

**Department for International Development**

**Republic of Nigeria**

**Federal Capital Territory Administration  
State Governments of Jigawa, Kaduna,  
Kano, and Lagos**

**State and Local Government Programme**

**Annual Review**

**Draft**

**September 2007**

## Contents

<b>Section</b>	<b>Page numbers</b>
<b>Executive summary</b>	1
<b>1. Introduction</b>	
Background	2
Approach to this review	2 - 3
Structure of the report	3
Acknowledgements	3
<b>2. Achievement of Outputs</b>	
Summary	3
Implementation of the 2006 review's recommendations	3 - 5
Main observations	5
<b>3. Progress Towards Purpose</b>	
Assessment	6 - 7
<b>4. Programme Management</b>	
Proposed deliverables by June 2008	7 - 11
Donor coordination	11 - 12
Programme management and the issues for SPARC	12 - 13
Risk	13
<b>5. Recommendations</b>	
Action plan	14 - 15
<b>Annex</b>	
A    Terms of Reference	16 - 19
B    List of People Met	20 - 21
C    Annual Review PRISM Report	22 - 33

## Abbreviations

BC&CoA	Budget Classification and Chart of Accounts
CBO	Central Budget Office (in FCTA)
CIPOGG	Coalition for Issues-Based Politics and Good Governance
CMD	Centre for Management Development
DFID	Department for International Development
EC	European Commission
EXCO	Executive Council
FCTA	Federal Capital Territory Administration
FEEDS	Federal (Capital Territory) Economic Empowerment and Development Strategy
IBP	Issues Based Project
IFMIS	Integrated Financial management Information System
LEEDS	Local Economic Empowerment and Development Strategy
LLR	Lesson Learning and Review
LMDGP	Lagos Municipal Development and Governance Programme
LS	Lead State
MoEP	Ministry of Economic Planning
MoF	Ministry of Finance
NEEDS	National Economic Empowerment and Development Strategy
SEEDS	State Economic Empowerment and Development Strategy
SGCBP	State Governments Capacity Building Programme (World Bank)
SHA	State House of Assembly
SLGP	State and Local Government Programme
SPARC	State Partnership for Accountability, Responsiveness and Capability
SRIP	Support to Reforming Institutions Programme
TA	Technical Assistance
USAID	United States Agency for International Development

## Executive Summary

1. The State and Local Government Programme (SLGP) has continued to build on the progress that was assessed during the 2006 annual review. Momentum has been sustained through a period of elections in the earlier part of the year and there are positive signs that the new administrations have an increased 'appetite' for reform. SLGP is well placed to help the new state governments take forward their reform agendas.

2. Significant achievements during the last year include the following:

- Continued implementation of the development plans (FEEDS, SEEDS and LEEDS) and the adoption of a community scorecard approach to measuring progress
- Success of issues-based projects in demonstrating alternative service models (such as Wudil in Kano State) and also in mobilising civil society participation in development activities
- Beginnings of a structured, evidence-based and comprehensive approach to public financial management reform; the northern states of Jigawa, Kaduna and Kano are taking the lead with SLGP support
- Progress with drafting costed, medium term sector strategies in education and health that will help to strengthen the budget formulation and resource allocation processes.

Informed by progress in these and other areas, identified during this review, the programme is scored as a '2', concluding that Purpose and Outputs are likely to be largely achieved by the end of the programme in June 2008.

3. Despite the progress made, challenges remain. Donor coordination continues to be problematic despite the best endeavours of the development partners including DFID, World Bank and European Commission. The programme remains a high risk venture; a new risk is emerging with the transition between the conclusion of SLGP and the start of its successor programme, 'State Partnership for Accountability, Responsiveness and Capability' (SPARC), scheduled for the first half of 2008. Any significant delay in mobilising SPARC will result in a loss of momentum.

4. There are a number of areas where technical improvements to SLGP implementation can further enhance the programme's performance. A number of detailed recommendations have been made and these are listed in Section 5 of the report, at page 14, in the form of an Action Plan.

# **1. Introduction**

## **Background**

1.1 The State and Local Government Programme started work in 2001 and is working currently in the following 6 states:

1. Jigawa (since 2001);
2. Enugu (2002);
3. Federal Capital Territory Administration (FCTA – 2004);
4. Lagos (2005);
5. Kano (2005);
6. Kaduna (2006).

In addition, SLGP has a SEEDS National component which works with federal agencies that have the potential to incentivise better governance at State level.

1.2 The purpose of SLGP is to enhance the capacity and effectiveness of federal, state and local government to manage resources and support service delivery in response to the interests of poor people. The outputs focus on:

- Inclusive policy processes that promote effective use of resources;
- Improved budget and fiscal management;
- Improved service delivery, including monitoring systems and human resource strategies;
- Stronger links between government and civil society, and greater transparency; and
- Issues-based projects, which use improvements in specific services to promote broader institutional change.

