

SPARC Report to DFID

**Abridged Annual Report for the Period
July 2013 to June 2014**

July 2014

sparc

The opinions expressed in this report are those of the authors and do not necessarily represent the views of the Department for International Development.

Section 1: Introduction

This is the annual report for the State Partnership for Accountability, Responsiveness and Capability (SPARC) for the year July 2013 to June 2014. The report is a description of work carried out during the year highlighting our achievements and challenges.

The year was billed as the year of delivery, given the next year will overrun an election period. The programme has delivered against this, recording progress towards outcomes and outputs much better than last year, and a milestone completion rate of 93% compared to 86% for last year.

Given the diverse nature of states, the year under report was both encouraging, looking at level of reform uptake and processes which seem to be becoming institutionalised, and challenging as the political landscape begins to heat up in the electoral run up. The five new SPARC states saw state governments keeping to our joint Agreed Intervention Approaches with them. Following elections in Anambra State a new agreement has been signed, whilst the agreement with Yobe was signed in June.

Progress across the original states has varied ranging from some improvement in budgeting systems, to better Medium Term Sector Strategy development, building on Monitoring and Evaluation processes already instituted and restructuring the civil service for enhanced performance. Some challenges encountered across most states hinged on delayed Executive Council approvals; delay in producing final accounts and auditor general's reports; low capacity for either establishing statistical offices or identifying qualified staff; deployment of ministry staff and political reshuffles; and passage of legal bills.

We faced particular challenges in Kano which led to a revision of our approach and management. A 17 point Action Plan was agreed between the state government and the Department for International Development (DFID) to help get the Programme back 'on track'. This has led to improved relations with Kano State Government and some movement of reforms.

Our delivery in Jigawa has significantly improved, justifying the position in response to the Annual Review which pointed to a dip in performance – in fact, governance reform in the state continues to be embedded, and the only dip in performance was related to SPARC milestone delivery, which was just 68% last year, remedied to 97% for this year.

Overall, our general typology of engagement approaches continues to hold, with Jigawa and Lagos exemplifying approach type A (going with the grain), states such as Enugu and Kaduna as approach type B (consolidating) and those such as Anambra, Katsina and Zamfara as approach type C (building foundations). Kano is now rebuilding foundations. Although the typology remains a factor in our strategic approach to planning and allocating programme finances, the programme has become much more state specific. Other factors are now built into the allocation of finances – such as an assessment of reform traction, and Value for Money, whilst the typology has been removed from our Logframe, which now considers each state separately.

SPARC has continued to work collaboratively with other programmes. In several states, we collaborated with the State Accountability and Voice Initiative on improving the oversight capacity and understanding of budget processes of the State Houses of Assembly. Support was given to the Education Sector Support Programme in Nigeria, the Partnership for Transforming Health Systems and the Growth and Employment in the States programmes on development of sector strategies. We continue to take the lead in coordination meetings to ensure that relevant information amongst programmes is shared to avoid duplication and improve synergy, and are an active member of the forum of programmes at national level.

During the year we underwent a DFID annual review. Three states were visited (Jigawa, Kano and Zamfara), and the review team met other state programme managers and the federal team and its partners to assess performance. The programme scored an **A+ overall** with output scores as follows:

- Output 1: Policy and strategy development, monitoring and evaluation processes improved – **A+** (moderately exceeded expectation);
- Output 2: State public financial management processes improved – **A+** (moderately exceeded expectation);
- Output 3: State civil service performance processes improved – **A+** (moderately exceeded expectation);
- Output 4: Federal support to state governance processes improved – **A+** (moderately exceeded expectation).

This is an improvement from the last annual review. The review made a number of constructive recommendations, and the programme has already implemented 60% of these.

Going forwards, DFID have made it clear that there will be a package of successor programmes in governance, and that an overlap is preferred. As such, given the lead time in preparing and mobilising a successor, DFID have requested us to extend to April 2016. Options have been presented to DFID, and it is now important for arrangements to be finalised. The extension will also enable the programme to attempt to transition reform into new administrations post election (rather than closing the programme just as new administrations are getting geared up). We would also benefit from further DFID support in the areas of state political engagement through their State Representatives; enhanced portfolio management at state level in line with State Engagement Strategies; and support for signature, monitoring and evaluation of Memoranda of Understanding / Development Cooperation Frameworks with State Governments.

