**COMMUNIQUE PRESENTED AT THE END OF THE 2021 NATIONAL COUNCIL ON FINANCE AND ECONOMIC DEVELOPMENT (NACOFED) CONFERENCE HELD FROM 15TH  -16TH NOVEMBER, 2021 AT THE LAGOS MARRIOTT HOTEL, IKEJA, LAGOS STATE.**

**1.0** The 2021 edition of the National Council on Finance and Economic Development (NACOFED) Conference, organized by the Federation Account Allocation Committee (FAAC) in collaboration with the Federal Ministry of Finance, Budget and National Planning (FMFBNP) was held in Lagos Marriott Hotel, Ikeja, Lagos State from 15th - 16th November, 2021 with the theme “**Public Sector Finance Management in the New Normal (Post COVID-19)”**.

**2.0** The Conference was declared opened by His Excellency, the Executive Governor of Lagos State, Mr. Babajide Olusola Sanwo-Olu, who also delivered the Keynote Address. The **Honourable Minister of Finance, Budget and National Planning, Mrs. (Dr.) Zainab S. Ahmed** gave the Opening Remarks, while the Welcome Address was delivered by the **Permanent Secretary, Finance, Alh. Aliyu Ahmed**. Goodwill messages were presented by the Chairman, Senate Committee on Finance, **Senator Olamilekan Solomon Adeola,** the Chairman, House Committee on Finance, **Hon. Kabir Idris** and the Chairman, Revenue Mobilization, Allocation and Fiscal Commission who was represented by the Secretary of the Commission. The Chairman of the Conference Planning Committee, the Honourable Commissioner for Finance, Kogi State briefed participants on the structure of Conference and the expected deliverables while the Permanent Secretary, Special Duties moved the Vote of Thanks.

**3.0** The participants at the Conference were the three Permanent Secretaries in the Federal Ministry of Finance, Budget and National Planning (Finance, Special Duties and Budget & National Planning) the Accountant-General of the Federation, States’ Honourable Commissioners of Finance and their counterparts in Budget and Planning, Permanent Secretaries of States’ Ministries of Finance and the Accountants-General from the 36 States of the Federation. Also in attendance were; Federal Commissioners, Revenue Mobilization, Allocation and Fiscal Commission, Directors from the Federal Ministry of Finance, Budget and National Planning, representatives of the Central Bank of Nigeria (CBN), Budget Office of the Federation, Debt Management Office (DMO), the Nigeria Governors’ Forum (NGF) as well as representatives of all the Revenue Generating Agencies (Nigeria National Petroleum Corporation, Nigeria Customs Service, Federal Inland Revenue Service, **the Nigerian Upstream Petroleum Regulatory Commission** and the Federal Ministry of Mines and Steel Development.

**4.0** In his Keynote Address, the Governor of Lagos State, His Excellency Babajide Olusola Sanwo-Olu, noted that the Conference provided a forum for critical stakeholders in the Public Finance Management Sector to exchange ideas and strategies towards addressing the unprecedented challenges of revenue shortfalls and other economic crises caused by the COVID-19 Pandemic in the country. He advised that to cushion the effect of the Pandemic, Governments at all levels should build strong Public Finance Management Systems that were capable of promoting fiscal discipline, transparency and accountability. He stressed the need for human capital development and investment in infrastructure including information Communication Technology.

**5.0** He enjoined stakeholders across various levels of government to develop frameworks for efficient allocation of resources that were capable of promoting value for money and delivery of good governance. He commended the Federal Government for coming up with various initiatives such as the States Fiscal Transparency, Accountability and Sustainability (SFTAS) Programme for Results to support States in achieving desired reforms in Public Finance Management. He reiterated the State Governments readiness to collaborate with the federal government and other critical stakeholders in attaining a prosperous Nigeria.

**6.0** The Honourable Minister of Finance, Budget and National Planning, while delivering her opening remarks, reiterated Government commitment to develop policies and reforms that would further improve enabling business environment, right fiscal space for investment and diversification of the revenue base for economic growth and development. She informed participants that the President recently approved a bridging facility for States to cushion the effect of the repayment of some Federal Government funded facilities and assured that disbursement would soon be effected. She also noted that subsidy on petroleum products were not sustainable and expressed the hope that the implementation of the recently passed Petroleum Industry Act would address the distortions in the sector.

**7.0** In his welcome address, the Permanent Secretary Finance, FMFBNP, Alhaji Ahmed Aliyu, commended the Lagos State Government for hosting the event and for the warm reception/hospitality extended to the participants, which demonstrated the State Government’s commitment to national unity. He explained that, the major responsibility of FAAC was to ensure equitable distribution of Federation revenues to the tiers of government in accordance with the extant laws and guidelines.

