



ALIGNING THE NATIONAL PLAN WITH THE BUDGET : ENUGU STATE EXPERIENCE

by

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Enugu State Economic Planning Commission

Our Vision

To be recognised as one of the leading sub-national planning institutions in Nigeria that supports the formulation of good State policies and turns out reliable plans and realistic budgets in order to achieve the State's development aspirations and expand its economic base

Background



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Enugu State, South-East of Nigeria, is one of the thirty six states constituting the Federal Republic of Nigeria and came into being on August 27, 1991.

The State has a land mass of about 8,000km², and a population of 3.3million people by 2006 Census.

Enugu State has Public Sector driven economy. Thus, the State Government is the highest employer of labour in the State.

60% of the State's population are farmers, while about 18.8% are engaged in trading, and 12.9%, in services, while a small proportion engage in manufacturing.

UNDP human development report indicates that as at 2007, the per capita income of the State stood at \$307.60 (₦46,140), but this grew to about \$574.140 (₦88,991.70) in 2013, drawing from the annual growth rate of per capita income at 4%.

About 71% of resource envelope of Enugu State comes from Federation Account Allocation and VAT which is the critical challenge for funding capital development in the State.

Overview of Perspective Planning in Enugu State



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Enugu State Economic Planning Commission was created by Enugu State Law in 1993 which was later revised in 2004. The 3rd function of the Commission based on its law states as follows;

“take over the responsibility of formulation and preparation of long term plans, medium term plans and annual budgets of the State and Local Governments with a view to harmonizing them with the programmes and priorities set out at the National level and in furtherance of this objective, the Commission shall...”

“Obtain from each State Ministry and each Local Government draft estimates of capital and recurrent expenditure of the Ministry or Local Government for its services and administration, consider and advise on their relevance to plan targets and goal, and ensure that the draft estimates are consistent with the economic policies of the State and Federal Government and where such draft estimates are considered by the Commission to be inconsistent or at variance with the policies of any of the Governments as aforesaid the Commission shall advise the State Ministry or Local Government regarding what necessary adjustments it has to make in relation thereto and the Ministry with or give effect to the advise so given.”



National Vision 20:2020

TRANSFORMATION AGENDA

"To become one of the twenty largest economies by the year 2020"

4 Point Agenda

**Physical
Infrastructure
Rural
Development**

**Economic Expansion
and Employment
Service Delivery &
Good Governance**

Enugu State Vision 4:2020

"to be among the First Four Most Economically Developed and Self-sufficient States of Nigeria by the year 2020"

**1st Medium Term
Implementation Plan
(2010 – 2013)**

**Revised Medium Term
Implementation Plan
(2012 – 2015)**

**Revised Medium Term
Implementation Plan
(2013 – 2016)**

Medium Term Sector Strategies for 16 Sectors

Annual Budgets

**Performance Management Reporting/Budget Reviews/Annual & Mid Tenure ExCo
Performance Reviews/Town Hall meetings wit His Excellency, the Governor and the Citizens
of Enugu State**



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- Provide adequate infrastructural facilities like roads, electricity, water, housing, etc that will make the state a destination for local and foreign investors as well as ensure adequate physical and socio- economic environment for sustainable and equitable development.
- Attaining net self-sufficiency in food production by the year 2015, and export 80% of output by 2020.
- Developing a vibrant industrial sector that will generate employment and achieve 80% utilization of local raw-materials to produce internationally competitive products by year 2020
- Linking all the Communities in the State to the National grid
- Providing an efficient, accessible and affordable health and education systems that meet MDGs
- Ensuring security of lives and properties, sustainable environmental and gender balanced human development.
- Grow internally generated revenues such that will reduce the State's over-dependence on revenue transfers from the Federation account by at least 50% of the annual budget by 2020.
- Governance that is inclusive, accountable, transparent and responsive to the needs of the citizens of the State

