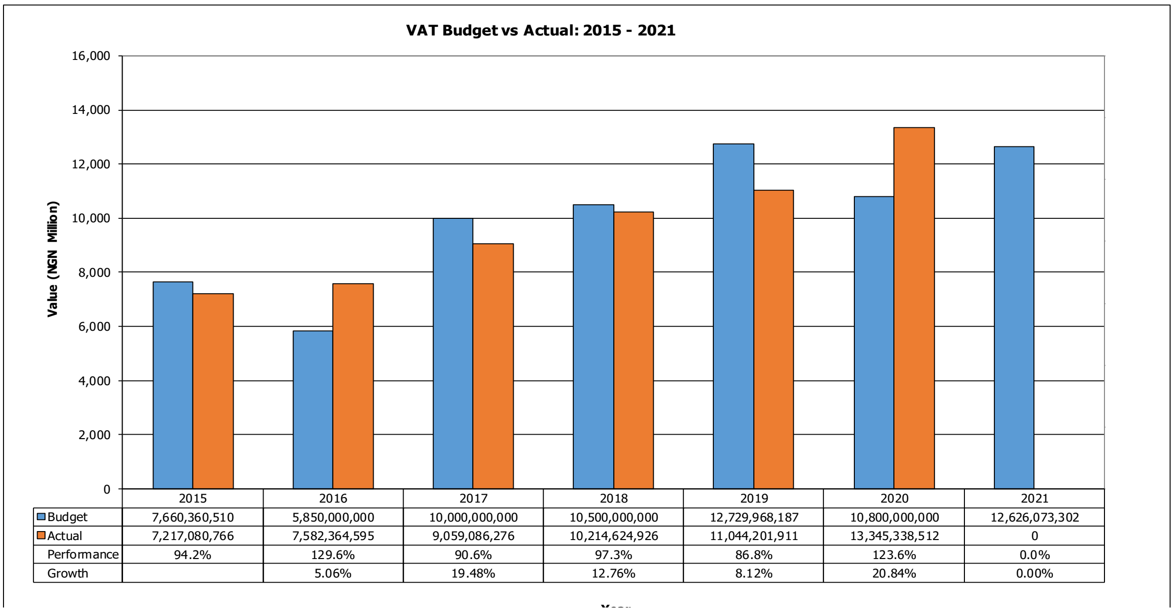
	2015	2016	2017	2018	2019	2020	2021
Budget	30,948,303,542	26,456,276,586	31,000,000,000	32,970,737,572	40,541,731,902	32,192,464,644	29,405,612,554
Actual	25,166,811,012	18,227,173,259	25,352,826,448	38,019,908,661	38,364,773,150	35,709,415,036	0
Performance	81.3%	68.9%	81.8%	115.3%	94.6%	110.9%	0.0%
Growth		-27.57%	39.09%	49.96%	0.91%	-6.92%	0.00%

95. Federal Allocation is a statutory transfer from the Federation Account to the State. This Statutory allocation is exogenous to the State Government because it is determined by the Federal Government using some indices such as IGR, land mass, health facilities, primary education facilities as recommended by the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC).

96. The above graph shows that Statutory Allocation to the State decreased by 27.5% in 2016 and increased by 39.09%, 49.96 and 0.91% in 2017, 2018 and 2019 respectively. In 2020there was a decline of 6.92% as a result of fall in global oil price and cut in production output following OPEC agreement.The increase recorded from 2016 to 2018 was as a result of improvement in oil prices and oil production.

97. Performance against budget varied as actual exceeded budget in 2018 and 2020while actual receipts were less than budgeted in 2015, 2016, 2017 and 2019. In making projection, the global price of crude, oil production per barrel and OPEC quota should be considered.

Figure 3: VAT



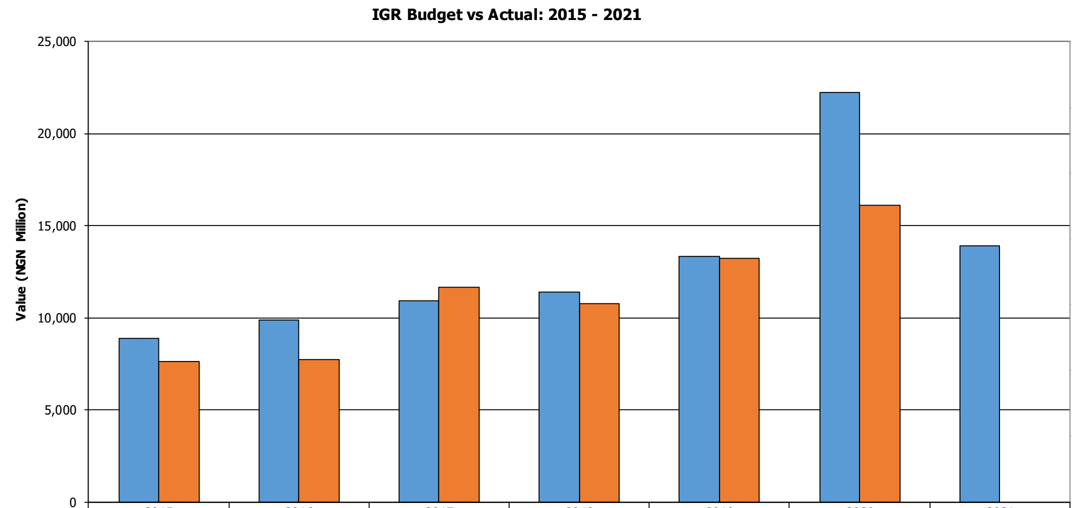
	2015	2016	2017	2018	2019	2020	2021
Budget	7,660,360,510	5,850,000,000	10,000,000,000	10,500,000,000	12,729,968,187	10,800,000,000	12,626,073,302
Actual	7,217,080,766	7,582,364,595	9,059,086,276	10,214,624,926	11,044,201,911	13,345,338,512	0
Performance	94.2%	129.6%	90.6%	97.3%	86.8%	123.6%	0.0%
Growth		5.06%	19.48%	12.76%	8.12%	20.84%	0.00%

98. VAT is ad valorem tax on essential goods and services at a rate of 5% before it was increased to 7.5% in 2020. It is collected by the Federal Inland Revenue Service (FIRS) on behalf of the States and distributed among the three tiers of Government and FCT on monthly basis based on set ratios. In the current distribution arrangement, States receive 50% of the total VAT collected, LGAs and FCT receive 35% and FGN 15%.

99. VAT receipts ranged from N7.5 billion, 9.0 billion, 10.2 billion and 11.0 billion between 2016 to 2019 while the lowest of 7.2 billion was recorded in 2015

100. Following the agitations for a new VAT regime by some States of the federation, Ekiti state is likely to experience fiscal pressure as revenue accruable to the State from this source maycontract as about 87% of the total VAT comes from four States of Lagos, Rivers, Kano, Kaduna and the FCT while only 13% comes from 32 other States of the federation.

Figure 4: IGR



	2015	2016	2017	2018	2019	2020	2021
Budget	8,885,524,000	9,865,566,893	10,928,010,058	11,425,944,445	13,324,679,357	22,220,298,266	13,933,154,863
Actual	7,648,013,828	7,744,650,103	11,637,344,828	10,763,226,189	13,250,725,062	16,087,575,615	0
Performance	86.1%	78.5%	106.5%	94.2%	99.4%	72.4%	0.0%
Growth		1.26%	50.26%	-7.51%	23.11%	21.41%	0.00%

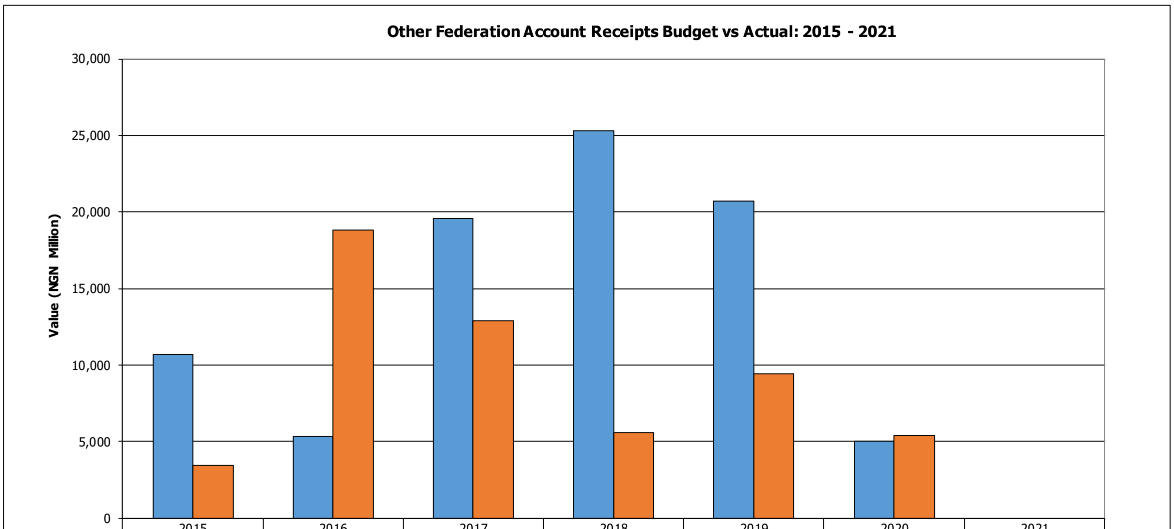
Year

101. Independent Revenue otherwise known as Internally Generated Revenue is revenue collected within Ekiti State and utilized wholly by the State Government. Income tax (PAYE) represents the highest contributor to IGR. Other sources include fines, levies, fees and earnings within the State.

102. From 2015 – 2016 actual collection was lower than the Budget. IGR collections increased in from N7.7 billion in 2016 to N11.6 billion in 2017 while it reduced to 10.7 billion in 2018 and increasedtoN13.2 billion in 2019. The IGR increased substantially in 2020 to N16.08 billion but fell below the N22.2 billion budgeted as aresult of COVID-19 lockdown (March - May, 2021), which affected socio-economic activities.It is noteworthy that in all the years, PAYE formed the major component of income tax and is considered as main contributor to the State IGR.

103. Notwithstanding the increase in economic activities recorded over the years, the performance is still low when compared with the IGR performance of neighbouring States. There is need for a review of the IGR sources and collection modalities to improveon the IGR performance.

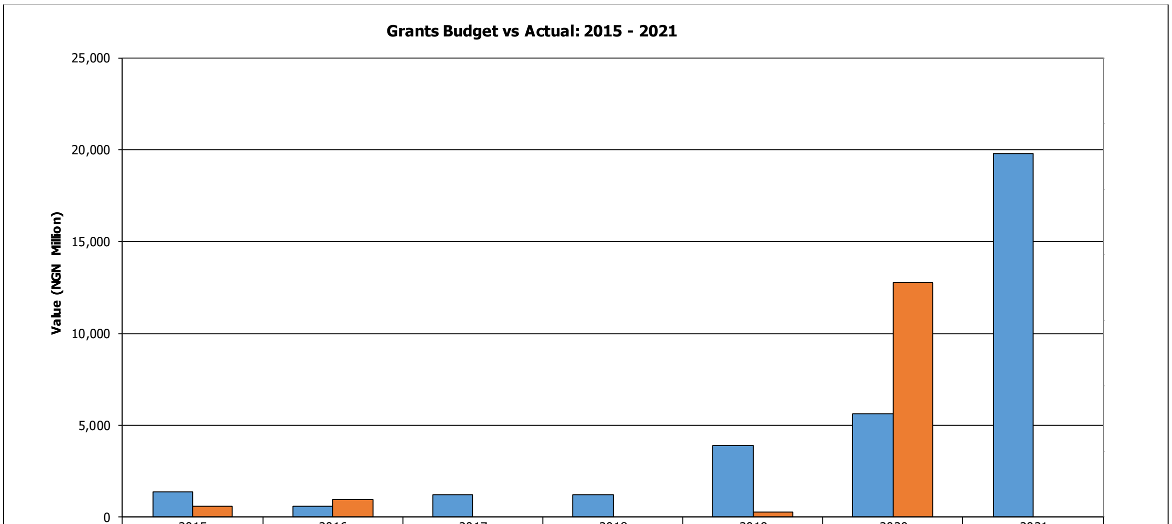
Figure 5: Other Federation Account Receipts



	2015	2016	2017	2018	2019	2020	2021
Budget	10,672,445,343	5,341,640,916	19,555,000,000	25,283,694,817	20,694,303,135	5,009,495,000	0
Actual	3,439,783,197	18,813,775,474	12,882,780,492	5,609,175,234	9,441,756,378	5,401,840,448	0
Performance	32.2%	352.2%	65.9%	22.2%	45.6%	107.8%	0.0%
Growth		446.95%	-31.52%	-56.46%	68.33%	-42.79%	0.00%

104. Other Federation Account Receipts include Exchange Gain, NNPC refund, Augmentation, etc. Receipts from theses sources have been unsteady since 2015. In 2015, 2017, 2018 and 2019, receipts were less than Budget. However, the receipts in 2016 and 2020 exceeded Budget. Forecast for receipts from these sources is usually unpredictable. In forecasting for 2022 and beyond, emphasis is on actual performance in the first half of the fiscal year.

