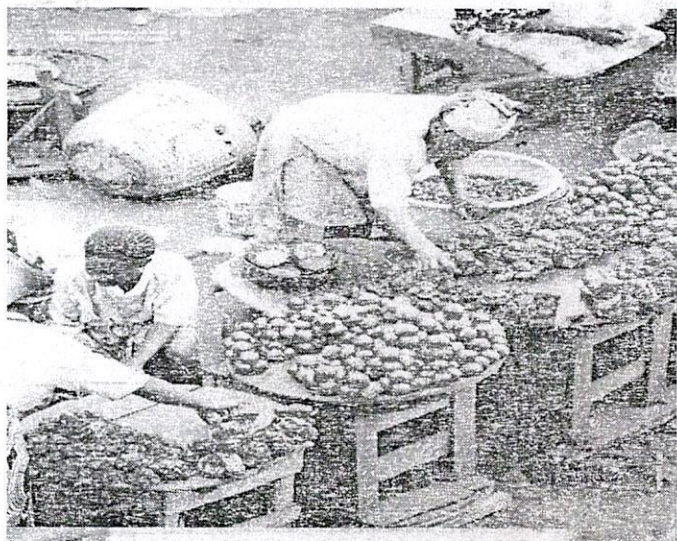


ECONOMIC SECTOR PRESENTATION



PEER REVIEW TOUR OF ONDO STATE BY THE
NIGERIA GOVERNORS' FORUM SECRETARIAT

ECONOMIC SECTOR REPORT

Presented By

Mr. C. O. Kolawole

On behalf of

The Honourable Commissioners, Chairmen and Special Advisers of the
Economic Sector.

To

DISTINGUISHED MEMBERS OF THE NIGERIA GOVERNOR'S FORUM
SECRETARIAT, ABUJA

On

Wednesday 15th September, 2010



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OUTLINE

- ✓ Background Information
- ✓ Areas of intervention
- ✓ Goals/Objectives
- ✓ Strategy
- ✓ Policy Framework to achieve result
- ✓ Institutional framework



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OUTLINE (cont'd)

- ✓ Citizen's engagement
- ✓ Inclusiveness
- ✓ Key Activities
- ✓ Constraints
- ✓ Opportunities
- ✓ Areas of Cooperation
- ✓ Conclusion



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BACKGROUND INFORMATION

Features:

- Provides the means for driving the other sectors.
- Weak Private sector
 - Only 3 large industries on ground in 1976.
 - Low contribution to income and employment generation.
- The sector is largely government dominant instead of private sector driven.



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Background Information (cont'd)

Features:

- Economy is largely dependent on oil revenue from Federation accounts.
- Oil revenue is volatile and falling.



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Background Information (cont'd)

Macroeconomic context:

- Global
 - Globalization -bringing the fight to our doors.
 - Economic melt down
 - Volatile oil price.
 - Technology disparity.
 - Emerging Investors haven- Arabian nations –UAE, Kuwait, Qatar, etc.



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Background Information cont'd

Macroeconomic context:

- National
 - National binding constraints e.g. poor investment climate.
 - Exclusive list e.g. mineral exploitation.
 - Energy challenges, No rail.



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Background Information (cont'd)

National (cont'd)

- Fluctuating macro economic variables
 - Inflation - 11.2%(double digit).
 - Savings - 3%
 - Lending - 22%
 - Unemployment
 - Hostile economic polices.
- Industrialization is endangered. Commerce is the vogue. Small industries are gasping.



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Background Information (cont'd)

Macroeconomic context:

□ Sub National

Poverty Index = 42% (National Bureau of Statistics Human Development Index HDI 2008)

Gross State Product = N879.61 billion (9th in Nigeria in 2008)

Per Capita GSP (2008) = N241,651 output per head

GSP Structure (2008)

