

Appendix A

DFID PROJECT PROGRESS REPORT -

Monitoring ID :

Type of Report: Inception

For quarterly monitoring, complete Part A and C; for annual review complete Parts A, B and C

PART A.

Country:	Nigeria	Project:	State and Local Government Programme
Project Officer	Jasmine Nsofor	Start Date:	2002
Date of Visit:		End Date:	2007
Date of Report:		MIS Code:	
		Risk Category:	

Project Budget	Spend in period under review	Cumulative spend	Forecast for current financial year
20,460,919		5,323,197	

Goal Statement	OVI
Effective pro-poor state and local governments in Nigeria which enable people to realise their rights	FGN policies, spending, programmes and procedures explicitly pro-poor and based on recognition of poor people's social, economic and political rights.

Purpose Statement	OVI
The capacity and effectiveness of state and local government to manage resources and support service delivery in response to the interests of poor people is enhanced in chosen states and lessons disseminated widely	State level poverty reduction strategy in place and effectively implemented; MTEF in place and linking policy, planning and comprehensive budgeting; poor people report improved access to services; corruption levels decline by 50%; state and local governments support environmentally sustainable development plans.

Outputs /OVIs	Progress		Comments
	Activities Planned (period under review) From extension as focus of activities now changed	Actual (including comments if required)	Planned for next period
<p>1. Opportunities for accountable, open, responsive and well-understood state and local government and lesson dissemination:</p> <p>OVI:</p> <ul style="list-style-type: none"> - Accurate and timely information to the public - Auditor General I independent - Transparent policy processes and civil society (CSO) involvement - CSOs publish quality material to raise awareness - Legislature holds executive accountable - Elected reps hold regular meetings with public - Citizens understanding of rights improved - Policies and budget in response to the poor 	<p>More details as per the state log-frames and workplans are attached in the annexures for each state. It is difficult to present these in detail here, as they do not closely resemble the main log-frames in terms of a programme decision made in 2003 that each state will develop its own log-frame once it gets to implementation phase. This has occurred to some extent in Benue and Jigawa, but the drafts still have weak indicators. Nonetheless, the plans generally cover the following activities relevant to this output:</p> <ul style="list-style-type: none"> - Development of media strategies or strategies for engagement with civil society - Opening the 2004 budget process for public scrutiny in Enugu, but there are no clear similar plans in other states; - Computerisation and data improvement in all states to improve reporting and management - Procurement reform as part of the solid waste management project in Enugu - Preparing for retreats on PEM for executives, legislatures and officials 	<p>Information is still weak, although there have been a number of data improvement projects. Enugu has made fairly specific plans for an open budget process in 2003/04, but on the whole the information is patchy and budget processes still too discretionary to make engagement in the states particularly meaningful.</p> <p>Legislatures have not really been able to challenge executives, and in the case of budgets, governors have been able to spend without legislature sanction, as budgets have taken long to pass due to their weakness. On the whole, the weaknesses of budget processes have continued to hamper achievement of this output.</p> <p>Civil society engagement is generally low, although in Enugu it is part of the SRT and the level of CSO activity is relatively high compared to other areas, in any event. A major achievement has been the Hannu Daya programme in Jigawa, which has sought the opinions of ordinary poor people in rural areas on service delivery. All SLGP offices now produce media materials that publicise reforms, but it is not clear how internalised this is as yet in the state procedures and therefore how sustainable the publicity will be beyond the life of the SLGP.</p> <p style="text-align: center;">Score: 4</p>	<p>Planning for the next period is generally on hold as the various programmes are awaiting the outcomes of the JIR and this review. The provisional plans focus mainly on more training for legislators and officials; further data improvements, taking the outcomes of civil society studies forward.</p> <p>In terms of the recommendations of the review, it is best that detailed plans on the full range of activities are not developed, but that the primary focus in the course of 2004 should be the roadmaps for budget reform, and the formalisation of this in a partnership agreement.</p> <p>In all states, note has been taken of the NEEDS and SEEDS initiative, which holds potential to guide the orientation of policy and budgets towards poverty reduction. At this stage, this is in early phases, although the Enugu and Ekiti governments both have already set up dedicated ministries to engage with poverty related issues.</p> <p>Opportunities for civil society engagement with the budget processes in states and at federal level remain ill-defined and need attention, as does enhancing civil society capacity in this respect. This needs to be addressed in the context of SLGP and other DFID programmes.</p>
<p>2. Performance of the public service in state and local government improves</p> <p>OVI:</p>	<p>In all states data improvement has been on the agenda to facilitate a better understanding of issues in the public service; Benue set out to explore the role</p>	<p>The indicators show awareness in the programme design that this output is not merely about restructuring and the size of the public sector, but also about broader reform</p>	<p>The states are all prepared to engage in generic awareness raising activities, as well as data development, but they remain cautious about far-reaching restructuring. The</p>