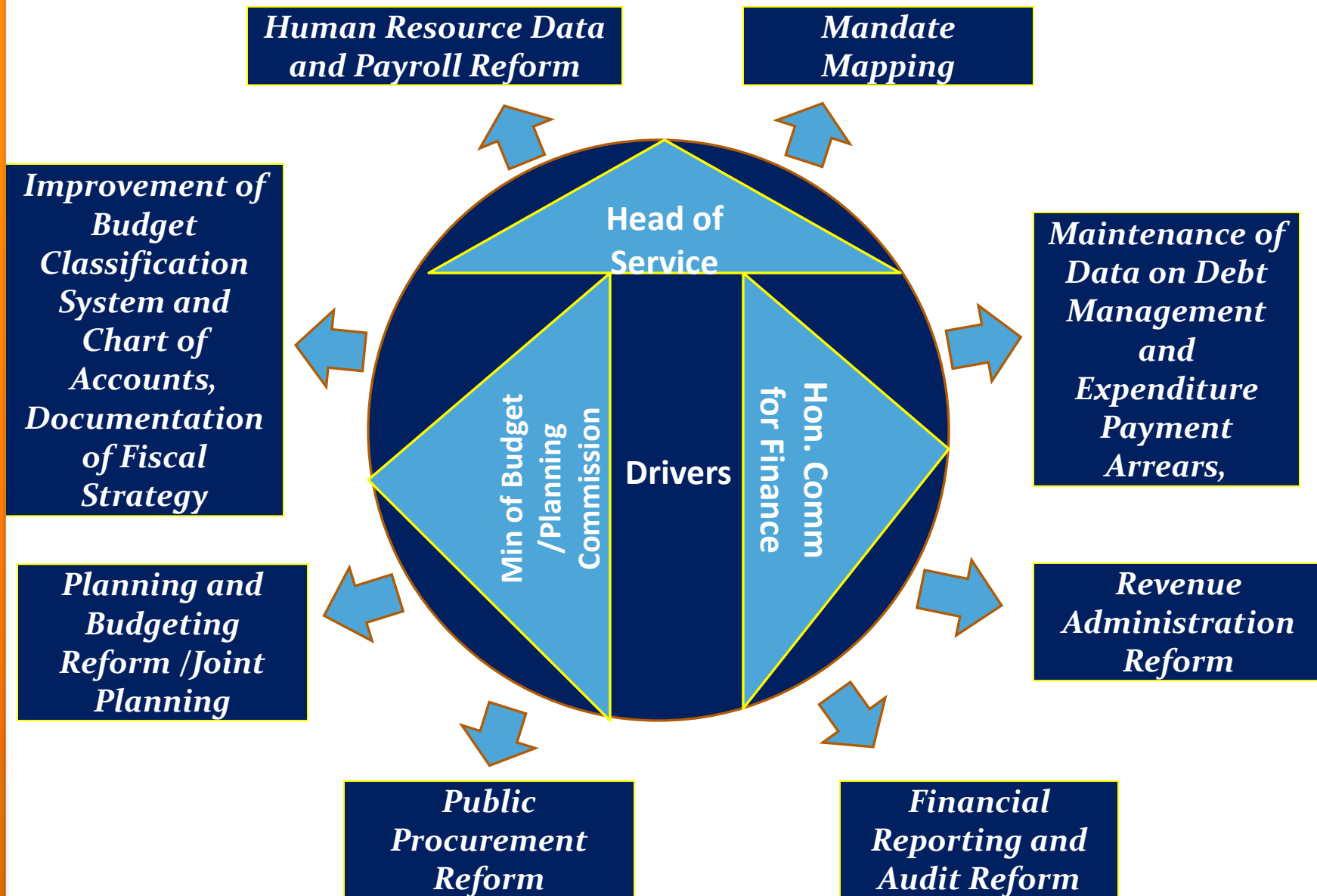
Enabling Environment for Planning and Budgeting



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Fiscal Objectives & Targets



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FISCAL TARGETS



- *IGR growth rate increased to 50% of the total resource envelope by 2020*
- *Budget deficit maintained at below 15% of budget size by 2015*
- *Recurrent expenditure contained at below 40% of total expenditure by 2015*
- *Debt service charge maintained at below 10% of total revenue by 2015*

The 1st Medium Term Plan Fiscal Framework 2010-2013

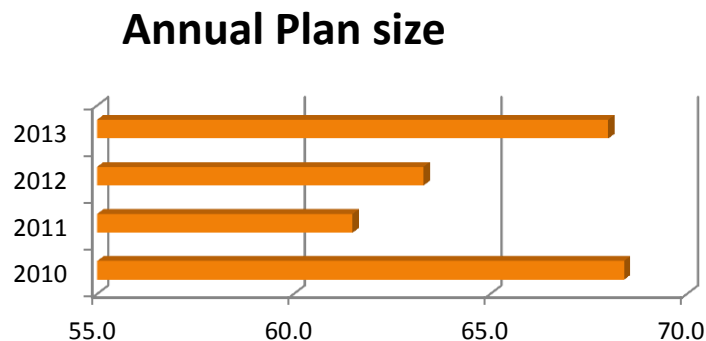
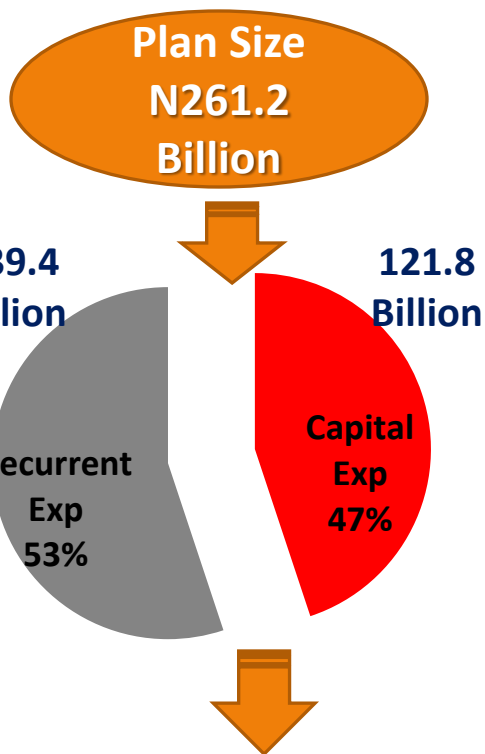
The Revised Medium Term Plan Fiscal Framework 2012-2015