An Annual Review in 2006 concluded that the programme would mostly achieve its outputs and purpose and scored a '2 = likely to be largely achieved'. The programme end date has been extended on two occasions, in 2006 and most recently in 2007. The current programme end date is June 2008 when the planned successor programme, State Partnership for Accountability, Responsiveness and Capability (SPARC), is expected to be in place.

## **Approach to this review**

1.3 This annual review was completed between 31<sup>st</sup> July and 9<sup>th</sup> August 2007. The review team comprised Richard Butterworth, Renwick Irvine and Scott Caldwell (DFID Governance Advisers), Lindsey Block (DFID Economic Adviser) and Ken Robson (consultant). The objective of the review was to assess progress in delivering the outputs as set out in the programme's logical framework and to judge the extent to which programme purpose and goal will be achieved by June 2008. Specifically the review focused on a short evaluation of the following:

- Progress against programme deliverables (as set out in the revised programme memorandum approved by the Secretary of State in 2006);
- Lessons learned to-date, under the headings set out in the PRISM format (Working with partners, Best Practice/Innovation and Project/Programme Management);
- Sustainability of reforms through the recent political transition, and after SLGP;
- The performance of the programme managers; and
- Risks and assumptions including mitigating measures.

The detailed terms of reference for the consultancy input is copied at Annex A.

1.4 In addition to meetings at national level and FCTA in Abuja, the Team visited the State Governments in Jigawa, Kaduna, Kano and Lagos. The list of people met is included at Annex B.

### **Structure of the report**

1.5 Following this introduction, the review report is structured as follows:

- Achievement of outputs;
- Progress towards purpose;
- Programme management; and
- Recommendations.

In addition at Annex C, DFID's PRISM report is included which provides greater detail of the Team's findings and recommendations.

### **Acknowledgements**

1.6 The Team is grateful for the contributions from the Government officials met during the review; particular thanks are due to the SLGP Implementation Managers and Teams for arranging and supporting this exercise.

## **2. Achievement of Outputs**

### **Summary**

2.1 The Team's detailed commentary on progress towards achieving the programme's outputs is presented in the PRISM report at Annex C. The purpose of this section of the report is to highlight the overall score at output level and to emphasise the main findings.

2.2 Performance does vary across the Outputs but the conclusion is that, in aggregate, the programme scores '2 – likely to be largely achieved'; an assessment consistent with that of September 2006.

### **Implementation of the 2006 review's recommendations**

2.3 The 2006 review made several recommendations which, in large part, have been adopted in the subsequent year. A summary of progress is presented below.

**Table 1: Implementation of the 2006 review’s recommendations**

Recommendation	Action
<p>Within each partner state, SLGP should support officials to document and share lessons from the range of reform initiatives undertaken, particularly as an aid to briefing post-2007 administrations.</p>	<p>A comprehensive programme of documenting lessons learnt is close to completion. Largely a consultancy resourced exercise, as yet it has not been used as a briefing aid to the new administrations</p>
<p>A new role for the SEEDS National component, to facilitate the sharing of good practice between states, and between federal and state governments. This should include, but not be restricted to, sharing the experience of reforms supported by SLGP.</p>	<p>Lesson Learning and Review (LLR) adviser recruited and a number of reviews and lesson learning workshops undertaken.</p>
<p>SLGP should prioritise support to the planning and implementation of a conditional grant mechanism for states, as part of the plans for the use of debt relief savings in 2007.</p>	<p>Fully achieved – the CGS launched in July 2007 and SLGP in addition providing support to states in preparing their submissions (Kano, Jigawa and FCT)</p>
<p>SLGP should support partner states to develop an overall reform framework, particularly in public financial management, to assist states to coordinate donor activities.</p>	<p>Significant progress made with the design of PFM reform programmes (Jigawa, Kano and Kaduna). No sign of progress with design of comprehensive public sector reform programmes.</p>
<p>SLGP should pilot (in some states) and disseminate emerging models of support for reform of Local Government. These pilots should combine support for pilot LGAs with systemic reforms to State-level constraints on the operation of LGAs.</p>	<p>Progress in Jigawa on Challenge Fund. However still early days but is seen as potential entry point into State-level constraints. LLR captured lessons thus far on working with local governments.</p>
<p>SLGP should, where appropriate, seek to collaborate with PATHS and CUBE in developing costed sector plans (as has already been done in Enugu).</p>	<p>Work on-going in Kano, Jigawa and Kaduna. Objective for Kano and Kaduna is to have costed sector strategies in time for 2009 budget preparation.</p>
<p>DFID should provide clearer guidance on its future strategy in Jigawa and FCTA.</p>	<p>Jigawa confirmed as having lead state (LS) programmes (but not yet LS status) with continued engagement into SPARC post mid 2008.</p>
<p>SLGP should start preparing now for the political transition in 2007.</p>	<p>In the event the political transition proved to be of little disruption to SLGP implementation with the new governments expressing greater support for SLGP objectives</p>
<p>SLGP should support officials in partner states to prepare technical briefings for incoming administrations.</p>	<p>There was no demand for this in a structured basis. Informal briefings provided by SLGP to senior officials on request. At FCTA SLGP supported preparation of handover documentation for then new administration outlining reforms to date.</p>
<p>SLGP should be selective in its response to requests to review or update SEEDS.</p>	<p>All the states visited during this review are updating their SEEDS 1 plans with varying</p>

