



THE FEDERAL MINISTRY OF FINANCE

KEYNOTE ADDRESS

**SPEAKER: THE HONOURABLE MINISTER OF STATE
FOR FINANCE, REMI BABALOLA**

**EVENT: THE MONTHLY MEETING OF THE
FEDERATION ACCOUNTS ALLOCATION
COMMITTEE**

VENUE: ROCK VIEW HOTEL, ABUJA

DATE: TUESDAY, 21ST AUGUST 2007

Good Afternoon,

State Commissioners of Finance,
Director, FCT Treasury,
Accountant General of the Federation,
Member representing Revenue Mobilisation,
Allocation and Fiscal Commission,
Officials of Various Federal Agencies,
Accountant General of the States,
Ladies and Gentlemen of the Press.

I am delighted to be in your midst this afternoon to chair my first meeting of the Federation Accounts Allocation Committee (FAAC). It is a privilege to be saddled with this unusual responsibility cutting across the three tiers of government. I would like to thank you for the cooperation and invaluable support you rendered to my immediate predecessor while in office. I humbly solicit even greater cooperation, collaboration and partnership and I assure you that I will always be ready to engage in value-adding commentaries, suggestions and contributions that will supercede our overreaching objectives.



A. DEDUCTIONS

2. A key issue affecting the harmonious working relationship of this Committee has been the matter of deductions from statutory allocations of states and local governments. We appeal to all members that we have **ONLY ONE** country and **ONE** economy and we are all working towards the same objective of economic prosperity and welfare of all Nigerians. Henceforth, all deductions will be originated and actioned by whichever tier of government before they are made.

3. On the ALGON Comprehensive Health Centre project, I am pleased to inform you that we have stopped any further deduction forthwith. Some of the previous deductions will be held in Escrow Accounts at the CBN pending when the matter is resolved. Furthermore, I wish to inform you that there will be no more deductions at source from states and



local council's allocations, without due process being followed. Our objective in this endeavour is to build **mutual trust, understanding, confidence and transparency** amongst ourselves. It is by so doing that we can build a true Federalism.

B. REVENUE MOBILISATION ALLOCATION AND FISCAL COMMISSION

4. Revenue Allocation in Nigeria is a key task entrusted by statute to the Federation Accounts Allocation Committee. This Committee was established by the Revenue Allocation and Distribution Act of 1981 as amended in 1992. Apart from the representatives from each state of the Federation comprising the states' Commissioners of Finance and their Accountants-General, a key member of this Committee is the Revenue Mobilisation Allocation and Fiscal Commission (RMA & FC).



5. We are all aware of the current suit instituted by the RMA & FC against the Federal Ministry of Finance and other Federal Agencies over various matters. It is not my intention here to delve into the merits or otherwise of the suit, as this may be prejudicial and viewed as contempt of court. Rather, I wish to extend a hand of fellowship to the Commission to continue being part of us in rendering invaluable contributions to our deliberations and processes. It is through this that we can improve the well-being of all Nigerians.
6. The President is fully committed to the rule of law and due process. As family members, working towards the same goals, it is our duty to resolve all issues amicably without rancour. I look forward to a very happy and harmonious working relationship among all members of this important Committee.



C. MEETINGS

7. I noted from the minutes of the last meeting that members do not usually receive advance copies of the files of previous meetings. As such, members are hampered in their ability to adequately peruse the materials before the meeting in order to make meaningful contributions. I believe the Secretariat should strive to get the files of the meeting to members a week before the meeting days in order to improve the quality of our deliberations. The minutes should even be transmitted to all members via secure e-mails, with errors being corrected through feedbacks received before the next meeting.

8. Still on the issue of meetings, this is the appropriate time to begin seeking ways of improving the way and manner in which meetings are held.



Our meetings should transcend focusing on sharing, to becoming more pragmatic and strategic. The various responsibilities we all discharge in our various domains, make this gathering a highly valuable one whose expertise should be optimally utilised in the service of the nation.

9. May I use this opportunity to appeal to those amongst us not remitting the requisite VAT & WHT collected on behalf of FIRS to urgently clean up their books and pay what they owe. We can share a bigger VAT & WHT collection pool.

10. As we distribute the net sum in the Federation Account and VAT account to the “ever-needy” tiers of government, the public should hold each tier of government accountable for the allocation and demand answers to value-for-money questions. Effective utilization of our resources cuts across all tiers of government.



11. Dear fellow members, permit me at this stage to stress that there are great challenges ahead. 13% annual GDP growth rate is a non negotiable minimum for our NV2020. As the various administrations gradually settle down to the process of governance across the country, it is important to always keep in mind the major reason why we are in office, which I believe, is the alleviation of the suffering of the common man and national restoration. We will be citizen-centered, not bureaucracy centered, result oriented as well as institutionalize learning partnership through creative collaborations thereby creating a prosperous country hinged on productivity.

12. As we commence our deliberations today, please join me in praying for God's guidance and support.

I thank you for listening.

Remi Babalola

Honourable Minister of State for Finance