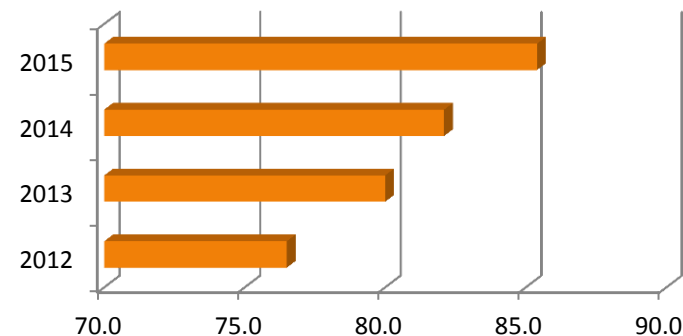
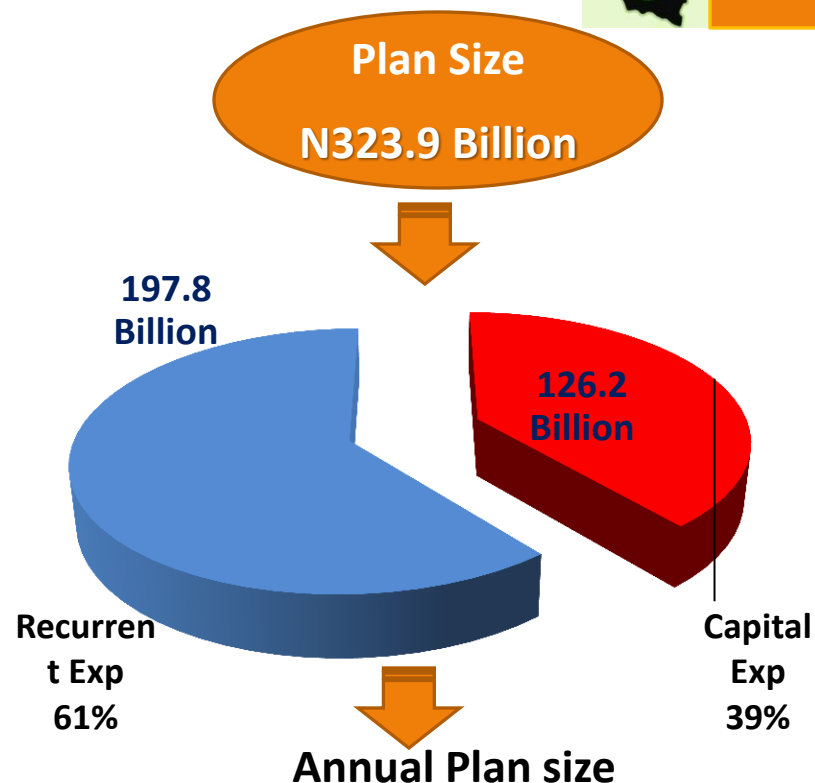
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THE
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FRAMEWORKS



