

**END OF TENURE PRESS CONFERENCE**

**BY**

**THE HON. MINISTER OF BUDGET AND NATIONAL PLANNING**

**SEN. UDOMA UDO UDOMA**

**HELD AT THE MINISTER’S CONFERENCE ROOM**

**ON**

**TUESDAY, 21STMAY, 2019**

Gentlemen of the Press,

It is my pleasure to meet with you today to give you a brief overview of what we have been able to do in the Ministry since inception in November 2015.

2. But, first let me thank you all for responding to our invitation at very short notice and for the continuous support you, Gentlemen of the Press, have been giving to this Ministry, in particular, and the Buhari Administration as a whole. As the first tenure of this administration comes to an end, we thought as a Ministry that it was necessary to interact with you and tell you a bit of what we have been able to do in the past three and half years.

3. As you know, the Ministry of Budget and National Planning (MBNP) was created by President Muhammadu Buhari in November2015 by merging the erstwhile National Planning Commission (NPC) with the Budget Office of the Federation (BOF) and I was appointed as the Minister, supported by a Minister of State – who is now the Minister of Finance. The idea behind the merger was to ensure a strong link between planning and budgeting.

4. The Ministry has three parastatals under its supervision, namely; the National Bureau of Statistics (NBS), the Centre for Management Development (CMD) and the Nigerian Institute of Economic and Social Research (NISER).

5. The key mandates of this Ministry include preparing the annual budgets as well as the medium-term expenditure frameworks. The Ministry is also tasked with rendering policy advice to the Federal Government on all aspects of national development, development of national plans (long, medium and short term), monitoring and evaluation of Government policies and programmes, surveillance on the economy, coordination and management of development cooperation, amongst other things.

6. On resumption of office we worked to ensure that the Budget Office was properly integrated as part of the Ministry. We adopted the zero-based approach for budget preparation, which required justification of every budget item for funds allocation. However, it must be explained that even under a zero based approach there are still ceilings applied because of funding constraints. We introduced online budget preparation to ensure that the identity of any person inputting any budget item can be ascertained. This has improved the integrity of the budget. Most importantly, we were able to ensure that our executive budget proposals are aligned with the strategic policies of government as set out in the Medium-Term Fiscal Framework and Fiscal Strategy Paper, and other governmental programmes and plans.

7. Gentlemen of the Press, you may recall that the present administration took over governance at a very trying time. We inherited an economy that was in a very bad shape. The economy was badly affected by the sharp fall in crude oil prices which fell from over US$110 in mid-2014 to below US$30 by January 2016. The situation was worsened by the disruption of oil production activities in the Niger Delta.The collapse of oil revenues led to a contraction of the economy ultimately resulting in the economy falling into recession in the second quarter of 2016.

8. This was the unfortunate situation we found ourselves in. Foreign reserves dropped from $37.33 billion in June 2014 to $28.28 billion in December 2015 and further to $23.81 billion in September 2016. There was declining investor confidence, capital flight and a worsening balance of payments position. Headline inflation rate rose from 9.2% in June 2015 to as high as 18.5% in December 2016 while the accompanying exchange rate instability saw the value of the Naira plummet in the parallel market, ultimately falling to as low as N520 to the US Dollar.

9. It was really tough. We took a number of measures to stop the economic decline. The first of the initiatives was the introduction of an expansionary budget in the 2016 fiscal year christened, the *Budget of Change.* The budget was designed to reflate the economy and stimulate economic activity. The budget was accompanied by a Strategic Implementation Plan (SIP), which set out a number of initiatives and strategies to boost production and restore growth to the economy.

10. We followed this up with the development of a comprehensive Medium-Term Plan – the Economic Recovery and Growth Plan (ERGP), 2017-2020 - with the broad of objectives of restoring growth, investing in the people and building a globally competitive economy. We developed the ERGP through a rigorous process involving wide consultations and intensive engagements with relevant stakeholders. We consulted with the National Assembly, the State Governors and their Commissioners of Planning, representatives of academia, the Organized Private Sector, Civil Society groups, Organized Labour and our International Development Partners (such as the World Bank, International Monetary Fund and African Development Bank etc.). The Plan was launched by the President in April 2017.