Figure 6: Grants

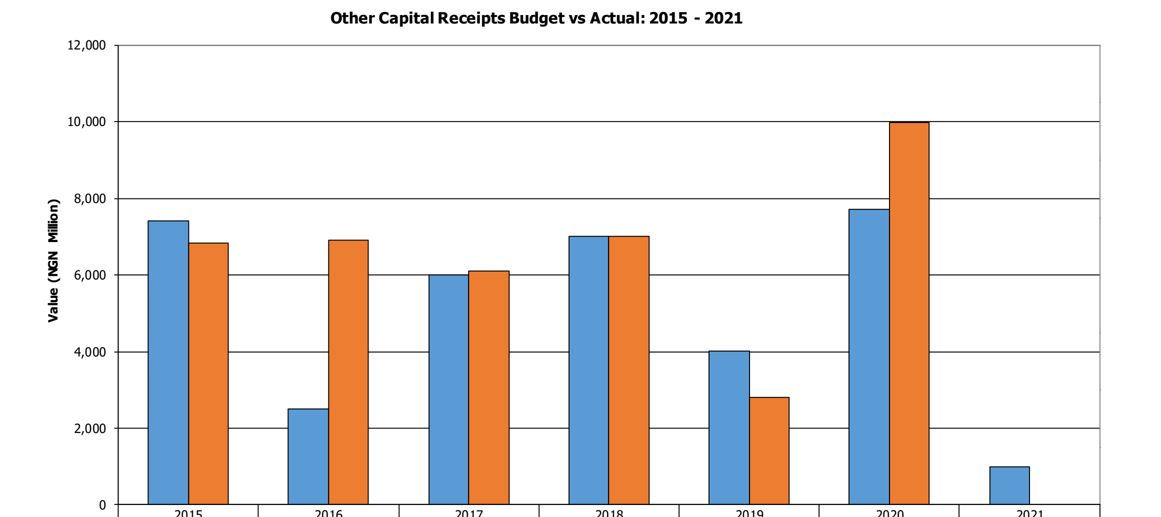


	2015	2016	2017	2018	2019	2020	2021
Budget	1,374,000,000	600,000,000	1,200,000,000	1,200,000,000	3,885,500,000	5,637,500,000	19,816,834,180
Actual	600,000,000	926,205,480	0	0	250,000,000	12,756,337,837	0
Performance	43.7%	154.4%	0.0%	0.0%	6.4%	226.3%	0.0%
Growth		54.37%	-100.00%	0.00%	0.00%	5002.54%	0.00%

105. Grants include receipts from Federal Agencies and Development Partners, including International Institutions. Sources of Grants to Ekiti State include Conditional Grants Schemefrom MDG, Grant from UBEC, Grants from International Development Partners (including UK, Department for International Development (DFID), European Union (EU), World Bank (State Fiscal Transparency, Accountability and Sustainability) (SFTAS) and United Nationals Children's Fund (UNICEF).

106. The graph above indicates that Grants received from UBEC, CGS and other International Development Partners reduced from 2014 to 2019. However, in 2020 the actual performance exceeded budget as a result from World Bank's SFTAS.

Figure 7: Other Capital Receipts



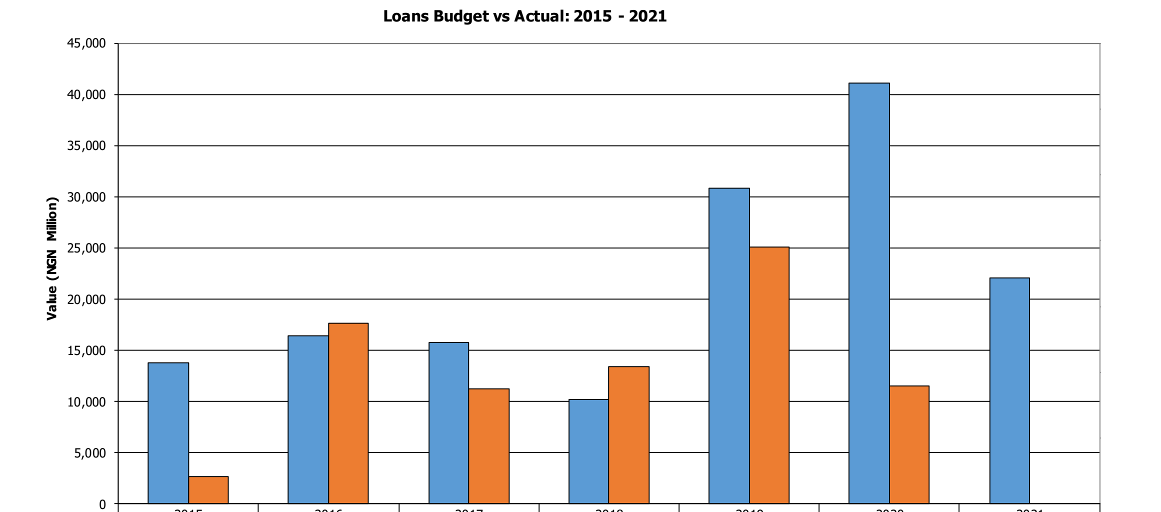
	2015	2016	2017	2018	2019	2020	2021
Budget	7,423,445,527	2,500,000,000	6,000,000,000	7,000,000,000	4,018,759,902	7,725,693,310	1,000,000,000
Actual	6,843,542,432	6,918,930,420	6,100,451,790	7,000,000,000	2,794,907,419	9,981,143,777	0
Performance	92.2%	276.8%	101.7%	100.0%	69.5%	129.2%	0.0%
Growth		1.10%	-11.83%	14.75%	-60.07%	257.12%	0.00%

Year

107. Other Capital Receipts comprise sundry incomes and transfer from prior year Capital Development Fund. The graph indicates that in 2015-2018, the State received significant amount from this source. From 2015 to 2018 the performance was impressive with the State receiving between N6 billion and N7 billion while it fell to 2.7 billion in 2019 and increased to N9billion in 2020.

108. In recent years,the trend had been favourable with 101.7%, 100.0% and 129.2% performances in 2017, 2018 and 2020. This trend should be sustained and improved upon by consolidating on the harmonious relationship and enabling environment for the Development Partners.

Figure 8: Loans / Financing



	2015	2016	2017	2018	2019	2020	2021
Budget	13,819,953,945	16,430,911,153	15,773,389,085	10,231,168,207	30,829,529,652	41,139,418,136	22,048,801,824
Actual	2,705,737,050	17,699,060,086	11,207,362,919	13,411,713,463	25,102,265,620	11,553,908,001	0
Performance	19.6%	107.7%	71.1%	131.1%	81.4%	28.1%	0.0%
Growth		554.13%	-36.68%	19.67%	87.17%	-53.97%	0.00%

Year

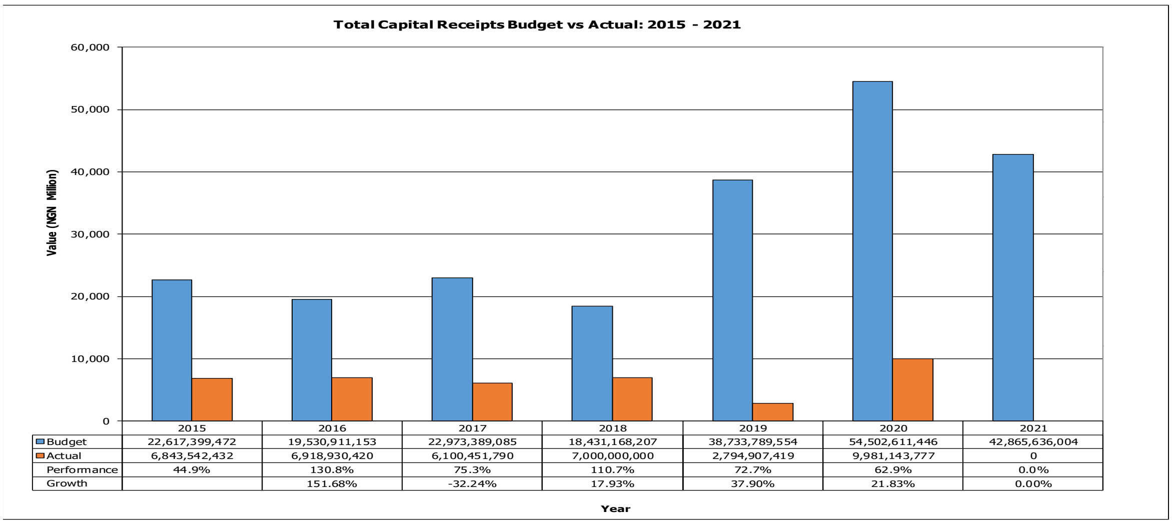
109. Loans are borrowings from both internal and external sources. Internal Loans cover all domestic loans such as loan from CommercialBanks, Central Bank of Nigeria and Capital

Market while External Loans are loans from International Institutions and foreign countries such as the World Bank, European Union, International Monetary Fund etc.

110. The above graph shows that performances varied with budget exceeding actual in 2015, 2017, 2019 and 2020, while actual loans exceeded budget in 2016 and 2018. For instance, loans obtained in 2016 was 17.6 billion while it reduced to 11.2 billion and 13.4 billion in 2017and 2018 respectively.