<ul style="list-style-type: none"> - Performance improvement programmes developed for selected agencies by PY3 and priority elements implemented by EoP - Some legislation in place <i>by year three</i> - A more consultative relationship with the public; - Achieving improved professional standards by the end of the inception phase. 	<p>of the private sector; and in Ekiti and Enugu issue-based initiatives set out to involve private sector and civil society agents in service delivery, and to track delivery, procurement and management challenges. In Jigawa, an initiative was planned and has now started to reform the public service in line with Islamic values. Various surveys were also planned, both of public and public service attitudes to service delivery.</p>	<p>that is supposed to shape structures, processes, budgets and values. However, at its current stage of development, the programme has progressed in fragmented fashion on all fronts.</p> <p>All states remain reluctant to engage in far-reaching right sizing and restructuring and those who have stated commitment to reform have tended to focus on data improvement. In Ekiti, the previous government explicitly campaigned on the basis of not restructuring the civil service, but the elections of April 2003 brought to power a new government that has stated its intention to engage with the issues and challenges more explicitly. Jigawa's work on reform of the gratuity system and payroll reform was not all within the SLGP, but suggests a commitment to certain levels of change that could bring about further savings and efficiency gains.</p> <p style="text-align: center;">Score: 4</p>	<p>political risks of such reform is obviously high and would have to be addressed if the SLGP is to become a force assisting restructuring. Again, the suggested partnership agreement approach to budget reform might force to the fore critical fiscal realities that necessitate a review of the size and costs of the civil service.</p>
<p>3. State and local governments' resources allocated and managed in an efficient and sustainable manner OVI</p> <ul style="list-style-type: none"> - Effective accounting and auditing, reporting and scrutiny by PY3 - Comprehensive budget systems <i>by the end of the inception phase,</i> - Participation by line ministries and other stakeholders improved <i>by PY3</i> - Movement towards medium term budgeting and establishment of a new stabilisation mechanism <i>by PY4</i> - Improved integration of the 	<p>Planned activities have generally focused on public expenditure management awareness raising sessions with legislators and executives as well as key agents like PSs, Accountant General and Head of Service. In Jigawa, there has been a plan for designing and establishing a computerised Budget System for the Department of Budget and Economic Planning.</p>	<p>The generic work in most states has continued in raising awareness of PEM issues, and in Jigawa the computerisation of the budget has delivered progress. The fact that the 2004 budgets seem likely NOT to be balanced, suggest that this generic approach has not reaped sufficient benefits. Despite numerous awareness creating workshops and training, PEM assessments, and ongoing work in support of budgetary reform, budgeting remains a problem. Because of its key place in the achievement of other reform objectives, and the close link between sound policy reform and effective budgeting, it has become important to prioritise this work and set out clear parameters in terms of which it will proceed.</p> <p>A particular problem was experienced with the</p>	<p>Again, the likely repositioning of the programme calls for caution with planning too wide a range of activities, but in the case of PFM, PEM and budgetary reform the notion of roadmaps to drive a reform process around the 2005 budgets will be the key aspects. The roadmap approach reflects a greater sensitivity to political realities so that the PEM and PFM work is no longer merely approached in a technical manner.</p> <p>Specific attention should be directed at enhancing the opportunities for and ability of civil society to engage with the budget processes in states and at federal level.</p>

