



**EDO STATE GOVERNMENT**

**2022-2024 MEDIUM TERM EXPENDITURE  
FRAMEWORK (MTEF) AND FISCAL STRATEGY  
PAPER (FSP)**

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# INTRODUCTION & BACKGROUND

- **The FY 2022 started with some dampened optimism for growth due to protracted second wave of the COVID-19 pandemic.**
- **The rebounding Global GDP led by Emerging Economies, ongoing vaccination and easing of the COVID-19 pandemic have contributed to rising growth across the world at large, Nigeria in general and Edo State in particular.**
- **It is expected therefore that focus in the medium term is on sustaining the economic recovery process and accelerating economic growth**
- **The Edo State Government aims at accelerating economic growth, facilitating job creation and preservation, achieving macroeconomic stability and promoting poverty reduction and equity.**

- **The 2022 -2024 Medium-Term Expenditure Framework (MTEF)**
  - Provides the broad framework for the annual budget in line with State Public financial management/Fiscal Responsibility Law (2018)
  - The MTEF is composed of the macroeconomic framework and medium term fiscal framework.
  - The macroeconomic framework provides an analysis of key global and domestic macroeconomic trends of recent years, fiscal effects, policy responses, future policy direction and macroeconomic projections and assumptions underpinning the medium term fiscal framework

# SUMMARY OF 2020 BUDGET PERFORMANCE

# 2020 BUDGET PERFORMANCE

Details	2020 Approved Revised Budget (N)	2020 Audited Actual (N)	Actual to budget performance (%)
Budget Size	139.9bn	114.5bn	82%
Revenue from Federal	60.4bn	68.4bn	113%
IGR	27.3bn	28.0bn	103%
Opening Balance	6.0bn	6.3bn	105%
Capital receipts (excluding Grants)	10.0bn	0.0bn	0
External Loans	16.1bn	-	-
Domestic Loans	2.5bn	0.02bn	0.8%
Grants	17.6bn	11.9bn	68%
Personnel Cost	29.2bn	27.1bn	93%
Overheads	17.7bn	20.1bn	114%
CRFC (excl. debt service)	12.9bn	11.4bn	88%
Debt Service	16.8bn	9.5bn	57%
Total Capital Exp	63.3bn	43.5bn	69%
Edo State 2022-2024 MTEF			
Total Recurrent Exp	76.6bn	68.1bn	89%



# UPDATE ON 2021 BUDGET IMPLEMENTATION



# 2021 BUDGET PERFORMANCE

Details	2021 Revised Budget (N)	2021 September Budget (N)	2021 September Actual (N)	Actual to budget performance (%)
Budget Size	178.8bn	134.1bn	116.5bn	87%
Revenue from Federal	81.6bn	61.2bn	56.8bn	93%
IGR	36.0bn	27.0bn	25.3bn	94%
Opening Balance	9.1bn	9.1bn	9.1bn	100%
Capital receipts (excl Grants)	32.1bn	24.1bn	22.9bn	95%
External Loans	6.1bn	4.6bn	0.4bn	8%
Domestic Loan	8.5bn	6.4bn	0bn	0%
Grants	5.4bn	4.1bn	2.0bn	49%
Personnel Cost	31.2bn	23.3bn	19.1bn	82%
Overheads	24.8bn	18.7bn	13.4bn	72%
CRFC (excl. debt service)	16.2bn	12.2bn	9.1bn	75%
Debt Service	17.7bn	13.3bn	13.1bn	98%
Total Capital Exp	88.9bn	66.7bn	61.8bn	93%
Total Recurrent Exp	89.9bn	67.4bn	54.7bn	81%