Section 2: Major Achievements and Progress against Outcome Indicators

SPARC is supporting state governments to plan better and improve the management of public finances and staff, so they can deliver better services and improve the lives of citizens. This has been a year of delivery in all these areas – the programme is working harder than ever, and has delivered over 90% of milestones, more than any previous year.

Institutionalised Planning Processes

Several states have shown sustained improvement in medium-term planning and more effective linkage of policy, planning and budgeting. **Lagos, Kaduna** and **Kano** approved their first ever State Development Plans, whilst **Enugu, Jigawa, Niger** and **Yobe** are rolling over existing plans, and **Katsina** and **Zamfara** have put processes in place to develop them.

In total, 33 sector strategies have been developed or rolled over in the year. In **Jigawa** the government made budgetary provision of £8,000 for each sector roll-over. **Zamfara** produced its first ever health sector strategy and the 2014 budget was informed by this. **Enugu, Jigawa** and **Kano** have the most comprehensive set of strategies, covering five or more sectors and representing over 75% of government business.

Commitment for improved data systems and performance management reporting has increased and all states have undertaken Annual Performance Reviews whilst several states including **Kaduna** have passed Laws setting up the Bureau of Statistics. **Niger** continues to strengthen its own Statistics Bureau with extensive work on Key Performance Indicators and Results Based Management.

Strengthened Budgets

Solid progress has been made strengthening the budgeting processes across the states, and there is demonstrable evidence of the sustainability of multiyear budgeting in **Kaduna** and **Zamfara**, improved budget credibility in **Jigawa** and **Lagos**, and improved budget preparation processes in all other states. **Anambra** and **Niger** use sophisticated circulars calling for budget submissions within ceilings based on macro-economic forecasts.

States are now undertaking Economic and Fiscal Updates to determine resource availability, Fiscal Strategy Papers setting out resource use expectations, and Budget Policy Statements determining expenditure priorities as a basis for budget preparation. This is yielding results even in states such as **Kaduna** where budget realism has been a continual problem, and **Kano**, where the 2014 budget (whilst still overoptimistic) is 8% less than that of 2013.

All states have begun the process of converting accounts classifications in line with the new 52 digit National Chart of Accounts and International Public Sector Accounting Standards. All SPARC states have complied with the new process, whilst **Kaduna** is now in full compliance and **Yobe** actually prepared their 2014 budget on the basis of new codes.

Timeliness is improving in some states –in **Niger**, before the arrival of SPARC, budgets were generally presented late; since the programme begun, they have been presented on time

and before the end of the year. In **Lagos** the 2014 budget cycle adhered to the timetable, and produced a more realistic size of £1.8 billion, £62 million less than that of 2013.

Public Accountability

Transparency and accountability is steadily improving. **Yobe** produced their 2013 accounts for audit within four weeks of the end of the year. The audited accounts for 2012 were presented to the Public Accounts Committee, which is open to the general public and civil society, whilst the 1999 to 2012 accounts are publically available on the web site of the Auditor General. The Auditor General sends copies of the accounts to counterparts in the other 35 states of the federation. **Kaduna** continues to produce accounts extremely quickly, and in great detail, with their new Chart of Accounts, and these are publically available.

Partnership with the State Accountability and Voice Initiative continues to grow, and in **Kastina**, over 50 members of civil society and media were trained on budget realism and oversight. Similar partnerships have delivered important oversight sensitisation to the State Houses of Assembly in all states.

More states are improving procurement processes and systems. **Zamfara** produced its first ever Procurement Bill learning important lessons from **Jigawa**. **Lagos** with our support formed a Community of Practice with procurement officers, and the group published its first article in the first ever Procurement Journal for Lagos State. In **Anambra**, the use of a new Procurement Manual generated economy, efficiency and effectiveness resulting in a cost saving of around £20 million from 18 different construction projects.