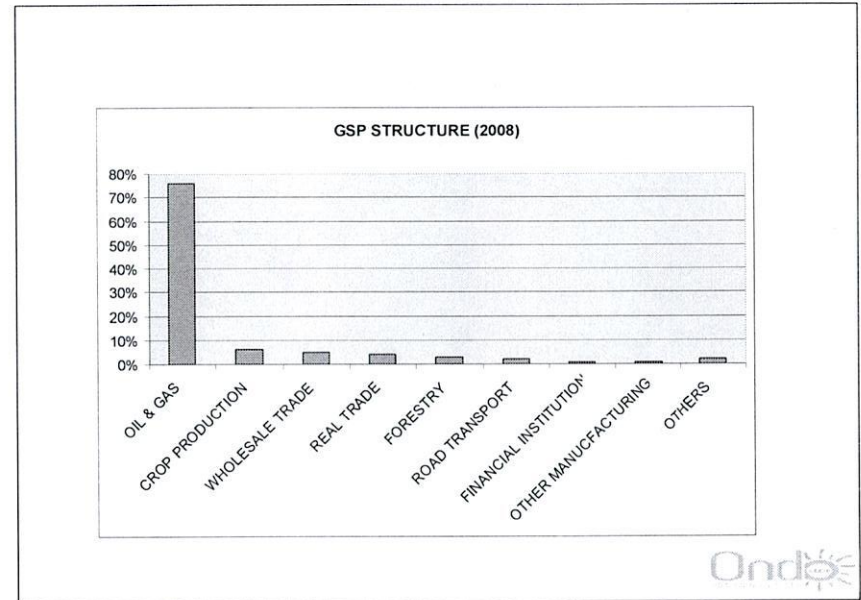
Oil and Gas	-	76%
Crop Production	-	6%
Wholesale Trade	-	5%
Real Estate	-	4%
Forestry	-	3%
Road Transport	-	2%
Financial Institution	-	1%
Other manufacturing	-	1%
Others	-	2%



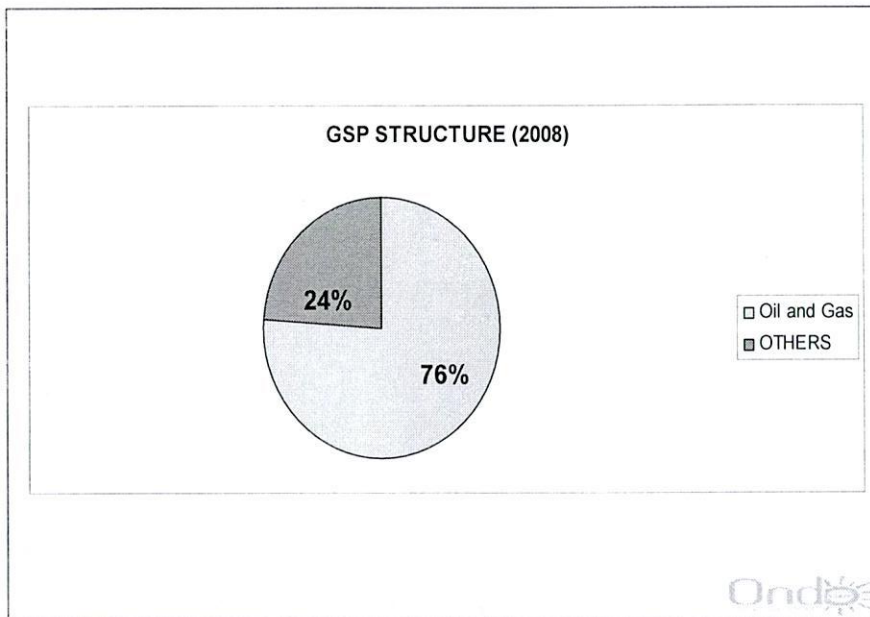
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Economic Structure