# ACHIEVEMENTS OF FY 2021

- Some of the achievements of FY 2021 Budget includes:
  - Accreditation of World Class College of Nursing
  - Successful hosting of the National Sports Festival
  - Launch of Edo BEST 2.0
  - Renovation of the College of Agriculture
  - Construction of Benin City Central Bus Terminal (90%)
  - Ossiomo Power Plant; 55 megawatt capacity (completed)
  - Operation light up Edo State (Ongoing)
  - Creation of Edo Modular Refinery (95% complete)
  - Employment of over 500 persons into the State Public service
  - Establishment of Public Buildings and Maintenance Agency
  - Urban and Regional Master Plan preparation
  - Construction of more inter-city roads (Ekehuan, Textile Mill)
  - Feasibility Studies for pipe-borne water in Edo Central and Edo North senatorial district through rehabilitation of existing water schemes (Ugbalo, Ewohimi, Ogirami and Auchì)
  - Uromi Town Water Scheme (95% Complete)

# GLOBAL OUTLOOK: RECENT DEVELOPMENT AND PROSPECTS



Sub-Saharan Africa is projected to **decline by -3.2% in 2020** and **recover steeply to 3.4% in 2021**

Advanced economy group will be hard hit by the pandemic. Growth is projected at **-8.0% in 2020 & +4.8% in 2021.**

Source: FGN 2022-2024 MTEF/FSP

## MEDIUM TERM OUTLOOK

- The International Monetary Fund (IMF) recently revised its forecasts for global economic growth in 2021 to 6.0% after 3.5% decline in 2020. Global economic growth is projected to moderate beyond 2022. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility and contactless operations.
- Buoyed by the prospect of improved global oil demand, the Organization of the Petroleum Exporting Countries, and allies (OPEC+) eased production restraints.
- The Euro Area is projected to rebound to a 4.4% growth in 2021.
- A new wave of the pandemic has slowed economic activities in India, Brazil and Turkey dampening growth prospects in three of Nigeria's major trading partners.
- China's economic growth slowed in 2020 to 2.3%, the lowest GDP growth rate in more than a decade. The Chinese economy has since seen a rebound, recording an unprecedented quarterly growth of 18.3% in the first quarter of 2021 compared to the same quarter last year.
- With the commencement of trading, African countries are expected to leverage on the African Continental Free Trade Area (AfCFTA) Agreement to boost non-oil exports and increase foreign exchange inflows. As governments develop comprehensive industrial and trade strategies, offer direct incentives for businesses to produce for exports and implement port reforms, intra-African trade is anticipated to see a significant boost.

		Projections	
	2020	2021	2022
World Output	-3.3	6.0	4.4
Advanced Economies	-4.7	5.1	3.8
United States	-3.5	6.4	3.5
Euro Area	-6.6	4.4	3.8
Emerging Market & Developing Economies	-2.2	6.7	5.0
China	2.3	8.4	5.6
India	-8.0	12.5	6.9
Brazil	-4.1	3.7	2.6
Sub-Sahara Africa	-1.9	3.4	4.0
South Africa	-7.0	3.1	2.0
Nigeria	-1.8	2.5	2.3
Source: IMF, WEO, April 2021			

# THE NIGERIAN ECONOMY: IMPLICATIONS OF GLOBAL AND DOMESTIC DEVELOPMENT

# NIGERIA ECONOMY

- The Nigerian economy sustained a tepid recovery in first quarter of 2021 posting a Year-on-Year (YoY) GDP growth of 0.51%, consolidating the exit from recession in Q4 2020, and reflecting the easing of COVID19 induced restrictions.
- Nigeria's real GDP is now projected by the National Bureau of Statistics (NBS) to recover by 2.50% in 2021 from the previous declined growth of -4.2% in 2020.
- Q2 and Q3 2021 GDP growth are projected to be positive, which means that the economy will exit recession in 2021.



