

# **KEYNOTE ADDRESS**

by

**Mr. Chidi Onyeukwu Ajaegbu, ACS, MBF, Dip. (Polygraph), FCA**  
*Golden Jubilee President,*  
**The Institute of Chartered Accountants of Nigeria**

at the

## **One-Day SYMPOSIUM**

on the

**2014 Budget of the Federal Government of Nigeria**

held at

**Agip Hall, MUSON Centre,  
Onikan Lagos**

on

**Tuesday, July 15, 2014.**

**The Special Guest of Honour,  
The Coordinating Minister for the Economy and Honourable Minister of  
Finance, Dr. (Mrs.) Ngozi Okonjo-Iweala, ably represented by the  
Director-General, Budget Office of the Federation, Dr Bright Okogu**

**The Vice-President, ICAN, Otunba Samuel Femi Deru, FCA**

**Our Revered Past Presidents here present**

**1<sup>st</sup> DVP/Chairman, Technical, Research & Public Policy Committee,  
Deacon Titus A. Soetan, FCA**

**2<sup>nd</sup> DVP, Mallam Isma'ila M. Zakari, mni, BSc, FCA**

**Immediate Past President, Alh. Kabir Alkali Mohammed, mni, FCIS, CGMA, FCA**

**Council Members here present**

**Chairmen of Sessions: Chief (Mrs) Elizabeth O. Adegite, MBA, FCA (PP) and  
Mr. Doyin Owolabi, BSc, MILR, FNIM, FCA (PP)**

**The Registrar/Chief Executive - Mr Rotimi Omotoso, MBA, FCA**

**Erudite Resource Persons**

**Distinguished Participants**

**Members of the Press**

**Ladies and Gentlemen**

## **Preamble**

1. It is with great pleasure that I warmly welcome you all to the Institute's Symposium on the 2014 Budget of the Federal Government of Nigeria. Let me seize this auspicious opportunity, to particularly welcome, on behalf of the governing Council of our great Institute, the Special Guest of Honour, Dr. (Mrs.) Ngozi Okonjo-Iweala, the Coordinating Minister for the Economy & Honourable Minister of Finance, who is ably represented here by the Director-General, Budget Office of the Federation, Dr. Bright Okogu. My dear DG, I dare say that the Minister could not have made a better choice considering your official portfolio and impressive antecedents in office. I sincerely thank you for finding time within your very busy schedule to be physically here to give this audience an insight into the 2014 Appropriation Act, deliver a goodwill message and also declare the symposium open on behalf of the honourable Minister. It would also be helpful if the DG can use the opportunity to shed more light on the rising debt profile at all governance levels, controlled by both the ruling and opposition parties in the country, without ascertainable and attributable applications of these liabilities.

2. It is instructive to mention that annually, the Institute organises a post budget symposium during which it x-rays and analyses the sectoral provisions, fiscal and other policies of the Federal Government's Budget and their possible implications for productive economic activities and strategic impact on the citizenry. The gathering here today of eminent leaders of thought, captains of industry and tested professionals in various fields of endeavour attests to the fact that this forum is viewed by many as important and value-driven. This has, no doubt, helped to enhance the public perception and goodwill of our Institute and by extension, the Accountancy Profession. Therefore, on behalf of the Council and entire membership of the foremost accountancy body in Nigeria, (ICAN), I want to appreciate you all for creating time, out of your busy schedules to attend this important session.

### **Poor Performance of Past Budgets**

3. As you are all aware, one of the major challenges of the country over the years, in spite of its abundant resources, has been its continued poor economic performance, caused in the main, by irregular budget cycle, fiscal indiscipline, huge cost of governance, poor budgeting ethics, implementation processes and weak structures. Notwithstanding the huge budgets prepared annually by governments at various levels, there is not much to show for this as the low standard of living of the populace and the prohibitive cost of doing business in the country continue to indicate. While government agencies like the Central Bank of Nigeria and Bureau of Statistics continue to reel out impressive macro-economic data, the citizens and businesses do not have reason to cheer in the midst of poverty and challenging business environment. As the nation celebrates its emergence as the biggest economy in Africa due to the recent rebasing of its GDP, it will be unfair to assume that we have reached the Promised Land. In fact, the journey to economic prosperity for the nation and its citizens has only just begun. Especially when viewed from the backdrop of South Africa's per capita income of over 7000 US dollars compared to ours of just 2500 US dollars. Accordingly, persons in leadership positions must deliver more benefits than they are currently doing for the nation's acclaimed economic growth to translate to economic development. If governance is about the people's welfare, the government must revisit its acts, create more enabling environment that will positively impact the people and business entities such that they can continue to create wealth and jobs on sustainable basis.