11. The ERGP aims to address the country’s economic challenges and lays the foundation for economic diversification and growth.The core vision of the Plan is one of sustained, inclusive and diversified growth. The initiatives of the Plan are directed at attaining structural economic transformation. Theobjective of the Plan is, simply put, to boost national productivityso as to improve the quality of life of all Nigerians. (Thefull details of the Plan are set out on our website at [**http://www.nationalplanning.gov.ng/2017/**](http://www.nationalplanning.gov.ng/2017/)**).**

12. Some of the measures being implemented under the ERGP include the Treasury Single Account (TSA), the Efficiency Unit within the Ministry of Finance, the Whistle Blowing Policy, the Presidential Initiative on Continuous Audit, the Integrated Payroll Personnel System (IPPIS) and the Investors’ and Exporters’ Foreign Exchange window by the Central Bank of Nigeria. A number of bodies have been set up to help in the implementation of the ERGP. These include the Presidential Enabling Business Environment Council (PEBEC) and the Nigeria Industrial Policy and Competitiveness Advisory Council. We have also introduced the Social Investment Programme, Anchor Borrowers’ scheme, the Voluntary Assets and Income Declaration Scheme (VAIDS), the Road Trust Scheme, amongst others.

13. An important strategy we embarked on in order to exit recession was to seek to reflate the economy. This was why we increased the capital budget. We increased budgetary allocations to capital expenditure – from 16.1% in 2015 to 30.2% in 2016, 31.7% in 2017, 31.5% in 2018 and 26% in 2019 – with priority given to the key execution priorities of the ERGP.We were also able to increase our capital releases. The Ministry of Finance was able to release,for capital spending, the sum of N1.2 trillion under the 2016 Budget, the sum of N1.58 trillion under the 2017 Budget and, as at 8th May,2019, the sum of N1.55 trillion has been released under the 2018 Budget.

14. The implementation of the ERGP resulted in the economy exiting recession in the second quarter of 2017 and returning subsequently to the path of growth with most economic indices showing positive momentum. The latest GDP numbers just released by the NBS shows a first quarter growth of 2.01%. This performance in the first quarter 2019 is the strongest first quarter performance since 2015. Starting the year with a GDP growth rate of 2.01% is encouraging because the first quarter of the year often records the slowest growth in GDP. The first quarter 2019 result is also encouraging given the fact that this was an election period. As you are well aware both domestic, as well as foreign investors, tend to be a little cautious when elections are imminent. This cautious investor sentiment normally impacts negatively on growth. Having successfully emerged from the elections, we expect a post-election dividend as confidence is restored. The President has indicated that he intends to stay focused on the implementation of the ERGP so as to ensure that we can achieve the 3.0% growth target for this year. It is my hope that the seeds we are currently laying will propel us to achieve our 7% GDP growth target in the course of Mr. President’s second term.

15. I would like to also mention an innovative initiative we are implementing under the ERGP. This is the sector-specific Focus Labswhich is fashioned after the Malaysian Model. The Labs bring together potential investors to meet with government officials to seek to remove many of the bureaucratic constraints to investment. The idea is to identify critical areas where growth can be accelerated through the identification of Entry Point Projects (EPP). This first set of Focus Labs were conducted inAgriculture and Transportation, Manufacturing and Processing, and Power and Gas.The Focus Labs were heldin April and May 2018, and ended with an Open Day in Abuja to showcase the outcomes. The conduct of the Labs has led to some quick wins for the country including the establishment of **Nigeria’s first Gold Refinery** in Ogun State, in December, 2018.

# OTHER RESPONSIBILITIES OF THE MINISTRY

16. **Surveillance of the Economy:** In addition to our principal responsibility of developing plans for the Government we also have a number of other responsibilities. The Ministry is charged with the responsibility of conducting Surveillance on the Performance of the Nigerian Economy, as well as the production of Periodic Economic Performance Reports. You are all familiar with the regular reports produced by the National Bureau of Statistics (NBS) – an agency that operates under the supervision of the Ministry. Another agency, the Nigerian Institute of Social and Economic Research (NISER), which we supervise, carries out research on economic development and holds regular seminars, from time to time, in which members of the public are usually invited. NISER is based in Ibadan. We also supervise the Centre for Management Development (CMD). The CMD carries out training and capacity building for both the public and private sectors. In addition to the surveillance that this Ministry carries out we also, in collaboration with the office of His Excellency, the Vice President, organise a quarterly business forum with the private sector. At these sessions we brief the private sector about government’s economic programmes and get inputs from them. Indeed, we use every opportunity to interact with the private sector because as we acknowledge in the ERGP, the private sector is our true engine of growth.