Source: NBS

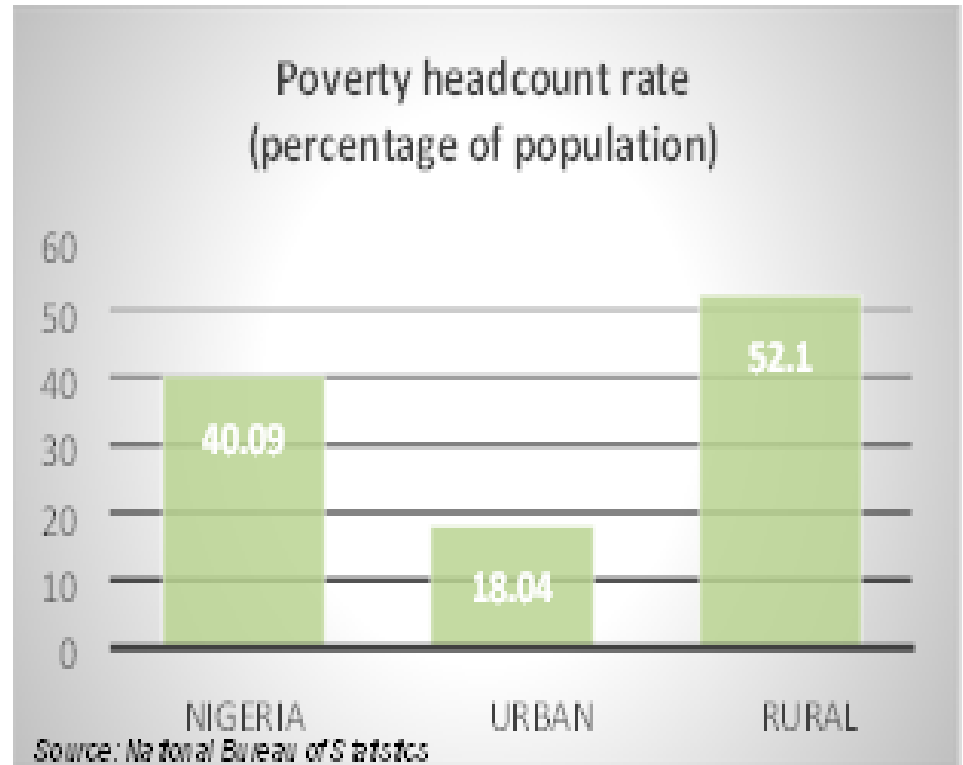
# NIGERIA ECONOMY/..2

- The persistent rise of inflation halted in April 2021 after nineteen consecutive months. From a four year high of 18.17% YoY in March, the consumer price index, (CPI) which measures inflation moderated for the second consecutive month to 17.93% in May 2021. This represents 0.19 % points lower than 18.12% recorded in April.
- Inflation is driven largely by surge in food prices (itself fueled by structural issues and insecurity)
- CBN recently adjusted the official exchange rate upwards to N411/\$1.
- Nigeria's Foreign Exchange Reserves stood at US\$34.2 billion at the end of May 2021, a decline of \$640 million compared with \$35.1 billion in the previous month.
- The decline is partly attributable to the intervention of the CBN in the market to stabilize the exchange rate, and low foreign exchange inflows into the country. The reserves currently are sufficient to cover seven months of imports of goods and services.



# NIGERIA ECONOMY/...3

- Poverty rate is still high; NBS classified 40.1% of the Nigerian population (82.9m Nigerians) as poor in the 2021 Poverty and Inequality in Nigeria Report recently published
- On human capital development, Nigeria ranked 168 out of 173 countries in the World Bank's 2019 Human Capital Index.