GSP State Structure



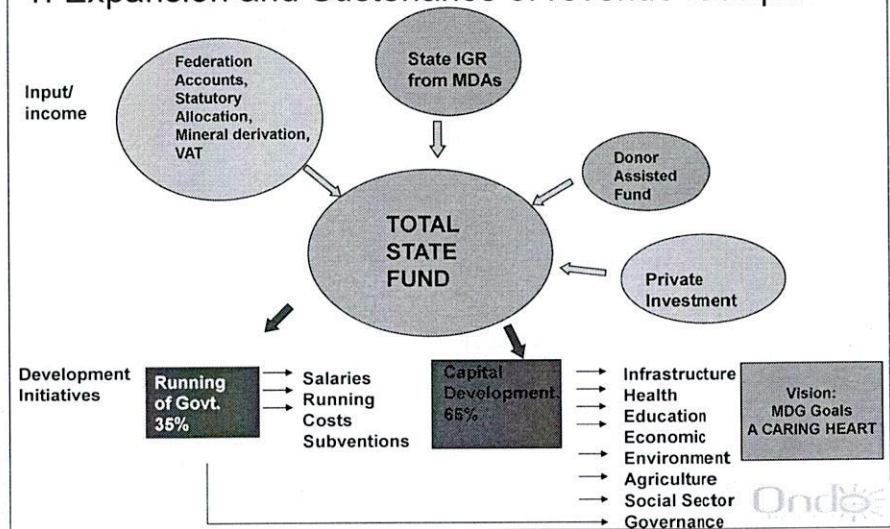
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AREAS OF INTERVENTION

1. Expansion and Sustenance of revenue receipts



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AREAS OF INTERVENTION (cont'd)

2. Promotion of a Vibrant Private Sector

- ❖ The second arm required for the economy to fly
- ❖ To relieve the pressure on the public sector
 - Income contribution to the economy
 - Employment generation.



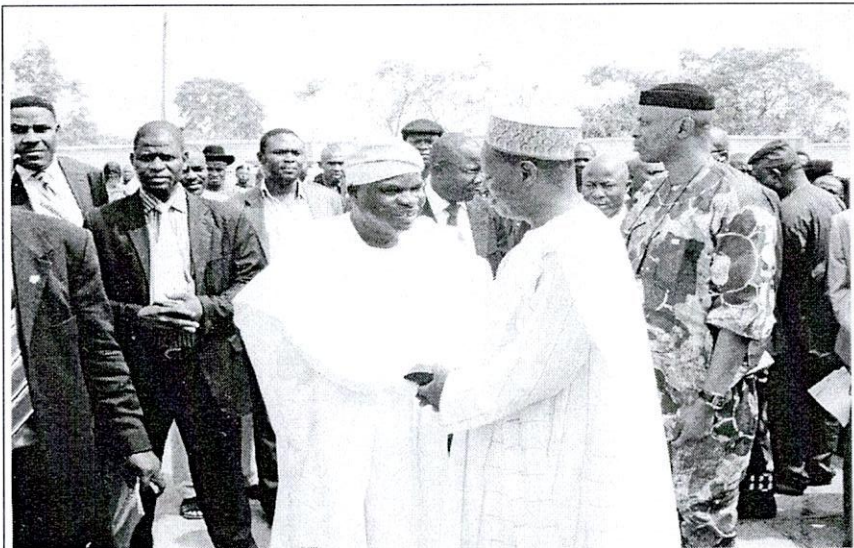
14

AREAS OF INTERVENTION (cont'd)

- 3. Evidence-based systemic plan formulation and implementation for sustainable development.



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Public Presentation of State Vision 20: 2020



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Sensitization workshop on implementation of State Vision



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STATE BUDGET 2010

- Size: ₦124 Billion
 - Recurrent- 35%
 - Capital- 65%
- Capital Budget Allocation
 - Economic sector-29%
 - Environment-28%
 - Social Services-23%
 - Administration-20%



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AREAS OF INTERVENTION (cont'd)

4. Prudent management of scarce resources and timely release of fund for development.
5. Provision for sustainable livelihood through gainful employment.



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GOALS

1. Expansion of our resource base to adequately cater for our development requirements
2. Promotion of a vibrant private sector that can compete globally and sustain development locally
3. Exploitation of our human and natural endowments for the greatest good of all.
4. Purposive fund utilization to accelerate development.



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STRATEGY

- Expansion of our resource base
 - ❖ Creating peaceful environment for oil and gas exploitation so as to secure our share of Federation account revenue
 - ❖ Boosting of Internally Generated Revenue
 - ❖ Attraction of external investment
 - ❖ Developing the State's private sector.



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STRATEGY (cont'd)

- Promotion of a vibrant private sector
 - ❖ Development of the Organized Private Sector (OPS)
 - ❖ Development of the informal sector
 - Neighbourhood market, access to loan
 - ❖ Loan Schemes
 - ❖ Market development
 - local content patronage
 - ❖ Private Sector Development Strategy Desk
 - ❖ Intermediate technology promotion (desk)
 - ❖ Strategic tripartite Sessions
 - Government-Academia-Private Sector interface.