111. The low performance in 2020 resulted from the anticipated internal loans that were not floated in the fiscal year.

Figure 15: Total Capital Receipts Budget

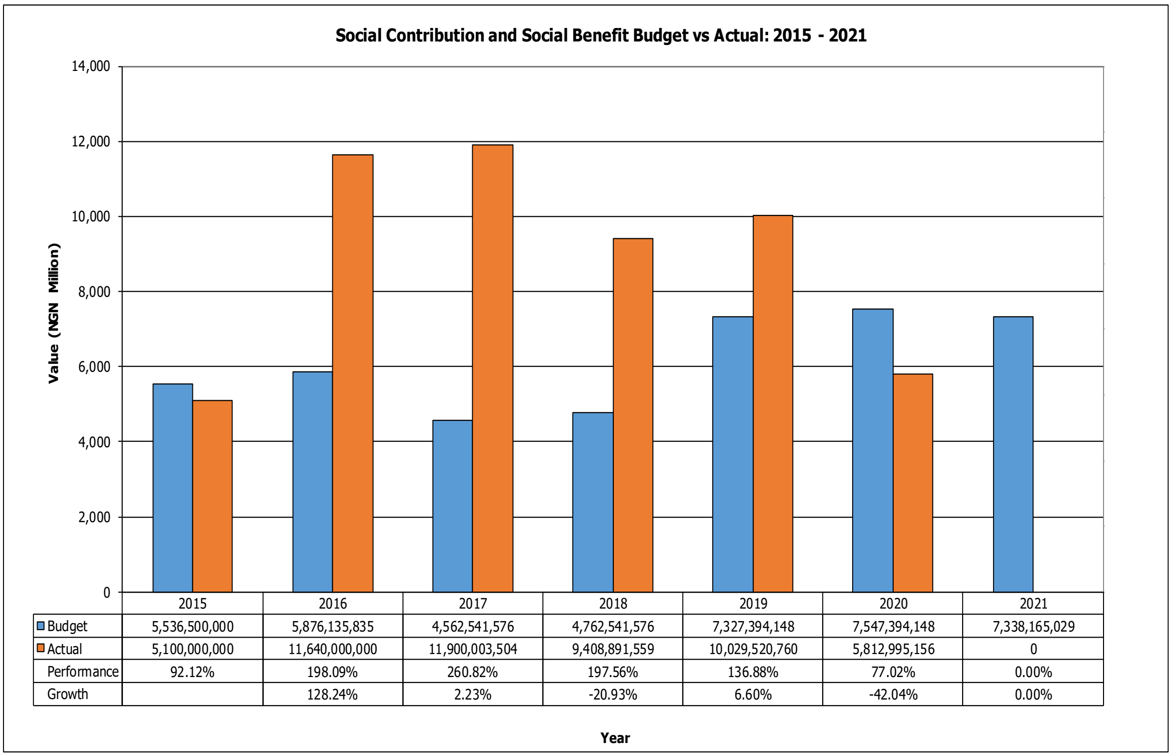


	2015	2016	2017	2018	2019	2020	2021
Budget	22,617,399,472	19,530,911,153	22,973,389,085	18,431,168,207	38,733,789,554	54,502,611,446	42,865,636,004
Actual	6,843,542,432	6,918,930,420	6,100,451,790	7,000,000,000	2,794,907,419	9,981,143,777	0
Performance	44.9%	130.8%	75.3%	110.7%	72.7%	62.9%	0.0%
Growth		151.68%	-32.24%	17.93%	37.90%	21.83%	0.00%

Expenditure Side

112. On the expenditure side, the document looks at Consolidated Revenue Fund Charge (CRFC) Personnel, Overhead and Capital Expenditure – budget versus actual for the period 2013-2018 (six years historic) and 2019 budget.

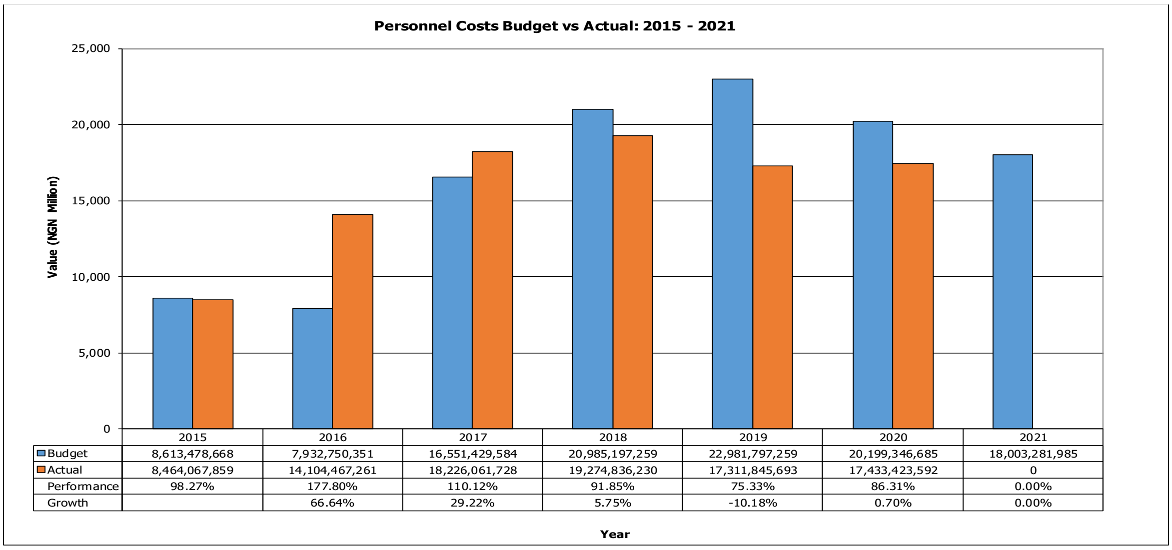
Figure 16: Social Contribution and Social Benefit



	2015	2016	2017	2018	2019	2020	2021
Budget	5,536,500,000	5,876,135,835	4,562,541,576	4,762,541,576	7,327,394,148	7,547,394,148	7,338,165,029
Actual	5,100,000,000	11,640,000,000	11,900,003,504	9,408,891,559	10,029,520,760	5,812,995,156	0
Performance	92.12%	198.09%	260.82%	197.56%	136.88%	77.02%	0.00%
Growth		128.24%	2.23%	-20.93%	6.60%	-42.04%	0.00%

113. This expenditure consists of Pensions, Gratuities, 5% Contribution to Redeemable Retirement Funds Accounts, 10% Government Contributions to CPS, Actuarial Valuation and Pension/Maintenance of Past Political Office Holders. Actual expenditure increased from 2016 to 2019 as a result of the part payment of backlog of arrears of pension and gratuities.

114. A critical examination of the above graph shows that the actual expenditure was relatively lower than the budget in 2020 as it recorded a growth of -42.04%.



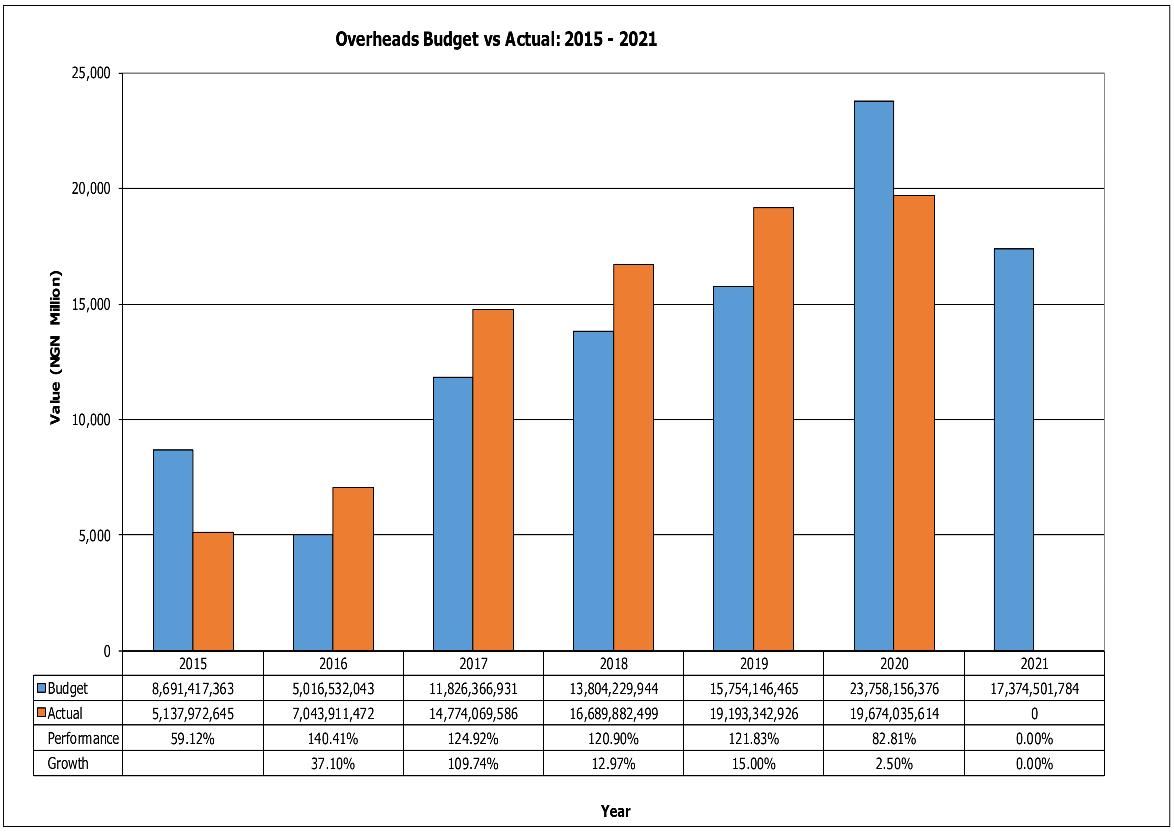
	2015	2016	2017	2018	2019	2020	2021
Budget	8,613,478,668	7,932,750,351	16,551,429,584	20,985,197,259	22,981,797,259	20,199,346,685	18,003,281,985
Actual	8,464,067,859	14,104,467,261	18,226,061,728	19,274,836,230	17,311,845,693	17,433,423,592	0
Performance	98.27%	177.80%	110.12%	91.85%	75.33%	86.31%	0.00%
Growth		66.64%	29.22%	5.75%	-10.18%	0.70%	0.00%

Figure 17: Personnel

115. The personnel costs covered the salaries and allowances of civil servants as well as political office holders. As indicated in the graph, personnel costs have risen over the years with an average rate of 33.8% per annum from 2015 to 2018. The steady drop from 2019 to 2020 was due to the verification exercise which identified and stopped some nugatory payments.

116. Actual expenditure has been close to budget in all the years except 2016 and 2017 when personnel costs exceeded budget.

Figure 9: Overheads

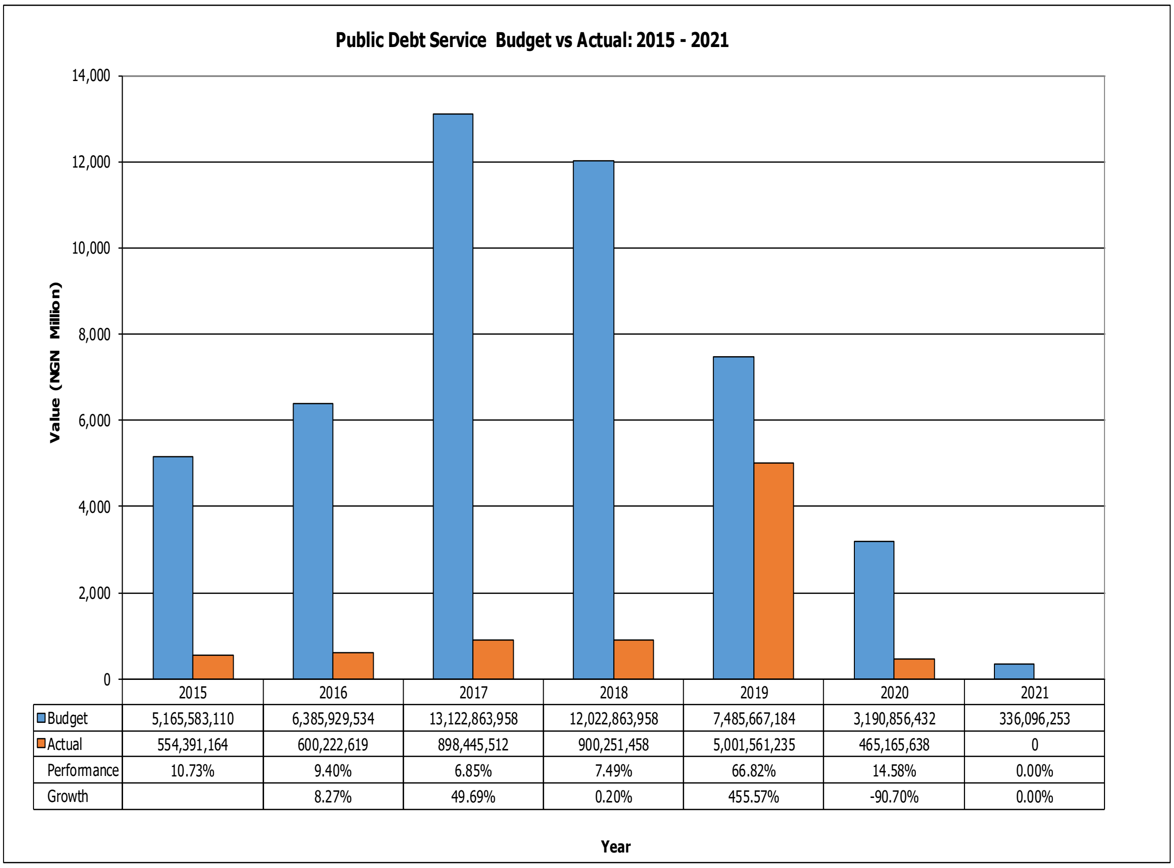


	2015	2016	2017	2018	2019	2020	2021
Budget	8,691,417,363	5,016,532,043	11,826,366,931	13,804,229,944	15,754,146,465	23,758,156,376	17,374,501,784
Actual	5,137,972,645	7,043,911,472	14,774,069,586	16,689,882,499	19,193,342,926	19,674,035,614	0
Performance	59.12%	140.41%	124.92%	120.90%	121.83%	82.81%	0.00%
Growth		37.10%	109.74%	12.97%	15.00%	2.50%	0.00%