<p>recurrent and capital budgets by the end of PY6.</p>		<p>PEM assessment in Jigawa. Many of the activities for 2003 were carried over from the first 6 month plan, due to a number of factors that prevented their implementation during the period of the first plan. Many factors caused the slow down in implementation. Some of the major causes were difficulties in obtaining consultants for Public Expenditure Management work; the request by the Jigawa State government to delay Public Sector Reform until after the elections; the State and National elections themselves; the change of programme managers. Difficulties experienced in DFID funded projects attempting to collaborate over the Resource Centre.</p> <p>In Benue, it was notable that there has been no clear ceilings for budgeting in circulars to line departments</p> <p>In Ekiti the election of the new governor has opened the process of PEM reform. In December, the PEM assessment was still stalled because the PS would not give permission to access data. But the new government has shown considerable concern about the size of the state's debt and has initiated a process to examine the structure of debt and make recommendations, possibly to include a forensic audit.</p> <p style="text-align: center;">Score: 4</p>	
<p>4. Basic services, prioritised according to the needs of the poor, and effectively delivered or supported by states and LGAs</p> <p>OVI</p> <ul style="list-style-type: none"> - Priorities of the poor identified identified by the end of the inception period - Poverty monitoring and 	<p>All states have undertaken some form of analysis of poverty issues, but there is still relatively limited planning around specific service plans. In Enugu and Ekiti specific initiatives were launched to explore new delivery modes and reform systems for delivery through two issue-based service pilots. In Benue the plan was for development of a GIS in the course of 2003.</p>	<p>The most significant progress has been in the two service pilots in Ekiti and Enugu, and these could become models for further movement on the programme. They make it possible to track problems in the delivery chain, and provide levers for reform at critical points in that chain.</p> <p>Progress with the development of SEEDS in the states should bring poverty issues to the</p>	<p>While the SEEDS processes are in very early stages, they hold the key for policy refocusing on services that address poverty. The service pilots provide tangible ways of engaging with delivery questions at the point of delivery, and to address systemic problems and challenges from that vantage point.</p>

<p>analysis part of budget preparation and expenditure prioritisation by end of PY4</p> <ul style="list-style-type: none"> - Access of poor to service substantially enhanced by EoP; - Improved coordination between levels of government and other service providers 		<p>fore, and assist with the kind of prioritisation required to make the civil service responsive to the priorities of poor people.</p> <p style="text-align: center;">Score: 3</p>	
<p>5. Monitoring and evaluation systems developed and mainstreamed in state governments and LGAs</p> <p>OVI:</p> <ul style="list-style-type: none"> - Central M&E units developed and mainstreamed by PY3 - Priority sector units and systems rehabilitated by PY5 - CSOs capacity enhanced - Sustainable systems in place EoP 	<p>No activities planned</p>	<p>This is clearly a weak area, where the most significant work has been indirect – one SLGP manager explained that M&E systems can only be developed once there is progress to be evaluated. Therefore, there has been no progress other than early studies and use of logframes and six-month plans for monitoring progress of the SLGP itself, and also not of the wider system of governance.</p> <p style="text-align: center;">Score: 5</p>	<p>Neither the M&E Units in government nor the civil society capacities to ensure external monitoring have been put in place. Programme partners and SLGP managers generally maintain that this aspect only becomes achievable once reliable information exists, so that some see the data improvements undertaken as “groundwork” for M&E systems. The flexibility that came with adopting a process approach has also made monitoring in terms of the logframe difficult, and earlier consultant reports have highlighted the need to attend to the challenges this poses as the programme is refocused and adjusted according to new circumstances. The Review Team is of the view that this review and the Joint Inception Review provide an appropriate point at which to undertake such a review of the monitoring and evaluation framework</p>
<p>6. Programme lessons effectively disseminated to FGN, other states, LGAs, CSOs and donors (including DFID)</p>	<ul style="list-style-type: none"> - Various state-level publications - Programme wide management meetings and reporting - LRCs 	<p>The managing consultants have established important processes and products – there have been interstate exchanges and overseas visits, while the programme managers meet regularly and are in frequent contact with the programme coordinator based in Abuja. The well-prepared newsletters of the respective state programmes and progress reports at different levels reflect a good deal of success in reporting information and lessons from the programme, both to partners and to a wider</p>	<p>There has been activity, but there is room for improvement and this can best be done with changes to the programme structure. This is not the result of any failures on behalf of the management or partners of SLGP, but it reflects a built-in structural constraint of the state focus. While lesson learning is a strategic objective, there is little incentive in the programme management system to engage in systematic sharing of information and analysis of lessons beyond the immediate</p>