## **THE 2014 BUDGET**

4. It is in this respect, distinguished guests, ladies and gentlemen, that I consider the theme of the 2014 Federal Government Budget, “**Budget for Job creation and Inclusive Growth**”, as inviting as it is strategic. Given the high rate of youth unemployment, parlous state of infrastructure and poor quality of life of many Nigerians, it is commendable that the government is now more determined to address these challenges as well as cater to the needs of the weak and vulnerable in the society. We are particularly encouraged by the plan to invest more in housing, agriculture and infrastructural developments as these can spur more investment activities in other sectors, result in the creation of more job opportunities with profound multiplier effects on the entire economy. If well implemented, the expected growth in the economy will, hopefully, have positive impact on the populace. However, it is pertinent to draw the attention of the government to the education sector as the nation will need skilled manpower to fill these vacancies when they are created. No doubt the standard of our education has fallen dangerously and the implications are far reaching.

### **Budget Cycle**

5. While the thrusts of the 2014 budget are commendable, we note with dismay the undue delay in the passage of the Appropriation Act. Indeed, the nation has become used to the presentation of beautiful budget proposals to the Nation Assembly in November/December of each year, the passage of same in the second quarter of the year leaving the implementation to be in six or seven months, at best. For instance, the budget proposals were laid before the National Assembly on December 19, 2013 whereas the resultant Appropriation Act was signed into law by the President on May 23, 2014. On the average, in the last 5 years, budget implementation has hovered around 70 percent with a greater proportion of this occurring in November and December each year! The impact has been the rising hope and increased frustration of the populace due to the poor or non-delivery of the expected dividends of effective budgetary control to the citizenry, which is one of the pillars of democracy.
6. There is need to redress this avoidable delay that has become the hall mark of governance which is largely due to disagreements between the Executive and Legislative arms of government. If we must develop as a nation, we need to revisit the budgeting processes in line with the Fiscal Responsibility Act 2007 and evolve an efficient framework that will ensure quick passage and effective implementation of

budgets. We therefore recommend that the National Assembly should pass a law to define the nation's budget cycle with time lines. The statutory budgeting cycle must be adhered to by all while disbursements of budgetary allocations must be timely and focused. We cannot spend huge resources to prepare beautiful annual budgets and medium term plans and continue to observe them in the breach. This will amount to working against the public interest which, certainly, the government was elected to protect. Since the public sector is still the biggest and driving sector of the economy, what it does or fails to do has severe implications for the entire economy. Accordingly, we urge the government to scrupulously strive to implement this budget in the interest of Nigerians.

7. Distinguished guests, ladies and gentlemen, one fact needs to be stressed in all planning processes, which budgeting represents. While set targets may be achieved within estimated costs, there often exists the prospect of variances (both positive and negative) and unintended consequences of strategies selected for accomplishing specified goals. Such unintended consequences of budget policies may be severe if not well monitored and controlled. For instance, rather than have a decline in the ratio of recurrent to capital expenditure as we have experienced in the last two to three years, the ratio has now increased. The same is also true of the rate of budget deficit to GDP. While the reasons for these may be plausible, they can have negative impact on productive activities in the real sector. It is in this perspective that this symposium finds great relevance as a forum to identify intended and unintended consequences of 2014 budget on economic entities and the citizens with a view to proffering solutions to them.
  
8. Therefore, to carry out these intellectual exercise, the Institute has selected seasoned, experienced and erudite professionals from industry and academia to make presentations on the following topics:
  - **Key Assumptions and Features of 2014 Budget and its Implications on Job Creation and Inclusive Growth;**
  - **Budget 2014: Tax and Fiscal Policy Implications;**
  - **Public Finance Management: Issues and Challenges on Budget Performance; &**
  - **Alternative Approach to Budget Formulation and Implementation in Nigeria.**

Given their individual antecedents, I am persuaded that they will do justice to the topics assigned to them such that you will derive value from this symposium. Let me seize this opportunity to thank the Chairmen of the technical sessions, Chief (Mrs) Elizabeth O. Adegite, MBA, FCA (PP) and Mr. Doyin Owolabi, FCA, (PP) for graciously agreeing to chair.

## **CONCLUSION**

9. Distinguished guests, ladies and gentlemen, let me end this keynote address by thanking the Institute's Technical, Research and Public Policy Committee for putting this initiative together. I trust that the ultimate outcome will positively impact the Institute's submission to the government as it prepares for the 2015 Budget. As professionals, we need to build consensus, through constructive engagement of stakeholders, on the way forward for the economy such that the government can align its goals with the aspirations of Nigerians. This is one of such engagements.
  
10. Once again, I thank you all for finding time to be here and I wish you fruitful and rewarding deliberations. It is now my singular honour and privilege to invite, the Director General of Budget Office of the Federation, Dr Bright Okogu to give his goodwill message and declare the 2014 ICAN Symposium open on behalf of the Coordinating Minister of the Economy and Minister of Finance, Dr. (Mrs.) Ngozi Okonjo-Iweala
  
11. God bless you all.

**Mr. Chidi Onyeukwu Ajaegbu, ACS, MBF, Dip. (Polygraph), FCA**  
**Golden Jubilee President, ICAN**  
**Lagos, July 15, 2014.**