	2010	2011	2012	2013
Annual Budget size	68.4	61.5	63.3	68.0



	2012	2013	2014	2015
Annual Budget size	76.5	80.0	82.1	85.4

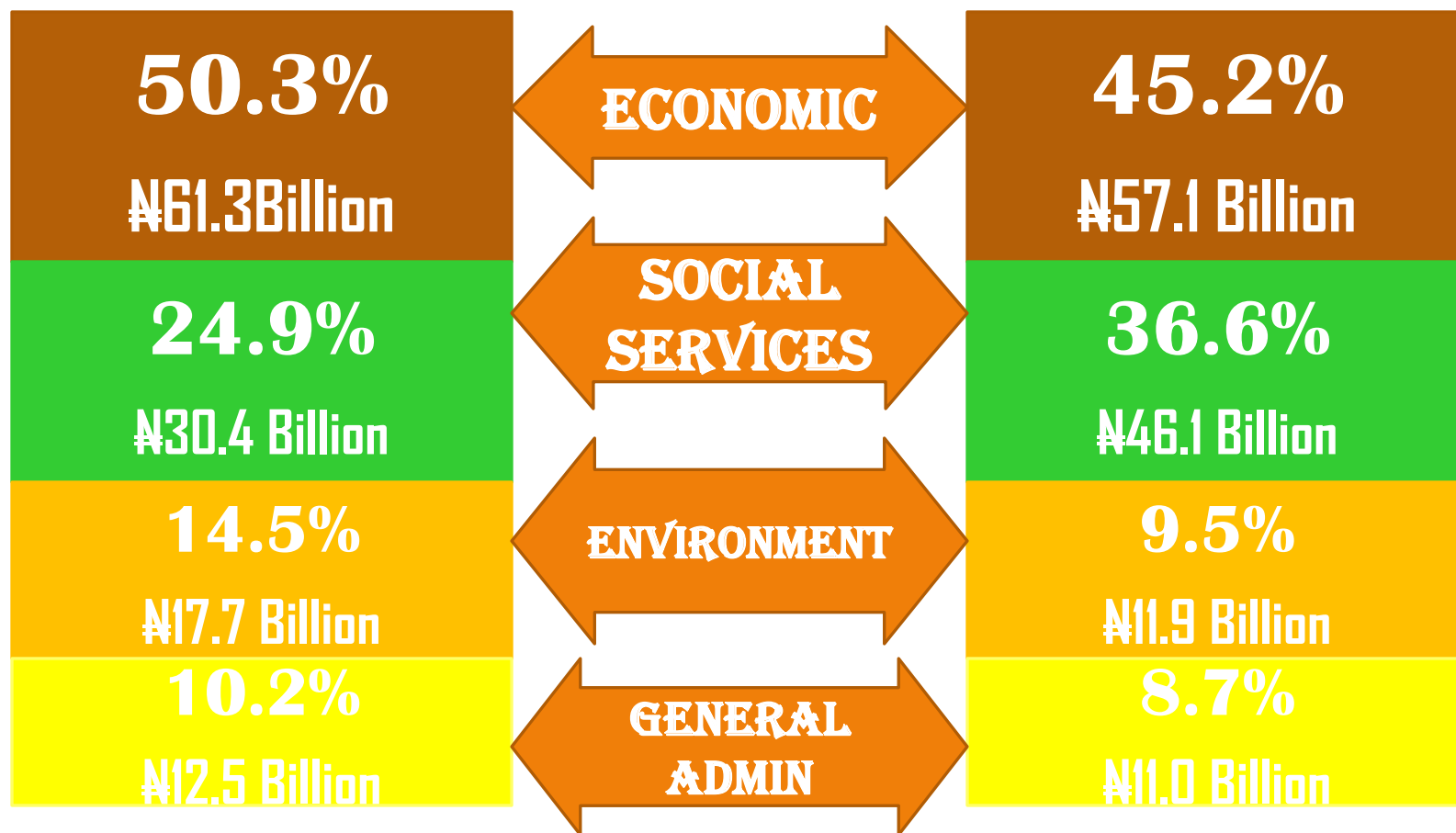
Sectoral Summary of The Medium Term Implementation Plans Capital Expenditure Profile



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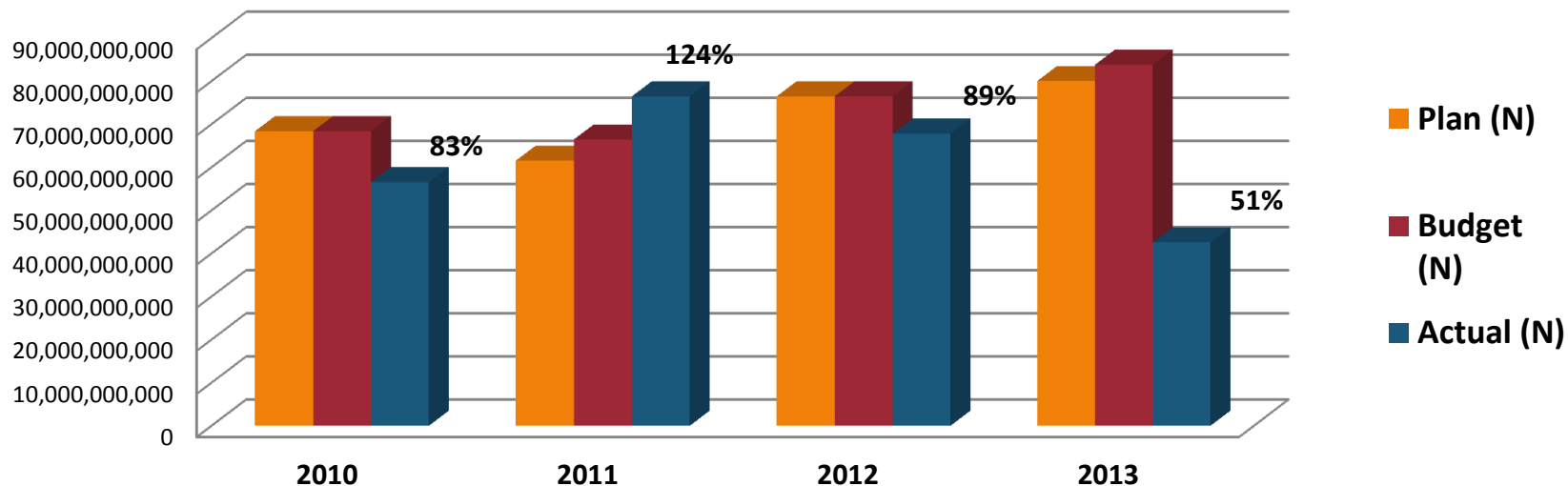
THE 1ST MEDIUM TERM PLAN SECTORAL CAPITAL ALLOCATION 2010 - 2013