We also supported the development and upgrading of a website for **Kaduna** which is now up and running with important government documents uploaded. Websites have also been supported in **Enugu, Jigawa, Kano** and **Zamfara**. Service Charters continue to be developed as a further means of encouraging accountability – these now cover thirteen sectors in **Enugu**; four in **Kano** and two in **Yobe**, whilst there are examples in all the other states.

Structured Government

Amidst the difficulties of civil service reform due to political considerations, our states are still making progress. **Kano**, which previously showed little interest in corporate planning, has indicated renewed commitment, and there is a new Reorganisation Plan for the Ministry of Planning and Budget. In **Kaduna** and **Enugu**, corporate planning rollout continues to make steady progress – during the year the process was rolled out to five additional ministries in each of these states with high level support from senior political office holders and technocrats.

The Ministry of Economic Planning has been reorganised in **Kaduna**, and a new Human Resource Management Department approved in **Katsina**, whilst **Zamfara** are establishing a new Ministerial Tenders Board. Work Processes have been established for tasks in the Ministry of Economic Planning and Budget in **Lagos**, mandates have been fully mapped across **Niger** and **Yobe** State Governments, and workforce analysis completed in **Kaduna**.

Attention to Gender and Social Inclusion

As part of our ever increasing commitment to gender and social inclusion we undertook a project with the Ministries of Woman's Affairs in five states to build capacity, focusing on

sector strategies and budgets. States included in the process were **Enugu** (agriculture and health), **Jigawa** (education and health), **Niger** (agriculture, education and health), **Yobe** (health) and **Zamfara** (health). **Jigawa** has also begun implementation of its gender policy.

A gender and social inclusion checklist is now being used to help ensure all planning includes delivery of results for women, girls and other disadvantaged groups. In **Kaduna** gender planning is mainstreamed in sector strategy development and supported by a community organisation called the Gender Working Group – they make sure girls’ needs are captured in education planning, by, for example, including building separate girls’ toilets or hostels. Pre primary enrolment has increased by 24% since 2010, and this has delivered results for an additional 22,615 girls.

In **Lagos**, as a result of Service Charters, there are now ramps in some ministries to cater for people with special needs, the Civil Service Rules have been upgraded for maternity and paternity leave, and the state has adopted guiding principles and policies on diversity, social inclusion, gender and disability.

Federal Incentives

Work on federal incentives for state reform continues at pace with the Conditional Grant Scheme, with 471 local governments now involved and a total of £378 million of debt relief finance disbursed so far, with good governance criteria still being used to control release of funds and implementation of projects. Although there has been a political rift in the Nigeria Governors’ Forum, we remain committed to this as it has the potential to be a major force for change after the next election. For example, in **Anambra**, the State Peer Review Mechanism was instrumental in encouraging the Governor to conduct Local Government elections for the first time in over twelve years. We have continued working with the Nigeria Governors’ Forum, and in particular its flagship State Peer Review Mechanism, which is complete or near completion in **Ekiti, Jigawa, Niger** and **Rivers** as well as Anambra.

Good Governance Replicated

Extensive replication efforts were made in the year and our innovative ‘ASK’ help desk has provided support to more than our 10 states. Through this facility, eighteen different enquiries have been responded to. **Ebonyi, Oyo, Taraba** and **Delta** States have received various tools and resource materials to enable them to commence reform.

More governance tools have also been produced this year than any other year. ‘How to’ guides on State Development Planning, Sector Strategies, Policy Brief Production and Budget Realism have been produced and disseminated; a new Toolkit on Corporate Planning has also been completed. The ‘How to’ guide on Sector Strategies is being replicated at federal level through the Bureau of Public Service Reforms.

Our Public Financial Management database is currently being replicated by the World Bank, and it will be the first database in Nigeria containing budget information for all 36 states. We are also supporting the World Bank Communities of Practice and our technical expertise, ‘How to’ guides and toolkits are now made available to all 36 states, with communities looking at four different areas of budget preparation and execution.

