

A SUMMARY OF THE PROCEEDINGS AT THE CONSULTATIVE FORUM WITH THE PUBLIC ON THE 2010 – 2012 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) HELD AT TRANSCORP HILTON HOTEL, ABUJA ON FRIDAY JULY 10, 2009

1.0 INTRODUCTION

1.1 The Consultative Forum with the public on the 2010 – 2012 Medium Term Expenditure Framework (MTEF) was organized by the Budget Office of the Federation on July 10, 2009 at Transcorp Hilton Hotel, Abuja. The forum was attended by over 200 participants drawn from the National Assembly, Fiscal Responsibility Commission, National Planning Commission, Nigerian Institute for Social and Economic Research (NISER), Nigerian Economic Summit Group (NESG), NACCIMA, Manufacturers Association of Nigeria (MAN), Lagos Chamber of Commerce (LCC), the Media, Civil Society Organizations (CSOs) and other non-state actors. The National Assembly participants included the Chairman, Senate Committee on Finance, Distinguished Senator Ahmed Makarfi, Senate Committee on Appropriation, Distinguished Senator Iyiola Omisore, the Vice-Chairman, Senate Committee on Finance, Distinguished Senator Mohammed Mohammed and Distinguished Senator Ibrahim Ida.

1.2 In his welcome remarks, the Director-General, Budget Office of the Federation, Dr. Bright Okogu, stated that the Forum was organized to sensitize and get the inputs of the public as part of the process of preparing the 2010 – 2012 Medium Term Expenditure Framework (MTEF). This, he further stated, was in line with Section 13 of the Fiscal Responsibility Act, No. 13 of 2007. In his opening remarks, the Chairman Senate Committee on Finance, Distinguished Senator Ahmed Makarfi, called upon the public to take full advantage of the Forum to make their inputs towards the preparation of the 2010 – 2012 MTEF. The Vice-Chairman, Senate Committee on Finance, Distinguished Senator Mohammed Mohammed counseled against spreading resources too thinly among many projects so as to avoid the incidence of abandoned projects in the country. He also stressed the need for prioritization of on-going projects.

2.0 PRESENTATION OF PAPERS

2.1 The Honourable Minister of Finance, Dr. Mansur Muhtar and the Director-General, Budget Office of the Federation, Dr. Bright Okogu, presented papers at the Forum.

2.2 The paper presented by Dr. Mansur Muhtar, Honourable Minister of Finance was titled "**Challenges and Focus of the 2010**

Budget”. The full text of the paper can be seen at www.budgetoffice.gov.ng. The paper identified the global economic recession and the huge Petroleum subsidy burden as some of the challenges being faced by Government in the implementation of the 2009 federal budget. The paper also identified some concerns with respect to the 2010 budget, some of which include the on-going challenges to oil production, volatility of oil prices and projected decline in non-oil revenue in 2010. Government priorities for the 2010 budget were highlighted in the paper and they include, among others, ensuring macro-economic stability, fiscal discipline and efficiency in Government expenditure. Other issues addressed in the paper include the focus of the Medium Term (2010-2012) Fiscal Strategy of the Federal Government and measures to enhance budget performance and implementation.

2.3 The paper presented by the Director-General, Budget Office of the Federation, Dr. Bright Okogu, was titled **“Preparing the 2010 - 2012 MTEF: Coping with the revenue challenges”**. The full text of the paper can be seen at www.budgetoffice.gov.ng. The paper provided background information on the key oil revenue assumptions for the 2009

budget and a summary of revenue accrued to Government for the 1st quarter of 2009 fiscal year. The paper explained in detail the process of preparing the 2010 – 2012 MTEF and the policy responses by Government towards enhancing public revenue and improving public expenditure management. The paper drew the attention of the public to the institutional changes introduced to increase non-oil revenue. Some of the changes include an audit on MDA finances to ensure better collection and remittance to Treasury, assisting the Nigeria Customs Service (NCS) and the Federal Inland Revenue Service (FIRS) to become more efficient in tax revenue collection and strict enforcement of the provisions of Sections 22 – 23 of the Fiscal Responsibility Act, No. 31 of 2007 which require Federal Government Corporations, Agencies and Government owned companies to establish a General Reserve Fund into which it shall save 20% of its operating surplus and then remit the balance of 80% into the Consolidated Revenue Fund of the Federal Government.

3.0 COMMENTS/QUESTION AND ANSWER SESSION

3.1 The Comments/Question and Answer Session took place after the presentation of papers and was chaired by Dr. Mansur Muhtar,

Honourable Minister of Finance. Some of the areas on which participants made comments and raised questions include rehabilitation of the railways, tariff regime, cost of debt service, plight of pensioners, fiscal measures to address the decline in the industrial sector and data consistency.

3.3 During the Comments/Question and Answer Session, participants also made suggestions on how to improve upon the preparation and implementation of both the MTEF and the annual budget of the Federal Government of Nigeria in the following areas:

The oil price benchmark of US\$45 per barrel used for the 2009 budget should be retained for the 2010 budget, prioritization of on-going projects, allocation of budgetary funds to only projects with a clear timeframe for completion and promotion of Public Private Partnerships (PPPs) to address the challenge of infrastructure but not in the social sectors. However, they emphasized the need to provide social safety nets to take care of the poor. Other suggestions include involving CSOs in budget monitoring, strict enforcement of the provisions of the law regarding remittance of IGRs and operating surplus to the treasury by Federal Government Corporations, Agencies and Public enterprises, de-regulation of the petroleum

sector, the use of alternative sources of energy (solar, wind, etc) to boost power supply in the country, repair of the refineries, decongesting of the ports, addressing the Niger Delta crisis, and development of agriculture. Others include rehabilitation of railways, building MDAs capacity in project implementation and management, prompt settlement of local debts, regular payment of pensioners, taking into consideration agitation by ASUU and workers for salary increment and stay of action on expansion of tax base.

4.0 CLOSING REMARKS

4.1 In his closing remarks, the Director-General, Budget Office of the Federation, Dr. Bright Okogu, thanked all participants for their lively and useful contributions.

BUDGET OFFICE OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE
ABUJA

14TH JULY, 2009