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STRATEGY (cont'd)

- Exploitation of our human and natural endowments.
 - Mineral exploitation
 - oil and gas, bitumen, limestone.
 - Volunteer Scheme – 1500 volunteers trained and kitted
 - Diaspora Involvement and Youth unemployment summit.
 - Regional Cooperation
 - Free Trade Zone development.
 - Public Private Partnership.
 - Strategic Desks
 - Regional Strategy, Human Capital.



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1500 Volunteers

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STRATEGY (cont'd)

- Purposive Fund utilization.
 - Vision document, Medium term plan, Sector strategies, Annual budgets.
 - State Development Coordinating Council.
 - Debt Management Department.
 - Fund Release Mechanism
 - ❖ Budget discipline.
 - ❖ Fund allocation Committee
 - ❖ Timely release for development purpose.
 - Macroeconomic Modeling and Policy Analysis Desk.



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POLICY FRAMEWORK

- MDG Goals
- Ondo State Mission Statement
- A CARING HEART Policy.
- Ondo State Vision 20:2020
- Medium Term Plan
- Appropriate Laws
- Fiscal Responsibility Bill
- Contract Award Guidelines
- Laws of Ondo State Cap 100
- Financial regulations



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POLICY FRAMEWORK

- A - Agriculture and Food security.
- C - Community driven city and coastal region renewal and general development.
- A - Aggressive Capitalization of our Land Resources.
- R - Roads and infrastructure.
- **I - Industrialization.**
- **N - No to Poverty.**
- **G - Gender Equality and Women Empowerment.**
- H - Health care and Housing.
- E - Education and Capacity Building.
- **A - Artisan Development and Empowerment.**
- R - Rural Development.
- T - Tourism, Sport and Youth Development.



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POLICY FRAMEWORK

MDG Goals:

- **Eradicate extreme poverty and hunger**
- Achieve Universal Primary Education
- **Promote gender equality and empower women**
- Reduce child mortality
- Improved Maternal Health
- Combat HIV/AIDS, Malaria and other diseases
- Ensure Environmental Sustainability
- **Promote Partnership for Development**



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POLICY FRAMEWORK

Ondo State Mission:

To mobilize the people of Ondo State to harness all our God-given resources, create and use wealth for the ends of individual happiness, collective fulfillment, and peaceful cohabitation in an environment of transparent and honest leadership.

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POLICY FRAMEWORK (cont'd)

Our God-given Resources:

- Human Capital-Knowledge based economy
- Mineral Resources- Bitumen, Oil and Gas, etc
- Agricultural Resources
- Marine Resources

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➤ POLICY- GOALS CONGRUENCE

Goal 1: Expand our resource base

MDG 8: Promote Partnership for Development.

Mission: Harness all our God-given resources, create wealth

CARING HEART: No to poverty.

Vision 20:2020



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POLICY- GOALS CONGRUENCE

Goal 2 Promotion of a vibrant private sector

MDG 1 Eradicate extreme poverty and hunger

3 Promote Gender equality and women empowerment.

Mission: Create and use wealth for the ends of individual happiness, collective fulfillment.

CARING HEART: Industrialization

No to poverty

Artisan Development and Empowerment

Gender Equality and Women Empowerment

Vision 20: 2020



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POLICY- GOALS CONGRUENCE (cont'd)

Goal 3 Exploitation of our human and natural endowments

MDG 1 Eradicate extreme poverty and hunger

7 Ensure environmental sustainability

8 Promote partnership for development.

Mission: Create and use wealth for the ends of individual happiness, collective fulfillment.

CARING HEART: Industrialization

Vision 20: 2020



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POLICY- GOALS CONGRUENCE (cont'd)

Goal 4 Purposive fund utilization.

MDG 8. Promote partnership for development in an environment of transparent and honest leadership.

CARING HEART: Every aspect of A CARING HEART

Vision 20: 2020



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INSTITUTIONAL FRAMEWORK

- Ondo State Micro Credit Agency
 - for credit delivery.
- PPP office – for private sector investment.
- Free Trade Zone partnership with Ogun State – to promote foreign direct investment
- Ondo State Fund Allocation Committee
 - for judicious fund utilization.
 - Members include arms of government Labour, etc.



