

**COMMUNIQUE ISSUED AT THE END OF THE TWO-DAY WORKSHOP
ORGANISED BY THE BUDGET OFFICE OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE**

PREAMBLE:

The Two-Day Workshop on Budget Implementation was held on February 15 and 16, 2010 at the Transcorp Hilton Hotel, Abuja. The theme of the Workshop, which was declared open by the Honourable Minister of Finance, Dr. Mansur Muhtar, OFR, was: **‘Strengthening Budget Implementation for Enhanced Project Execution and Service Delivery’**.

The Workshop involved a rich selection of resource persons including:

- Members of the National Assembly (Chairman, Senate Committee on Appropriation, Senator Iyiola Omisore; Chairman, House Committee on Appropriation, Hon. Ayo Adeseun; Chairman, House Committee on Finance, Hon. John Enoh; Chairman, House Committee on Education, Hon. Farouk Lawal; Deputy Chairman, House Committee on Appropriation, Hon. Isa Ashiru);
- Several Ministers (the Honourable Minister for Niger Delta Affairs, Chief Ufot Ekaette; the Honourable Minister of Works and Housing, Dr. Hassan Lawal; the Honourable Minister of State for Works and Housing, Chief (Mrs.) Grace Ekpiwhre; the Honourable Minister of State for Health, Dr. Aliyu Idi Hong);
- Other senior government officials including the Chief Economic Adviser to Mr. President; the Senior Special Assistant to Mr. President on MDGs; the Permanent Secretaries of several Ministries; the Director-General, Bureau for Public Procurement; and the Executive-Secretary, National Planning Commission;

- Representatives of multilateral development agencies including the International Monetary Fund, the World Bank and the UK's Department for International Development; and
- Representatives of Academia and Civil Society including Prof. Mike Obadan of the University of Benin, Edo State; Dr. Hussaini Abdu, Country Director, ActionAid Nigeria; and Mr. Apollos Nwafor, WaterAid Nigeria.

The Director-General (Budget Office) and the Honourable Minister of Finance, in their welcome and opening addresses, both expressed concerns regarding the low level of budget implementation but also recognized the challenges faced by Ministries Departments and Agencies (MDAs) in implementing the Budget effectively. They noted that many MDAs were able to effectively implement strategies to improve their capital budget implementation rates, from an average rate of about 20.68% as at the end of March 2009, to an average rate of about 60.59% as at 31 December 2009 (excluding the 2009 Supplementary Budget).

A few MDAs were able to achieve relatively high rates of capital budget implementation, for instance: Agriculture & Water Resources (83.59%); Federal Capital Territory Administration (77.67%); Education (65.21%); Niger Delta (66.55%); Interior (66.42%); and Defence (82.2%). Unfortunately, many more were unable to effectively utilise the financial resources placed at their disposal to deliver on the priorities of government. Some MDAs with relatively low levels of implementation include: Works (47.53%); Aviation (35.37%); and Petroleum Resources (22.68%).

Development of the critical areas of the economy through quality spending activities were emphasized as essential for the realisation of this Administration's Seven-Point Agenda, the MDGs and Vision 20:2020. They emphasized that the

purpose of the workshop was to identify both the technical and non-technical challenges to budget implementation, with a view to addressing them so as to ensure improved budget implementation and enhanced service delivery for the benefit of all Nigerians.

2. PARTICIPATION

The Workshop was attended by about 1,000 participants drawn from across 15 MDAs, the National Assembly, Extra-Ministerial Departments and Agencies, Civil Society, Academia and the Media.

3. WORKSHOP METHODOLOGY

The Workshop was highly interactive and provided a forum for participants to share ideas through detailed presentations, deliberations, break-out sessions, panel discussions, and question and answer sessions. Papers were presented on the following topics:

- ‘Budget Priorities of the Federal Government in 2010/2011 Fiscal Year: Underlying Philosophy’ by Mallam Tanimu Yakubu, Chief Economic Adviser to the President;
- ‘A Review of the 2009 Federal Capital Budget Implementation Experience: Issues and Way Forward’ by Prof. Mike Obadan, the Consultant engaged by the Budget Office for the Workshop;
- ‘Enhancing Strategic Budget Implementation as a Prerequisite for the Achievement of Vision 20:2020’ by Prof. Sylvester Monye, the Executive Secretary, National Planning Commission;
- ‘Procurement Planning for Successful Budget Implementation’ by Engr. Emeka Ezeh, Director General, Bureau of Public Procurement;

- ‘Successes & Challenges of Implementing and Monitoring MDGs-related Projects’ by Hajiya Amina Az-Zubair, Senior Special Assistant to the President (MDGs);
- ‘2009 Budget: Experiences in Implementation in the Federal Ministry of Agriculture and Water Resources’ by Engr. J.O. Chukwu, Director (Procurement), Federal Ministry of Agriculture and Water Resources; and
- ‘Budget Monitoring & Implementation: Successes & Challenges from Practical Experience’ by Mrs. J.K. Adetunji, Director (Fiscal/Budget Monitoring and Evaluation), Budget Office of the Federation.

