

LEAD DEBATE ON THE 2017 - 2019 MEDIUM TERM EXPENDITURE FRAMEWORK AND FISCAL STRATEGY PAPER.

Senate Leader

Mr. President, my respected Colleagues, permit me to lead the debates on the Medium Term Expenditure Framework and Fiscal Strategy Paper before us today.

The Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) are statutory documents which articulate Government's revenue and spending plan as well as its fiscal policy objective over the period.

Section 11 of the Fiscal Responsibility Act (FRA) 2007 requires the Minister of Finance to prepare the MTEF and FSP and lay it before the Federal Executive Council and the National Assembly for consideration. It is in line with this provision, that it was transmitted to the National Assembly on Tuesday, 4th October, 2016 by Mr. President Commander in Chief of the Armed Forces of the Federal Republic of Nigeria.

The Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) is composed of the macro economic framework which gives an analysis of key macroeconomic trend of the past years and provides an insight on the future policy direction. The FSP outlines fiscal strategy, analyzes expenditure and revenue figures for the years under review, details the assumptions underlying these projections, review the previous budget and gives an overview of consolidated debt and possible fiscal risks.

Mr. President, my distinguished Colleagues, the 2017-2019 Medium Term Expenditure Framework and Fiscal Strategy Paper provides the

basis for the planning of the 2017 Budget. The MTEFF/FSP is a three year planning tool that defines government economic, social and development objectives and priorities

Medium Term Expenditure Framework and the Fiscal Strategy Paper is the Assumptions underlying projections of oil and non-oil Revenue in 2017.

The Medium Term Expenditure Framework and the Fiscal Strategy Paper is proposing a budget that will be predicated on an oil revenue benchmark of \$42.5 per barrel for the period 2017 -2019. While government will continue the diversification of the non -oil revenues which are more predictable and less volatile to a position of performance.

The non-oil revenue for 2017 -2019 is guided by the improved efficiency of collection and expected growth in non-oil GDP, and accordingly customs collection, Companies Income Tax, Value Added Tax and FGN Independent Revenue are non-oil sectors the government is expecting revenue from in 2017.

The proposal also shows that the government is projecting a 3.02% GDP growth in 2017, while inflation is expected to moderate at 12.92%.

The GDP growth would be driven by strong performance in agriculture, wholesale and retail, construction and real estate sectors among others.

Similarly, the GDP growth for the medium term is based on the assumptions of average oil production of 2.2mbpd, 2.3 mbpd and 2.4mbpd for 2017, 2018 and 2019 respectively with average benchmark oil price of USD42.5pb, USD45pb, and USD50pb for 2017, 2018 and 2019.

respectively as well as an average exchange rate of N290 per dollar. It is also based on an average growth rate of 9.69% during the period.

The strategies outlined in the document before you my dear colleagues are designed to reposition the Nigerian economy from the shores of recession to a sustainable inclusive growth path. The fiscal strategy for the 2017 -2019 MTEF /FSP therefore is framed to fundamentally restructure the economy for enhanced productivity, efficiency and accountability in the management of national resources with the intent of unlocking the real sector and private sector potentials for bolstering growth.

The focus of the 2017-2019 MTEF and FSP is the utilization of targeted spending in critical sectors that will translate into quick transformative capabilities and strong linkages with medium term development plans to achieve a more developed infrastructure base to stimulate real sector productivity, job creation and increased private sector investment.

The 2017 budget will be guided by six principles namely realism, credibility, allocative strategic, prioritization, transparency and accountability and social safety nets

The policy outline in the Medium Term Expenditure Framework and the Fiscal Strategy Paper are in line with the Change Agenda of this Administration.

I therefore urge my colleagues to give this document a very objective analysis for the purpose of referring it to the appropriate Committee and subsequent approval.

Thank you.