	degrees of effort. SLGP is being very selective in its assistance to this process recognising that the deadlines are very short and that fundamental weaknesses remain in the planning, resource allocation and M&E processes. SLGP will assist all states to design a longer term programme to strengthen implementation of SEEDS processes
SLGP and DFID should jointly review the national adviser roles.	Under continuing review
SLGP should source some more regular international advisory input in public financial management, on a call-down basis, to ensure state PFM planning work is consistent with international best practice.	Progress has been made by SLGP to identify key specialist PFM inputs (IFMIS, PEFA). Later this year a 'panel' of advisers will be formed to advise on priorities and approaches to PFM reform
DFID and SLGP should agree modified management arrangements to manage the final year of the programme, which should include more regular visits by DFID advisers to each state programme.	Regular visits to states by DFID Advisers. Clear engagement for final year now in place.

## Main observations

2.4 A broad characterisation of the programme's progress in the last year can be formulated as follows:

- Strategy and policy inputs to the SEEDS process are the most extensive and successful to date of the wide range of interventions
- Strong relationships between programme managers and key stakeholders in state civil service have supported a relatively smooth transition where there has been a change of political leadership following the election in May
- Adoption of structured reform plans are starting to emerge, particularly with regard to PFM
- In contrast, civil service reform, with the exception of a few successful initiatives, is not a priority for governments
- Engaging with groups and organisations outside Government has proved challenging in most states, and little progress has been made, except in Lagos and FCTA
- Service delivery improvements are evident on a minor scale and only then through SLGP's investment in IBPs
- An extensive effort has been successful in capturing the lessons learned; however further effort is needed to encourage the 'take up' of these experiences within and across the lead states and nationally
- Not only does performance vary across outputs but also across states, with the 'northern alliance' of Jigawa, Kaduna and Kano notably accelerating their efforts, and a consolidation of earlier activities in Enugu.

### **3. Progress Towards Purpose**

#### **Assessment**

3.1 The Purpose of SLGP is to enhance “the capacity and effectiveness of federal, state and local government to manage resources and support service delivery in response to the interests of poor people”. The essential building blocks, in terms of credible reform plans, are being put in place. All of the new administrations are embarking on a review and updating of their respective development plans (FEEDS and SEEDS). They acknowledge the limitations of the first round of plans in terms of the unrealistic and unaffordable targets. Although working to tight deadlines for the publication of the updated plans, there are positive features to the current process:

- Adopting a more structured and consultative approach
- Prioritisation to be more evidenced based
- Recognising that the development planning process will need strengthening on an ongoing basis over the life of the plan.

3.2 In addition to the development planning process, there are important signs that a structured and comprehensive approach to public financial management (PFM) reform is being embraced by a number of the states. Public expenditure and financial accountability (PEFA) assessments have been completed and the analyses, together with the results of the SEEDS benchmarking, are informing the design of the PFM reform programmes in Jigawa, Kano and Kaduna. A series of policy and strategy reviews in Enugu have facilitated a candid, civil service led assessment of progress over the last few years, which may ultimately lead to a realistic PFM reform plan in Enugu as well.

3.3 There is a sense that with the new administrations there is a stronger ‘appetite’ for reform; certainly the reform momentum has been sustained through the political transition. SLGP is narrowing its boundaries and starting to consolidate on fewer and potentially more rewarding reform themes. PFM is the main example of this consolidation and perhaps for the first time there are positive signs that reform can be embedded in the mainstream of the political agenda within some of the states especially those in the ‘north’.

3.4 Although not directly supported by SLGP in every case, there has been significant progress with the development and implementation of computerised payroll and pension systems. These new systems have contributed to significant reductions in ghost workers, enhanced controls over payroll and pensions, and better information on the magnitude of pension liabilities. Whilst significant issues remain to be resolved these initiatives demonstrate an increased commitment to better management of government resources in the states concerned.

3.5 Two areas continue to prove a challenge: engagement with, and by, the local governments in the LEEDS process and opening up the demand side through enabling the increased voice of the public to articulate needs and hold governments

accountable. SLGP has assisted a selection of local governments to prepare LEEDS documents but, for a number of reasons, their implementation has been stalled. The interface between state and local governments remains problematic and complex.

