



**BUDGET OFFICE OF THE FEDERATION,
FEDERAL MINISTRY OF FINANCE WORKSHOP ON
'STRENGTHENING BUDGET IMPLEMENTATION FOR ENHANCED PROJECT
EXECUTION & SERVICE DELIVERY'**

*Opening Address by Dr. Mansur Muhtar, OFR
Honourable Minister of Finance*

Introduction

I warmly welcome you to this Workshop on “Strengthening Budget Implementation for Enhanced Project Execution and Service Delivery”.

The Federal Budget is the Federal Government’s instrument for allocating public resources among the nation’s competing socio-economic needs to deliver on the solemn promises inherent in the Seven-Point Agenda and Vision 20:2020 to the Nigerian people. Budgeting involves distributing financial and other resources on the basis of the Government’s priorities as indicated in these high-level policy documents; empowering the MDAs to achieve measureable outputs and outcomes with the financial and other resources over which they have stewardship; and holding them responsible for the expenditures and revenues which they control.

Monitoring & Evaluating Budget Implementation

Given the importance of the Federal Budget, it is not surprising that budget implementation, monitoring and evaluation have attracted much interest in recent years in our public discourse. At the Ministry of Finance, the Budget Office monitors and evaluates the implementation of the Federal Budget, assesses the attainment of fiscal targets and reports thereon, on a quarterly basis, to the Fiscal Responsibility Commission, the Joint Finance Committee of the National Assembly. The quarterly reports are also made available to key stakeholders and the general public by being posted on our website and printed for wider dissemination. (Printed copies of the Third Quarter Budget Implementation Reports will be made available during this Workshop).

This periodic in-year reporting function performed by the Budget Office is in compliance with Sections 30 and 50 of the *Fiscal Responsibility Act of 2007* and forms a key aspect of our ongoing public financial management reforms. Since 2008, the publication of these periodic Budget Implementation Reports has become an important aspect of the work of the Budget Office in promoting budget transparency, accountability and credibility, and also in challenging the MDAs to improve their efforts at budget execution.

Addressing the Challenges to Effective Budget Implementation

Over the course of our monitoring and evaluation work, we have encountered certain challenges to effective budget implementation. The purpose of this Workshop, therefore, is to address these challenges with a view to identifying and overcoming obstacles which impede the ability of our MDAs to ensure enhanced project execution and service delivery for the benefit of all Nigerians.

During last year's Budget Implementation Workshop, which was held at the end of March, some of these challenges were identified. The Workshop also proactively developed practical strategies to facilitate critical success factors needed to ensure successful budget implementation. During the course of the year, many MDAs were able to effectively implement such strategies resulting in significant improvements in 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 (when not including the 2009 Supplementary Budget).

However, while a few MDAs were able to achieve relatively high rates of capital budget implementation, many more were unable to effectively utilise the financial resources placed at their disposal to deliver on the priorities of Government.

This poor performance from some of our MDAs is inexcusable.

Nigerians have patiently awaited the dividends of democracy in terms of critical infrastructure, uninterrupted power supply, qualitative education and healthcare, physical and food security, job creation and wealth generation. It is now imperative that we accelerate our efforts to deliver on this Administration's commitment under the Vision 20:2020 to stimulate economic growth and launch us into a trajectory of development that will place Nigeria among the twenty leading economies by the year 2020.

In last year's Workshop, many factors were identified as impediments to budget implementation. These included bureaucratic and documentation challenges; variable

understanding of, and ability to navigate the e-payment and procurement systems; and shortcomings in the MDAs' implementation planning processes. Since then, this Administration has taken deliberate measures to address these shortcomings. Key members of staff of MDAs have been trained on the procurement and e-payment systems. Every month, a Cabinet-level meeting is devoted to assessing the level of implementation achieved by key large-spending MDAs. The procurement process has been simplified; procurement processes have been decentralised to the MDAs and ministerial approval thresholds increased.

However, the responses from some of the MDAs have not been encouraging. Indeed, during the bilateral discussions and budget defence meetings that led to the finalisation of the 2010 Budget, many MDAs clamoured for additional resources in excess of their 2009 capital votes but were unable to demonstrate commensurate executive capacity to justify increased allocations. The low capital implementation rates recorded in the 2009 fiscal year underscore the inadequacies in executive capacity experienced by some of our MDAs that prevent them from utilising available funds to achieve tangible deliverables in terms of project execution and service delivery. These outturns also accentuate the urgent need for a Workshop such as this to discuss, agree and implement effective strategies to tackle these limitations and guarantee effective budget implementation.

Conclusion

Over the course of the next two days, we have the unique opportunity to constructively address these challenges to effective budget implementation. We will hear from Distinguished and

Honourable Members of the National Assembly, my fellow Ministers and other senior Administration officials, erudite academics and our partners in civil society regarding possible solutions to illuminate the road ahead. Our deliberations will crystallise key issues, disseminate information, recognise the achievements and shortcomings of the 2009 fiscal year, and enhance the skills, technical capacity and determination of participants to deliver better outcomes in the year ahead.

As we move towards a more results-oriented and performance-based budgeting system, we will expect greater accountability for results for the enhanced managerial control given to our MDAs, as managers of the financial and other resources of the Government. Excellence in project execution and service delivery will attract appropriate rewards in terms of formal recognition and greater responsibility over resources. Equally, shortcomings will be identified and promptly addressed. This Workshop, therefore, serves as an important milestone in our collective undertaking to ensure that we achieve our desired results. The Nigerian people expect and deserve no less.

Once again, I welcome you to this Workshop and thank you for your time and perspicacious participation.