		<p>audience. There has also been strategy development about media and dissemination. The Solid Waste initiative in Enugu has received particularly high-profile coverage.</p> <p>However, it has not been possible to ascertain how effectively this dissemination reaches key target groups and they have transcended state boundaries periodically, rather than systematically. The team gained the distinct impression that change is needed to increase the levels of lesson-learning.</p> <p style="text-align: center;">Score: 3</p>	<p>locations of SLGP initiatives. Because the links to processes in the wider Nigerian policy environment are not intrinsic to the state-focused nature of the programme design, lessons are not packaged and managed for lesson learning beyond the SLGP. There are at least three possible dimensions to a strategy to address these shortcomings:</p> <p style="padding-left: 20px;">An issue-based orientation would facilitate links with other donor programmes, in DFID and beyond, and provide an incentive for wider engagement in the Nigerian policy arena. If the federal-level focus of the SLGP is strengthened, it should add momentum to dissemination over a wider front than the existing focal states.</p> <p style="padding-left: 20px;">Refocusing of state programmes purposefully to enhance their regional and national reach could overcome the tendency to focus on the limited context of focal states. This requires a change in orientation, a move away from that the focal states idea, and possibly relocation of some SLGP offices.</p>
<p>7. Effective programme management and systems established and operational OVs</p> <ul style="list-style-type: none"> - Programme staff recruited and equipment procured on schedule - SIT constitutes and operational - National and international consultants recruited as needed - Mechanisms for stakeholder participation established by end of inception phase - Activities and outputs delivered 	<p>In the past year, two state manager positions had to be filled, the reporting system was adjusted to a 6-monthly workplan based one, reported on quarterly and the recruitment of more Nigerian consultants was a specific goal after IR1</p>	<p>Since IR1, the system of reporting and budgeting has changed to improve the programme's ability to respond flexibly to local development initiatives, without weakening expenditure control. This flexibility will be a critical asset if the recommendations for an issue-based approach that is not narrowly confined to focal states are accepted. The flexibility is a result of introducing a six-month work planning system. Work plans are developed jointly between the programme and relevant stakeholders and then mediated with the other programmes under the guidance of the DFID State Coordinator to enhance</p>	<p>The managing agents have performed well, not only in directing and controlling resources, but also in creatively engaging with the complex contexts and challenges that face this programme. The major shortcomings have been the lack of civil society engagement in governance structures in several states, and the slow progress on M&E orientated state initiatives. Lesson learning and policy management can be improved with a more federally orientated and more flexible state orientation, which moves away from the narrow focal state approach..</p>

<p>on time and within budget</p> <ul style="list-style-type: none"> - Quality progress reports on schedule 		<p>synergies between the DFID programmes. DFID then considers and approves the following six months of funding against these plans. Progress is evaluated towards the end of the period and the results fed in to the development of the next period's plan. The ability to respond flexibly was proved by the arrangements to accommodate this review, extending the latest plans from September to December 2003 to allow for longer-term commitments only once the review outcomes had been considered, and for achieving greater synergy with PATHS and Governments' own planning cycles.</p> <p style="text-align: center;">Score: 3</p>	
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General progress assessment - Project Purpose	4
Justification	
<p>The Review Team has a qualified verdict on progress made and the mode for moving forward. Despite greater understanding of budgeting issues, all four states still show major shortcomings in their budgets with unrealistic revenue and expenditure projections and continual cash based financial management. This is a major impediment to reform and the Review Team therefore proposes important changes in approach to tie down reforms on a mutually agreed basis as a basis for moving forward. On the other hand, albeit with flaws, poverty reduction, SEEDS and Public Expenditure Management have all received renewed attention, and some progress has been made. More recently, service delivery pilots have come onto the agenda, specifically in Ekiti and Enugu. The political climate has become more favourable after the April 2003 elections, notably in Ekiti where a more reformist government is now in power, and also in Enugu especially where the governor has renewed determination to leave a reform legacy after his second term. Moreover, there is new momentum at federal level where the President has initiated a new drive for reform and has taken some risk through the appointment of a new reform team and adoption of a few important new policy directions, especially the decision to develop NEEDS. The scoring of 4 is not a reflection on the SLGP managers, but rather the result of problems inherent in the programme structure, especially the focal state approach and the emphasis on generic capacity-building, without engagement with the politics of development. Dealing with this requires a programme more able to move across the tiers of government, especially to enable greater federal level involvement, not confined to only four focal states, and much more tightly directed at a systematic roadmap of reform. Comprehensive withdrawal from the focal states is not needed, and the programme as a whole must be acknowledged as a flagship for systemic reform, but it cannot be business as usual and it needs to undergo some structural changes.</p>	
General progress assessment - Project Outputs	<p>Output 1 = 4 Output 2 = 4 Output 3 = 4 Output 4 = 3 Output 5 = 5 Output 6 = 3 Output 7 = 3</p>