**8.0** The Conference featured nine (9) papers by renowned resource persons as well as panel discussions which gave participants the opportunity to explore the theme “**Public Sector Finance Management in the New Normal (Post COVID-19)** andcome up with recommendations that would help build strong Public Finance Management Systems. The papers were presented in three (3) technical sessions chaired by the Senate Committee on Finance, Olamilekan Solomon Adeola, Hon. Latiff Shittu, Executive Director, Nigeria Governors’ Forum and Senator (Dr.) Abba Aji, the Managing Director, North East Development Commission with discussants as follows:

(i) “Delivery of Good Governance at National & Sub-National Levels” by Ibrahim H. Dankwanbo, former Governor of Gombe State & Accountant-General of the Federation: Discussants were Dr. Usman Kabir Kabo, former Director, Centre for Management Development (CMD) and Mr. Asishana Okauru, Director-General, Nigeria Governor’ Forum;

(ii) “Understanding the Role of Effective Public Sector Planning, Budgeting, and Budget Monitoring” by Ben Akabueze, Director-General, Budget Office of the Federation: Mr. Gabriel Okeowo, CEO BudgIT was the Lead Discussants;

(iii) “Rethinking Economic Diversification in Nigeria -Focus on Global Value Chain Participation and Wealth Creation” by Alhaji Abubakar Abba Bello, MD/CE of Nigerian Export – Import Bank (NEXIM): Dr. Olusiji Aina, Development Economist and Consultant on Ethical Supply & Value Chain, Mr….. as discussants;

(iv) “Current State of the Economy: Challenges and Strategies for Improving Internally Generated Revenue” by Dr. Adedoyin Salami, Senior Fellow/Associate Professor, Lagos Business School & Chairman, Presidential Economic Advisory Council: Lead Discussant was Dr. Rabiu Olowo, Hon. Commissioner of Finance, Lagos State;

(v) “Understanding Debt Management in Nigeria: The Problems and Solutions” ably represented by Mr. Joe Uguala, Director Organizational Resourcing Department, Debt Management Office: Lead Discussant was Prof. Uche Uwaleke, Professor of Capital Market, Nassarawa State, University;

(vi) “The Implication of Emerging Autonomy of States’ Legislative and Judiciary Arms and Management of the Federation Account” by Dr. M. K. Dikwa, retired Permanent Secretary, FMFBNP: Lead Discussant was Prof. Tahir Mamman, OON, SAN, Vice Chancellor, Base University, Abuja;

(vii) “National Security and Sustainable Economic Development in Nigeria-Prospects and Challenges by Amb. Ahmed Rufai, Director-General, National Intelligence Agency (NIA): Lead Discussant was Prof. Adebayo Williams, Expert on Governance and Democratic Processes in African, Chairman, Lagos State Electoral Reform Panel and Director-General, Africa Policy Group;

(viii) “Role of Central Bank of Nigeria and Economic Stability of the Sub-national Government by Mr. Godwin Emeifele ably represented by Kingsley Obiora with Dr. Bismarck Rewane, Economist, Banker, Financial Analyst, Managing Director, Financial Derivatives Company Ltd and Member, Presidential Economic Advisory Council as Lead Discussant; and

(ix) “Petroluem Industry Act: A Catalyst for Transforming the Nigerian Economy” by Mallam Mele Kyari, Group Managing-Director, Nigeria National Petroleum Corporation: Lead Discussant was Mrs. Funmi Ogbue, Manging Director/CEO Zigma Limited, Expert on Oil and Gas Sector.

