

Report of the 2018-2020 MTEF CSO/Media Consultative Session ABUJA NIGERIA

7/27/20
17
dRPC



Image Showing Participants and Senior Officials of the Budget and Planning at the Event

ABBREVIATIONS

ERGP - Economic Recovery and Growth Plan

FG- Federal Government

DG-Director General

DMO-Debt Management office

MNBP-Ministry of Budget and National Planning

MBPD- Ministry of Budget and Planning

MTEF- Medium Term Expenditure Framework

SMEs-Small and Medium Enterprises

Table of Contents

ABBREVIATIONS	2
INTRODUCTION	4
OBJECTIVES OF THE MEETING.....	4
PARTICIPANTS PROFILE.....	4
MEETING PROCEEDINGS.....	5
Opening Remarks by the DG budget Office – Mr Ben Akabueze	5
Presentation by The Honorable Minister of Budget and National Planning-Dr Udo Udoma	5
Goals of The ERGP/MTEF.....	6
Execution Priorities of the EGRP/MTEF	6
The Medium Term Fiscal policies	7
Key Assumptions And Macro Economic Framework Over The Medium Term (2018-2020)	8
Discussions on Population/Health.....	8
CONCLUSION.....	9

INTRODUCTION

On the 27th of July 2017, the Ministry of Budget and Planning presented the findings of its draft mid term expenditure framework to civil society, private sector, the media and the General Public in Nigeria. The two (2) day event was scheduled for Abuja on the 27th of July 2017 and Lagos on the 28th July 2017.

The public presentation of the draft MTEF was part of the process leading to the development of the 2018 National Budget scheduled to be on the floor of the National assembly by October 2017. The DG of the budget Office noted that the meeting was in conformity with the Fiscal responsibility act 2017 which stated that in preparing the budget, the minister may hold consultative forums as the minister deems necessary. The DG observed although the Law does not make this compulsory, the Minister of Budget and National Planning was committed to open Governance and had decided on this initiative to strengthen the process.

OBJECTIVES OF THE MEETING

The overall objectives were:

1. Presentation of the draft 208-2020 MTEF and FSP by the Minister of Budget and National Planning
2. To solicit input from the Civil society groups, private sector, media and the General public into the process and incorporate such feedback into the final document

PARTICIPANTS PROFILE

The event was well attended with over 300 participants from the CSOs, Media, Private Sector and General public.

In attendance also were the Minister of Budget and National Planning and the Minister of State for Budget and National Planning, DG budget office, DG Debt Management office amongst other Government Stakeholders present



Cross Section of participants at the event

MEETING PROCEEDINGS

Opening Remarks by the DG budget Office – Mr Ben Akabueze

In his opening remarks which commenced at 11:20 am, the DG budget office noted the meeting was in conformity with the Fiscal responsibility act 2017 which States the Minister may hold consultative forum on the budget process as the Minister deems necessary. He noted although the law does not make this compulsory, the Minister in his commitment to openness and transparency deemed it necessary. He welcomed all present and encouraged constructive engagement for the consultative process.

Presentation by The Honorable Minister of Budget and National Planning-Dr Udo Udoma

He explained the MTEF was the FGs physical policies and macroeconomic projection for the next 3 years it provides the broad framework for 2018 budget scheduled to be delivered by the beginning of October 2018. He noted the development of the draft MTEF was easier this year due to the existence economic recovery and Growth Plan till 2020 and this document formed the basis of the MTEF development.

He observed the differences would be due to refinement based on latest information, tactics and global economic outlook against which the MTEF is developed. The Minister thereafter listed the estimated growth projections in the development of the draft MTEF with Global and regional comparison.

Table 1: Estimated Growth Projections in developing the draft MTEF

Year	ADVANCED ECONOMIES	GLOBAL	AFRICA
2016	1.7%	3.5%	To be updated
2017	2.0%	3.5%	2.6%
2018	2.0%	3.6%	2.4%

Goals of The ERGP/MTEF

The Minister then identified the key goals of the ERGP which served as guide in the MTEF development, they were described as:

- “Restoring and Sustaining Growth”
- “Investing In our People”
- “Building a Globally Competitive Economy”

He also highlighted the importance of *Governance and Security* as key enabling factors in the achievement of these goals.

