MEDIA BRIEFING ON THE 2017 BUDGET PROPOSAL
Issues and Clarifications

Protocols

INTRODUCTION

I am pleased to welcome you to this Media briefing on the 2017 Budget proposal. This media briefing is further proof of our determination to open up the FGN budget process to public scrutiny and "participation. This has been further necessitated by the spate of comments and opinions expressed on the 2017 Budget proposal via various platforms including print, electronic and social media.

I would like to remark that this is a good development, and Government is happy with the level of interest people have shown in national resource allocation and the budget process with a view to ensuring that public funds are utilized more judiciously by Ministries, Departments and Agencies (MDAs).

We have demonstrated this FGN administration's preparedness to open up the budget process by holding a Ministerial public briefing on the 2017 budget immediately after it was presented to the National Assembly. We also published the budget details on our website.

This preparedness to make the budget process more participatory is shared by the National Assembly, as evidenced by the public hearing on the 2017 budget held recently for the first time ever.

We have, however, noted that some commentaries on the proposed budget reveal an inadequate understanding of the budget process and related issues. It is on this note, and for the interest and benefit of all Nigerians, that we considered it necessary to provide some clarifications on the issues raised in some media and public fora.

THE 2017 BUDGET PROPOSAL IN CONTEXT

Firstly, it important that I clearly state that the 2017 Budget proposal which is currently being considered by the National Assembly is not just a set of expenditure plans by the Government. Rather, it is a quantitative expression of government's financial plans with a focus to systematically achieve rapid economic recovery and sustained inclusive growth. In this regard, the proposed Budget encapsulates key ingredients of the Nigeria Economic Recovery and Growth Plan (NERGP) 2017-2019 which builds on the Strategic Implementation Plan of the 2016 budget.

The 2017 Budget was prepared using the zero-based budget (ZBB) system, which simply requires that every project/programme must be justified each year for inclusion in the budget. This does not imply that projects captured in the previous year's budget will not feature in the current proposal, especially if the project was not implemented due to funding challenges or is still an ongoing project.

ISSUES:

I will now proceed to address some of the recurring questions/issues being raised about the 2017 budget:

1. Annual Budget Preparation and Administration Expenses.

There was a claim that the provision for Annual Budget Expenses and Administration appeared multiple times in the Budget of different MDAs. It is important to note that there are over 800 MDAs which must make provisions for expenses related to the Budget exercise. For instance, in the Education sector, we have over 200 parastatals including Federal Universities, Colleges of Education and Unity Colleges. These must participate in annual budget preparation activities like the Medium-Term Sector Strategies (MTSS) and training on the use of Budget process/Software applications. The amounts provided by these agencies is a reasonable cost to ensure that the budget is prepared with minimal errors.

Indeed, someone simply aggregated the budgets of the Budget Office, the Ministry of Budget & National Planning and the provisions made by respective MDAs for budget preparation and administration, and described the total of N5.41 billion as cost of preparing the Budget. This is not correct, and reflects a lack of appreciation of the full scope of responsibilities of the Budget Office and its parent Ministry of Budget and National Planning. These responsibilities include preparing national development plans; medium-term sectoral strategies/fiscal framework; preparation and execution of annual budgets; monitoring & evaluation, donor coordination; secretariat of the National Economic Council; and accounting/back-office support for social intervention programmes.

2. Differential Prices for same items.

This is a valid concern, which we ourselves are working to address. The Bureau for Public Procurement (BPP) is updating its price list, which will be structured into the budget preparation application to make it impossible for different agencies to use different prices for same items in the budget. However, regardless of what price any MDA uses in its budget, ultimately the BPP determines applicable price for each procurement. Going forward, BPP and Budget Office Federation (BOF) will work collaboratively to ensure timely review of price lists.
When it comes to construction projects, including the famous 'VIP' toilets, it should be noted, however, that it is possible for different rates to apply depending on the physical terrain and/or security situation.