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INSTITUTIONAL FRAMEWORK (cont'd)

- Ministry of Employment, Labour and Productivity - to combat unemployment.
- Local Government Joint Allocation Committee -prudent fund use in Local Governments.
- State Development Coordinating Council - for coordination of development activities.
- Ondo State Joint Planning Council to promote State - LG synergy.



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CITIZENS' PARTICIPATION

- Governor's Village meetings.
- Stakeholders' forum.
- Advocacy and sensitization program.
- Demand-driven development.
- Memoranda from the public.
- Mainstreamed into Committees e.g. Steering Committee of Governance.
- Citizens' input during planning and budget.



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Obas during the stakeholders' interactive session



A Serving Senator (extreme left) from the opposition party on the top table at the Public Presentation of State Vision 20: 2020



Loan disbursement to women



INCLUSIVENESS

> Gender

- Mainstreamed into Medium Term Plans and Annual Budget
- 70% of micro credit beneficiaries are women (over 3,500 women)
- Special Women Scheme - N200m Special market women scheme.

> Minority

- Non-indigenes mainstreamed into micro credit loan scheme
- N77m loan granted to Ebira and Idoma farmers
- Tomato initiative with Benue State farmer groups
- Opposition groups were involved in State Vision 20:2020.



INCLUSIVENESS (cont'd)

- Civil Society
 - Professional bodies like ICAN, CIBN, OSCIMA CSOs, NGOs, participation in steering Committees of government initiatives
- Vulnerable Groups
 - People with disabilities mainstreamed into loan schemes, Annual budgets etc.
 - Ago Ireti (Leper Colony) inmates empowered with micro credit, skill acquisition etc. (A site to visit)



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LOAN DISBURSEMENT AT THE LEPER COLONY



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KEY ACTIVITIES OF THE SECTOR

GOAL 1- Expansion of our resource base.

- Updating and managing the existing tax base
- Protecting the sanctity of oil well data
- Engaging with private investors
- Implementation of UNDP 7th Country Program
- Facilitating Federal Government Conditional Grants Scheme for MDGs.



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KEY ACTIVITIES OF THE SECTOR (cont'd)

GOAL 2-Promotion of a vibrant Private Sector

- Facilitating private sector's access to bank loan and state government schemes.
- Entrepreneurship development capacity building programmes.
- Exposure to new business ideas under WECA.
- Construction of neighbourhood markets to boost commerce.
- Creation of public- private-academia partnership and interactions for problem solving (e.g. Tomato initiative).
- Construction of industrial parks, Ore Sunshine City, enterprise park.



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KEY ACTIVITIES OT THE SECTOR (cont'd)

Goal 3 – Exploitation of our endowments

- On-going development of a Free Trade Zone.
- Partnership with oil and gas companies.
- Creation of a platform for indigenes in the diaspora to contribute at home.
- Meeting with Artisans and Traders Union.



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KEY ACTIVITIES OT THE SECTOR (cont'd)

Goal 4- Purposive Fund utilization.

- Prudential management of the state's revenue receipt
- Evidence-based planning and budgeting
- e-budgeting
- Regular monitoring and evaluation of on-going projects to ensure standards, timeliness and value for money.



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ACHIEVEMENTS TO DATE

GOAL 1-Expansion of our resource base

- Over 100% increase in IGR –N3b realized in first half of the year.
- \$20m World Bank State Governance Project
- N3billion drawn down from donor agencies
- Stable Federation Accounts receipt
- PPP partners investing in the economy e.g IMP.E.S ITALIA will invest N30billion in Tourism Village.
- Over N600million received under Conditional Grants Scheme.
- Ororo Marginal Field, OPL 241