117. The Overhead Cost consistsof expenses incurred in the day-to-day running of government business and other operational cost.Overhead allocations are transferred to monthly through Warrants and subject to availability of fund.

118. Actual overhead expenditure decreased from 2014 to 2016 and increased in 2017, 2018, 2019 and 2020 respectively. However, a critical look at the above graph shows that the actual performance has been lower than the budgeted figure in the period under review, excluding year 2017 where the actual performance was higher than the budget.

Figure 10: Public Debt Service

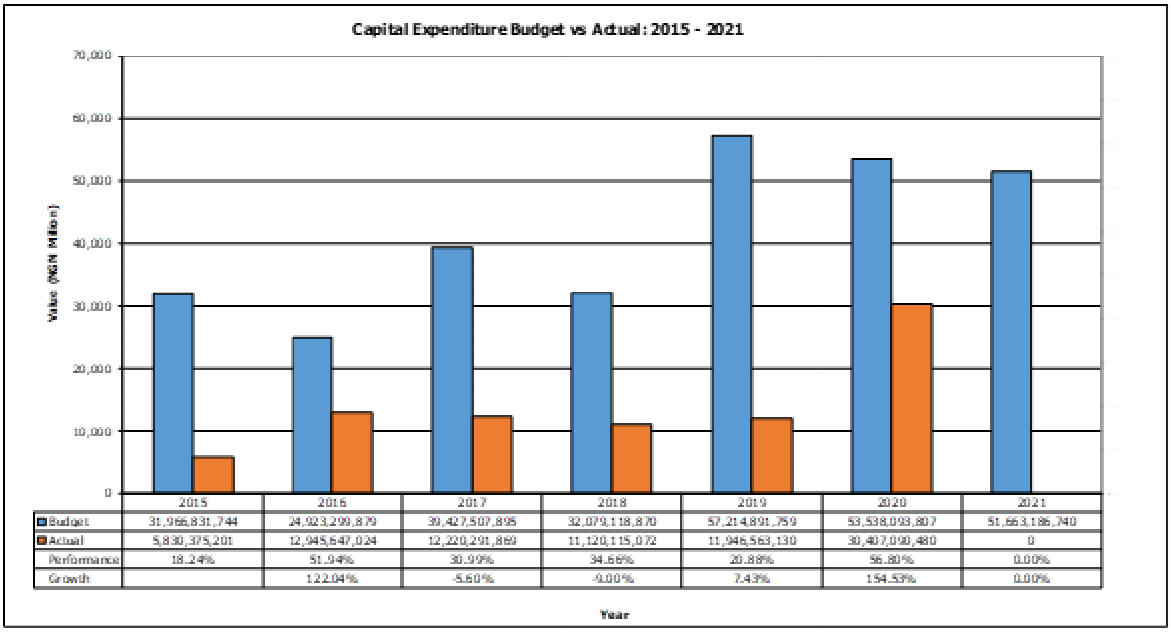


	2015	2016	2017	2018	2019	2020	2021
Budget	5,165,583,110	6,385,929,534	13,122,863,958	12,022,863,958	7,485,667,184	3,190,856,432	336,096,253
Actual	554,391,164	600,222,619	898,445,512	900,251,458	5,001,561,235	465,165,638	0
Performance	10.73%	9.40%	6.85%	7.49%	66.82%	14.58%	0.00%
Growth		8.27%	49.69%	0.20%	455.57%	-90.70%	0.00%

119. This expenditure element consists of judgment debts, repayment of short-term borrowings and servicing of short-term loans. Arising from the well-planned public debt mechanism in the State, the cost of servicing debt in the period under review has been relativelylow with the State meeting its loan obligationsas and when due.

120. A critical examination of the above graph shows that the actual was lower than the budget in all the years. Performances have been low in all the years save for 2019 which recorded a growth of 455.57%.

Figure 11: Capital Expenditure

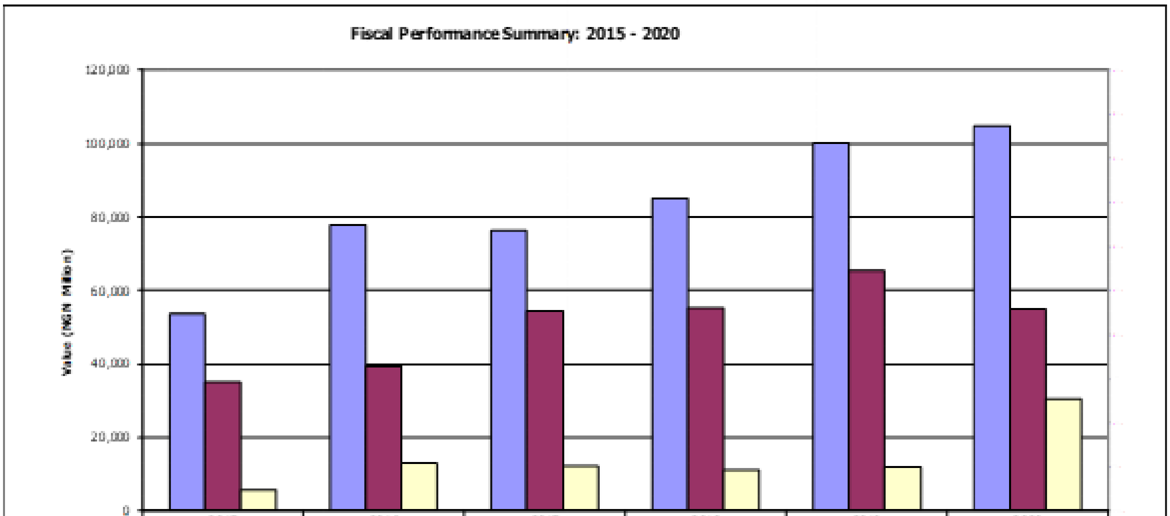


	2015	2016	2017	2018	2019	2020	2021
Budget	31,966,831,744	24,923,299,879	39,427,507,895	32,079,118,870	57,214,891,759	53,538,093,807	51,663,186,740
Actual	5,830,375,201	12,945,647,024	12,220,291,869	11,120,115,072	11,946,563,130	30,407,090,480	0
Performance	18.24%	51.94%	30.99%	34.66%	20.88%	56.80%	0.00%
Growth		122.04%	-5.60%	-9.00%	7.43%	154.53%	0.00%

121. Capital expenditure consists of Government spending on developmental projects and programmes that create public assets such as roads, hospital facilities, education facilities, construction of market,provision of electricity, pipe borne water and sanitation facilities in the State.

122. The graph revealed that in all the years, actual performance was less than budget. Significantly, a drastic fall was experienced in the actual performance in 2015 where 18% level of actual performance was achieved. Also, least capital expenditure was recorded in 2015 with N5.83 billion while the highest was in 2020 with N30.40 billion, depicting 154.53% growth rate. The impressive performance stemmed from the efforts of the present administration to improve industrial and infrastructural facilities and legacy projects to drive economic activities in the State.

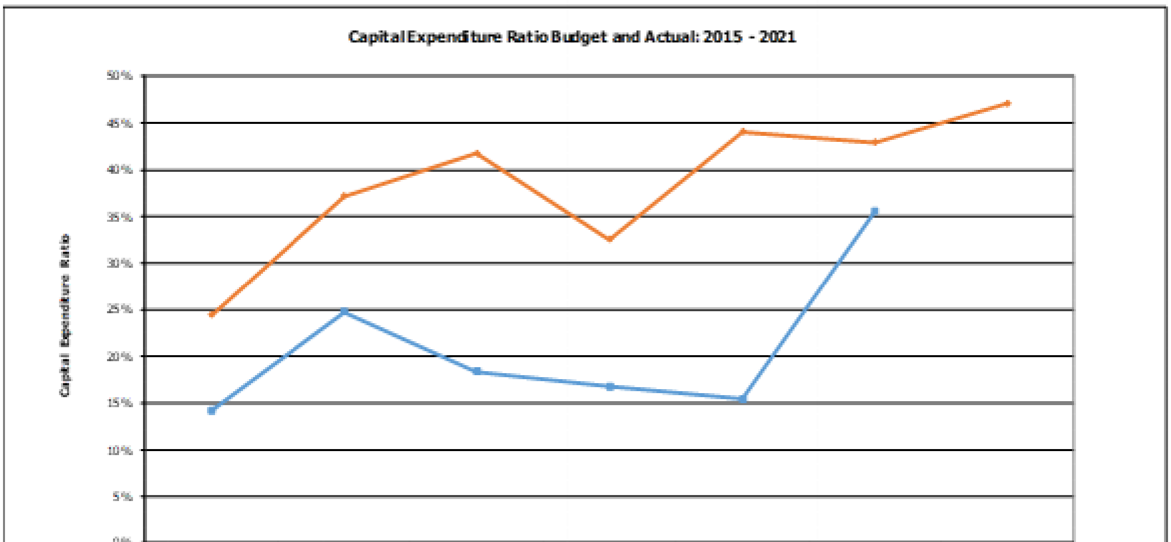
Figure 12: Fiscal Performance Summary



	2015	2016	2017	2018	2019	2020
Revenue	53,620,968,284	77,912,159,418	76,239,852,753	85,018,648,472	100,248,629,541	104,835,559,226
Rec. Exp.	35,195,547,009	39,414,153,701	54,303,272,367	55,258,231,212	65,572,421,029	55,011,180,626
Cap. Exp.	5,830,375,201	12,945,647,024	12,220,291,869	11,120,115,072	11,946,563,130	30,407,090,480
Performance	31.37%	78.10%	70.43%	67.31%	59.66%	68.49%
Growth		27.63%	27.09%	-0.22%	16.78%	10.19%

123. From the above graph,the overall fiscal performance of revenue increased steadily from N53.6b in 2015 to N104.8b in 2020. The recurrent expenditure also rose proportionately from 2015 to 2019 with a slight decrease in 2020. An impressive performance in Capital Expenditure was observed in 2020 relative to other years. Notably, the 78.10% performance recorded in 2016 was the all-time highest performance across the years under review.