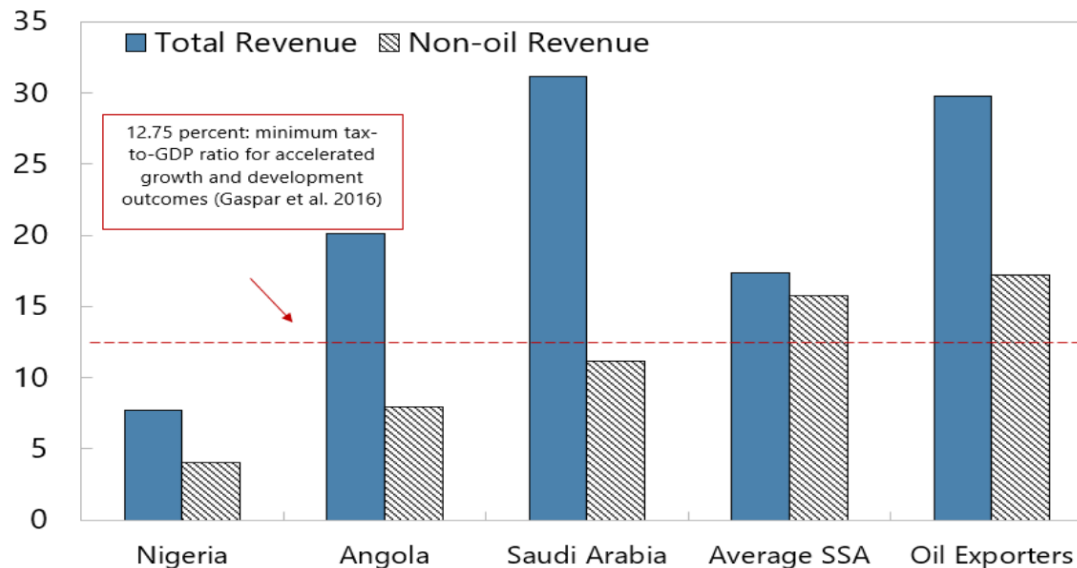


# NIGERIA ECONOMY/...4

## Losing the revenue race

Nigeria's tax revenues lag behind other major oil-exporting nations.

(percent to GDP)



Source: World Economic Outlook Database.  
Note: SSA= Sub-Saharan Africa.

INTERNATIONAL MONETARY FUND

# UNDERLYING ASSUMPTIONS AND TARGETS FOR THE MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

# MACRO-ECONOMIC FRAMEWORK

Item	2021	2022	2023	2024
National Inflation	15.00%	13.00%	11.00%	11.02%
National Real GDP Growth	2.50%	4.20%	2.30%	3.30%
Oil Production Benchmark(MBPD)	1.8600	1.8800	2.2300	2.2200
Oil Price Benchmark	\$43.00	\$57.00	\$57.00	\$55.00
NGN:USD Exchange Rate	360	411	411	411
State Tax to GDP	1.5%	2.0%	2.5%	3.0%
State GDP	N2.4trn	N2.5trn	N2.56trn	N2.6trn
State IGR	N36.0	N50bn	N64bn	N78bn

