

Quarterly Report: April - June 2004
 USAID-Nigeria Budget Process Support Project
 Contract No: PCE-I-00-00-00015-00
 Development Alternatives, Inc.

Table of Contents

EXECUTIVE SUMMARY.....3

ACTIVITY OBJECTIVES.....3

QUARTER PROGRESS.....4

BUDGET OFFICE OF THE FEDERATION.....4

BUDGET MONITORING AND PRICE INTELLIGENCE UNIT.....6

OTHER.....6

PROJECT CHANGES.....7

IMPACT ON INTERMEDIATE RESULT.....7

PROBLEMS AND OPPORTUNITIES/UPCOMING EVENTS.....7

TRAINET.....8

USAID-Nigeria Budget Process Support Project
 Quarterly Report: April - June 2004
 Executive Summary

- Input to fiscal strategy for 2005 was provided to the Budget Office of the Federation. This is a first step towards building a Medium Term Expenditure Plan (MTEP), starting with the 2005 Budget.
- Workshops were held with the Budget Office of the Federation (BOF), the Office of the Accountant General (OAGF), and line ministries regarding 2005 Chart of Accounts. A user's guide was also prepared.
- Financial support was provided for computer training of the BOF staff, being provided by Microsoft.
- Financial support was provided for BOF's session on budget consultation with the private sector (June 1, Lagos). Technical material was supplied for BOF's consultation with civil

society organizations (June 3, Abuja). These focused on the 2004 Budget and 2005-2007

fiscal plan.

- A comprehensive communication strategy for the Budget Monitoring and Price Intelligence

Unit (BMPIU) was prepared. Implementation began in June 2004.

- A briefing on public expenditure management was presented to members of the Senate and the House.

- The workplan for 2004-2005 was realigned to reflect the priorities of the BOF, which

includes the reform agenda announced in the NEEDS.

- A briefing note was provided to USAID/Nigeria for the bilateral economic meeting (Nigeria and United States Government) held in Washington DC on April 21, 2004.

Activity Objectives

In August 2002, USAID/Nigeria awarded Development Alternatives, Inc. (DAI) a Task Order

under the SEGIR: Economic Policy Indefinite Quantity Contract to implement the "Technical

Assistance in Budget Process Support Project" (BPS). The Project's anticipated completion date is March 2005.

The BPS project assists two agencies of the Federal Government of the Republic of Nigeria that

are essential to the national budgetary process -- the Budget Office of the Federation (BOF) in

the Ministry of Finance, and the Budget Monitoring and Price Intelligence Unit (BMPIU) of the

Office of the President. The BOF is the principal agency responsible for the Federal budget. The

BMPIU is mandated to ensure accountability and probity for the Due Process of Federal

procurement and contracts. A senior long-term technical advisor, who is also the Chief of Party

(COP), and short-term technical advisors are working to enhance the government's capacity to

develop, implement, coordinate, and monitor the national budgetary process, and support the

BMPIU's activities.

Quarter Progress

Budget Office of the Federation

- Input to fiscal strategy for 2005: The Fiscal Strategy paper is the responsibility of the

Director General of the BOF (DG-Budget). It establishes the overall framework of the

budget exercise and forms the cornerstone of a multi-year budgeting. To support this

initiative, the Project organized a workshop with the Macroeconomic Working Group¹

(Kaduna; April 13-17, 2004), to develop a concept paper that would serve as an input to the

Fiscal Strategy for the 2005 Budget. The group completed a paper that includes a "base

case" scenario for 2005 and includes a fiscal framework over the medium-term - 2005-

2007. The "input paper" is a contribution to the 2005 Budget, which is embarking on a

Medium Term Expenditure Plan (MTEP).

- Workshop on 2005 Chart of Accounts: The project sponsored and funded two workshops

in chart of accounts/budget classification to the staff of the BOF, the Office of the

Accountant General of the Federation (OAGF), and line ministries. The chart of accounts is

being developed by the OAGF. Both were conducted in collaboration with the IMF Advisor to the OAGF.

- .. Staff of the BOF and the OAGF - April 20-22, Abuja. The purpose was to arrive at

a consensus within the BOF to adopt the new chart of accounts for the 2005 Budget.

1 The 12 members (numbers are shown in parenthesis) of this group are from the Budget Office of the Federation

(4); Ministry of Finance (1); Central Bank (1); Federal Office of Statistics

(2); Accountant General of the Federation

(1); and, National Planning Commission (3).

- .. Staff of the BOF and almost all line ministries - April 29, Abuja. Following the

initial workshop, the purpose of this session was to inform the line ministries about

the new chart of accounts and seek their agreement to adopt them for the 2005

Budget. The total attendance was about 85. The line ministry staff unequivocally

agreed with the implementation. The evaluation of the workshop provided a consensus on its value and effectiveness.

- User's guide for Chart of Accounts: A manual was prepared for the use of the BOF and

line ministries.

- Support for computer training: The Project provided financial resources for computer

training sessions, being provided by Microsoft.

- Support for budget consultation: The BOF held budget consultation with the private

sector (June 1, Lagos) and civil society organizations (June 3, Abuja). The Project provided

and bridged the financial gap for the private sector consultation. Following literature review,

strategic recommendation was provided for the consultation with the civil society and

financial support was made available through consultation with and under USAID's PROSPECT project.