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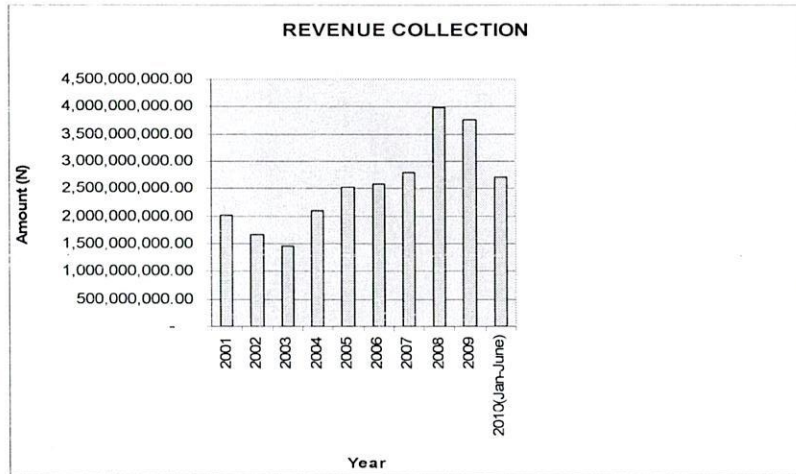
ONDO STATE BOARD OF INTERNAL REVENUE
COMPARATIVE ANALYSIS OF STATE REVENUE IN TERNALLY GENERATED REVENUE



2001 - 2010

YEAR	REVENUE COLLECTION ₦
2001	2,014,641,235.57
2002	1,670,198,105.53
2003	1,455,335,217.42
2004	2,097,001,909.08
2005	2,521,787,850.96
2006	2,584,741,340.25
2007	2,789,770,927.39
2008	3,984,679,519.91
2009	3,751,817,816.35
2010(Jan-June)	2,709,653,119.66

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ACHIEVEMENTS TO DATE

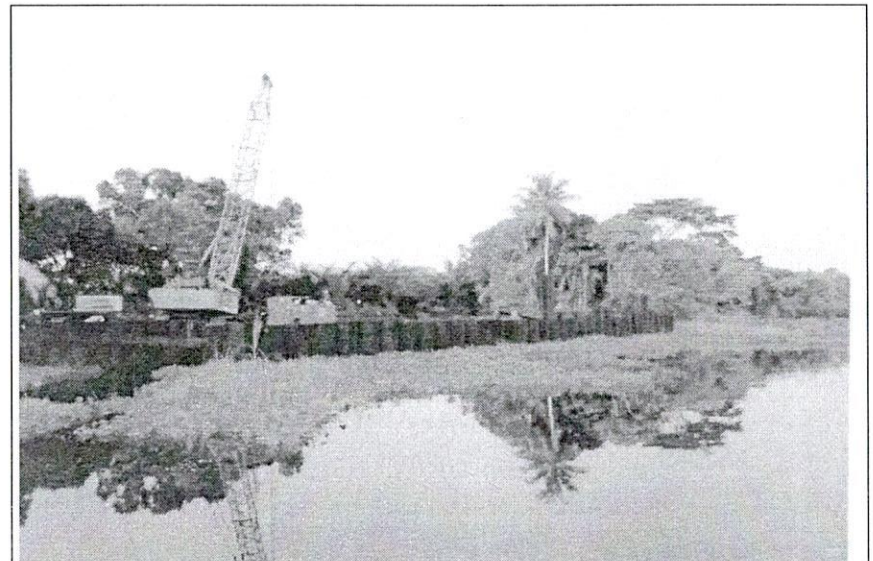
GOAL 2-Promotion of a vibrant private sector

- Over N3billion micro credit loan scheme chest
- N77m disbursed to 160 non-indigene farmers In 12 LGAs
- N2billion BOI-ODSG loan scheme for SMEs.
- Neighbourhood markets for the informal sector
- Over 300 companies interested in OKFTZ
- Entrepreneurship Development Programmes
- Market development through local content policy and local patronage.
- 12 MoU initiatives signed.