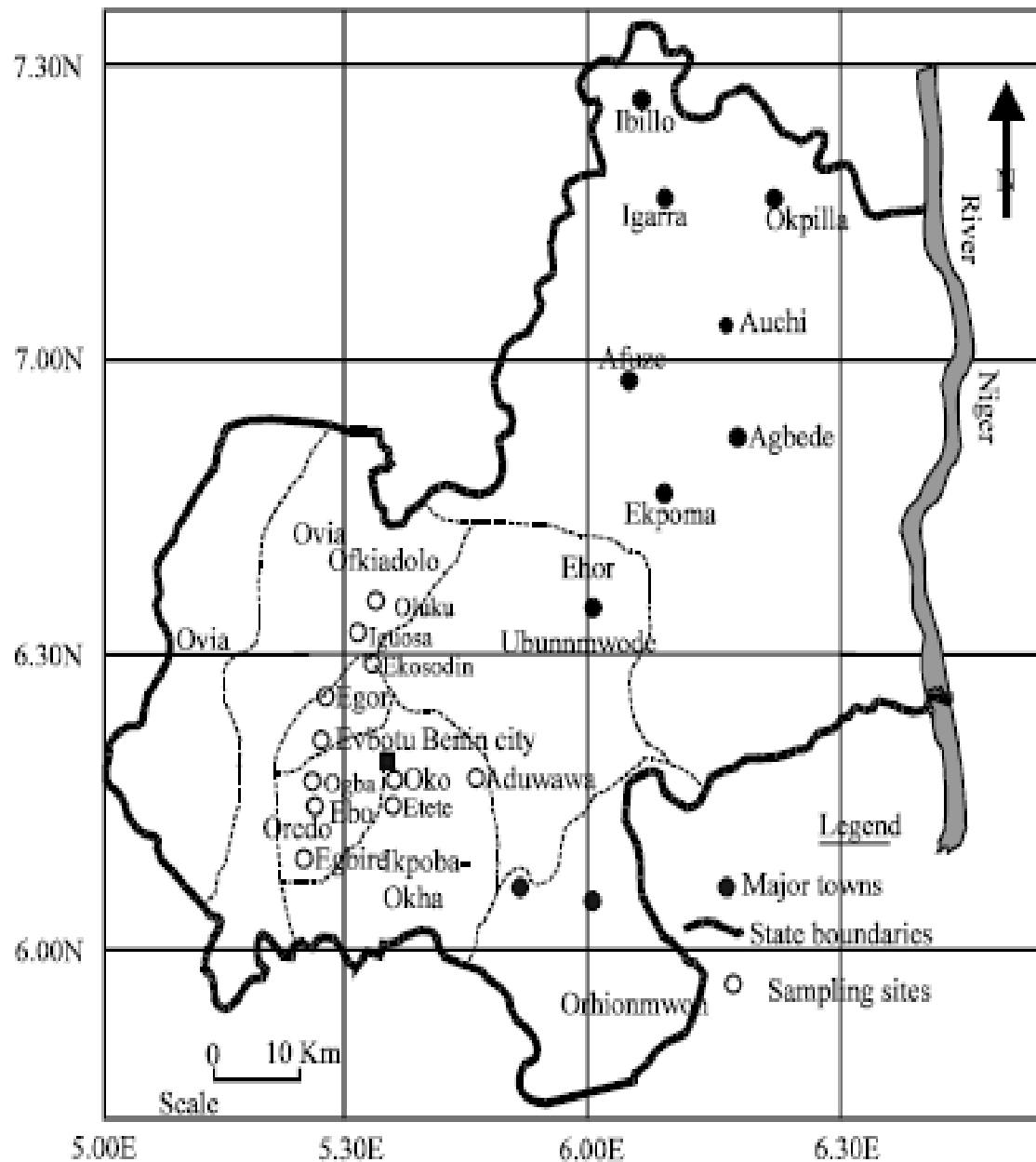
Source: FGN MTEF, State MoF

# THE EDO ECONOMY

- The Economy is expected to growth in 2021 by 2.20% before accelerating to 3.00% and 4.20% in 2022.
- Growth will mainly be driven by fiscal stimulus helped by an expected increase in the receipt from the centre due to increase in oil prices. In addition, anticipated growth in non-oil sectors (agriculture, manufacturing and services) will be central in overall GDP growth.
- Service sector have been identified to have the most elasticity, in terms of growth and employment, with the Agriculture sector playing a complementary role.
- This has directed government spending towards boosting this sector by developing skills through the establishment of the skill development agency, production hub, investment in technical education, Edo BEST.
- Government has also ensured the constant supply of power to boost this sector by the Ossiomo Electricity project.
- There is also a deliberate effort towards boosting agricultural programmes e.g the RAAMP

# MEDIUM TERM EXPENDITURE FRAMEWORK

Recurrent Revenue	2021 Annualized Actual	2022	2023	2024
Statutory Allocation	32,667,338,662	43,919,231,554	46,087,976,593	48,672,349,112
Net Derivation	11,057,083,307	12,813,807,176	23,595,323,137	24,918,425,369
VAT	21,603,384,978	23,763,723,475	17,370,995,250	18,586,964,918
IGR	33,726,486,952	50,000,000,000	64,000,000,000	78,000,000,000
Excess Crude / Other Revenue	13,516,212,930	10,067,991,353	18,663,407,498	19,468,058,545
<b>Total Recurrent Revenue</b>	<b>112,568,506,829</b>	<b>140,564,753,559</b>	<b>169,717,702,478</b>	<b>189,645,797,944</b>
Recurrent Expenditure				
CRF Charges	30,161,669,080	36,800,839,741	32,760,000,000	34,398,000,000
Personnel	25,519,999,999	33,175,999,999	34,860,000,000	36,603,000,000
Overheads	20,800,922,897	24,337,079,790	27,945,000,000	28,361,812,500
<b>Total</b>	<b>76,482,591,977</b>	<b>94,313,919,530</b>	<b>95,565,000,000</b>	<b>99,362,812,500</b>
<b>Transfer to Capital Account</b>	<b>36,085,914,851</b>	<b>46,250,834,029</b>	<b>74,152,702,478</b>	<b>90,282,985,444</b>
Capital Receipts	34,059,294,764	29,255,439,897		
Grants	3,840,266,193	11,600,000,000	4,500,000,000	4,500,000,000
<b>Total</b>	<b>61,066,645,321</b>	<b>20,855,439,897</b>	<b>4,500,000,000</b>	<b>4,500,000,000</b>
<b>Capital Expenditure</b>	<b>84,657,616,534</b>	<b>108,006,273,927</b>	<b>102,755,896,048</b>	<b>119,752,499,164</b>
Discretionary Funds	60,718,671,898	89,808,773,907	81,177,157,878	94,604,474,340
Non-Discretionary Funds	23,938,944,637	18,197,500,021	21,578,738,170	25,148,024,824
Net Financing	-12,930,573,077	-20,900,000,000	-24,103,193,570	-24,969,513,720
<b>Total Budget Size</b>	<b>161,140,208,511</b>	<b>202,320,193,457</b>	<b>198,320,896,048</b>	<b>219,115,311,664</b>