Figure 132: Capital Expenditure Ratio



	2015	2016	2017	2018	2019	2020	2021
Budget	24%	37%	42%	33%	44%	43%	47%
Actual	14%	25%	18%	17%	15%	36%	

124. From the above graph, it was observed that the recurrent to capital expenditure ratio increased from the year 2015 to 2016, followed by steady decline from 18% in 2017 to 15% in 2019. However, in 2020, recurrent to capital expenditure rose significantly to 36%,

resulting from increase in productive activities in 2020 after the easing of the lockdowns.The proportion of actual expenditure to capital expenditure was less than 25% in all the years reviewed.

Expenditure Performance by Sector

125. All the 12 sectors performed above 80%. The highest performance was recorded in the Finance Sector with 105.98% while the least performing sector was Land and Housing Sector with 81.16%.Performance of Personnel Expenditure over the period of 2015-2020 as shown in Table 2 below had been impressive from 2014-2019.

126. Overhead performance by sector varied over the period 2015-2020. The overall variance for the period was 12% with 7 sectors recording impressive performance, 5 sectors had average performance and 2sectors with unimpressive performance.

127. The Performance on Capital Expenditure varied over the period 2015-2020 with only Agricultural and RuralDevelopment performing above average (i.e. 76.10%), while Infrastructural Development recorded 55% performance. The performance of the remaining 10 sectors was not impressive.

128. The analysis of performance of personnel, overhead and capital expenditure is shown in tables 2, 3 and 4 below.

Table 2: Sector Expenditure Personnel - Budget Vs Actual

No.	Sector	2017 Budget	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2019 Actual	2020 Budget	2020 Actual	Performance	Average Budget	Average Actual	2021 Budget	2021 Budget %
Personnel Expenditure by Sector														
1	ADMINISTRATIVE SECTORS	2,761,561,543	3,432,540,645	3,240,662,978	3,409,146,285	4,366,391,764	3,252,165,214	4,178,442,625	3,704,904,172	94.86%	9.65%	9.59%	3,537,678,768	9.83%
2	i. Governance	1,605,577,155	1,490,024,704	1,725,862,683	1,414,030,406	2,356,636,780	1,894,423,554	3,051,213,028	2,972,158,323	88.92%	5.80%	5.38%	2,666,602,598	7.41%
3	ii. Finance	671,835,842	1,352,617,717	832,919,496	1,385,786,577	1,327,874,185	724,554,772	961,353,925	557,753,428	105.98%	2.52%	2.78%	683,696,550	1.90%
4	iii. Law and Justice	484,148,545	589,898,224	681,880,799	609,329,302	681,880,799	633,186,889	165,875,673	174,992,421	99.68%	1.34%	1.39%	187,379,620	0.52%
5	ECONOMIC SECTORS	1,673,538,864	1,529,033,577	1,844,040,446	1,727,513,333	1,819,040,446	1,593,304,161	1,511,968,809	1,520,003,153	93.01%	4.54%	4.41%	1,718,265,104	4.77%
6	i. Agricultural and Rural Development	669,706,929	598,314,821	714,153,273	637,832,584	714,153,273	589,301,907	573,953,603	579,358,927	90.00%	1.77%	1.67%	660,181,839	1.83%
7	ii. Insfrastructural Development	754,126,517	716,142,924	858,051,077	785,735,549	883,051,077	794,564,413	765,640,042	766,533,434	93.93%	2.16%	2.12%	864,991,394	2.40%
8	iii. Industrial Development	249,705,419	214,575,832	271,836,096	303,945,199	221,836,096	209,437,841	172,375,165	174,110,791	98.51%	0.61%	0.62%	193,091,871	0.54%
9	SOCIAL SERVICES SECTORS	11,581,816,052	12,859,268,472	15,389,506,454	13,705,504,171	13,405,069,414	12,033,306,018	11,698,849,974	11,830,862,718	96.84%	34.56%	34.92%	12,399,810,636	34.44%
10	i. Education Development	8,302,275,070	9,762,102,667	11,627,535,341	10,360,882,808	9,703,355,214	8,828,452,650	8,732,209,152	8,808,217,032	98.42%	25.46%	26.15%	9,267,162,706	25.74%
11	ii. Health Care Development	2,749,545,346	2,610,960,351	3,175,057,980	2,885,909,430	3,199,057,980	2,799,426,455	2,763,025,611	2,812,378,329	93.54%	7.89%	7.70%	2,608,636,818	7.24%
12	iii. Gender Empowernment	91,991,391	77,258,619	98,416,854	86,959,635	108,416,854	81,028,913	83,695,038	83,475,800	85.94%	0.25%	0.23%	76,821,932	0.21%
13	iv. Information, Tourism, Sport and Youth I	438,004,245	408,946,834	488,496,278	361,752,298	394,239,365	324,398,000	119,920,173	126,791,557	84.81%	0.96%	0.89%	447,189,180	1.24%
14	ENVIRONMENTAL SECTORS	534,513,125	405,219,033	510,987,381	432,672,442	499,263,889	394,987,476	335,364,546	377,653,549	85.66%	1.25%	1.12%	347,527,478	0.97%
15	i. Land and Housing	280,380,255	210,008,640	270,225,820	215,160,602	263,502,328	205,410,931	161,652,159	161,379,730	81.16%	0.65%	0.59%	222,883,401	0.62%
16	ii. Environmental Development	254,132,870	195,210,394	240,761,561	217,511,839	235,761,561	189,576,545	173,712,387	216,273,819	90.51%	0.60%	0.57%	124,644,076	0.35%
	Total	33,102,859,168	36,452,123,455	41,970,394,519	38,549,672,460	40,179,531,026	34,547,525,739	35,449,251,909	34,866,847,185	95.83%	100.00%	100.00%	36,006,563,971	100.00%

Table 3: Sector Expenditure Overhead - Budget Vs Actual

No.	Sector	2017 Budget	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2019 Actual	2020 Budget	2020 Actual	Performance	Average Budget	Average Actual	2021 Budget	2021 Budget %
Overhead Expenditure by Sector														
1	ADMINISTRATIVE SECTORS	28,205,393,187	28,656,324,921	33,074,182,455	30,173,899,220	42,715,252,817	38,241,667,164	26,474,001,531	25,776,565,912	94.16%	36.14%	36.94%	24,409,822,745	30.51%
2	i. Governance	8,162,336,199	9,990,852,818	5,610,725,903	4,211,034,042	16,828,839,041	14,046,199,351	11,228,737,324	10,787,708,014	93.32%	11.59%	11.74%	13,041,744,789	16.30%
3	ii. Finance	17,719,687,957	17,024,177,948	24,714,233,508	23,194,406,378	23,072,306,533	22,023,466,811	14,037,738,339	13,845,318,200	95.65%	22.03%	22.88%	10,089,392,786	12.61%
4	iii. Law and Justice	2,323,369,031	1,641,294,155	2,749,223,044	2,768,458,800	2,814,107,243	2,172,001,002	1,207,525,869	1,143,539,698	84.95%	2.52%	2.32%	1,278,685,170	1.60%
5	ECONOMIC SECTORS	390,647,944	155,015,800	310,044,564	172,347,968	1,191,310,149	327,679,390	524,113,659	342,769,202	41.30%	0.67%	0.30%	518,220,927	0.65%
6	i. Agricultural and Rural Development	26,603,380	10,392,000	28,603,380	15,387,500	61,380,737	24,689,000	32,092,063	28,863,962	53.36%	0.04%	0.02%	46,596,583	0.06%
7	ii. Insfrastructural Development	256,693,521	127,975,800	230,504,793	140,608,468	376,572,657	273,892,479	321,721,985	286,678,740	69.94%	0.33%	0.25%	342,953,245	0.43%
8	iii. Industrial Development	107,351,043	16,648,000	50,936,390	16,352,000	753,356,755	29,097,911	170,299,611	27,226,500	8.26%	0.30%	0.03%	128,671,100	0.16%
9	SOCIAL SERVICES SECTORS	9,679,469,816	9,117,846,333	11,912,317,986	11,670,479,841	14,338,489,657	9,599,825,054	10,620,430,887	11,198,475,007	89.34%	12.89%	12.51%	14,750,589,417	18.44%
10	i. Education Development	6,549,786,932	6,810,279,108	8,790,362,883	8,856,738,272	10,000,155,512	6,786,808,638	7,506,742,794	8,064,948,779	92.91%	9.10%	9.18%	11,084,077,096	13.86%
11	ii. Health Care Development	2,868,065,747	2,266,742,414	2,885,065,747	2,665,038,172	3,407,326,042	2,516,237,940	2,955,586,274	2,988,896,189	86.14%	3.36%	3.14%	3,371,670,983	4.21%
12	iii. Gender Empowernment	133,430,160	22,976,042	143,823,986	62,292,331	415,783,259	35,004,000	26,369,250	25,757,500	20.30%	0.20%	0.04%	35,602,375	0.04%
13	iv. Information, Tourism, Sport and Youth I	128,186,978	17,848,769	93,065,370	86,411,067	515,224,845	261,774,477	131,732,569	118,872,538	55.85%	0.24%	0.15%	259,238,963	0.32%
14	ENVIRONMENTAL SECTORS	201,950,718	148,023,585	250,683,906	183,170,869	351,601,308	254,561,396	287,511,787	259,946,913	77.46%	0.30%	0.25%	321,274,908	0.40%
15	i. Land and Housing	36,809,104	19,644,085	38,809,104	21,985,702	98,207,722	45,091,727	55,829,287	36,275,746	53.56%	0.06%	0.04%	68,488,583	0.09%
16	ii. Environmental Development	165,141,613	128,379,500	211,874,802	161,185,167	253,393,586	209,469,669	231,682,500	223,671,167	83.83%	0.24%	0.22%	252,786,325	0.32%
	Total	76,954,923,329	76,154,421,278	91,094,457,822	84,399,795,796	117,193,307,864	96,847,466,006	75,812,115,728	75,155,514,068	92.11%	100.00%	100.00%	79,999,815,995	100.00%