3.6 Similarly, the transparency and communication theme has not made the intended progress. Engaging with groups outside government has proved difficult in some states, not least due to the absence of well established and effectively functioning organisations representing the interests of wider constituencies for change. Where such organisations do exist (particularly in Lagos), and where there is a will within government to consult the wider community (particularly in FCTA), SLGP has been able to catalyse new ways of working between government and civil society. In Lagos, SLGP developed policy briefings for a Coalition for Issues-Based Politics and Good Governance (CIPOGG). The briefings were used to inform pre-election Town Hall Meetings, which the Governor-elect said had “raised the bar” of political debate in Lagos. This sort of government buy-in is more likely to occur when civil society coalitions and government are talking a common language on common issues, and the briefings helped to achieve this. In FCTA SLGP supported a variety of community and transparency initiatives, including Town Hall Meetings, and a Citizen Call-in helpline some of which are now fully funded by FCTA.

3.7 So despite the limitations, and recognising the substantial progress on adopting policy based, pro-poor development plans, the scoring at the Purpose level is ‘2 = likely to be largely achieved’.

## **4. Programme Management**

### **Proposed deliverables by June 2008**

4.1 During the Team’s visit to each State, the work plans to the end of the programme were reviewed. As a result of the Team’s findings, and following discussions with the respective Programme Managers, a list of deliverables was agreed (shown below) for the remaining period of the programme (SEEDS National to be agreed).

#### **Lagos**

1. Continued SEEDS training to include newly elected Representatives to the House of Assembly.
2. Review of LASEEDS1 and development of successor document by new administration reflecting priorities of people of Lagos State.
3. Ministry of Economic Planning and Budget capacity strengthened to improve coordination and monitoring of SEEDS and MDG delivery.
4. Generic MTSS guidelines produced and four MDG focused sectoral policies linking LASEEDS and MTEF delivered. The deliverable from this second phase will be the framework for a Medium Term Expenditure Framework for the period 2006 -2010.
5. Effective monitoring of MDG focused budget expenditure.
6. Public Finance Debt Monitoring Office capacity supported for improved debt management monitoring.

7. Commencement of implementation of the LSBIR medium term development plan.
8. Further improved State audit performance and action on State and Local Government Audit reports and review of performance.
9. Improved fiscal management capacity across Lagos LGs and LCDAs with coordination and linkage with State PFM agencies.
10. CRU of MOET will have a computerised and unified record keeping system being managed by a trained staff working towards agreed targets and objectives.
11. Development and implementation of the LASEEDS successor with improved public participation and demonstrated transparency and accountability.
12. LEEDS documents for all 57 LGs and LCDAs of Lagos State.
13. The Obalende Roundabout area will have been reclaimed back to local ownership and management through a process of coalition development between Local Government, State Government and the community stakeholders.
14. Coalition recognised and consulted by the new administration and its legislature.

### **Enugu**

1. Supporting policy development in Health and Education
2. Dissemination and training on the new Chart of Accounts
3. Support to the completion of the 2006 final Accounts
4. Presentation of findings and recommendations for Civil Service Reform
5. Implementation of HR database in one LGA
6. Ongoing support to 'Good Day Enugu' radio broadcasts
7. Three boreholes to completed and handed over, and rainwater collections system installed at Ikem
8. Facilitate the formulation and approval of an Enugu State Government water policy

### **FCTA**

1. Commencement and completion of FEEDS2
2. Commencement and completion LEEDS in all 6 Area Councils

This includes:

- Community sensitisation and consultations in FCT Wards
  - Workshops with the Area Councils to develop draft LEEDS
  - A LEEDS and FEEDS coherence process, including sectoral workshops to develop draft FEEDS2 targets and strategies
  - Translation of FEEDS2 into MTSS
  - Building the capacity of the new Department/ Unit that will take on FEEDS coordination
3. Commence and complete the 2008 Community Scorecard process
  4. Support to the implementation of the MDG funded gender mainstreaming strategy

5. Support to the implementation of the MDG funded M&E mainstreaming strategy (if a Social Development Adviser is identified to take it forward, now that Planning and Statistics has been dissolved)
6. Revise and strengthen the role of the CBO, including:
  - Its institutional location and responsibilities; encouraging the redeployment of a Director for the CBO; translation of CBO into a Department
  - 2008 budget process, including training on the template
  - Budget performance report (2006 and 2007)
  - Completion of the work to enhance revenue generation
  - Preparation of 2008 Fiscal Strategy
  - Enhanced and regularised financial reporting to the CBO
  - Analysis of the 2006 SEEDS benchmarking for PFM, and preparation of a roadmap for enhancing FCTA PFM processes
7. Commence and complete budget process re-engineering
8. Commence and complete capacity building on computerised accounts
9. Completion of the 2007 Dateline Abuja programme schedule, and ensuring that 2008 programming is within the FCTA 2008 budget
10. Analysis of the Dateline Abuja and Town Hall Meetings, to extend their rural reach
11. Support to the work to ensure the inclusion of rural communities and civil society in FEEDS2 and LEEDS
12. Work with the new Administration to enhance the sustainability of the reforms

