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2018 – 2020 MEDIUM-TERM SECTOR PLANS [MTSS / MTSP]
[Guidelines and Sector Envelopes]

A - Introduction

As Honorable Commissioner is aware, one of the key milestones in the annual Planning and Budget cycle, is the development of Medium Term Sector Strategies and Sector Plans by some of the key sectors that define the Sectors in the State Development Framework. As *Chairperson of the «Sector» Sector Planning Team* [SPT] you are expected to provide the necessary leadership and be well-informed in the tasking process of producing the «Plan_Type» of your sector as well as ensure that this is done in accordance with guidance to be issued in this circular. It would be recalled that the Second Edition of the State Comprehensive Development Framework (CDF II) was approved by the State Executive Council as the main state development plan from which the annual budget is primarily derived. The Document which was recently published, was also subsequently endorsed by the State Legislature as the principal development policy document of the State Government. As the main link between the State Development Plan and the budget, the importance of MTSS and MTSP as key planning documents could not therefore be over-emphasised. In particular, the MTSS provides the medium-term outlook of expenditure estimates that are clearly linked to well-defined sector objectives derived from overall state development policy document (the CDF II). The MTSS, thus, ensure that the annual budget as policy-based and ultimately facilitates the delivery of state development objectives.

2. In line with the foregoing therefore, the primary purpose of this circular is to kindly request the Honorable Commissioner, as the SPT Chairperson to provide the necessary leadership for the team to prepare and submit the 2018 – 2020 «Plan_Type» of the «Sector» Sector as well as to provide you with the preliminary Sector Envelopes that set the upper limit of resources allocation among all the expenditure components of the plan including for projects and programmes. Being the major link between the CDF and the annual budget, the 2018 – 2020 «Plan_Type» should be perfectly consistent with 2018 budget that eventually comes out of it. It should therefore be reiterated that the «Plan_Type» should be conceived bearing in mind that all aspects of 2018 budget would be drawn from it and that would be an aberration to admit projects and programmes into the budget unless they are part of the «Plan_Type».

B. 2018 – 2020 MTEF and Medium-Term Sector Plans

3. In line with the requirements of the State Fiscal Responsibility Law, the 2018 – 2020 Medium Term Expenditure Framework (MTEF) has been developed and endorsed by the Government. As the basis for resource projection and allocation, the major output of the MTEF process is to provide resource estimates for phased implementation of the CDF through the annual budget. It is worthy of note that the MTEF is a product of critical appraisal of previous economic and fiscal trends at the global and national levels which then provide

basis for the macroeconomic assumptions that inform the medium term projections. This feed into a fiscal strategy documentation based on which resources are strategically allocated to all sectors in line with declared budget policy statements. In line with the principles of scarcity and choice, the MTEF / MTSS processes ensure that resources realistically projected and strategically allocated. The medium-term outlook of the budget, also helps to ensure that the planning process is pursued to deliver both the medium and long-term development objectives of the State within a sustainable fiscal framework. Generally, the medium term plans enable effective implementation of the CDF; ensure that government expenditures reflect its longer term policy objectives and priorities; promote transparency and accountability in government expenditure; and provide basis for M & E whereby all “initiatives” captured in the medium term plans are linked to clearly defined deliverables in terms of budgetary outputs and outcomes measured by specific key performance indicators.

4. Based on the macroeconomic parameters that informed MTEF process, it is envisaged that non-discretionary revenues that would accrues in to the consolidated revenue funds of the state for the period 2019 – 2020 is about ₦267.92 billion. This is spread over the period as ₦85.75 billion, ₦87.84 billion and ₦94.33 billion respectively. Achieving fiscal sustainability with appropriate recurrent-capital expenditure mix remains an overarching objective of the State over the period. The following provides some of the guiding principles that SPTs need to take into consideration in the process of developing the «Plan_Type»:

- ✓ That the composition of the SPT is all-inclusive in bring on board all the key stakeholders in the sector. In particular, this should include all the Chief Executives and Accounting Officers of the Agencies in the Sector (including other MDAs with cross-cutting issues), Directors of Planning, Research & Statistics in the Sector MDAs, Sector Desk Officers representing the Directorate of Budget and Economic Planning and representatives of active Civil Society Organizations in the Sector. The SPT Chairperson is also enjoined to consider inviting the House Committee Chairman on «Sector» to participate in some of the sector strategy sessions;
- ✓ Ensuring active collaboration and consultations among all the identified stakeholders particularly between implementing MDAs to ensure synergy between the various projects and programmes being implemented in the sector so as to optimised outcomes and performance. Most important in this regards is ensuring involvement and active participation of implementing MDAs during the Strategy Sessions where crucial decisions are made pertaining to internal re-allocation sector envelops and prioritization of projects and programmes in the sector. Decisions on this should be candidly objective and take into consideration such factors as overall sector policy objectives and the role of MDAs in delivering that, mandates of each agency, existing commitments and emerging policy priorities;
- ✓ For Sectors that have projects and programmes being funds from loans and grants, there should be active engagement with the respective Financing Partners and or Heads of the Project Implementation Units (PIUs) of such loans/grants funded projects. This is to be done with a view to forge synergy, avoid duplications and ensure that the outputs and outcomes of such projects and programmes are geared towards achieving the overall sectoral policy objectives. For the «Sector» Sector, such projects would include «Loans__Grants_Projects» among others. The respective Work Plans of such projects (where available) should form part of the working materials and appendices to the final «Plan_Type» documentation;
- ✓ Ensuring that resources are allocated in such a way that promote prudence and efficiency in resources management, financial or otherwise as to guarantees economy, efficiency and effectiveness in both service and project delivery;
- ✓ The Sector Desk Officers representing this Directorate should be carried along throughout the exercise ensuring that they participate in all the SPT meetings for feedback to the Directorate. Also the key contact person for the Directorate in the «Sector» Sector remains the Permanent Secretary and Director of Planning, Research and Statistics, «Address»). The two should be given the leverage to effectively coordinate and monitor progress in the «Plan_Type» process as to ensure timely completion of the exercise;

- ✓ That following the development of a State Policy on Public-Private Partnership (PPP), the «Sector» Sector is enjoined to explore the possibility of tapping into this project financing window. The first step in this direction is to identify at least one viable medium-to-long-term projects that could be attractive to private investors. Once such projects are identified, the State Investment Promotion Agency would be required to examine the possibility of including the project as a PPP candidate;

Indicative Resource Envelopes

5. The indicative Sectoral Resource Envelop for the «Sector» Sector is provided hereunder. As usual, the envelop is based on the overall resource constraints for non-discretionary funds. The sector envelop takes full cognisance of the priority accorded to the sector, current scope of project/programme portfolio, existing financial commitments, and the intensity of capital requirements of sector projects. The sectoral resources envelope includes counterpart funding obligations for loans and grants (where applicable) but excludes the associated expected draw-downs which were treated as contra-entries in the MTEF projections. Even though resource envelops belongs to the entire sector MDAs, effort was made to provide further guidance as regards to the distributions within key expenditure components (personnel, overhead cost and capital expenditure). The SPT, under the guidance of the Chairperson, is free to make internal adjustments and re-allocations in line with mandates and scope of initiatives of the sector MDAs.

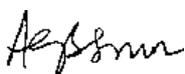
2018 - 2020 MTSS / MTSP Indicative Sector Resource Envelop
«Envelop»

6. Finally, please be informed that Bilateral Discussions on the 2018 Budget are scheduled to commence by **Monday, 2nd October 2017**. Accordingly, the «Plan_Type» documentation should have made significant progress by this time to ensure that the annual budget is properly informed by the sector plan. To underscore the imperativeness of adhering to the deadline, it should be noted that the final submitted and validated «Plan_Type» document would form part of the submissions to the State House of Assembly during presentation of the 2018 Appropriation Law by the Governor.

7. Attached to this circular are:

- a) Revised MTSS / MTSP recommended structure / table of contents to guide your final documentation and submissions;
- b) Three (3) copies of the published second edition of the State Comprehensive Development Framework (CDF II) for retention and reference;
- c) The template giving a snap-shot view of the «Plan_Type» including key sectoral initiatives and costing to be submitted alongside the 2018 Budget Proposals before the commencement of the discussions. Final full versions of the «Plan_Type» documents should be submitted on or before **Friday 29th October 2017**. All documents should be submitted at least in triplicate bound copies together with the soft [electronic] copy on CD or flash drive please.

8. Please accept my sincere regards.



Adamu M. Garun Gabas, OON
(Permanent Secretary)

For: Honourable Commissioner for Finance & Economic Planning