



DIRECTORATE OF BUDGET AND ECONOMIC PLANNING

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Ref: DOB/PLN/S/107/I/7

Date: 30th August, 2016
26th Thul-Qida, 1437

The Honorable Commissioner,
«Address»,
Chairperson «Sector» Sector Planning Team,
«Address_1»
«Address_2»

2017 – 2019 MEDIUM-TERM SECTOR PLANS [MTSS / MTSF] [Guidelines and Sector Envelopes]

A. Introduction

In line with State Budget Calendar, I am pleased to inform the Honorable Commissioner, «Address» and **Chairperson, «Sector» Sector Planning Team** [SPT] that Budget and Economic Planning Directorate has commenced the process for the preparation of 2017 – 2019 Medium-term Sector Plans and the 2017 Budget. Already, a Medium Term Expenditure Framework (MTEF) was developed and approved by the State Government to provide the basis for both the medium term sector plans and the annual budget. An important purpose served by the MTEF is to achieve fiscal realism and ensure that scarce resources are strategically allocated in line with the policy objectives and priorities of the state. It also sets the medium term context of entire planning and budgeting process thus ensuring effective linkage between the medium-term plans and the annual budget. On its own part, the MTEF was developed on the basis of three important documentations consisting of an Economic and Fiscal Update (EFU), a Fiscal Strategy Paper (FSP); and Budget Policy Statements (BPS). The EFU-FSP-BPS generally informs the MTEF Process and essentially serves as the basis for resources estimation and allocation over the medium term. It is from the aggregate resource projection in the MTEF that sector envelopes for preparation of Medium Term Sector Strategies (MTSS) are derived as well as the budget ceilings for Ministries, Departments and Agencies (MDAs).

B. Call Circular Objectives

In line with the foregoing, the primary purpose of this circular is to:

- i. Request the Honorable Commissioner, as Chairperson of the «Sector» Sector Planning Team (SPT) to lead the team to prepare and submit 2017 – 2019 «Plan_Type» of the Sector. Among others, the SPT consists of all the respective Accounting Officers of the agencies in the Sector including the Ministry, Departments and Agencies [MDAs], Directors of Planning, Research & Statistics and some Civil Society Organizations active in the Sector. As usual, the development of this very important planning document would involve undertaking a review of the current 2016 – 2018 «Plan_Type» and their roll-over to produce the 2017 – 2019 «Plan_Type» taking into cognizance issues and recommendations from the recently completed «Sector» Sector Performance Review Report.
- ii. Provide the Sector with the preliminary Sector Envelopes that set the upper limit of expenditure proposals for all components of the budget;.

- iii. Request all MDAs within the sector to subsequently ensure that their respective proposals for the 2017 Budget are consistent with 2017 – 2019 «Plan_Type». A separate circular would be issued to each MDA specifically in respect of the 2017 budget proposals;

C 2017 – 2019 MTEF and Medium-Term Sector Plans

The analysis of recent economic and fiscal trends as contained in the EFU and FSP documentations indicated a rather depressing outlook over the medium term. A number of the macroeconomic parameters that inform the medium-term the fiscal projections indicated that revenue flows from some of the major sources would only slightly appreciate nominally. Even though global oil prices has slightly appreciated relative to last year, the domestic production level has dropped significantly. While the effect of this would be a decline in aggregate revenues accruable in to the Federation Account, rising inflation and devaluation of the Naira are expected to result in nominal increase in the revenues flows. Notwithstanding this nominal increase, the extent of the absolute declines in oil revenue flows coupled with the relative decline in the rate of growth of the national economy, has made the outlook less optimistic. Consequently, the medium term projections for the non-discretionary revenues allocated to the various sectors based on extant policy priorities, have declined. The preliminary common pool funds projections for 2017 - 2019 is about ₦242 billion which is below the corresponding figure for 2016 - 2018 by almost 10%. This would mean an elongation of the austerity measures of the 2016 fiscal year. The overarching objective in this regards is to achieve *Fiscal sustainability in terms of ensuring* appropriate balance between revenue and expenditure, low deficit financing as well as promoting economic stability over the medium term. Therefore, while or many cost centres and spending entities, there would be outright reduction in budgetary allocations, it would be necessary for agencies to continue to be more prudent to improve efficiency in public expenditure.

The guidelines for the development 2017 – 2019 medium term sector plans are as contained in the MTSS Guide. As usual, the roll-over process should continue through the entrenched collaborative and stakeholder consultative process. Most important is the strategy sessions where crucial decisions are taken pertaining to the distribution of sector envelops among sector agencies in line with policy objectives, goals and mandates of each agency. In this regards, the relevant Chapter of the yet-to-be-published Second Edition of the State Comprehensive Development Framework [CDF] is attached to this circular to guide resources allocation among sector initiatives in accordance with sectoral priorities. This is in line with the objective of ensuring *allocative efficiency in terms of* achieving an allocation of resources that reflects the priorities of government development policies. The situation also calls for more concerns with *value for money through* a process that contributes to achieving economy, efficiency and effectiveness in service provision without compromising quality and accessibility.

Indicative Resource Envelopes

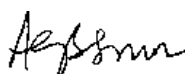
6. The indicative Sectoral Resource Envelop for the «Sector» Sector is provided hereunder. As usual, the envelop is based on the overall resource constraints, MTEF Projections for non-discretionary funds and the priority accorded to the sector. It also takes cognizance of the extent of existing commitments, contractual obligations and scope of sector initiatives. The sector envelope includes counterpart funding obligations (such as for loans and grants where applicable) but excludes the associated expected draw-downs which were treated as contra-entries in the MTEF projections. As would be noticed below, while the resource envelops relate to whole sectors, effort was made to provide further guidance as regards to the distributions within key expenditure components (personnel, overhead cost and capital expenditure) taking into account the desired fiscal trend with respect to these components. The SPT, under the guidance of the Chairperson, is however, free to make internal adjustments in line with mandates and scope of initiatives of the sector MDAs towards the attainment of overall sectoral policy objectives and set targets.

2017 - 2019 MTSS / MTSF Indicative Sector Resource Envelop
«Envelop»

7. The Honourable Commissioner as Chairperson of the SPT and members of his/her team are earnestly enjoined to make adequate reference to the MTSS / MTSF Guide as to ensure active consultations and collaborations between sector agencies as well as synergy in Government expenditure plans. Assigned Sector Desk Officers from the Budget and Economic Planning Directorate should be carried along throughout the exercise ensuring that they participate in all the SPT meetings. In particular, as a critical milestone in the process, the Sector Strategy Session where key decisions are taken, should involve all sector stakeholders including external members from partner MDAs and CSOs. Furthermore, as the key contact person, the Director of Planning, Research and Statistics («Address»), should work diligently to coordinate and monitor progress in the «Plan_Type» process as to ensure timely completion of the exercise.

8. Finally, please be informed that Bilateral Discussions on the 2017 Budget are scheduled to commence by **Monday, 3rd October 2016**. Consequently, the template providing a snap-shot view of «Plan_Type» including key sectoral initiatives and costing should be submitted alongside the 2017 Budget Proposals before the commencement of the discussions. Final full versions of the «Plan_Type» documents should be submitted on or before Friday 28th October 2016. All documents should be submitted at least in triplicate bound copies together with the soft [electronic] copy on CD or flash drive.

9. Please accept my sincere regards.



Adamu M. Garun Gabas, OON
(Permanent Secretary)
For: Honourable Commissioner for Finance & Economic Planning