THE REVISED MEDIUM TERM PLAN SECTORAL CAPITAL ALLOCATION 2012 - 2015

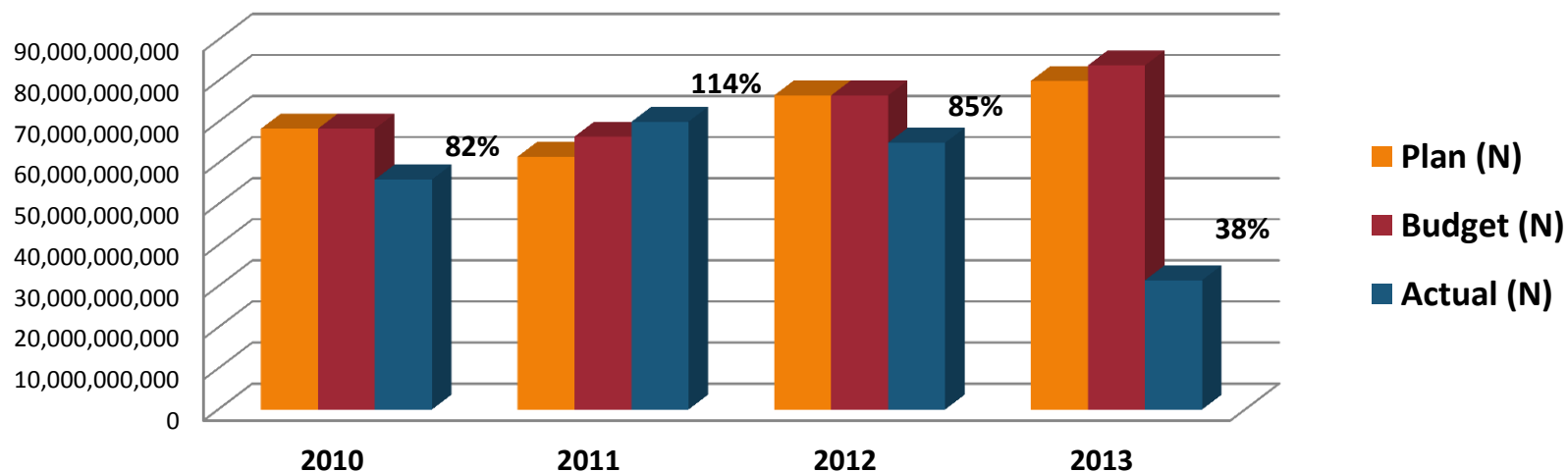




Revenue Performance of Plan and Budget from 2010 - (Jan-June)2013



Expenditure Performance of Plan and Budget from 2010 - (Jan-June)2013



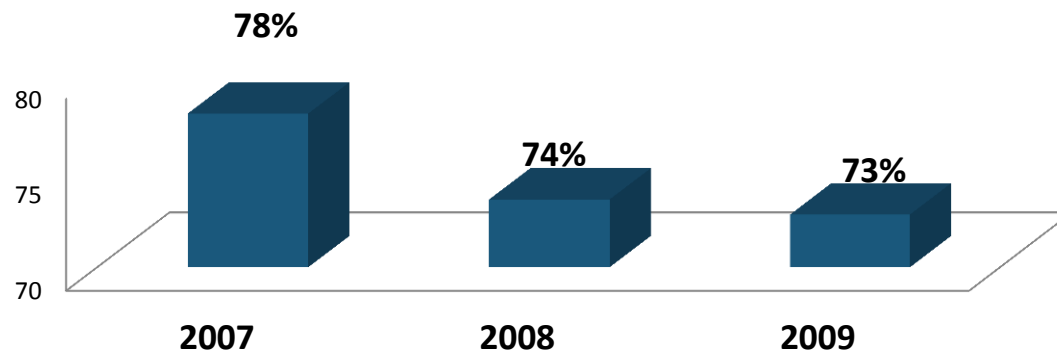
Source: Enugu State Approved budgets, ENV 1st MTIP, Revised MTIP and the Final Accounts