17.**Monitoring and Evaluation:** We are also responsible for monitoring and evaluation of government programmes, and have a department dedicated to that activity. We have over the last three and a half years continued to strengthen our national monitoring and evaluation framework, particularly in monitoring and tracking the implementation of FGN capital projects/investments in the annual budgets. The process involves physical inspection and other verification exercises, and impact assessment. We do this to ensure accountability for actions, value for money, citizen feedback and to collect information thereby improving governance. The latest Budget Implementation Monitoring and Performance Reports are available on the website of the Ministry.

18. **Adhoc Assignments such as Coordination of the Technical Committee on the National Minimum Wage Implementation**: We also undertake many important adhoc assignments. For instance, it will be recalled that, in preparation for the adoption of a new national minimum wage, the President set up a Technical Advisory Committee in January 2019 to advice on revenue optimization and seamless implementation of the new minimum wage. The work of the Technical Committee was coordinated by the Ministry of Budget and National Planning. The work has been completed and the report has since been submitted to Mr. President.

19. **Coordination of North East Humanitarian Activities:** The Ministry serves as the anchor for the coordination of the various humanitarian efforts in the North East Region through the Inter-Ministerial Task Force on Rehabilitation of the North East in collaboration with the Presidential Committee on the North-East Initiative (PCNI). The Ministry ensures harmonization of activities of relevant MDAs and Donor Agencies targeted at improving service delivery. A recent example of our co-ordinating activity was with respect to the Oslo Conference. Last year, the Ministry, in conjunction with the Ministry of Foreign Affairs, coordinated Nigeria’s participation at the 2018 Oslo II Conference in Berlin, Germany. We were also involved in the organisation of the Oslo 1 Conference the year before. The Conference wasintended to, among other objectives, harness strategic partnerships and multi-stakeholder cooperation around humanitarian action in the Lake Chad region. Over US$2 billion was pledged for 2018 and beyond to implement activities in the region. In January, 2019, the Ministry, in collaboration with the United Nations Office, also launched the 2019 Humanitarian Response Plan (HRP) and 2019 – 2021 Strategy for the North East. The HRP aims to provide lasting solutions to the challenges in planning and response to large-scale needs for humanitarian assistance for the most vulnerable group in the insurgency affected States. The 2019 – 2021 Strategy is aimed at saving lives by providing timely and integrated multi-sector assistance and protection interventions to the most vulnerable.

20 **Donor Coordination and Management of Official Development Assistance (ODA) in Nigeria:** Managing Multilateral and Bilateral economic cooperation, including development aid and technical assistance programmes, is an important mandate of the Ministry. In line with national priorities, several Cooperation Agreements have been concluded and signed with major bilateral/multi-lateral Development Partners. By way of illustration, in the last year alone, an agreement was signed with the Japan International Cooperation Agency (JICA) on the Emergency Rehabilitation of Lagos Transmission Sub-Station. This aims to improve electricity supply to Lagos and its environs. A framework agreement for grant and aid was also signed with the Korean Government. Besides the initial National Indicative Programme (2016 – 2020), the European Union in 2018, committed to provide additional support to Nigeria towards addressing the humanitarian challenges in the North East. The Ministry also coordinates the Forum for China Africa Cooperation (FOCAC).

21. **Providing Administrative Support for FGN’s Social Investment Programme (SIP):** The Federal Government in its effort to reduce the level of poverty and socio-economic vulnerability in the country decided to set aside in every annual budget the sum of N500 billion to be dedicated to the Social Investment Programmes. This programme commenced with the 2016 Budget. In order to ensure smooth implementation of the programme, the Ministry of Budget and National Planning was mandated to serve as the Accounting MDA for the programme. All financial transactions in the implementation of the programme, including the Conditional Cash Transfer (CCT), the Home-Grown School Feeding Programme, N-Power Job Creation Programme, Government Economic Empowerment Programme (GEEP), etc., are being coordinated by the Ministry.

