

MINUTES OF THE MEETING WITH REPRESENTATIVES OF STANDARD & POOR'S (S&P) HELD AT THE NIGERIA GOVERNORS' FORUM (NGF) SECRETARIAT ON THURSDAY, 25TH JUNE, 2009

S/N	NOTES/RESOLUTIONS	ACTION
01	<p>ATTENDANCE</p> <ol style="list-style-type: none"> 1. A.B Okauru – NGF 2. M.A Jibia – NGF 3. L.T Shittu – NGF 4. C.C. Chuku – NGF 5. F.U Katsina – NGF 6. Moritz Kraemer – S & P 7. Ben Faulks - S & P 8. NSK George – FEDERAL MINISTRY OF FINANCE 9. G.E Ibrahim – FEDERAL MINISTRY OF FINANCE <p>COMMENCEMENT</p> <p>The meeting started at 7.20 pm with the Director General (DG) presiding. The DG called for general introductions of everyone present. He then gave background information on the raison d’etre of the NGF and its Secretariat.</p> <p>The representatives of S & P on their part stated that they were involved in <i>sovereign rating</i> and it was usually done at the Federal level. Their previous contacts with the Country had similarly been at the federal level but they had come to realise that there was a need to have published ratings of the States, hence the overtures to the NGF.</p> <p>In response to a question on what the new management planned to achieve for the Forum, the DG presented a broad outline of his vision for the Forum:</p> <ul style="list-style-type: none"> • Embarking on projects that would impact positively on the States. • Part of the mandate of the Secretariat was the design of a framework for Peer Review Mechanism. In this regard, the Secretariat had secured the cooperation and commitment of Development Partners like DFID. KPMG was also heavily involved in the attempt to develop a comprehensive and reliable Framework for Peer Review Mechanism. The Secretariat had commenced a tour of the 36 States of the Country in order to acquire a first hand experience of developments in the States that would further facilitate the development of the Peer Review Framework. Already, the Secretariat has identified a number of unique governance practices in these States that could be benchmarked across the other States. He gave instances of some of the unique experiences gathered in the course of the visits to some of the States. • The States would be made to adopt these best practices 	

by moral suasion, frequent communication and creation of awareness.

- In the area of Electoral Reforms, the Forum is mindful of the importance of the integrity of the Electoral Process. The NGF is therefore a very active Stakeholder in seeing that the reforms are effected.
- The NGF Secretariat is putting together a team that would 'archive' Judgements of Electoral Tribunals in the Country.
- The Secretariat is interested in creating awareness in the area of the Implementation and Monitoring of Budgets, particularly State Budgets. For instance, the Secretariat is favourably disposed to the Bayelsa Model in the formulation of budget. There is a lot of community involvement, it is demand driven – from bottom, up, etc. This kind of Budget creates an excellent basis for proper implementation and is more likely to be more result-oriented.
- The Secretariat is currently involved in the exercise to compute Gross Domestic Product at the States level. This is anchored by the NPC
- The Secretariat has also done some work in the area of Information Communication Technology (ICT). We recently partnered with Galaxy Backbone, a wholly owned FG ICT Company.

The DG's response to their questions on sources of the Secretariat's funding is as follows:

- The Secretariat is mostly funded from the annual subscription by members of the Forum in the sum of N2m per annum per State, that is, N72m per annum.
- Donor agencies
- Workshops/Agencies
- Partnerships with Corporate Bodies

The visiting team also wanted to know if the Forum was involved in the management of the Excess crude Account. The DG in response stated the origin of the account which dates back to the administration of the President Olusegun Obasanjo. The former president had set up the account to prepare for the rainy days and the funds represent the amount that is above the benchmarked price of crude oil. The excess funds were put in a dedicated account.

Following the meltdown in the global economy, the Federal Government had recourse to the funds to augment the shortfall in the budgetary allocations to States. He informed the S&P representatives that the NGF is very involved in the management of the Excess Crude Account. One of the earliest assignments of the new management was to seek the balance and detailed records of the Accounts for the purpose of reconciliation.

He assured them that the States would comply with the agreement to access the account periodically and as the need arose and the question of one State withdrawing all its due from the account in one swoop would not arise.

The S & P team recommended a System known as **Financial Management Assessment (FMA)** which is basically a model employed in execution and accounting of Budget and it also caters for Capacity Building at the lower level. It is financed by the World Bank and other donors. This model has been employed successfully in China and Philippines. They committed to assisting the Forum in this regard. The advantage of the FMA is that parameters are developed that allow for uniform comparison. They stated that the Report is yet to be made public and as soon as this is done, they would avail the Secretariat of copies.

The DG agreed with a suggestion by a representative of S & P that technical Staff from one State could be seconded to another State to foster Federalism and mutual cooperation.

In relation to the Fiscal Responsibility Act (FRA) and the Public Procurement Act (PPA), the DG gave them a summary of the compliance level of the States:

FRA: 11 States have passed; 23 States have the Bill at their respective Houses of Assembly and 2 States are yet to start the process.

PPA: 10 States have passed; 24 States have the Bill at the Houses of Assembly and 2 States are yet to commence the process.

The DG however pointed out that the figures above may have changed since the last time the Secretariat researched on it and that he would confirm the figures and communicate to them as soon as possible.

Following a question by the ED (Research & Strategy) on the rationale for the **BB-** given to Nigeria, they explained that there is usually a 1 in 3 chance that the rating would go up or down. In the case of Nigeria, there is some chance that the rating would come down. This was because of some concerns in the banking sector-drop in credit and assets quality and exchange rate crisis at the end of last year. The uncertainty in the Niger Delta was another factor that could cause a drop in the rating.

They have been rating Nigeria since 2005 and the Country has been consistently rated **BB-**.

The meeting came to an end at about 8.40pm.

Chijioke Chuku, Esq
Secretary