Execution Priorities of the EGRP/MTEF

He noted that the execution priorities of the MTEF align with the ERGP, the priorities were identified as:

1. Stabilizing the macroeconomic environment
2. Achieve agricultural and Food Security
3. Improve transportation and Infrastructure
4. Energy Sufficiency in power and petroleum products
5. Drive Industrialization Focusing on SMEs

Priority 1 stabilizing the macroeconomic environment

This was elaborated to include specifically the following:

- Align monetary trade and policies
- Accelerate non oil revenue generation
- Drastically cut costs
- Privatize selected public enterprises/assets

Priority 2 Achieve agricultural and Food Security

He explained this was aimed at delivering on agricultural harmonization

Priority 3 Improve transportation and Infrastructure

The specified improving transport and infrastructure was aimed at:

- Delivering high priority transportation projects
- Enabling private sector financing of infrastructure

He further noted that the Government aimed to revive the old railway lines and concession them for freight with routes spanning Kano to Lagos and Port Harcourt to Maiduguri. New rail lines would be developed to span Lagos to Kano and Calabar to Lagos. This he noted had commenced with the Lagos Ibadan Rail under construction

Priority 4 Energy Sufficiency in power and petroleum products

The specific priorities identified included:

- Urgent increase in Oil Production
- Expand power sector infrastructure
- Boost local refining for self sufficiency

He explained the power sector recovery plan was underway to strengthen this aspect for National development

Priority 5 Drive Industrialization Focusing on SMEs

The specific objective was explained further as:

- Improving ease of doing Business
- Accelerating National Industrial Revolution Plan implementation

The Medium Term Fiscal policies

Based on the above and in line with the EGRP, the medium term fiscal policies of Government will be directed at the following:

1. Achieving macroeconomic stability

- Accelerating growth, intensifying economic diversification and promoting inclusiveness
- Enhancing oil revenues and accelerating non oil revenues
- Transition from the traditional JV Cash Call budget to the self funding mechanism
- Improved tax and customs administration including greater deployment of appropriate technology
- Tightening of tax exemptions including duty waivers
- Possible review of VAT rate commencing with luxury items (Same for excise duty)
- Corporate tax amnesty (Already been Implemented and ongoing)
- Voluntary Asset Declaration Scheme

2. Addressing recurrent and capital spending imbalance

In view of the capital to recurrent budget imbalance, the Government aims to spend at least 30% of the budget on capital expenditure. It was observed that the capital budget has increased in 2017 from 1.219 trillion naira in 2016 to 2.361 trillion naira in 2017. He emphasized a 30% increase will be maintained from 2018

3. Improving efficiency and quality of public spending

- Proper costing of activities/project and competitive bidding in public procurement and continuous audit of MDAs operations

- Improved tighter expenditure management
 - Determination of allowable expenditures and limits thereof designed to eliminate wastage
4. Maintaining deficits/debts within sustainable limits
Debt financing will be restructured gradually in favor of foreign financing as part of strategy to lower debt service burden and free up more fiscal space for the private sector

Key Assumptions And Macro Economic Framework Over The Medium Term (2018-2020)

The key assumptions were then shared with estimated projection for the Fiscal years 2018-2020

Table 2: Key Assumptions and Macro Economic Framework over the medium Term (2018-2020)

SN	Description	2017	2018 Projection	2019 Projection	2020 Projection
	Oil Production Volume (mbpd)	2.20	2.30	2.40	2.50
	Exchange Rate	305	305	305	305
	Inflation(%)	15.74%	12.42%	13.39%	9.90%
	Nominal GDP	116.578	133.975	158.338	181.136
	GDP Growth Rate(%)	2.2%	4.8%	4.5%	7.0%
	Non Oil GDP(Nbn)	99,790	104,652	109,237	117,174
	Oil GDP(Nbn)	16,799	29,323	49,101	43,972

It was observed that with a population growing at 3%, it is important to develop strategies to increase the growth rate so Nigerians can feel the impact

Non Oil GDP was described as GDP from taxation

Discussions on Population/Health

In the question and answer section, following a question from the audience on the Ministries plan to curb population growth as a means of ensuring adequacy of resources for development. The Minister of State for Budget and Planning responded saying, It is true our population growth rate is increasing rather than our economic growth rate. She stated that with a fertility rate of “5.7 in 1000 and an average Five(5) Children per woman” the population challenge has been identified and is being addressed.

She noted the Ministries involvement on the launch of a National program on population a week ago. In conclusion, she stated that the demographics show we have a significant proportion of young population that can be turned into a productive group. She also explained further that a social population investment program is ongoing

CONCLUSION

In conclusion, the minister called for the contribution of civil society to the process noting that the slides will be shared thereafter and suggestions and feedback on the process is welcome.

He solicited all feedback be turned in within the next two (2) weeks to enable inclusion in the final document before submission to the Federal Executive Council.