4. RECOMMENDATIONS

After extensive deliberations at both the plenary and break-out sessions, the forum agreed to the following recommendations to strengthen budget implementation for enhanced project execution and service delivery:

- i. **Involvement of Stakeholders:** Budget implementation is the collective responsibility of all stakeholders and not just of the implementing MDAs. Therefore, other key stakeholders such as the National Assembly, Civil Society, Organised Private Sector and the Media should be actively involved in budget preparation, implementation and monitoring to enhance budget transparency, openness and credibility.
- ii. **Importance of Planning:** MDAs should properly plan for their projects and programmes to improve the prospects for effective budget implementation and reduce the incidence of abandoned projects.
- iii. **Accelerated Budget Appropriation:** To address the issue of late passage of the Appropriation Bill into law, the budget preparation process should commence early in the fiscal year and key stakeholders such as the

National Assembly should be actively involved early on in the process as this will allow for the accelerated passage of the Bill when it comes before the National Assembly.

- iv. **Adequate Budget Provision:** To address the issue of inadequate budgetary provisions for projects/programmes, proper planning and costing should be carried out by MDAs to ensure that adequate provisions are made for their activities in the budget.
- v. **'Overloading' the Budget:** To address the issue of MDAs requesting for budgetary provisions for projects in excess of what they can spend in a fiscal year, MDAs should phase their funding requests in line with their project work-plans and proven executive capacity. Only components of their projects that can be implemented within a fiscal year should be budgeted for in that year. This would then free up resources that can be used to finance other projects and programmes.
- vi. **'Overloading' Contractors:** MDAs should avoid assigning multiple projects to the same contractors in excess of their capacity to execute these contracts, as this practice could result in delays in project completion and increase the incidence of abandoned projects.
- vii. **Technical Capacity to Implement the Budget:** The Forum recommended the systematic training of project managers, budget officers, procurement officers, monitoring and evaluation officers etc., on various technical processes and requirements relevant to their work so as to strengthen their capacity to effectively implement the Budget.
- viii. **Budget Awareness/Accountability:** Similar Budget Implementation Workshops should be encouraged at the State and Local Government levels as a way of raising awareness, increasing stakeholder involvement

in the budgeting process and ensuring accountability of those charged with budget implementation.

- ix. **Improved Public Service Incentives:** The Federal Government should consider ways to improve Federal Civil Service incentives, expand training opportunities and otherwise motivate and equip civil servants to carry out their duties effectively.
- x. **Adherence to Medium-Term Sector Strategies (MTSS):** MDAs are encouraged to adhere to the principles and the discipline imposed by the MTSS process. Similarly, the annual capital budget should reflect the prioritization indicated in MTSS Reports.
- xi. **Inappropriate Behaviour by MDAs:** MDAs should be discouraged from lobbying for increases in budgetary provisions for their projects beyond what has been agreed as part of the Executive Budget Proposal.
- xii. **Appropriations to be based on Performance:** MDAs should be encouraged to fully implement their budgets as passed by the National Assembly and in accordance with their project work-plans. Those MDAs that do not fully implement their budgets may have smaller resources appropriated for them in favour of better performing MDAs.
- xiii. **Due Process & Transparency:** Chief Executives and other key officials of MDAs should follow Due Process, be transparent in the selection of Contractors/Consultants and duly process outstanding certificates to FEC for their selected contractors.
- xiv. **Periodic Progress Meetings with Contractors:** Periodic meetings should be held between the Contractors and the MDAs that engaged them in order to resolve challenges, disagreements and other issues that could forestall project implementation.

- xv. **Consultation with Host Communities:** The practice of engaging in consultations with the benefiting communities is highly encouraged in order to inform the location of projects, safeguard physical installations and enhance the sustainability of projects.
- xvi. **Procurement process:** The procurement process and the provisions of the Procurement Act 2007 should be fully understood by all officers involved in procurement planning. In particular, the following points were highlighted:
 - a. The procurement process must be aligned and synchronized with other project implementation activities.
 - b. The procurement unit should not work in isolation of other technical departments in developing procurement plans.
 - c. The resource requirements of procuring entities should be aggregated whenever possible to obtain economies of scale to drive down procurement costs.
 - d. Procurement guidelines as they affect each project should be clearly stated and adhered to throughout the entire procurement process.