Following our series of Governance Share Fairs held in 2012 and 2013, we have undertaken two tracking studies which show some evidence that the fairs helped stimulate non SPARC state adaptation and adoption, and reinforced the need for reform. Ondo and Osun have now stepped up action to improve Internally Generated Revenue – **Osun** now raise over £5 million per month, which is five times more than in 2010, after adopting Lagos style reforms.

Prepared for Elections

The 2015 elections in Nigeria are due in February – around eight of the Governors of our states will change. We have had the foresight to prepare an overarching Election and Transition Strategy, and each state is developing its own specific plan to ensure reform is sustained through the election period and into new administrations. We are also working in partnership with the other DFID programmes to develop a cross programme approach to the elections.

In **Anambra**, which has already had elections, our proactive approach has paid off, and our Transition Strategy has been implemented to great effect. The new incoming Governor was briefed, and a retreat held with his new cabinet. Interest in reform was promoted, and the new Governor has signed a new Agreed Intervention Approach with us, committing him to several high level reform initiatives. We have already begun work with the new administration to prepare a new State Development Plan.

In line with our proactive approach to political engagement, we continue work on the Agreed Intervention Approaches in four other states (**Katsina, Niger, Zamfara, and Yobe**). The agreement with Yobe was signed during the year. In the other states, we continue to engage through the Change Programmes, whilst in **Kaduna**, this is enshrined in the Development Cooperation Framework with World Bank, DFID and the United Nations – this comes to an end this year, but government has already started a movement to refresh the framework, a process which DFID will support.

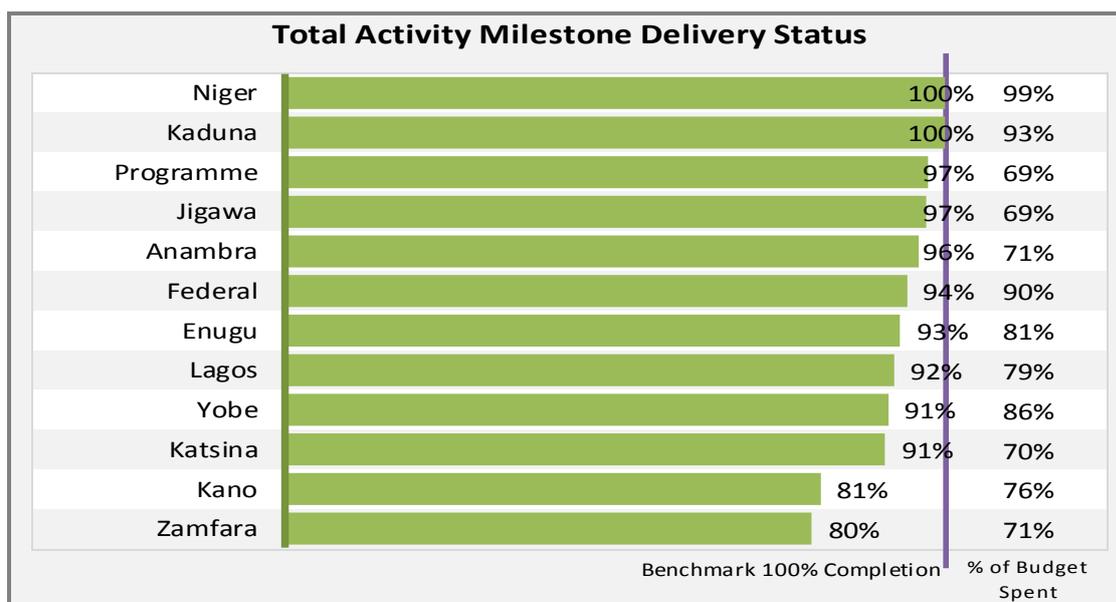
Progress against 2013 Logframe Milestones