Justification

The assessment in this first annual review has resulted in an average score of '4' which indicates that performance can be significantly improved. The primary concerns are about the focal state approach, which has limited the policy impact of the programme across Nigeria, and has also made lesson learning difficult, and the selection of the states has not necessarily been an accurate reflection of reform prospects. A wider spread of activities across more states, and with more federal engagement will go a long way towards redressing these weaknesses. Moreover, issue-based projects, such as those started recently in Enugu and Ekiti offer a way of engaging more practically and pointedly with the challenges of service delivery and systemic change. It must be acknowledged that change was never going to be easy, and the process henceforth needs to take that into account.

PART B.

Purpose /OVIs	Progress	Comments

Attribution

Purpose to Goal
There is no intrinsic weakness to the purpose statement; it serves the goal of the SLGP. The obstacles to achieving the goal and purpose have tended to be about the narrow focal state application, and a decision to work in more states and at federal level should help redress many of the limitations.

DOES LOGFRAME REQUIRE REVISION?
Yes, at least at output level to reflect a greater emphasis on federal engagement and working in non- focal states. The original logframe is already not fully in use, after a 2002 decision that each state would develop its own logframe and workplans to reflect the decentralised basis of the programme. Furthermore, the OVIs need to be 'Q,Q,T'. The risk analysis needs to be updated and the corresponding assumptions presented at the correct level in the logframe, and should reflect in particular the political risks that have become clearer four years after the return to civilian rule.

DO PIMS MARKERS REQUIRE REVISION [Mandatory for projects approved prior to 1.4.98]
No

Quality of Scoring
<p>The scoring is subjective and highly quantitative due to:</p> <ul style="list-style-type: none">▪ The weak definition of the OVIs▪ The variable quality of the logical frameworks, and different stages of progress on logframe development in the states.▪ The insufficient attention paid to implementing an adequate monitoring and evaluation system for the programme▪ The variations in the interventions adopted by each state to achieve the general level outputs

Lessons learned, and suggested dissemination
The major lessons are that the focal sub-national approach has hampered the wider use of SLGP resources to the benefit of wider audience. The structure of the programme provides incentives to work in the focal states, so that wider dissemination is difficult to achieve. It has also curbed the programme's engagement with federal level policy processes. Another lesson concerns the limitations of generic capacity building in politically complex environments. There have been significant political hindrances to progress, and opting for technical solutions, and building technical capacity, can at most engage with those challenges partially.

Part C

Key Issues / Points of information
The major issues are a move away from the focal state approach towards a more flexible selection of locations, as well as greater federal level engagement. It is necessary too to undertake more issue-based work and less generic capacity-building. The programme would also be served by a stronger level of political analysis, as the issues of change at stake are profoundly political and cannot merely be engaged with at technical level.