22. As at March 2019, 1,707,932 loans have been successfully disbursed under the Government Enterprise & Empowerment Programme (GEEP), with 1,374,192 of the loans given under the TraderMonischeme; while 330,568 loans were for MarketMoni and 1,172 for FarmerMoni; over 9.5 million school children are currently being fed each day in 52,604 schools across 30 states under the Home-Grown School Feeding Programme. This programme has also provided direct jobs to 101,913 catering staff engaged under the scheme; 297,973 poor Nigerians across 20 States, have benefited from the N5,000 Conditional Cash Transfer Scheme and 3,517 community facilitators have been trained; 500,000 graduates are benefiting from the N-Power programmeand are paid N30,000 monthly; while 20,000 non-graduates in the N-Build category are either currently in training or serving as interns

23. **Hosting of Economic Summits:** Every October, the Ministry partners with the Private sector to co-host the Nigerian Economic Summits. The most recent one being the 24th edition of the Nigerian Economic Summit (NES#24), which was held last year, with the theme “***Poverty to Prosperity: Making Governance and Institutions Work****”*. Recommendations from these Summits have over the years helped to shape many of our reform policies.

24. **Coordination of State-FG Economic Relations:** The Ministry of Budget and National Planning serves as the Secretariat for the National Economic Council (NEC) which helps to strengthen economic cooperation and management between the Federal Government and the States. NEC is chaired by His Excellency, the Vice-President, and has the 36 State Governors, FCT Minister, Minister of Budget and National Planning as well as Minister of Finance as members. As part of its responsibility of managing economic relations with States, the Ministry also organises annual meetings of the **Joint Planning Board/National Council on Development Planning (JPB/NCDP)**which involves all State Commissioners of Planning and Economic Development**.** The most recent one was held in Abeokuta, Ogun State from 29th to 31st August 2018 with the theme: **“*Accelerating the Implementation of the Economic Recovery and Growth Plan (ERGP): The Roles of Stakeholders”*.**Previous meetings were held in Minna and Kano.

25. Gentlemenof the Press, as you can see we have been very busy in this Ministry. It has been a challenging time because of the difficult economic situation we inherited. But, I believe, that we, in this Ministry, have made a difference. I would like to acknowledge the support I have received from a strong team of dedicated civil servants led by the Permanent Secretary. Though I have had a few changes in my Permanent Secretary each of them has been hardworking and supportive. I thank them all.

26. Finally, as I conclude, let me use this opportunity to address an issue that often crops up in the media. That is the issue of the January to December budget cycle. There is no legal requirement for the budget year to run from January to December. However, a January to December fiscal year is more predictable and would help the private sector and other economic players in planning because most economic players run a January to December fiscal year. Also, it would be much easier to track budget performance if both the recurrent and the capital budgets run from the same dates. It is therefore desirable to return to the January to December fiscal year

27. However, to return to the January to December fiscal year for a budget when the operation of the current budget only commenced in June or July is a very challenging assignment. In order to achieve a return to a 1st of January commencement date the budget must ideally be delivered to the National Assembly by September. But when you are operating a budget which commenced only in June, or July, by September you would have had no idea how the existing budget is likely to perform. Indeed, given the procurement process, for a budget which starts running in June or July, there might have been little or no capital releases by September. In short, the only way to return to a January to December fiscal year, under those circumstances, is for there to be agreement between the Executive and the National Assembly to produce a budget on the basis of significant assumptions. This will require a very close working relationship of trust and synergy between the two arms of government. Unfortunately, we were unable to achieve this in the last four years. I am hopeful that in Mr. President’s second term we might have a situation where the Executive and the leadership of the National Assembly are much more aligned. This will help not only to be able to achieve a return to the January to December fiscal year, but to have a much smoother budget process.

28. Gentlemen of the Press, once again, I must express my sincere gratitude to you for your cooperation throughout my tenure in the Ministry as Minister and I thank you for your attention.

### Senator Udoma Udo Udoma, *CON*

Hon. Minister of Budget and National Planning

21stMay, 2019