### ***Jigawa***

1. Following completion of SEEDS II :
  - Facilitate workshop to reflect on experiences and to identify key areas for strengthening over coming years
  - Assist with drafting of capacity building plan (planning skills, information needs, M&E systems, MTSS costing, MTEF linkages)
2. Complete PFM reform plan and road map and facilitate approval and political buy-in
3. In collaboration with EU SRIP programme, complete work on:
  - BC&CoA
  - Mini-IFMIS (budget and general ledger modules)
  - Debt analysis
4. In collaboration with EU SRIP programme Assist with developing a plan to strengthen Debt Management Office
5. Complete forecast modelling study for the contributory pension scheme
6. Assist the State House of Assembly in the early stages of preparing a strengthening programme
7. Continue working with the Reform Bureau as the lead agency
8. If requested by government, assist in the design of a local government reform plan

## **Kaduna**

Kaduna is a relatively new state for SLGP. The next year should concentrate on laying foundations for future work rather than an ambitious plan to catch up with other states.

### 1. PFM reform:

- Chart of accounts – option 1: if requested by Government, provide hardware and software for capturing/translating 2008 budget into new classifications, ideally during the remainder of 2007 but this schedule may prove to be too ambitious. Steps required include:
  - Specify and install equipment
  - Prepare user requirements
  - Develop software
  - Undertake training
  - Help oversee implementation.

Option 2: if option 1 not adopted, provide training to convert 2008 budget into new classifications by end March/April 2008 as a learning exercise for full implementation during the 2009 budget timetable

- Introduce refinements/improvements to the Chart of Accounts and update the manual
- Provide short term inputs to advise on improved budget presentation for 2008 budget; also short term inputs to guide MoEP on new approaches to holding 2008 budget hearings to encourage more policy output and outcome based discussions
- Complete the design of the PFM reform plan by extending the horizon for implementation and by providing sequenced activities, linked to platforms, and substantiated by resource needs. Endeavour to obtain political buy-in to the plan
- Update the PEFA assessment in first quarter of 2008 and use this to further revise the PFM reform plan.

### 2. SEEDS:

- Review with Government the experience of SEEDS; assist with drafting a long term plan to strengthen SEEDS processes
- Reflect on the experience of the activity based budgeting/costing efforts and potentially agree a plan to take forward for future programmes.
- Fund publication and dissemination costs of SEEDS plan

### 3. PATHS:

- Dovetail work on Chart of Accounts with PATHS

- Continue to assist with preparation of MTSS<sup>1</sup> in health and education (also to include, water and agriculture but only if time and budget permits)

## **Kano**

### 1. PFM reform:

- Complete PFM reform plan and obtain political buy-in; explore value added of overseas study tour on PFM reform; possible destinations include Uganda, Ethiopia and Tanzania
- Complete IFMIS implementation
- Prepare a cash management plan for 2008 and agree a process for regular updating and monitoring
- Install DRMS and reconcile data with Debt Management Office
- Complete audit of bank accounts

### 2. SEEDS:

- Prepare and distribute guidelines on MTSS preparation
- Plan for MTSS preparation and implementation in MDAs: health, education, water, local government
- Support Ministry of Local government with development of its MTSS

### 3. Water resources:

- Facilitate the approval of the new water policy and draft legislation through Executive Council
- Assist Ministry of Water Resources plan for the roll out of the Wudil approach
- Prepare a DVD to publicise the success of Wudil IBP
- Work with WRWSI, KSG and LGAs to establish a suitable tariff for tap stands/household and commercial users and to determine the level of LGA subsidy.

## **Donor coordination**

4.2 Presently, SLGP is working alongside the following donors in its lead states on comparable reform activities:

- Jigawa – SRIP (EC)
- Kano – USAID, SRIP (EC)
- Kaduna – World Bank - SGCBP
- Lagos – World Bank - LMDGP

Although SLGP endeavours to coordinate with other programmes, especially SRIP and SGCBP, it is proving difficult to ensure consistency, to be complementary and to

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<sup>1</sup> It is not clear how the proposed demarcation between World Bank and DFID regarding MTSS and MTEF developments will operate in practice

avoid duplication. Furthermore, due to the flexibility of SLGP in responding to emerging and/or immediate needs of state governments, it runs the risk of becoming the 'donor of last resort' to which governments turn when other development partners are unable to meet their commitments on time.

4.3 For example, in Kaduna, SLGP funded the work on the budget classification and chart of accounts, originally targeted for the World Bank to support. This work has proceeded well and the State Government now wishes to start introducing the new approach into the 2008 budget process. Unfortunately it is unable to do so whilst it awaits the promised hardware and software from the World Bank. In Jigawa, where SRIP is getting established, there are potential overlapping activities with SLGP in such areas as SEEDS development, the preparation of policy-driven budgets, implementation of IFMIS and debt management. SLGP are liaising with SRIP in an attempt to coordinate the support provided by the two programmes.