Signs of State Government's Improvement in the Planning Process

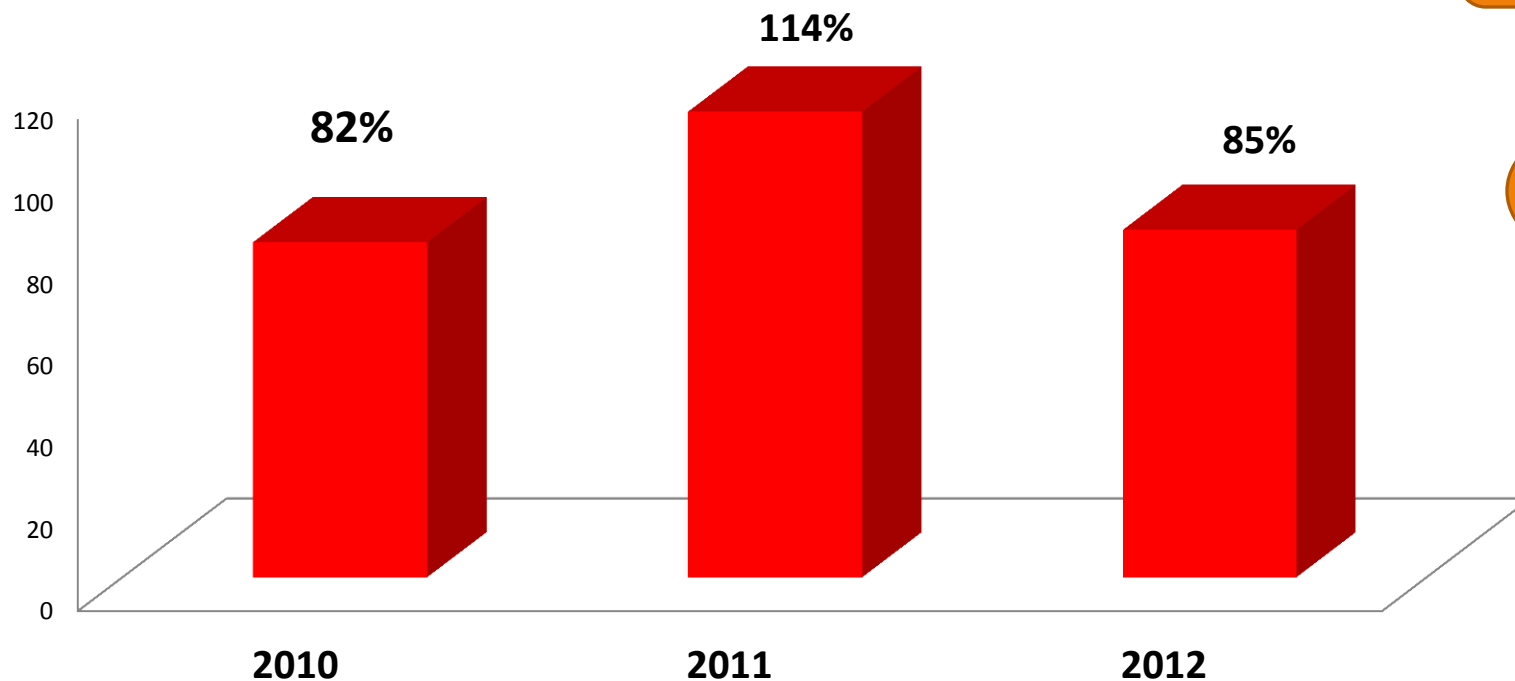


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Enugu State Budget Performance before Plan



Budget Performance during Implementation of the Medium Term Plan



Average
Budget %
Performance



94 %

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How Far Have we gone



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- Effective management of public debts to avoid transferring debt burden to future generation

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- Improvement in budget performance (Av. Budget performance of **94%** from 2010 - 2012). Deepening the involvement of all the stakeholders in budget preparation and review (Mid term & Annual) . Publication of annual budgets and making them available to public through print and electronic media

- 
- Sustainable growth in IGR from N3.8 billion in 2008 to N12.3 billion in 2012 and N5.2 billion in first half of 2013

- 
- The real staff strength determined which has helped to save resources for the State and expose ghost workers

- 
- Value for money, accountability and transparency through robust Public procurement process, public financial accounting and control

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- Effective linkage between plan and budget which provides dynamic framework for tracking on-going projects for completion and sustainability

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Highlights of Key Deliverables

- Better urban, inter-local government and community road infrastructure.
- Enhanced security of life and property and improved access to justice
- Improved access to Health facilities
- Improved access to quality and affordable water and sanitation
- An increase in Private Sector investment
- Improved and upgraded school infrastructure to improve learning environment as well as to ensure quality teaching.
- Job creation through increased inflow of local and international investors
- Affordable housing through PPP
- Improved transportation network and traffic turn around time.
- More resources from IGR to fund development projects
- Strengthened systems and institutions for improved service delivery



The Expected Outcomes

- » *World Class road infrastructure and transport network*
- » *Better educated, healthy and productive citizens*
- » *More secured and responsible citizens*
- » *Clean and Eco friendly environment*
- » *Robust and Dynamic Civil Servants*
- » *Improving Investors friendly environment for a sustainable Private Sector Development*



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- ❖ The Commission as a platform for Joint planning, implementation and monitoring projects.
- ❖ The reform programmes initiated by His Excellency, the Governor of Enugu State at the State level, to a large extent, accounted for the remarkable performance of the Local Government Councils since inception of this administration.
- ❖ As a result of the paradigm shift in governance at the State level, the Local Government Councils have embraced planning and budgeting as effective tools for public expenditure management.
- ❖ The Following reforms has be implemented in the Local Government levels in planning and budgeting;

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- *Development of Vision and the Medium Term Development Plans 2010 – 2013 which guided their annual budgets with technical assistance from State planning Commission.*
- *Upgrading of the Planning, Research and Statistics Unit to a full fledge department at the Local Government level.*
- *Recruitment/conversion of officers with Economics background to head the PRS depart in the 17 Local Governments of the State.*
- *Development of an integrated IPSAS compliant Local Government Budget software.*