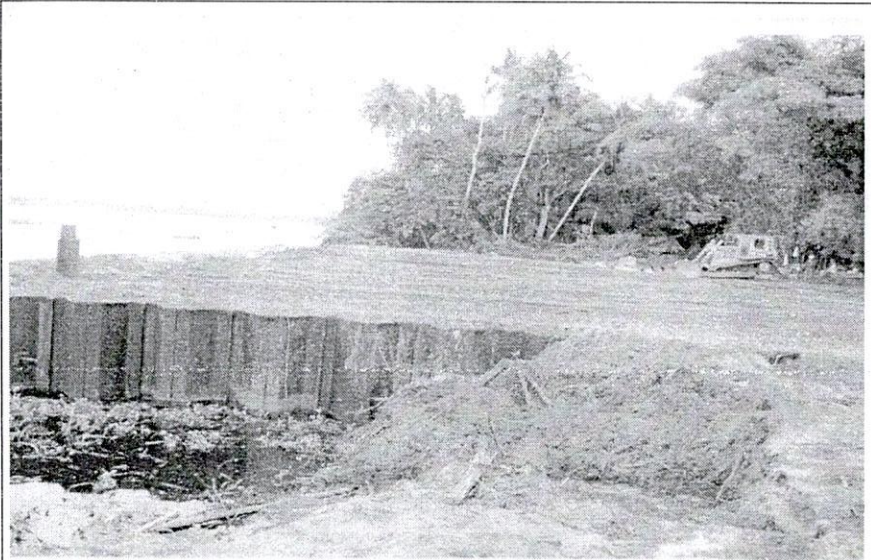
KEY ACTIVITIES OT THE SECTOR (cont'd)

Goal 3 – Exploitation of our endowments

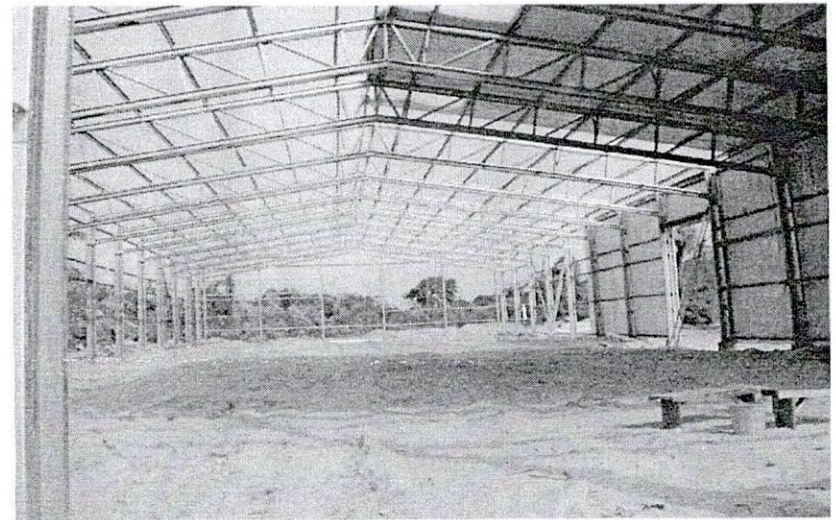
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- Partnership with oil and gas companies.
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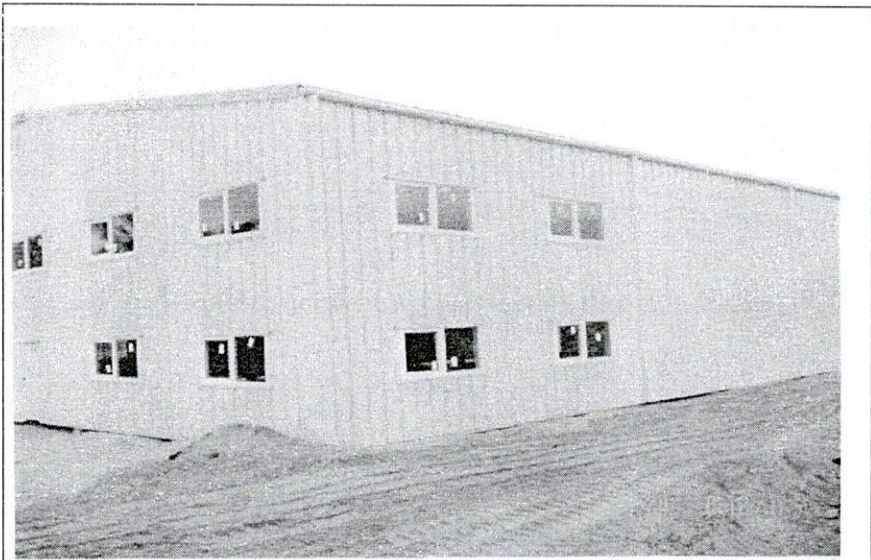
Construction at OKFTZ