4.4 Kano State Government is considering the initiative to establish a department charged with the responsibility for donor coordination. Whilst this is a laudable step, it is unlikely on its own to improve coordination. A structural response to the challenge needs to be complemented by a change in processes which place government in the leadership role, establishes the pre-eminence of a single programmatic approach to reform and which prescribes the appropriate modus operandi. The ways of working should include such features as agreeing partnership principles, memoranda of understanding and arrangements for progress reporting, monitoring and evaluation.

### **Programme management and the issues for SPARC**

4.5 There are two programmatic issues, already acknowledged by DFID and its contractor, which are relevant for SPARC:

1. DFID's role in direction and oversight and particularly the respective contributions of the Abuja and Kano offices; and
2. The function of programme coordination by the contractor's office in Abuja.

4.6 The role of DFID world wide in individual programme management is changing with a greater emphasis on monitoring results higher up the logframe at output and purpose levels with increased attention on monitoring risk. Responsibility for delivering at input and activities rests squarely with the contractor. DFID retains an important responsibility for ensuring value for money and contract supervision. In contrast, DFID Nigeria retains the behaviour of 'traditional' engagement at the lower levels in the logframe including providing approvals for proposed programme spending above a certain level for those activities not in the agreed six-monthly work plan. For SPARC, DFID will need to adopt a consistently strategic role, looking to influence governments' behaviour rather than to guide and/or police the work of the contractor. Approval of inputs and activities should be determined by the agreement of annual, rather than six-monthly, work plans and budgets; a process which involves the state government as well as DFID.

4.7 Programme coordination is an important function for such a complex programme as SLGP and its successor SPARC. In addition to completing programme administration tasks, including the discharge of contractual obligations such as

accounting and progress reporting, coordination involves also the setting and monitoring of standards. These standards relate to adopting consistent approaches and methodologies to designing and implementing reform activities. The standards involve also adopting best practice principles. For example, SLGP is helping to implement IFMIS<sup>2</sup> in Jigawa and Kano and consideration is being given to an extensive computerisation implementation in local governments in Lagos State. It is desirable that such processes follow a standard approach and comply with international standards for systems implementation<sup>3</sup>.

4.8 To help standardise approaches it is essential for the contractor to be resourced with the necessary subject specialist skills on a full or part time basis. In addition to information, communication and technology competencies, SPARC will require skills in the following areas: PFM, HRM, political economy analysis, procurement, change management and monitoring and evaluation.

## **Risk**

4.9 The programme remains high risk. However, the uncertainties around the recent national elections and the concerns about maintaining momentum have largely diminished. Indeed, in many ways the prospects look more promising as several new administrations are promising to redress the inefficiency and ineffectiveness of previous regimes. Legal redress is being taken by the national authorities against former State Governors in Jigawa and Enugu for alleged corruption.

4.10 A new risk is emerging; the transition to the new programme, SPARC, and the critical importance of the timing of the proposed handover scheduled for April to June 2008. Present work plans are programmed to end in May with all current and new activities intended to end at that time. If the start of SPARC is delayed, by more than say 3 months to July 2008 or later, there may be serious disruptions to DFID's support to its lead states. At best, there may need to be a further extension to the current contract, albeit with a likely focus on short term activities. At worst, there might be a gap between one contract ending and new arrangements starting later in 2008.

4.11 By no later than end November 2007, DFID will need to review its timetable for SPARC approval and mobilisation. If it looks as if the timetable is likely to be delayed beyond June 2008, consideration needs to be given to approving a no cost extension to the present contract.

## **5. Recommendations**

### **Action plan**

5.1 The purpose of this section of the review report is to pull together all of the recommendations made in the main text above as well as those made in the PRISM report at Annex C. Where possible, the presentation is in the form of an action plan with responsibilities allocated and suggested target dates for completion.

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<sup>2</sup> More precisely, implementation is limited to general ledger and budget monitoring functions