Inter Governmental Planning and Collaboration

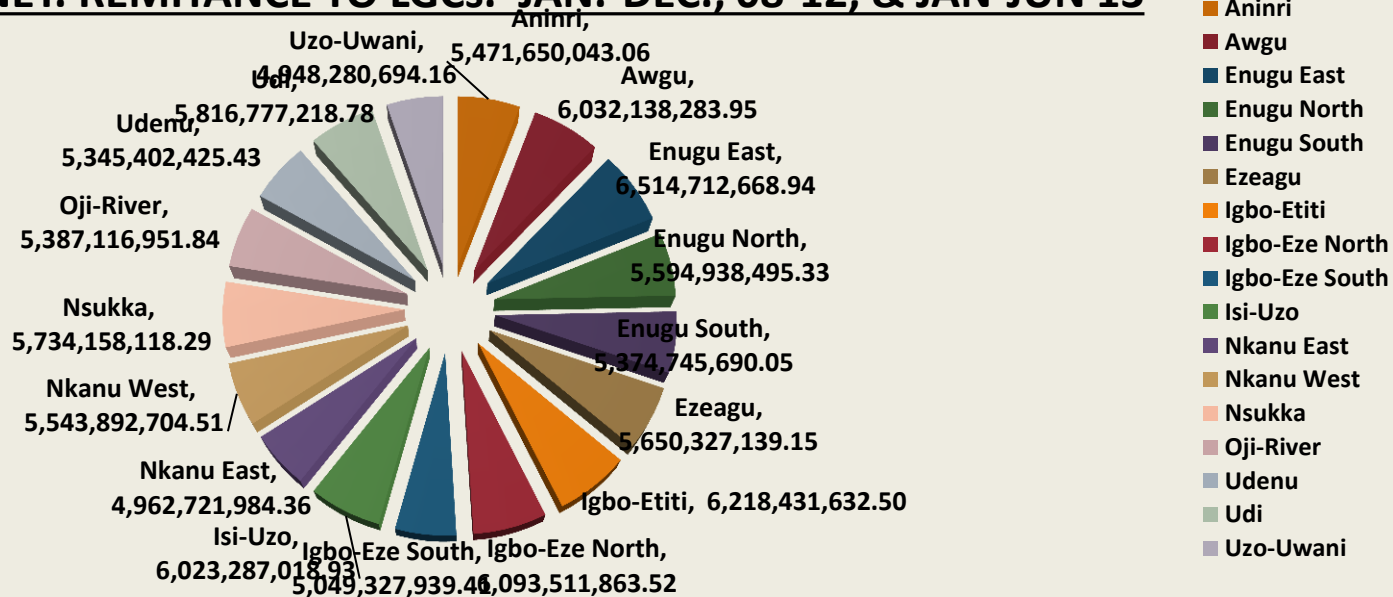


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- The current administration has witnessed fiscal federalism with respect to The Local Government Councils .
- The Local Government elections were always conducted every two years which gave them the authority to appropriate and spend their allocations in accordance with the law. Thus, giving them access and control of their funds which has never been the case since the inception of the Third Republic.
- From January 2008 to December 2012, the Local Governments received a total of N82.36 billion. (Excluding IGR and statutory deductions for salaries of primary school teachers and traditional rulers).
- This accounted for the improved performance of the Local Governments during this period.

NET. REMITANCE TO LGCS. JAN.-DEC., 08-12, & JAN-JUN 13



Performance Evaluation of Local Government Capital Projects



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Series of state-wide performance monitoring, evaluation and documentation exercises were carried out by the Commission, the Ministry of Local Government, some members of the Executive Council and representatives of the media to monitor, assess, appraise and document the performance of the 17 Local Governments in the State.

The Series of Reports during the period under review revealed the following

Execution of 1,257 project by LGCs from 2008 – 2012

- 878 projects are new projects
- 379 are rehabilitation and renovation

Asphalting of 234.9km community roads by the LGCs

- 52.57km asphalt roads completed
- 182.4km asphalt roads on-going

Asphalting of 300km Inter Local Government Roads with culverts and side drains (Partnership)