Progress toward outcome and outputs was considerably higher than the previous year (Table 1). Similarly, progress against activity milestones was considerably better than the previous year with activity milestones from all 10 states and the federal component attaining a completion rate of above 80%, and most above 90% (Table 2). **Jigawa** in particular has considerably improved from last year's 68% to a commendable 97% this year. **Niger** and **Kaduna** achieved an impressive 100%. Although the budget spent for this year was slightly less than the previous year this is understandable as there have been heightened political activities and security concerns, and we have used more in house resources to deliver milestones. With the federal work, we were unable to complete the State Peer Review Mechanism pilot process due to the rift at the Nigeria Governors' Forum, and there are unspent funds in this area. Also, government themselves are increasingly financing governance reform initiatives where SPARC has previously budgeted support – for example, the Kaduna State Executive Council Induction.

Table 1: Assessment of Progress towards Outcome and Outputs

	Outcome	Output 1	Output 2	Output 3	Output 4
Anambra	G	G	G	G	
Enugu	G	G	G	G	
Jigawa	A/G	A/G	G	G	
Kaduna	G	G	G	G	
Kano	A/G	G	A/G	A/G	
Katsina	A	G	A/G	A/G	
Lagos	A	G	G	G	
Niger	G	G	A/G	G	
Yobe	A	G	G	G	
Zamfara	A	G	A/G	A	
Federal	G				G

Table 2: Activity Log Milestone Achievement



Section 3: Value for Money

Introduction

Because of our integrated financial and management information system, it is possible for us to give an overall summary assessment of the extent to which we are delivering Value for Money. Our assessment builds on previous analysis, and now includes all ten supported states, and more recent state government expenditure data.

Overall, SPARC has generated significant returns, and is increasingly cost-effective, efficient and has been successful in making economy savings. Our Annual Review determined SPARC represents Value for Money. In total, since the beginning of the programme we have achieved efficiency and economy cost savings of around **£8,400,000** (17% of total spending to date). This figure comprises the total of those shown in Figures 7, 8 and 9.

Effectiveness

We have contributed to a key outcome, state government budgets which better reflect actual revenues. Realistic budgets are important because they mean states can deliver more effective and predictable services. Since the programme began, SPARC has provided technical solutions that have contributed to the elimination of budget allocations of over **£523,000,000** which would not in reality have been funded.

SPARC support has contributed to changes which have resulted in states making significant savings and generating more revenue. For example, SPARC helped Enugu, Kano and Jigawa States recover funds from dormant bank accounts, supported initiatives that improved revenues in Enugu and Kaduna, and helped remove 'ghost' workers from payrolls in Katsina and Zamfara. Through these initiatives, it is estimated that an additional **£149,000,000** has been freed up for delivering basic services (Figure 2) since the programme began.

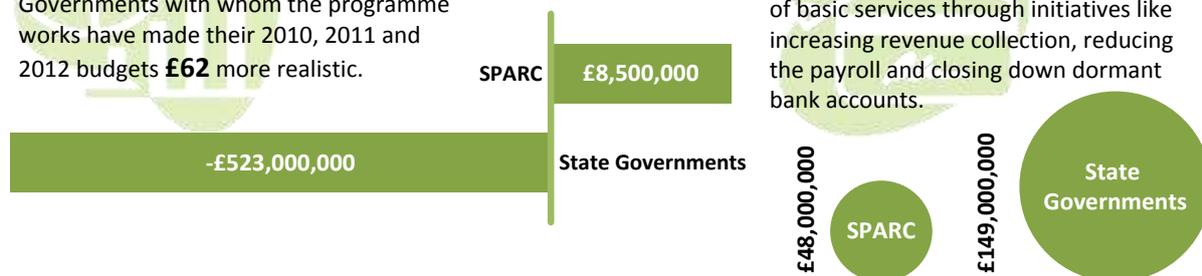
SPARC support is helping to give other development partners the confidence to invest in state governments through supporting key institutional reforms. For example, with SPARC's help, Lagos State Government successfully met the conditions required to access the first two tranches of World Bank loan financing and is expected to meet conditions for the third tranche – amounting to around **£350,000,000** in total (Figure 3).