**9.0** Participants deliberated extensively on the papers presented and **noted**:

1. that most sub-nationals lack the understanding of the size of their Gross Domestic Product and revenue base, which should serve as ground for ascertaining economic growth. Some States had made appreciable efforts in setting up their bureaus of Statistics Agencies; and to this end, observed the need for the Federal Government to assist the States in the setting up of the Agencies as well as provision of trainings and capacity building to statistical officers at the States level to ensure effective and efficient macro-economic data gathering, collation and analysis for planning purposes;
2. that the cost of running government in Nigeria was very high arising from too many Agencies which in some cases have duplicated functions;
3. that corruption impedes economic development and the growth of democratic institutions and therefore, observed that the development failure being witnessed in Nigeria today was a direct consequence of the pattern of governance by the successive managers of the nation’s resources;
4. that current market realities does not reflect the level of economic stability but rather a fragile economy with rate of inflation of 15.99%, unemployment rate of 23.3% and youth unemployment representing 42%. Participants observed that many entrepreneurs/farmers were not adequately sensitized of the financing opportunities being provided by some Development Finance Institutions (DFIs) such as NEXIM;
5. that the break-down of the covenant between the citizen and the Government was partly responsible for the challenges being faced by Government in respect of non-payment of tax by individuals and corporate organization. Participants therefore, observed that the non compliance to tax laws was due to lack of citizens’ trust in Government in the provision of basic infrastructure Participants further observed that the Local Governments were largely unaware or lacked the capacity to collect some categories of taxes constitutional assigned to them;
6. that Lagos State Government has demonstrated an inclusive economic growth through the engagement of the informal sector such as the National Union of Road Transport Workers (NURTW) and the youth population by developing viable strategies to enhance its revenue generation and database; To this end, participants observed that many States still depended heavily on the statutory allocation from the Federation Account to finance their annual budgets;
7. that National Development Plan 2021-2025 estimated at over N348 trillion had a funding plan which placed less reliance on borrowing with emphasis on fiscal discipline;
8. that DMO should be more realistic in using the bases of debt ratio to revenue rather than to Gross Domestic Product as capacity for borrowings;
9. There is need for sufficient legal framework particularly for effective public debt management operations;
10. that twenty-six (26) States have already passed relevant laws towards the implementation of the Autonomy of State Judiciary and Legislature but observed that the implementation may be fraught with some challenges which included among others the risk of exposing the judiciary to financial malpractice, budget process and some legacy issues like constituency projects and outstanding loan facilities;
11. that Nigeria faces enormous security threats at domestic level which is characterized by kidnappings for ransom, farmer-herder clashes, maritime piracy and militancy, sectarian violence, drug abuse, secessionist agitations, and youth restiveness, illustrated by the 2020 EndSARS’s protests;
12. identified proper debt recording system through the adoption of technology as a necessary tool towards effective debt management;
13. Recruitment and retention of skilled manpower remained a challenge to implementation of effective debt management operations;
14. The implementation of PIA implied that there would be deregulation of the Petroleum Sector;
15. that the implementation of the PIA will not adversely affect revenue accrual from the NNPC Ltd to the federation Account;

**Recommendations:**

1. need to sustain Federal Government’s initiatives like the States Fiscal Transparency, Accountability and Sustainability (SFTAS) Programme for Result to build on successes so far achieved;
2. need to establish a sound budget system that aligned the three tiers of Government in terms of policy direction as well as entrenchment of effective monitoring & evaluation;
3. that sub-national need to embrace technological advancement in public finance management;
4. need for stakeholders to come up with specific recommendations on economic diversification as regards agricultural produce;
5. State Governments were advised to replicate reforms/policies embarked by the Federal Government towards achieving overall economic transformation;
6. need to improve budget processes, planning, budget preparation, implementation and monitoring, as well as create synergy and increased citizens participation in budgeting processes;
7. need to reduce the cost of governance across the tiers of Government as part of the recovery plan and work towards enhancing internally generated revenue;
8. Sub-nationals were encouraged to leverage on the expertise, manpower and already established structure of Federal Government to build data base and explore the available revenue opportunities in order to enhance their revenue base;
9. That sub-national should consider some major factors to help boost revenue generation to include: Identifying revenue gap, plugging revenue leakages, bridge enforcement gaps, improve database/intelligence sharing and improve the capacity to tap revenue opportunities;
10. Sub-nationals should understand the size of their economy and work towards realizing at least 5% of their estimated revenue target in relation to GDP;
11. That the academia should embark on social impact study to help populace focus and hold Government responsible and accountable on judicious use of tax payers’ money on basic amenities;
12. The Local Government should be made to actively participate in deliberations on revenue and other economic matters;
13. There is need for establishment of Public Debt Offices with domestication of relevant laws at sub-national levels to adequately pursue sustainable debt management operations;
14. Need to establish and institutionalized public debt offices and sound recording system with domestication of relevant laws at sub-nationals levels;
15. Government to explore the employment of soft power as against hard power in fighting insecurity in the country;
16. Government should promote intra ethnic dialogue and create an inclusive economic growth to reduce poverty and enhance equality amongst the social class in Nigeria;
17. the elites and Community leaders should be actively engaged towards tackling security challenges in the country;
18. Increase budgetary allocation to the education Sector to improve human capital development and develop marketable skill sets;

**Adopted by the Participants on 16th November, 2021**