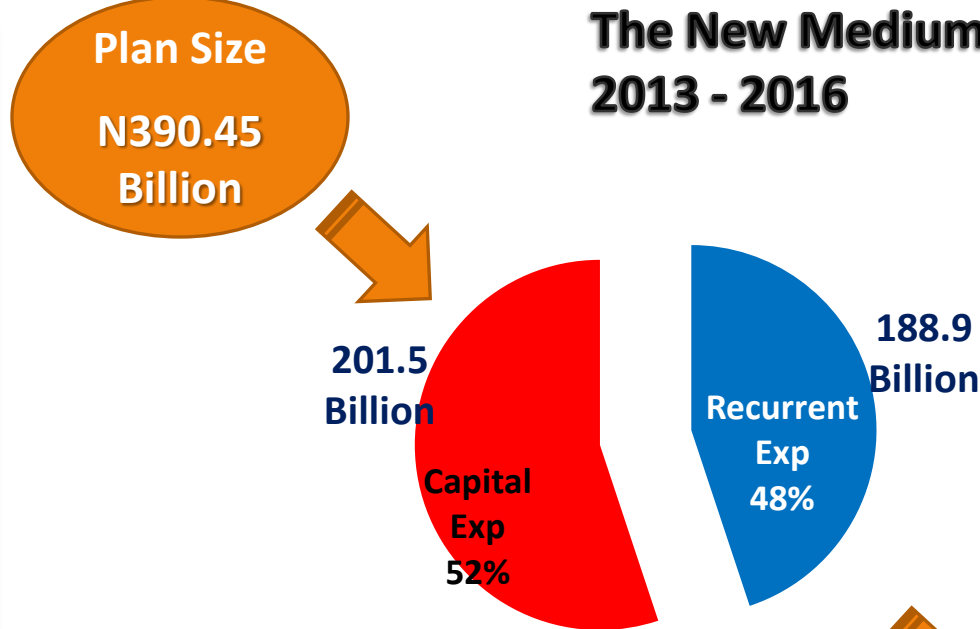
- 249.47km asphalt roads completed
- 182.4km asphalt roads on-going

Other Partnership projects (State and Local Government)

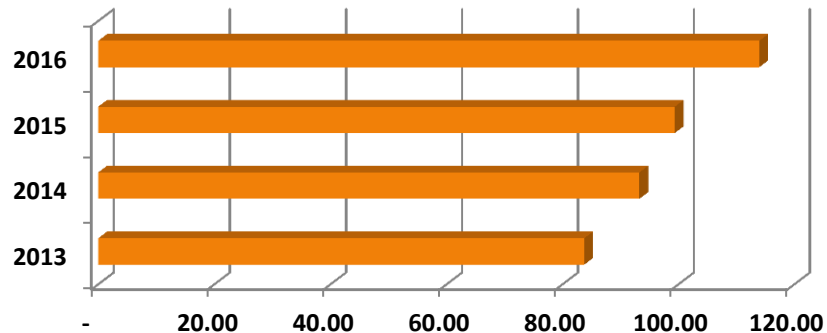
- Free Maternal and Child Health Programme
- Rural Electrification
- Purchase of Earth moving equipment for road construction and rehabilitation
- Micro Credit Scheme
- Youths and Sports Development



The New Medium Term Plan Fiscal Framework 2013 - 2016



Annual Budget Size (NB)



	2013	2014	2015	2016
■ Budget Size	83.77	93.29	99.40	113.99

CAPITAL EXPENDITURE SECTORAL ALLOCATION 2013 - 2016



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**9 billion Reserve
2014 - 2016**


Year	2013	2014	2015	2016	Total
Budget Size	37.8	39.8	52.3	62.6	192.5

Taking Budgeting and Planning to the Next level...




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T H E F O C U S A T T E



- Budget realism i.e sustain annual budget performance of above 85%



- Achieve perfect realignment and proper linkages among National, State and Local Governments Plans and annual budgets to ensure consolidated approach to the implementation of programmes and projects




- Integration of federal, State and Local Governments budget and accounting system in line with international best practice (IPSAS standard)



- Maintain public debt within international accepted standard and use of such loans for capital development




- Development of State PPP framework as an effective tool for exploiting alternative fund for capital development



- An average monthly IGR of at least N2 billion. This is achievable considering the huge investment made in infrastructure which has attracted investors especially in Tourism, Agriculture, Industrial, Lands and Housing sectors.



- Development of an Integrated Infrastructure Master Plan



- An integrated financial management that enhances easy and prompt production of annual financial account and other financial and Budget Performance Reports



- » Limited Resources (Low IGR, FAAC & VAT)
- » Public Sector Driven Economy
- » Less than 50% capital expenditure allocation which affects capital development.
- » Lack of robust institutional framework to expand PPP as alternative funding option for the development of physical infrastructure
- » State huge investment in security and rehabilitation of federal roads which are in exclusive list have placed additional financial burden on the State's lean resources.
- » Lack of disaggregation of GDP to sub national levels



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- *National Planning Commission has been a model and we have leveraged on their technical capacity and guidance this has helped us to pursue reform in our Planning and Budgeting process.*
- *Our Network with National Planning Commission and her key officers has helped us to expose 8 State key officers to oversea training which improved their capacity and this also helped 4 planning officers and 1 statistician to ascend to the level of Permanent Secretary.*
- *We will appreciate if NPC will fast track the building of the capacity of States in computing the State GDP so as to complete the process before the end of the year.*
- *Need for the review of the Revenue Allocation Formula so as to free more resources for component States and Local Governments to ensure Plan and Budget implementation.*
- *Let me also use this opportunity to thank all the participants for listening and also hope to learn from your reactions and comments.*



Government of Enugu State of Nigeria

THE COAL CITY



CULTURE AND TOURISM

***An Emerging Sector in Enugu State
with Great Potentials***