Table 4: Sector Expenditure Capital - Budget Vs Actual

Capital Expenditure by Sector

		2017	2017	2018	2018	2019	2019	2020	2020				2021	
No.	Sector	2017 Budget	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2019 Actual	2020 Budget	2020 Actual	Perfomance	Average Budget	Average Actual	2021 Budget	2021 Budget %
1	ADMINSTRATIVE SECTORS	11,461,195,915	1,628,291,820	8,333,740,317	1,115,034,986	19,471,930,361	4,243,610,647	10,631,055,524	5,632,687,414	25.29%	14.15%	9.60%	22,873,395,874	22.14%
2	i. Governance	4,700,839,917	1,136,353,196	4,450,000,000	811,202,287	9,707,233,476	2,535,226,484	7,363,776,804	5,090,674,648	36.51%	7.44%	7.28%	18,382,498,832	17.79%
3	ii. Finance	5,874,506,605	489,338,623	3,296,875,088	303,832,699	8,566,285,231	1,708,384,163	2,032,154,158	542,012,765	15.40%	5.61%	2.32%	3,929,184,407	3.80%
4	iii. Law and Justice	885,849,393	2,600,000	586,865,229	0	1,198,411,655	0	1,235,124,562	0	0.07%	1.11%	0.00%	561,712,635	0.54%
5	ECONOMIC SECTORS	18,953,234,093	9,483,988,089	16,222,915,934	7,223,464,923	18,018,810,357	6,416,827,842	19,523,267,098	16,380,198,384	54.33%	20.62%	30.06%	20,722,278,260	20.06%
6	i. Agricultural and Rural Development	564,219,439	8,713,600	720,301,238	0	2,027,873,852	424,752,851	1,175,371,055	2,981,748,662	75.10%	1.27%	2.60%	2,055,955,925	1.99%
7	ii. Insfrastructural Development	17,168,000,000	8,784,690,889	14,420,381,042	6,541,149,213	13,793,191,246	5,411,032,132	16,001,449,053	13,023,363,287	55.00%	17.41%	25.69%	16,177,838,335	15.66%
8	iii. Industrial Development	1,221,014,654	690,583,600	1,082,233,654	682,315,710	2,197,745,258	581,042,859	2,346,446,989	375,086,436	34.01%	1.94%	1.77%	2,488,484,000	2.41%
9	SOCIAL SERVICES SECTORS	7,398,077,886	779,117,176	6,513,462,619	2,568,000,620	12,123,911,972	905,646,961	6,746,980,061	2,279,485,791	19.93%	9.30%	4.97%	5,472,650,662	5.30%
10	i. Education Development	5,091,250,000	475,894,276	4,439,980,120	2,294,348,193	5,956,461,850	303,807,703	3,063,878,928	1,350,738,658	23.65%	5.26%	3.37%	1,484,212,030	1.44%
11	ii. Health Care Development	928,827,886	19,348,400	1,206,853,934	27,802,428	3,475,550,000	231,865,791	2,676,983,639	703,633,345	11.86%	2.35%	0.79%	2,906,142,685	2.81%
12	iii. Gender Empowernment	650,000,000	223,474,500	388,375,000	245,850,000	748,139,000	193,775,000	851,117,494	158,613,789	31.15%	0.75%	0.63%	779,262,018	0.75%
13	iv. Information, Tourism, Sport and Youth Development	728,000,000	60,400,000	478,253,565	0	1,943,761,122	176,198,467	155,000,000	66,500,000	9.17%	0.94%	0.22%	303,033,930	0.29%
14	ENVIROMENTAL SECTORS	1,615,000,000	328,894,785	1,009,000,000	213,614,542	1,673,400,000	398,477,690	16,636,791,124	6,114,718,891	33.70%	5.94%	5.37%	2,594,861,944	2.51%
15	i. Land and Housing	705,000,000	196,484,665	434,000,000	154,210,634	1,052,000,000	163,192,187	697,742,969	650,358,827	40.30%	0.82%	0.89%	2,070,228,032	2.00%
16	ii. Enviromental Development	910,000,000	132,410,120	575,000,000	59,403,908	621,400,000	235,285,503	15,939,048,155	5,464,360,065	32.65%	5.12%	4.48%	524,633,912	0.51%
	Total	78,855,015,789	24,440,583,738	64,158,237,741	22,240,230,144	102,576,105,379	23,929,126,279	107,076,187,613	60,814,180,961	37.27%	100.00%	100.00%	103,326,373,480	100.00%

2.B.2. Ekiti State Debt Profile

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

Table 5: State Debt Profile As at 31st December 2020

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2020
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	523.36%
2	Total External Debt/Gross FAAC	150%	71.90%
3	Total Public Debt/Total Recurrent Revenue	150%	174.85%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	20.30%
6	External Debt Service/Gross FAAC	10%	1.64%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	14.31%
8	Total Debt Service/Total Recurrent Revenue	25%	5.90%
B	PUBLIC DEBT DATA AS AT 31st DECEMBER 2020		Naira
1	Total Domestic Debt		84,195,871,616
2	Total External Debt		39,152,880,088
3	**Total Public Debt**		**123,348,751,704**
4	Total Domestic Debt Service 2020		3,265,576,935
5	Total External Debt Service in 2020		894,296,332
6	**Total Public Debt Service**		**4,159,873,267**

Source: Ekiti State Ministry of Finance and Economic Development/ Accountant General's Office/PTAD.

130. Debt is desirable for financing regenerative projects provided it is within the threshold. The State is currently consolidating on its aggressive Internally Generated Revenue policy to improve on the IGR as a veritable alternative to the monthly allocation from FAAC. Hence, the resolve of the State Government to develop the State within the available economic resources while borrowing (domestic and external) are kept at its bearable minimum. Government will do all that is necessary to improve the debt sustainability profile and further reduce the current level of debt burden arising from the high cost of servicing the debts.

131. Arising from the above, Plan has been put in place to ensure that both IGR and other recurrent revenue base perform optimally and to ensure that the current debts are prudently utilized for developmental projects. Fiscal Strategy Plan has been developed to ensure that Debt/Gross Domestic Ratio in the State is high enough to generate economic prosperity and proper debt management that will propel the State economy towards self-reliance.

132. The above table indicates that the total domestic debt in the State stands at N84.20 billion while total external debt stands at N39.15 billion. The implication of this is that 68.26% is from domestic sourceswhile external debt accounts for31.74%.

Section 3. Fiscal Strategy Paper

3.A. Macroeconomic Framework

133. The Macroeconomic framework is based on IMF national real GDP growth and inflation forecasts from the April, 2021 World Economic Outlook document and mineral benchmarks (oil price, production and NGN:USD exchange rate) from the 2021-2022 Federal Fiscal Framework.

Table 6: Ekiti State Macroeconomic Framework

Macro-Economic Framework

Item	2021	2022	2023	2024
National Inflation	13.97%	11.70%	12.05%	11.68%
National Real GDP Growth	2.53%	2.31%	2.30%	2.32%
State Inflation	0.00%	0.00%	0.00%	0.00%
State Real GDP Growth	0.00%	0.00%	0.00%	0.00%
State GDP Actual	0	0	0	0
Oil Production Benchmark (MBPD)	1.8600	1.8600	1.9500	2.1000
Oil Price Benchmark	$40.00	$57.00	$57.00	$55.00
NGN:USD Exchange Rate	379	410	410	410
Other Assumptions				
Mineral Ratio	31%	31%	32%	32%

3.B. Fiscal Strategy and Assumptions

3.B.1. Policy Statement

134. The administration policy statement and operational ideology is to ensure that Ekiti State becomes an economic hub where people can go about their legitimate businesses and livetheir lives in dignity. This policy will not only guide the direction Government, it will also be a standard of measurement for all developmental issues including, budget preparation and budget implementation, budget discipline and control through transparency and accountability in Governance.

3.B.2. Objectives and Targets

135. The key targets from a fiscal perspective are:

i. to establish a fiscal framework consistent with Government Fiscal Policy, extant Rules such as the Ekiti Public Finance Management Law, Fiscal Responsibility Law, Public Procurement Law, among others for effective implementation of the proposed 2022 Budget;

ii. to maintain and increase the vibrant platform for the development of Agriculture and Micro, Small and Medium Scale Enterprises (MSMSEs) and Agribusiness in the State towards rapid job creation;

iii. to ensure speedy completion of allon-going developmental projects with a view to transforming the State;

iv. to further explore all revenue sources, expand tax base, to continue to use Treasury Single Account (TSA) with a view to improving and widening the revenue generation drive of the State hence, reducing the dependence on Federal Allocation;

v. to eliminate poverty through strategic and well-coordinated empowerment programmes and other social investment programmes;

vi. to contain the spread of COVID-19 pandemic and cushion its effects on the social and economic activities in the State;

vii. to strengthen the ease-of-doing business policy by through the creation of enabling environment for socio-economic activities in the State to build the trust of investors and attract more domestic and foreign Investors;

viii. to sustain current efforts aimed at improving Human CapitalDevelopment and capacity building in the State through strategic investments in qualitative education businesses, and healthcare delivery system, Agribusiness, etc;

ix. to promote good governance through E-Govt Initiative, Budget discipline, probity and accountability in the allocation and utilization of public funds; and

x. to further strengthen MSMEs and increase the Gross Domestic Product (GDP) of the State.

3.C. Indicative Three-Year Fiscal Framework

136. The indicative three-year fiscal framework for the period 2021-2024 is presented in the table below.

Table 7: Ekiti State Medium Term Fiscal Framework

Fiscal Framework

Item	2021	2022	2023	2024
Opening Balance	11,835,900,000	16,545,637,798	16,545,637,798	16,545,637,798
Recurrent Revenue				
Statutory Allocation	32,787,516,959	43,888,825,803	48,205,352,803	51,540,505,680
Derivation				
VAT	14,276,783,214	16,237,350,622	18,405,339,465	20,823,272,435
IGR	18,542,735,841	22,237,767,248	26,433,096,311	31,737,506,386
Excess Crude / Other Revenue	5,294,064,634	3,947,472,119	3,023,516,029	2,511,157,733
Total Recurrent Revenue	**70,901,100,647**	**86,311,415,792**	**96,067,304,608**	**106,612,442,234**
Recurrent Expenditure				
Personnel Costs	19,506,748,529	20,699,869,350	21,567,400,218	22,358,904,390
Social Contribution and Social Benefit	5,578,464,021	5,155,716,839	4,596,381,564	4,252,240,715
Overheads	23,940,837,052	27,903,424,197	32,044,185,514	36,999,398,713
Grants, Contributions and Subsidies	12,772,994,679	15,185,125,749	16,926,084,803	19,195,276,877
Public Debt Service	555,335,480	683,564,011	780,802,699	928,374,387
Total	**62,354,379,761**	**69,627,700,147**	**75,914,854,799**	**83,734,195,081**
Transfer to Capital Account	**20,382,620,886**	**33,229,353,443**	**36,698,087,608**	**39,423,884,951**
Capital Receipts				
Grants	21,472,125,000	23,622,025,000	17,590,025,000	16,590,025,000
Other Capital Receipts	0	1,000,000,000	1,000,000,000	1,000,000,000
Total	**21,472,125,000**	**24,622,025,000**	**18,590,025,000**	**17,590,025,000**
Reserves				
Contingency Reserve	3,239,816,476	3,728,246,512	3,730,912,992	3,876,396,499
Planning Reserve	4,136,850,032	5,142,852,680	5,630,647,120	6,157,904,002
Total Reserves	**7,376,666,508**	**8,871,099,192**	**9,361,560,112**	**10,034,300,501**
Capital Expenditure	**43,315,974,961**	**54,085,423,363**	**47,414,466,967**	**44,741,726,578**
Discretional Funds	12,588,056,601	21,407,605,003	20,868,648,607	19,245,908,218
Non-Discretional Funds	30,727,918,360	32,677,818,360	26,545,818,360	25,495,818,360
Financing (Loans)	25,383,533,381	21,650,781,910	18,033,552,270	14,307,754,926
Total Revenue (Including Opening Balance)	**129,592,659,028**	**149,129,860,500**	**149,236,519,676**	**155,055,859,958**
Total Expenditure (including Contingency Reserve)	**113,047,021,230**	**132,584,222,702**	**132,690,881,878**	**138,510,222,160**

3.C.1. Assumptions

137. **Statutory Allocation** – the estimation for statutory allocation is based on elasticity forecast,taking into consideration the macro-economic framework (National) and the mineral assumptions in the 2021-2024 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and Inflation data.

138. **VAT** - is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2022-2024 is in line with the current rate of collections (i.e 7.5%). This forecast is contingent upon the resolution of the agitation for collection and distribution of VAT in favour of the

status quo. The forecast should be revisited if there are any changes to the VAT collection and distribution arrangement in the country.

139. **Other Federation Account Distributions** –The forecast method used is historical. The estimation is based on the actual Receipts from January to May, 2021. Furthermore, it is anticipated that incoming administration will pressure FAAC for excess crude distributions to hasten economic recovery from the devastating social economic impact of COVID-19 pandemic.

140. **Internally Generated Revenue (IGR)** – The forecast is calculated based on the projected growth rate. IGR is expected to increase annually by 20% in 2021 and 2022 and 15% annually in 2023 and 2024 based on IGR reforms initiatives being introduced by the current administration the State.

141. **Grants** – projections from internal Grants (i.e. UBEC, CGS and SFTAS) are based on the actual receipts for 2020 and performance from January to April, 2021. External grants are based on signed Grant Agreements with the International Institutions e,g World Bank, UNICEF, EU, etc.

142. **Financing (Net Loans)** – The internal and external loans projections are based on signed Agreement and other borrowing expectations.