Recommendations	Responsibility	Date for completion
<i>A flexible framework has to be created for the programme to operate beyond the current states, and to engage more pro-actively and relevantly at federal level.</i>	DFID, FGN & MC	March 2004
<i>Particular areas for support are NEEDS and SEEDS processes, pursuing the agenda for economic growth through these strategies as well as through other policy engagements, assistance to regulatory change and through initiatives combating corruption.</i>	DFID, FGN, MC, partner states	Ongoing
<i>Engagement with additional states should be decided on proven planning and resource commitment to budgetary reform and the development of poverty reduction strategies (SEEDS). It is also imperative that partner states have or are in the process of establishing inclusive vehicles for reform.</i>	DFID, MC	Ongoing
<i>In the context of such changes, the division between inception and implementation phases outlined in the Programme Memorandum has become redundant and should be replaced by a process of selection and engagement that fits the revised programme orientation to extend more widely across Nigeria, and that is flexible and measured on the basis of specific issues and activities. In essence this would entail partnership agreements between DFID and state governments, stating the expectations from both sides and their contributions to the engagement, and providing for clear milestones.</i>	DFID, MC, Focal states	March 2004 for agreement; January 2005 for meeting targets
<i>This means that the next phases in Enugu and Ekiti – both up for ‘inception review’ – need to be decided subject to a partnership agreement on a roadmap for reform, possibly including a roadmap for approval of balanced budgets in 2005. Agreement also needs to be reached about the level and focus of future engagement in Benue and Jigawa.</i>	DFID, MC, Focal states	March 2004 for partnership agreements; possibly January 2005 for meeting budget process targets
<i>New concerted effort is needed to align the SLGP with the revised DFID-Nigeria CAP, the MDGs and SDA and PSA targets; and to ensure the programme engages effectively with a number of crosscutting issues – HIV/AIDS, gender, conflict, the environment.</i>	DFID, MC	Programme documents: April 2004 Process thereafter ongoing

<i>With DFID, the SLGP has to explore how it can enhance synergy with other DFID and donor programmes: it is suggested an issue-based approach would bring to the fore opportunities for such cooperation, whilst the new team approach within DFID provides a potentially useful vehicle for enhancing synergy.</i>	DFID, MC	Ongoing
<i>Specific action needs to be taken to ensure the SLGP and other DFID programmes continuously monitor their political context, so as to facilitate continuous flexibility and relevance. This will enable the programme to focus on the politics of reform, and not merely the technocratic aspects of public sector and financial management.</i>	DFID, MC	Ongoing
<i>These changes will require a certain level of design work, but not necessarily goal or purpose level changes.</i>	DFID	April 2004
<i>DFID-Nigeria would need to clarify the contractual permutations of a revised programme orientation, in the context of the overall outcomes of the JIR process</i>	DFID	May 2004

Review team:	<ul style="list-style-type: none"> - Consultants: Chris Heymans (GHK International), Job Mokgoro, Onyukwu E. Onyukwu and Carol Pretorius, (independent) - DFID-Nigeria: Richard Butterworth, Fiona Duby, Liz Gaere, John Leigh, Darren Newman, Jasmine Nsofor, Chris Pycroft and Sam Unom .
People met:	<p>The team met with the State Reform Teams in Benue, Enugu and Ekiti and the Bureau of State Reform in Jigawa, as well as the SLGP managers and DFID state coordinators in each of the four focal states, and key DFID officials in Abuja and at state level . There were also several meetings with civil society spokespersons at state and federal level. High level political meetings also occurred, notably with the governor of Enugu, the Hon Chiaroke Nnamani, the deputy governor of Jigawa, Hon Ibrahim Hassen Hadejia, the Chairman of the House Committee on Business & Rules/ Member Committee on House Services in Benue, the Hon. Timothy T. Lorchor (JP).</p> <p>The key federal interviews were the Hon Minister of Finance, Ngozi Okonjo-Iweala; in the Federal Capital Territory, the Hon Malam Nasir Ahmad el-Rufai, Minister, Dr Abdu Mukhtar, Special Assistant to the Minister and Ms Aishetu Fatima Kolo, Special Assistant to the Minister; in the Office of the Head of Civil Service of the Federation, Mr O O Oyelakin, Permanent Secretary, Management Services, Mr \C C Cornel Obi, Director, Management Inspectorate Dept (and nominal Head of the PSR Team), and Mr Tunji Olaopa, Deputy Director (Head, Technical of the PSR Team). In meetings with the World Bank, the team met with Dr Victoria Kwakwa, Senior Economist, Dr Manga Kuoh, Senior Public Sector Management Specialist and Mr Greg Nzekwu, Public Sector Specialist.</p>

Scoring system:

1 = likely to be completely achieved

2 = likely to be largely achieved

3 = likely to be partially achieved

4 = only likely to be achieved to a very limited extent

5 = unlikely to be realised

x = too early to judge extent of achievement