3. 'Frivolous', 'Suspicious' or 'Wasteful' expenditures.

These terms appear to have been generally used loosely by various commentators, and this is rather unfortunate given my high esteem for some of the organizations that have made these allegations, which evidence some weakness in their understanding of the Budget. To illustrate this, let me highlight some of the items described in these terms:

a.) Items provided for in prior period budgets: It is not a secret that for a long time now, the FGN has not been able to fully implement its annual budget, especially the capital expenditure component. It should be noted that capital budget implementation depends on resource availability. As such MDAs' budgetary provisions not fully funded in the 2016 Budget will be repeated in the 2017 budget.

b.) Welfare packages: This is a provision to cater for items such as support for funerals of deceased staff, seasonal gifts/incentives to staff, etc. Given their nature, it is not possible to accurately project them and so MDAs simply use their best judgment. However, if you divide the amount by the number of staff in each MDA, the resultant amount cannot be termed excessive.

c.) Security and Cleaning Services: It should be noted that the FGN has outsourced security and cleaning services of MDAs. Hence, provisions must be made for payments to the companies who provide these services.

d.) **Electricity and other Utility costs:** The Power sector is currently beset by the problem of unpaid bills. Unfortunately, many MDAs are also owing significant arrears of power bills. The FGN, desirous of leading by example, has directed such MDAs to make adequate provision to enable them pay their bills as and when due. Therefore, you might see significant increases in budgetary provisions compared to 2016. A case in point here is the State House.

4. Line Item description and detail.

Some have queried the description of some projects in the budget as well as the repetition of these projects. This is not a defect. The departure from incremental budget to zero-based budget requires that projects are costed at activity level. For instance, the Zungeru Hydropower project was costed at the different sub-activities level comprising: (i) infrastructure; (ii) basic amenities; (iii) compensation; (iv) consultancy and supervision, among others.

5. Non-existent Provisions.

We have also observed some reportage on 'provisions' in the Budget which are non-existent. Some of these include the claim that N250 million was provided for the construction of a Gate-house in the Vice President's quarters, N3.8 billion for State House Clinic, N400,237 in Federal Government College Garki Budget repeated 20 times, and N1,278,682 in Federal Government College, Iket Nise, repeated eight times. These items and provisions are not in the 2017 Budget proposal.

6. Budget Padding.

Some have also alleged that 'padding' is back in the 2017 budget. Padding is a term to describe unauthorized/undisclosed insertions into the budget.

I can say without equivocation that there is no padding in the 2017 budget proposal. The process of preparing the 2017 budget required MDAs to upload their budgets online by their accredited officers, who were issued access codes to ensure an audit trail of all entries. The Chief Executive and/or Chief Accounting Officers of all MDAs were required to certify their final budget inputs. The budget presented to the National Assembly by Mr. President was exactly what the MDAs certified.

CONCLUSION

We would like to refer the public to the website of the Ministry of Budget and National Planning and the Budget Office of the Federation (BOF) where details of the 2017 Budget proposals have been posted. Should the need arise, we would also be happy to provide further clarifications just as users of budget information are welcomed to send in questions about the 2017 Budget proposal before making erroneous conclusions/statements. We are currently working on a digital platform to facilitate engagement between the BOF and the general public.

We acknowledge that some of the Line-item description are terse but the need to keep the 1296-page Budget document simple may have resulted in the absence of some granular detail in the project description. This will be improved upon.

It is, however, instructive to clearly note that the introduction of the web-based application in the preparation of the 2017 Budget eliminated the glitches experienced with Budget 2016. The application required MDAs to prepare and upload their budget online, thus, facilitating Budget ownership by MDAs while creating a whole new control mechanism in budget preparation.

Let me reiterate that we welcome the active participation of the general public in the budgetary process. We simply ask that the engagement be more constructive. We do not claim that the existing budget process is perfect, but we are committed to continuous improvement until we achieve a budgetary system that will serve the nation optimally.
Thank you for your attention.

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