<sup>3</sup> Such as PRINCE or SSADM

**Table 2: Action plan**

<b>Recommendations</b>	<b>Responsibility</b>	<b>Target Completion Date</b>
As the PFM reform plans are finalised in Jigawa, Kaduna and Kano over the coming months, SLGP should advise state governments on the completeness and consistency of their plans.	SLGP Programme Managers	By no later than end December 2007
SLGP management to review SEEDS National component work plans and ensure continued focus on Conditional Grants Scheme, sharing of good practice, and measuring (and maximising) impact of the CMD training.	SLGP Programme Coordinator	30 September 2007
DFID and SLGP together to consider how to engage more strategically with the World Bank in Lagos and Kaduna where the Bank are also supporting substantial governance programmes.	DFID Governance Adviser and SLGP Programme Coordinator, with Lagos Programme Manager and DFID SW Regional Coordinator	30 September 2007
SLGP and DFID together should discuss with the MDG Unit whether it could pay for some consultants to provide similar support to states that are not SLGP partner states.	DFID Governance Adviser	Mid September 2007
SLGP should support partner States whose Conditional Grants Scheme (CGS) bids are successful to ensure that the necessary M&E arrangements are put in place. The flexible response fund could be used to fund this support but in doing so avoid the pitfall of committing to too much assistance.	SLGP Programme Coordinator and State Programme Managers	Ongoing
There should be no expansion in any of the states to the work on growth	SLGP Programme Coordinator and State Programme Managers	Immediate
Ownership and access issues relating to the HR/Payroll system in FCTA should be resolved.	FCTA Programme Manager	End December 2007
Appropriate institutional arrangements for the Central Budget Office (CBO) in FCTA should be considered and agreed with key stakeholders.	FCTA Programme Manager	End December 2007
SLGP should assist each state to develop a strategy for supporting SEEDS2 to ensure it is evidence based, has wide consultation and political buy-in. Where possible, this should be linked to MTSS's.	State Programme Managers	Ongoing
SLGP needs to provide continued support with helping Kano State Government to institutionalise the changes achieved at Wudil through (i) facilitating legislative reform by approval of water policy by EXCO and (ii) assisting with the planning of its replication in other semi-urban areas.	State Programme Manager	Ongoing
Replicating the mobilisation of community groups in other semi-urban water schemes and well-publicising	State Programme Manager	By end December 2007

Wudil is essential. SLGP needs to explore avenues for doing this.		
Decision of SLGP extension beyond June 2008 required if SPARC start date likely to be delayed	DFID Head of Office	No later than end November 2007

## **TERMS OF REFERENCE – ANNUAL REVIEW OF NIGERIA STATE & LOCAL GOVERNMENT PROGRAMME (SLGP)**

### **Objective**

1. To conduct the project's Annual Review (AR) as required under DFID's Performance Reporting Information System Management (PRISM), to assess the contribution and performance of the programme in the last year.

### **Recipient**

2. The Recipient of the services is DFID Nigeria.

### **Scope of Work**

3. The consultant will review progress of DFID's State & Local Government programme against its purpose and outputs as set out in the project's logical framework to assess the project's progress in delivering its outputs consistent with achieving its goal and purpose. This will include, but not be limited to, a short evaluation of:
  - i) Progress against programme deliverables (as set out in the revised project memorandum approved by the Secretary of State in 2006);
  - ii) Lessons learned to-date, under the headings set out in the PRISM format (Working with partners, Best Practice/Innovation and Project/Programme Management);
  - iii) Sustainability of reforms through the recent political transition, and after SLGP;
  - iv) The performance of the programme managers; and
  - v) Risks and assumptions including mitigating measures.
4. The consultant will also help DFID to score the project against its logframe outputs and purpose, and review the logframe itself and suggest possible revisions. Particular attention should be paid to key changes that have taken place since the 2006 review.
5. The consultant should pay particular attention to the issues set out in Annex A. These are either recommendations of the previous Annual Review (in 2006) or key priorities agreed in the extension to SLGP (agreed in 2006). Particular emphasis should also be given to the extent to which SLGP has facilitated greater opportunities for women, ethnic and religious minorities and other marginalised groups, in its support for reform.

## Method

6. During the mission, the consultant will work with 3 or more DFID Advisers. Responsibilities for key interviews and geographical coverage will be agreed at the beginning of the review.
7. At the beginning of the review the programme managers will present their summary of progress over the last year (31<sup>st</sup> July). Issues arising from this presentation that require special attention will be agreed within the team.
8. The team will then meet with a limited range of stakeholders in Abuja and in selected states where SLGP has been working in the last year. At the minimum, the review should cover Lagos, Jigawa and Kaduna States. A full evaluation of each component of SLGP is not required in this review.

## Timeframe, Outputs and Deliverables and Reporting

9. The review will take place from Tuesday 31st July to Thursday 9th August. Key outputs for the consultant are summarised in the table below.

Deliverable	Timing
Scoring project progress against log frame outputs and purpose using the standard PRISM template.	Draft for discussion 9 <sup>th</sup> August Final revised template 20 <sup>th</sup> August
Presentation of key findings of the review to DFID and SLGP.	9 <sup>th</sup> August
Report setting out the key issues in the review, and giving more detail on the recommendations in the PRISM template.	20 <sup>th</sup> August

## DFID Coordination

10. The coordinator for this consultancy will be Richard Butterworth, Governance Adviser, DFID Nigeria. After 23<sup>rd</sup> August, this responsibility will shift to Scott Caldwell, Governance Adviser.

## Team

11. One international consultant is required for this work. He/she will work alongside DFID Advisers in Abuja and Regional Offices.

## Skill Set and Experience

12. The consultant should have experience of DFID reviews, particularly of programmes working on public financial management or public service reform.

13. To maximise synergy with the design of subsequent programmes, the consultant should ideally have had involvement in the design of SPARC, the successor programme to SLGP.

## **Background**

14. DFID's project monitoring and evaluation guidelines require every project with a commitment level of £1 million and above to conduct an annual review. Guidance on the procedure for these reviews is attached.