# PROPOSED 2022 BUDGET

# 2022 BUDGET PROPOSAL

Details	Proposed 2022 Budget(N)	2021 Annualized Actual (N)	2020 Audited Actuals (N)	2019 Audited Actuals (N)
Budget Size	<b><u>202.3bn</u></b>	161.1bn	114.5bn	144.1bn
Revenue from Federal	<b>90.6bn</b>	78.8bn	68.4bn	81.2bn
IGR	<b>50.0bn</b>	33.7bn	28.0bn	35.2bn
Opening Balance	-	9.1bn	6.3bn	3.6bn
Capital receipts (ex Grants)	<b>29.3bn</b>	24.9bn	0.0bn	0.0bn
External Loans	<b>8.3bn</b>	4.7bn	-	10.7bn
Domestic Loan	<b>12.0bn</b>	6.0bn	0.02bn	0.9bn
Grants	<b>11.6bn</b>	3.8bn	11.9bn	10.3bn
Personnel Cost	<b>33.2bn</b>	25.5bn	27.1bn	25.3bn
Overheads	<b>24.3bn</b>	20.8bn	20.1bn	29.0bn
CRFC (excl. debt service)	<b>20.5bn</b>	12.1bn	11.4bn	15.5bn
Debt Service	<b>16.3bn</b>	15.8bn	9.5bn	10.8bn
Total Capital Exp	<b>108.0bn</b>	86.9bn	43.5bn	63.5bn
Total Recurrent Exp	<b>94.3bn</b>	74.2bn	68.1bn	80.6bn

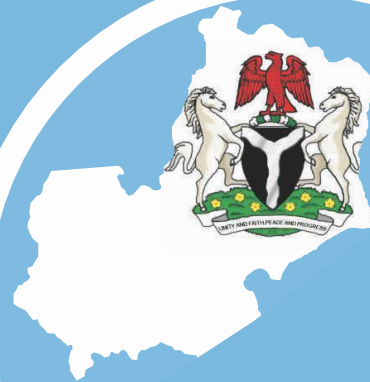


# PHILOSOPHY OF THE 2021 BUDGET

- ❑ The Budget for Fiscal Year 2022 reflects the Governor's continual intent to Make Edo Great Again (MEGA) through promotion of social inclusion, economic empowerment for Edo citizens, through the deepening of investments in socio-economic, governance and security infrastructure; and through the implementation of initiatives that guarantee equal access to education, health care and social protection.
- ❑ Some of the key goals and priorities of the 2022 budget are as follows:
  - ❑ Economic Growth and Stability
    - ❑ Public safety and security
    - ❑ Business Environment Reform
    - ❑ Job Creation
  - ❑ Deepening the Public and Civil Service Transformation
    - ❑ Technology Enhancement
    - ❑ Recruitment 2.0
    - ❑ Training
  - ❑ Human Capital Development
    - ❑ Education Sector Reform
    - ❑ Health Sector Transformation



**THANK YOU**



EDO STATE GOVERNMENT

**Let's GO further**