



**BUDGET OFFICE OF THE FEDERATION,
FEDERAL MINISTRY OF FINANCE
2011-2013 MEDIUM-TERM SECTOR STRATEGIES**

*Welcome Address by Dr. Bright Okogu
Director-General, Budget Office of the Federation*

Protocol

It is my pleasure to extend a warm welcome to you all at the 2011-2013 Medium Term Sector Strategies (MTSS). Thank you for attending this important event. I particularly appreciate the presence of our Distinguished and Honourable Legislators, Honourable Ministers, Permanent Secretaries, as well as our development partners at the World Bank and DFID. As always, we appreciate your presence, contribution and support.

MTSS as Budget Planning Tool

The MTSS is a budget planning forum where the capital and recurrent expenditure requirements of key MDAs are planned over a 3-year, medium-term horizon. Since 2005, the MTSS has served this role in our traditional budget cycle. At the MTSS, we work with the MDAs to articulate strategies to prioritise multi-year expenditures in a manner consistent both with our long-term development agenda, and our commitment to maintain macroeconomic stability. As in previous years, the MTSS is organised by the Budget Office with support from the National Planning Commission, the Office of the Senior Special Assistant to

the President on the MDGs and the Bureau for Public Procurement. We are grateful to them for their continued support.

The 2011-2013 MTSS Process

During the MTSS, MDAs prioritise their capital expenditure needs in line with available budgetary resources and the priorities of Government, as indicated in the Seven-Point Agenda, Vision 20:2020 and the MDGs. The MTSS outcomes, together with the Medium-Term Expenditure Framework, form the basis for preparing the Annual Budget as required by the *Fiscal Responsibility Act of 2007*. Accordingly, over the next few weeks, MDAs will be required to: identify and evaluate ongoing and new projects; estimate and phase their capital and associated recurrent expenditure needs; prioritise these initiatives within the indicative expenditure ceilings provided; and document their policies, plans and programmes in their MTSS Reports.

While the foregoing is not novel, there have been a few notable changes to this year's exercise, introduced as part of our wider public financial management reforms. To ensure greater continuity in planning projects and programmes, in line with this Administration's emphasis on completing ongoing programmes, MDAs have been required to **comprehensively review and update their previous year's MTSS Reports ahead of these MTSS sessions**. The Sector Planning Teams are urged to build on this work during the 2011-2013 MTSS exercise, and clearly differentiate between their new and ongoing projects. Furthermore, Sector Planning Teams should **systematically estimate the recurrent cost implications of their capital expenditure decisions**, and consider this information when selecting and prioritising their new and ongoing projects.

Our Sector Planning Teams traditionally prioritise their spending plans in line with the high level policies of the Seven-Point Agenda, Vision 20:2020 and the MDGs. This year, **MDAs have an additional tool in the 1st Vision 20:2020 National Implementation Plan (2010-2013), or NIP.** The NIP focuses on laying the foundation for achieving the NV20:2020 and contains medium-term strategic policy directions, development priorities, implementation strategies and expected deliverables. Consistency with the NIP will be used as an additional benchmark for the initial acceptance of projects and programmes into the pool of fundable initiatives. Copies of the NIP, as they relate to the sectors, have been made available and Sector Planning Teams are urged to fully utilise this resource in their work.

We continue to place great emphasis on monitoring the deliverables achieved by the MDAs with the resources made available to them. Accordingly, **sectors must continue to provide details of tangible outcomes and outputs they intend to achieve, tied to time-bound milestones to easily track implementation. The financial and physical implementation performance of MDAs in recent years will be considered** in determining the indicative expenditure ceilings allocated to MDAs.

For the first time this year, as part of our performance-based budgeting reforms, **a small portion of the total capital vote, beyond the expenditure ceilings, will be set aside for high performing MDAs to bid for additional resources for their projects.** The Ministry of Finance is working with other agencies of government, such as the Infrastructure Concession Regulatory Commission, to facilitate access by deserving MDAs to dedicated Public Private Partnership funds, such as the Viability Gap Fund. In all these initiatives, emphasis would be placed on the priority accorded to the MDAs' spending plans as well as their

demonstrable executive capacity. As we continue to put in place the foundation for a more performance-based and results oriented budgeting system, we will achieve a closer fit between government's policies and priorities, and the tangible outcomes in terms of service delivery achieved by MDAs. Sector Planning Teams should continue to adopt the pilot classification of expenditures introduced in last year's exercise. We are confident that once the new GIFMIS system is fully implemented, this will enable more comprehensive use of programmes in planning, analysing and monitoring budgetary expenditure.

Delivering Development while Maintaining Macroeconomic Stability through 2011 Budget

The outcomes of the 2011-2013 MTSS will form the basis for the 2011 Executive Budget Proposal that will be presented by Mr. President to the National Assembly later this year. While in recent years, approved budgetary expenditure has been on the increase, we have not seen corresponding increases in the quality of public spending. In this regard, we will strive to reduce the deficit in the 2011 fiscal year, and gradually return, over the medium-term, to the 3% of GDP recommended by the *Fiscal Responsibility Act of 2007*. We will also initiate and implement various measures to increase value for money in public sector spending.

In closing, the MTSS should be seen as one of many tools available to government to deliver enhanced economic growth and development, while maintaining macroeconomic stability, and increasing the quality and efficiency of public expenditure. In this regard, MDAs should conform to the discipline imposed by the expenditure ceilings and maximise the new opportunities available for the better performing MDAs, as indicated earlier.

I thank you all for your cooperation, participation and attention.