15. The purpose of SLGP is to enhance the capacity and effectiveness of federal, state and local government to manage resources and support service delivery in response to the interests of poor people. The outputs focus on:

- Inclusive policy processes that promote effective use of resources;
- Improved budget & fiscal management;
- Improved service delivery, including monitoring systems and HR strategies;
- Stronger links between government and civil society, and greater transparency; and
- Issues-based projects, which use improvements in specific services to promote broader institutional change.

16. SLGP is one of a package of DFID programmes working primarily at state level. The others are the Partnership for Transforming Health Systems (PATHS), Capacity for Universal Basic Education (CUBE) and Security, Justice & Growth (SJG).

17. SLGP started work in 2001 in DFID's (then) four focal states. As a result of reviews of State programmes (particularly a Joint Inception Review at the end of 2003), and changes in DFID's strategy in Nigeria (including the development of a Country Partnership Strategy with the World Bank), SLGP has been required to change its partner states in the course of the programme. Existing partner states are:

- Jigawa (since 2001);
- Enugu (2002);
- Federal Capital Territory Administration (FCTA – 2004);
- Lagos (2005);
- Kano (2005);
- Kaduna (2006).

18. In addition, SLGP has a SEEDS National component which works with federal agencies that have the potential to incentivise better governance at State level.

19. The 2003 review found that poor budget setting and implementation constituted a major obstacle to the achievement of the project purpose, and recommended a different approach, based on analysis of the politics of reform as well as the technocratic aspects of public sector and financial management. In addition to capacity building, the Review recommended the use of issues-based projects, which use improvements to specific services as an entry point to broader systemic reform, to complement more traditional capacity building approach.

20. An Annual Review in 2006 concluded that the programme would mostly achieve its outputs and purpose, but that some of the indicators in the logframe needed to be revised to reflect more realistic outcomes for the life of SLGP. Previous reviews had concluded that some of the purpose indicators for SLGP were achievable, but would take longer than the life of SLGP to achieve, given the low base from which most governments in Nigeria were starting. However, logframe indicators (particularly in public financial management) had not been re-defined to reflect this. Indicators have now been re-defined in terms of tangible progress towards – rather than full achievement of – the targets in the original logframe.

21. A cost extension to SLGP was approved by the Secretary of State in 2006. However, delays in the timetable for approval of a successor programme required DFID Nigeria to apply for a further cost and time extension to the programme. At the time of these ToRs, this extension has been approved at Junior Ministerial level and is awaiting approval from the Secretary of State.

## **Annexes**

- Key issues for the Review – Annex 1.
- DFID PRISM Template.
- DFID Guidance on Scoring of Projects and Programmes in PRISM.
- SLGP Programme Memorandum and Logframe (2006 revision).

## List of people met

### Kaduna State Government

Zakari A Salihu	Accountant General Ministry of Finance
Abbas Y Sanusi	Director Final Accounts MoF
Lucius T Bossan	Deputy Director Final Accounts MoF
D Sankey	Director, Planning, Monitoring and Evaluation Ministry of Economic Planning
J Kure	Project Coordinator, SGCPB MoEP
P Bakam	Director Planning Research and Statistics MoEP
N Moses	Deputy Director, Department for International Cooperation MoEP

### Kano State Government

Aminu ?	Director Research? Director Final Accounts Director Debt Management
Simon	Director International Cooperation? Chief Executive Officer Wudil Association Director Water Resources

### Lagos State Government

#### FCTA

Hadiza Abdullahi	Director Establishment and Training
Ari Isa Mohammed	Director Administration and Finance, Education Secretariat
John Obiahu	Director Administration and Finance, Health and Human Services Secretariat
Mary Ishiya	Bwari Area Council
Kelvin Ike	FEEDS Focal Person, Social Development Secretariat
Olufemi Folarin	Head of P&S, Agriculture and Rural Development Secretariat

### SEEDS National

Mr Funso Esan	Director, National Plans Development Department, NPC
Dr Joseph Mayaki	Director General, Centre for Management Development

Mr Okeke Director, Economic Management, Centre for Management Studies

Dr Ijalo Dauda Director, Office of Senior Special Assistant to the President – MDGs

**SLGP Team**

J Sanchez	Programme Coordinator
D Morley	Kano Programme Manager
C Umebese	KADSEEDS Coordinator, Kaduna
J Barker	Lagos Programme Manager
E Jones	FCTA Programme Manager
M Walker	Jigawa Programme Manager
D Thomas	Lesson Learning
O Ugochuku	SEEDS
A Y Hamza	Programme Officer, Jigawa
Zainab Ibrahim	Technical Assistant, FCT
?	Kano office engineer
National consultant SLGP	Wudil IBP

**Others**

Dr R H Daude	SRIP Deputy State Coordinator Jigawa
M Kolawole	PATHS State Team Leader, Kaduna