- Documents and assistance in budgeting2:

The following documents were made available to the BOF:

- .. Comments on the 2005 Call Circular

- .. Comments on the Fiscal Responsibility Act 2004

- .. A seminar on MTEF to the Macroeconomic Working Group

- .. Guidelines and recommendations for a budget law

- .. Recommendations on a budget manual

- Assistance with tenders: At the request of the DG-Budget, the Chief of Party/Senior Budget

Advisor participated in the selection process of tenders on accounting, macroeconomics, and

customer service, advertised through newspapers.3

2 Available upon request.

3 The DG-Budget has requested the BPS Project to deliver the course on macroeconomics and budgeting; see below

- Problems and Opportunities/Upcoming Events.

Budget Monitoring and Price Intelligence Unit

• Communication strategy - Budget Monitoring and Price Intelligence Unit: A visiting

expert prepared a communication strategy for the BMPIU. The communication program

devised for the BMPIU has four major components - Media Relations; Government Relations; Public Relations; and Advertising and Marketing. It will aim to achieve the

following broad objectives:

a) Generate and sustain, at all levels of government and society, greater awareness and

support for the FGN's initiative with respect to transparent procurement - the principal mandate of the BMPIU;

b) Design and put in place mechanisms to foster transparency and increase public trust

in the procurement process and BMPIU initiatives;

c) Attract contractors, domestic and international, to participate in specific business/procurement opportunities available through the Federal Government;

d) Build capacity, in the form of a fully trained team, to further develop and implement

the communication program of the BMPIU beyond the Consultant's assignment; and,

e) Achieve measurable success in shaping government and public attitudes in favor of

due process and the BMPIU's oversight role.

The strategy received a strong endorsement from the Senior Special Assistant to the

President/Head of BMPIU. The Project allocated funds to support the implementation the

communication strategy.

The activity, Tour of Media Houses, initiated in June 2004, provided clarity, clarified the

facts about, and revealed the necessity of the Due Process for Federal procurement. The

event yielded considerable coverage in the media.

Other

• Briefing to USAID for bilateral economic meeting (Nigeria and United States Government): At the request of USAID/Nigeria, a background report was submitted for

the bilateral meeting between the FGN and the USG, held in Washington, April 21, 2004.

It focused on three areas - review of the FY04 budget priorities and NEEDS; fiscal

transparency; and budget management.

• Legislative briefing: Based on a request from the Committee on National Planning and

Economic Development, House of Representatives to USAID, BPS Project provided an information briefing on public expenditure management to members of the Senate and the

House. This was undertaken in conjunction with NDI, an implementing partner of USAID.

- Workplan: The workplan for 2004-2005 was realigned to reflect the priorities of the BOF, which includes the reform agenda announced in the NEEDS.
- Visiting members: (a) The Project Associate, DAI, Bethesda USA completed almost a month-long tour and assisted with various administration issues. (b) The Project Manager for Economic practice area concluded the penultimate draft of the workplan following consultation with the USAID Mission officials and members from the BOF and the BMPIU. (c) Two specialists in public finance completed their mission. They liaised with the staff of the BOF and assisted with a wide number of activities in the budgeting area. They also provided a brief to the members of the Senate and the House of Representatives (mentioned above).

Project Changes

- In view of the evolving priorities of the BOF and the BMPIU, the workplan and the budget have been realigned.
- Consider hiring an additional economist with background in econometric software and knowledge of public finance.
- Higher costs for workshops to meet the BOF's strategy.
- Increased support to the BMPIU.

Impact on Intermediate Result

12.4: GON economic policy formulation process improved: The project's goals are beginning to yield results that would improve the policy environment. These include commitment by the BOF to adopt the revised chart of accounts, engage in wide consultation for the budget process, and introduce a multi-year budgeting - a first-ever initiative to pave the way for the MTEP.

Problems and Opportunities/Upcoming Events

Problems and opportunities

The project faces various challenges as well as opportunities. A few are outlined below:

- The DG-Budget has requested the Project office to provide training to the core staff of the BOF in macroeconomics and budgeting. While this demonstrates the DG's confidence, it also calls for considerable effort and intense activities.

- The Macroeconomic Working Group will continue to need assistance to make a positive impact on the budget process.

- Liaison with other USAID Implementing Partners will support cross-cutting objectives.

- The BPS project is well positioned to make a positive difference in improving the budgetary process and support the Government in its economic reform initiatives.

Upcoming Events

The project will evolve with the priorities of the Government. Future activities include assistance in the following areas:

- Continue to support the Macroeconomic Working Group, the BOF and other agencies;
- Focus on non-oil revenue sectors and engage an expert;
- IT Assessment - BOF and BMPIU (dependent upon the timing of the beneficiary agencies);
- Release letter of offer for tendering website developments for the BOF and the BMPIU.

TraiNet4

- Weekly training in the area of macroeconomic training continued.
- There were three workshops:
 - .. Chart of Accounts - April 20-22, Abuja;
 - .. Chart of Accounts - April 29, Abuja;
 - .. Macroeconomic working group for input to 2005 Fiscal Strategy, April 14-17, Kaduna.

4 Information in this category has been submitted separately to USAID.