143. **Other Capital Receipts** – modest amount from sundry sources such as refund from Federal Government and transfers is provided for the years.

144. **Personnel** – The current administration began the payment of the consequential adjustment to workers on Grade 07-08 which was suspended in viewof the economic realities. The administration intends to reinstate the consequential adjustment for GL 09-12 and offset the outstanding salaries of the workforce. Therefore, an increase is expected in personnel cost in 2022. The projection is based on Moving Average 5years X-Outliers.

145. **Social Contributions and Social Benefits**- This includes pension, gratuity, contributions to Retirement Fund and benefits for past Political Office Holders. It is anticipated that the current growth rate will be maintained over the next 4 years. The estimation is based on MA with X-outliers to eliminate years of abnormal growth/decline

146. **Overheads** – These are Expenses relating to day-to-day operations and maintenance cost. It is projected that these would increase over the years due to prevailing economic realities of galloping inflation rate as witnessed in 2021. The estimation technique used is the MA 5years X-Outliers.

147. **Grants and Contributions** – Grants and contribution to Institutions in the State are estimated using the MA 5years X-Outliers.

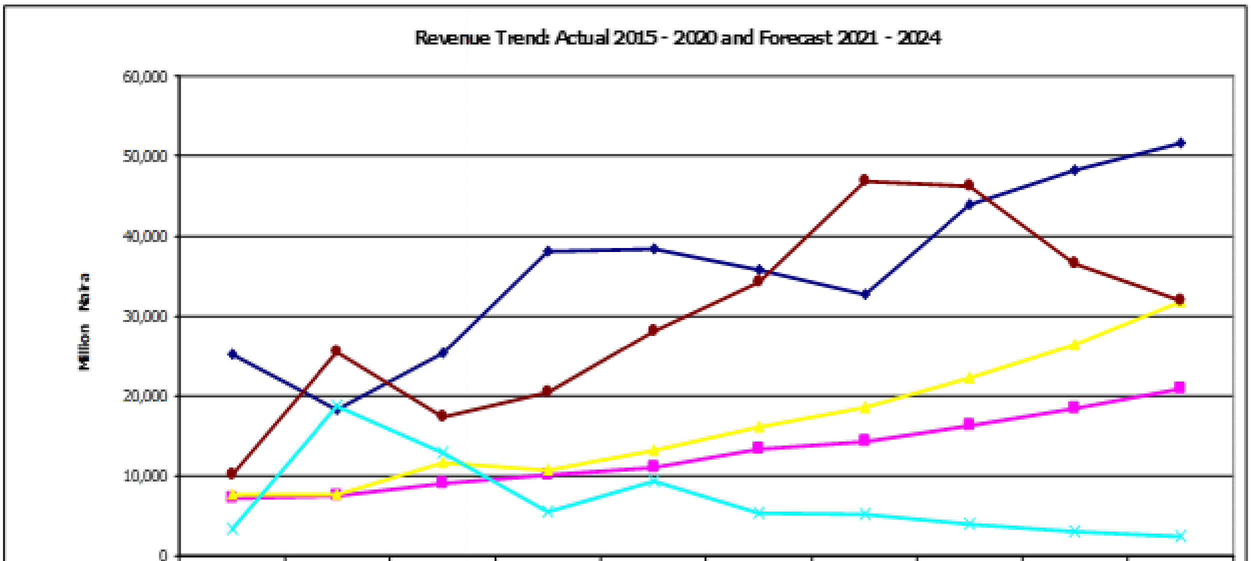
148. **Public Debt Service** –This represents the State's total obligation on judgment debtsand short-term borrowings. The MA 5years X-Outliers estimating method is used in making projections.

149. **Capital Expenditure** – This is the balance from the Recurrent Account plus Capital Receipts, less Planning and Contingency Reserves. The projection is contingent upon the Reserves and ease of accessing long term loans/Drawdown.

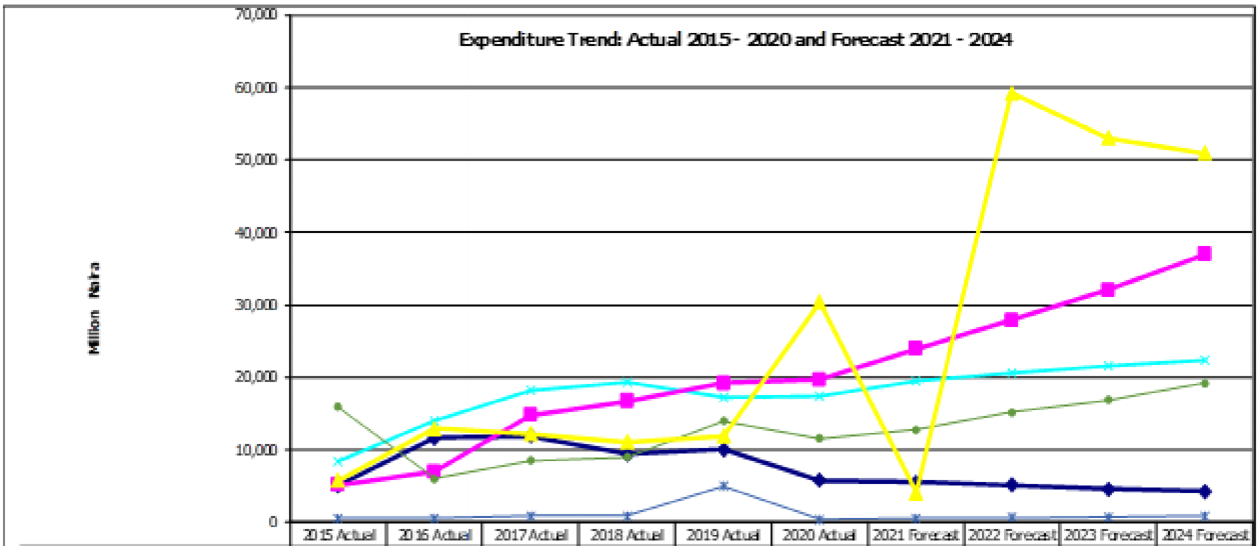
150. **Contingency and Planning Reserves** – 2.5% of Total Revenue has been allocated to Contingency Reserve to be set aside for future occurrence and appropriated in accordance with PFM Law during budget implementation. Also,5%of the Total Revenue is set aside for Planning Reserve which will be allocated during Envelope Sharing/MDA Budget defence when they will justify the need for the allocation or more resources over and above the given ceiling.

3.C.2. Fiscal Trends

151. Based on the above envelope and the actual figures for 2015-2021 (using the same basis for forecasting as noted above), the trend from historical actual to forecast can be seen for revenue and expenditure in the line graphs below.



	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
Stat. Allocation	25,166,811,01	18,227,173,25	25,352,826,44	38,019,908,66	38,364,773,15	35,709,415,03	32,787,516,95	43,888,825,80	48,205,352,80	51,540,505,68
VAT	7,217,080,766	7,582,364,595	9,059,086,276	10,214,624,92	11,044,201,91	13,345,338,51	14,276,783,21	16,237,350,62	18,405,339,46	20,823,272,43
Total IGR	7,648,013,828	7,744,650,103	11,637,344,82	10,763,226,18	13,250,725,06	16,087,575,61	18,542,735,84	22,237,767,24	26,433,096,31	31,737,506,38
Other Federation Account Receipts	3,439,783,197	18,813,775,47	12,882,780,49	5,609,175,234	9,441,756,378	5,401,840,448	5,294,064,634	3,947,472,119	3,023,516,029	2,511,157,733
Capital Receipts	10,149,279,48	25,544,195,98	17,307,814,70	20,411,713,46	28,147,173,03	34,291,389,61	46,855,658,38	46,272,806,91	36,623,577,27	31,897,779,92



	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
Personnel Costs	8,464,067,859	14,104,467,261	18,226,061,728	19,274,836,230	17,311,845,693	17,433,423,592	19,506,748,529	20,699,869,350	21,567,400,218	22,358,904,390
Social Contribution and Social Benefit	5,100,000,000	11,640,000,000	11,900,003,504	9,408,891,559	10,029,520,760	5,812,995,156	5,578,464,021	5,155,716,839	4,596,381,564	4,252,240,715
Overheads	5,137,972,645	7,043,911,472	14,774,069,586	16,689,882,499	19,193,342,928	19,674,035,614	23,940,837,052	27,903,424,197	32,044,185,514	36,999,398,713
Grants, Contributions and Subsidies	15,939,115,341	6,025,552,349	8,504,692,037	8,984,369,467	14,036,150,415	11,625,560,628	12,772,994,679	15,185,125,749	16,926,084,803	19,195,276,877
Public Debt Service	554,391,164	600,222,619	898,445,512	900,251,458	5,001,561,235	465,165,638	555,335,480	683,564,011	780,802,699	928,374,387
Capital Expenditure	5,830,375,201	12,945,647,024	12,220,291,869	11,120,115,072	11,946,563,130	30,407,090,480	4,136,850,032	59,228,276,042	53,045,114,087	50,899,630,579

3.D. Local Government Forecasts

152. Based on the Macroeconomic assumptions in section 3.1, the forecasting techniques adopted in section 3.2 are the vertical and horizontal sharing ratios. The Federation Account revenues have been forecast for the 16 Local Government Areas (LGs) of Ekiti State. In addition, forecast for LGAs share of IGR as contained in the State Fiscal Framework (Table 8)for 2021 are as follows:

Table 8: Local Government FAAC and IGR Share Estimates for 2021

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2021				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
ADO EKITI	0.1437%	0.1335%	8.251%	2,529,039,629	613,156,150	601,829,990	144,582,784	3,888,608,554
AIYEKIRE	0.1094%	0.0991%	6.205%	1,924,428,262	455,245,308	457,951,955	108,731,803	2,946,357,328
EFON	0.1043%	0.0860%	5.663%	1,834,915,289	394,954,368	436,650,750	99,232,796	2,765,753,203
EKITI EAST	0.1077%	0.0969%	6.089%	1,894,649,651	445,167,945	450,865,604	106,704,911	2,897,388,112
EKITI SOUTH WES	0.1141%	0.1028%	6.453%	2,006,803,193	472,061,256	477,554,535	113,082,798	3,069,501,781
EKITI WEST	0.1163%	0.1059%	6.612%	2,045,751,760	486,446,943	486,823,040	115,870,683	3,134,892,426
EMURE	0.0958%	0.0875%	5.455%	1,685,712,153	401,788,431	401,145,208	95,586,387	2,584,232,179
IDO-OSI	0.1180%	0.1015%	6.532%	2,076,662,522	465,994,955	494,178,806	114,464,626	3,151,300,909
IJERO	0.1263%	0.1148%	7.175%	2,221,946,356	527,308,593	528,751,680	125,732,810	3,403,739,438
IKERE	0.1103%	0.0989%	6.226%	1,940,247,111	454,420,457	461,716,331	109,107,016	2,965,490,915
IKOLE	0.1182%	0.1035%	6.596%	2,079,294,692	475,170,690	494,805,178	115,584,518	3,164,855,078
ILEJEMEJI	0.0829%	0.0767%	4.750%	1,459,166,439	352,224,498	347,234,623	83,243,734	2,241,869,295
IREPODUN/IFELOD	0.1051%	0.0950%	5.956%	1,849,394,998	436,500,114	440,096,454	104,379,356	2,830,370,922
ISE/ORUN	0.1026%	0.0917%	5.783%	1,804,708,325	421,346,665	429,462,465	101,334,216	2,756,851,672
MOBA	0.1100%	0.0988%	6.213%	1,935,574,023	453,574,935	460,604,287	108,872,499	2,958,625,743
OYE	0.1069%	0.0961%	6.043%	1,881,528,918	441,481,705	447,743,292	105,897,452	2,876,651,367
Total	2%	2%	100%	31,169,823,321	7,296,843,013	7,417,414,198	1,752,408,389	47,636,488,921

3.E. Fiscal Risks

153. The analysis and forecasting basis as laid out above implies some fiscal risks.

Table 9: Fiscal Risks

Risk	Likelihood	Impact	Reaction
COVID-19 Pandemic	Medium	High	National and State Government are addressing the pandemic through vaccination,awareness for social distancing, hygiene and other health protocols.
Herdsmen menace and Kidnapping	Medium	High	Federal/State Government is addressing it by setting aside adequate vote for security, enactment of Ekiti State Anti-Grazing Law and Regional Security Network.
Volatility in the Global oil Market	Medium	High	Intervention from OPEC and diversification of the economy.
Epileptic Power Supply	High	High	Use of alternative energy source such as solar and hydro-power.
Mismanagement of Public funds/ corruptions	Low	Low	Aggressive fight against misappropriation of public funds embedded in the Ekiti state Financial Management Law, 2020. The State has also subscribed to Open Government Partnership (OGP)
Low Internally Generated Revenue	Medium	Medium	Providing enabling business environment and blockage of all revenue collection loopholes
Natural Disastere.g. flooding.	Medium	Medium	Government is addressing it by making necessary budgetary provision to respond to unforeseen natural disasters.NEWMAP projects to address ecological problems.