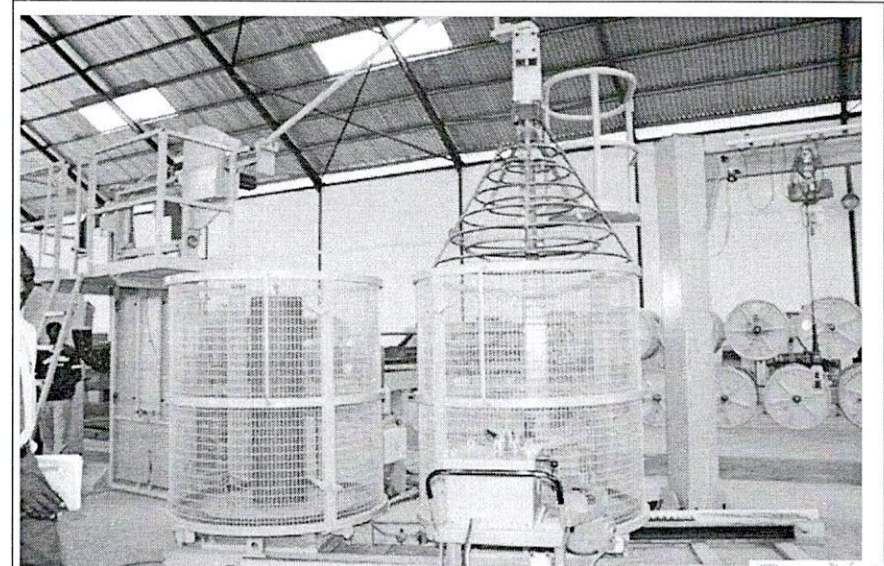
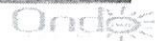
Construction in progress at OKFTZ



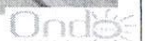
Construction of Warehouse at OKFTZ



Completed Warehouse at OKFTZ



Alpha 3D project



ACHIEVEMENT TO DATE (cont'd)

GOAL3- Exploitation of our human and natural endowments

- Gas Agreement with Shell Petroleum Development Company.
- Diaspora Contribution.
- Technology village.

*1910 discovered
2nd largest in
the world.*

*Leading
investor in
railway.*

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ACHIEVEMENT TO DATE (cont'd)

GOAL 4- Purposive Fund Utilization

- State Vision 20:2020 and Plan adjudged the best in South West Nigeria.
- Full fledged Debt Management Department created
- Prompt release of fund- max. 4 days after approval.
- Fund Allocation Committee
- E-budget portal. www.ondobudget.org. In use.
- Openness – regular press briefings.



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CONSTRAINTS

- Exclusive list and FG's slow response- mining (bitumen), energy (transmission /distribution), railway.
- Over-centralization – need for greater (true) federalism.
- Pervading corruption-high cost of doing business, mediocrity
- Poor productive infrastructural network- energy, rail etc.
- Insecurity.
- Low private sector capacity -financial, ability, managerial.
- Inadequate revenue allocation to States (24% only)



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Future Prospects/Opportunities/Next Steps

- Building an all- inclusive comprehensive tax base
- Bitumen exploitation
- Deep sea port utilization
- Gas pipeline in Ondo State.
- Attracting more donor fund from international organizations.
- Intermediate technology development
- Diaspora contribution
- Diversification of resource base.



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AREAS OF COOPERATION

On Offer:

- e-budgeting
- Micro credit scheme
- Private sector investment approach
- Fund management mechanism
- State Statistical Agency



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AREAS OF COOPERATION

Requirements:

- Regional railway line (South West States)
- Intermediate technology (Abia, Anambra Nnewi)
- IGR boost initiative (Lagos State)
- Private Sector development, especially small scale industries.
- Micro credit strategy in Delta State.
- Investment incentives (Federal)



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CONCLUSION

The difference between developed and developing economy is their private sectors. The private sector in Ondo State is at its elementary level and is confronted by numerous binding constraints. Our efforts are aimed at liberating the Private Sector so that it can drive the economy and lead it to greater height. It is hoped that all these strategies will in the years to come lead the private sector to contribute meaningfully to the economy.



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