154. It is noteworthy to remark that there is no Budget without inherent fiscal risk hence, the need for proactive Budget Monitoring and Evaluation to mitigate the risk for effective implementation of the 2022 Budget to achieve optimal Budget performance level.

Section 4. Budget Policy Statement

4.A. Budget Policy Statement

155. The administration's policy statement and operational ideology is to ensure that Governance is all-inclusive most especially in Budget process, through participatory and bottom-up approach in Budget preparation. Budget as a short- term Development Plan, shall be adopted to ensure a sustainable and rapid development of Ekiti State. It will be a standard of measurement for all developmental activities in relation to the five (5) Pillars of the present Administration in the State. The overall policy objectives are captured by the following Policy Statements:

i. completion of all critical on-going capital projects that are pivotal to the Five (5) Pillars Programmes of the State Government;

ii. to improve on the level of Internal Generated Revenue and monitor same for the purpose of blocking all leakages of Government revenue;

iii. to reduce the reliance of allocation from the Federation Account by widening the IGR base through the introduction of property tax and Land Use Charter in the State to reflect efforts towards budget realism;

iv. proper monitoring of income and expenditure of Government for transparency;

v. to enhance free and qualitative education at all levels via data and knowledge-based Economy;

vi. to ensure the delivery of standard and qualitative Health care across the State;

vii. to promote Budget discipline and control through transparency and accountability in Governance;

viii. to promote sustainable economic growth and development through Agribusiness with a view to ensuring food security, poverty alleviation, providing employment opportunities and to encourage Private Public Partnership (PPP) AND private sector participation in Food Production; and

ix. to partner with Development Partners in order to leverage our respective economic strengths and comparative advantages to fast-track the overall economic development of the State.

4.B. Sector Allocations for 3 (three) Years (2021-2023)

156. The ceiling for the total budget size for 2022 fiscal year is **₦132,594,222,702.00** of which the sum of **₦69,627,700,147.00** will be for Recurrent Expenditure,**₦54,085,423,363.00** for Capital Expenditure, and **₦8,871,099,192.00** will be for contingency and planning reserve that will be allocated to sectors at bilateral discussion stage to fund critical expenditure items.

157. The Capital Expenditure component of **₦54,085,423,363.00**is divided intoDiscretionary Capital expenditure of the sum of **₦21,407,605,003.00**that will be spent across all MDAs and non-discretionary Capital Expenditure of**₦32,677,818,360.00** which is specifically earmarked for projects and programmes in Health, Education, Infrastructure, Agriculture and Governance. The non-discretionary amount is in the form of loans and grants.

158. The Sectoral Allocation forcapital expenditure in the State is captured in the five pillars programmes of the Government as below:

i. Governance – The Government has pursued transparent and accountable governance, with the requisite checks and balances. The administration has also pursed with vigour, participatory and inclusive budgeting process for effective governance. Regulatory mechanisms will be strengthened and utilize same in delivery of the main programmatic agenda of the remaining four pillars programmes of the administration.

ii. **Agriculture and Rural Development** - Ekiti is essentially an agrarian society with soil properties conducive for growing a wide variety of crops. The Government of Ekiti State has identified agriculture as a critical sector, building on the historical activities of Ekiti people in the sector. To optimize productivity, the Government has designated a 40,000 hectare corridor in the Ikole-Oye axis as the hub for its Special Agro-Industrial Processing Zone (SAPZ). The Zone will be the primary hub for processors and large scale farms, in addition to specific out grower schemes. The investment in the SAPZ is expected to reach N36.5 billion, to cover the cost of opening and preparing 40,000 hectares for farming; irrigation systems optimizing the four dams around the zone; power plants to provide uninterrupted electricity supply; and roads, to reduce the time spent moving inputs in, and output out. Finally, to complement this investment, the Government will ensure farmers are linked to capital, by providing institutional support to farmer groups looking to raise financing from commercial and development finance institutions.

The priority areas in agriculture include:

a. Cassava / Starch Processing: The State is has developed an active cassava processing belt with over 80,000 hectares cultivated, producing almost 2 million tonnes of cassava annually. To deepen the industry, the state has attracted private capital investment to build the starch processing capacity to 400,000 metric tonnes, with a plan to attract more processors to off take the cassava.

b. Rice: Ekiti is an emerging hub for rice processing in the South-West, with processing capacity expected to reach 400,000 metric tonnes per annum within two years. This means is now supporting farmers in rice processing areas to increase output from 100,000 metric tonnes per annum, to meet the processing capacity in the State. This will be done by opening up land for farming, introducing irrigation systems to guarantee all season farming, and providing inputs to ensure yield is optimized.

c. Dairy: The Government recently acquired 227 pregnant cows for Ikun Diary Farm as part the joint venture agreement with Promasidor Nigeria Limited to revive the moribund Ikun Dairy Farm.The dairy farm is expected to produce 10,000 litres of milk per day from 1,000 cows. The investment is expected to be a catalyst for more dairy farms, and positioning Ekiti as a major producer of milk in Nigeria.

d. Cocoa: The State has earmarked over 1,000 hectares for private cocoa plantations with a plan to accommodate processing capacity within the plantations. At full capacity, Ekiti aims to be a top-3 cocoa producer in Nigeria.

Ekiti State Government had taken giant stride by partnering with development Partners to ensure that the Agricultural Sector is attractive for our youth. To revive the commercial potential domicile in this sector, Government had expended a substantial amount on land clearing as well as providing other mechanized equipment and other incentives to Farmers. The Rural Agricultural Access Marketing Project had been set up in the Stateand the project is expected to take-off any moment from now. Through this, feeder and rural roads in the State will be constructed and rehabilitated to enhance the market for farm output.In order to achieve sustainable food security, create employment opportunities and foster agro based industrial development where poverty will become history and wealth created. the Government should continue to adopt Public Private approach in Agric business investment in Ekiti State. Therefore, adoption of a sustainable and commercial value chain approach which will lead to transformational agribusiness development aimed at food security, employment creation and empowerment of both the youths and the women in the State is a sine qua non.

iii. **Social Investments** - The greatest resource remains our people. Hence, to drive a sustainable economic growth and development requires healthy and informed people. The present Administration will continue to provide social safety nets that will bring succour to the most vulnerable segments of Ekiti Society. Example are the Social Security Scheme for the elderly, Public Welfare Force (PWF), State Cares and OunjeArugbo (being anchored by the Office of Her Excellency, the Wife of the Governor).

iv. **Knowledge Economy** - Ekiti State is known as the Fountain of Knowledge. Our people love, seek and celebrate Knowledge. Ekiti State arguably has the highest number of Professors and academic pioneers per capita in Nigeria. It is therefore, logical framework to turn to knowledge as the primary product in which we can trade successfully. The State is leveraging on this heritage, in addition to a young and literate population, to develop opportunities in the knowledge economy. The anchor investment, Ekiti Knowledge Zone, is the first Nigerian service based Special Economic Zone (SEZ). The Zone is designed for mixed use, with office space and residential housing; uninterrupted water and power supply with high speed internet. EKZ will harness the talent from the tertiary institutions in Ekiti State, and is located within the State's educational quadrangle. In addition to talent from Ekiti, EKZ will also attract talent from neighbouring states like Ondo, Osun, Kwara and Kogi.At full capacity, EKZ will be a hub for various businesses focused on Business Process Outsourcing, Data Labelling, Software Engineering & Development, Back Office Processing amongst others. The Zone will also contain university campuses and secondary schools; research institutes; as well as co-working spaces for freelancers and startups focused on sectors like health, agriculture, education, e-commerce, logistics etc. The Government of Ekiti State has commenced the process of obtaining Export Processing Zone status for EKZ, to ensure a lot of the services provided within the Zone can be exported across Africa, and even globally.

v. **Infrastructure and Industrial Development** - The advancement of Ekiti State's economy is pivotal to wealth and job creation for the citizenry of the State. This is crucial and relevant to the Poverty Reduction and Revenue Enhancement mission of this Administration. In order to further advance an economic and industrial revolution in Ekiti State and in furtherance of the commitment to job and wealth creation, the present Government will revisit the commercial and technical viability of abandoned projects and schemes in the State with a view to reactivating them. These include vast networks of roads, many community –based projects and flagship tourism asset (particularly Ikogosi Warm Springs Resort). Some of these assets should be privatized on PPP arrangement. This Administration shall carefully take on new infrastructural projects that would strategic in advancing sustainable economic growth and industrial development in the State. To achieve these laudable socio-political operations, the State Government is obligatory to create a security environment in the State where both foreign and local investors would be attracted to the State in order to enhance inflow of direct international and domestic investors.The Government should continue to pursue the commercial viability of abandoned projects in the State.

Section 5. Considerations for the Annual Budget Process

159. The budget Call Circular entails succinct instructions to MDAs to submit the following, amont others for the annual Budget:

- Only prioritised projects contained in the sectors' MTSS would be in the MDAs Capital Budget proposal;
- Submissions for Capital projects are expected to include full life-time capital investment requirements (costs) and also sources of funding (particularly if grants and/or loans are being used to partially / fully fund the project);

Section 6. Summary of Key Points and Recommendations

160. The key points arising from this document are summarised below.

i. The National Government should intensify efforts towards mitigating the impact of COVID-19 pandemic and activities of the Herdsmen, kidnappers, Boko Haram in the North-East and other insurgent groups across the Country in order to achieve high level of revenue to finance the Budget

ii. The Recurrent Ratio to Capital Ratio is relatively normal. However, Budget discipline and monitoring should be sustained in order to achieve higher Budget performance

iii. Aggressive Internally Generated Revenue should be pursued to a level commensurate with ongoing economic activities in the State

iv. This document should serve as a tool for economic recovery, growth and sustainable economic development

v. Risk associated with political instability and unrest should be controlled to a bearable minimal

vi. The ultimate goal is to modernize agriculture to ensure food security, employment and provide raw materials for industrial development

vii. Government Plans to improve macro-economic performance through service delivery in major areas such as road networks, water supply, power supply to provide the infrastructure needed for sustainable economic growth and development in all sectors of the Ekiti economy

viii. The goal of Government is to correct the decline in Education sector and strengthen the human capital development in the State

ix. The State Government is determined to curb poverty to reduce mortality rate and incessant illness in Ekiti State

x. The State Government is further committed to promote public involvement and massive participation of all stakeholders in the Budget process through Town/Community meetings,thereby creating a platform forHis Excellency, the Governor to have one-on-one/group interaction with the good people of Ekiti in order to know their peculiar challenges and to fashion out administrative strategies to solve the identified challenges.