Working in support of sister programmes, the Education Sector Support Programme in Nigeria and the Partnership for Transforming Health Systems II, SPARC has contributed to encouraging states to spend more on education and health. This has been done by improving sector strategies, the predictability of sector budget releases and the way in which public services are managed (Figure 4). This support, together with savings and higher revenues, has contributed to state governments spending an additional **£183,000,000** on education and health (Figure 5). This, in turn, has helped enrol almost **1,500,000** additional children in primary and junior secondary and ensure an additional estimated **273,000** children receive all their basic vaccinations (Figure 6)¹.

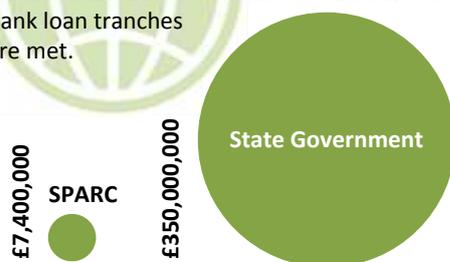
¹ Education figures from the Annual School Census in the five original SPARC states where ESSPIN also works. Vaccination estimates calculated from 2008 and 2013 DHS vaccination rates applied to 2006 census figures for the five original SPARC states where PATHS2 also works.

Figures 1 to 6

1. Compared to baseline figures, for every **£1** spent by SPARC over 2008-2012 on PFM reforms, the ten State Governments with whom the programme works have made their 2010, 2011 and 2012 budgets **£62** more realistic.



3. In Lagos, for every **£1** spent, SPARC is helping government access **£47** in additional financing through helping to ensure conditions for release of three World Bank loan tranches are met.



4. Over 2009-2014 SPARC has spent around **£7,000,000** to improve the way in which basic services are delivered through helping ten state governments develop more effective strategies and organize better.

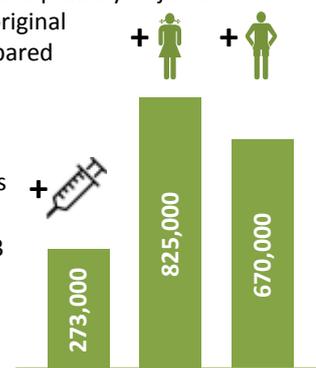


5. Compared to baseline figures, for every **£1** spent by SPARC over 2008-2012, the ten State Governments with whom the programme works have spent an additional **£6** on Health and Education over 2010, 2011 and 2012.



6. For every **£24** spent by SPARC over 2008-2013 **one** additional child was enrolled in a primary or junior secondary school in the five original SPARC supported states compared to 2009/10.

In addition, in the same states, compared to 2008, it is estimated that an additional **273,000** children aged 12-23 months received all their basic vaccinations over 2009-2013.



Efficiency

We are successfully encouraging state governments to take financial responsibility for governance reform. These include funding the development or upgrading of integrated financial management information systems in Enugu and Jigawa, state government officials acting as lead trainers and facilitators in Niger and funding a review and refresh of a Development Cooperation Framework in Kaduna. Since the beginning of the programme,

this adds up to a total of over **£2,100,000** provided by state governments – an amount that SPARC would otherwise normally provide.

SPARC has sought to keep increases in administrative spending to a minimum in order to ensure that the majority of its overall budget is directed towards its core technical work. For example, despite expanding into five additional states, SPARC reduced the administrative budget share to 13% for 2011-2012 onwards which, compared to the 2010-2011 budget share of 15%, represents a saving of almost **£500,000**, which, when added to the £2,100,000 above generates the **£2,600,000** shown in Figure 7.

SPARC continues to implement its policy of assigning full-time technical staff a greater role in supporting capacity development rather than engaging consultants. This has saved around **£3,300,000** since the start of the programme (see Figure 8). The strategy of using Nigerian consultants (and international-calibre consultants based in Nigeria) in preference to flying in expatriate consultants continues, even with the expansion to five more states. Across the entire programme, the proportion of consultancy days provided by national consultants rose from 44% in 2009-2010 to 62% in 2013-2014 – contributing to economy savings through reducing average fee rates (see below).

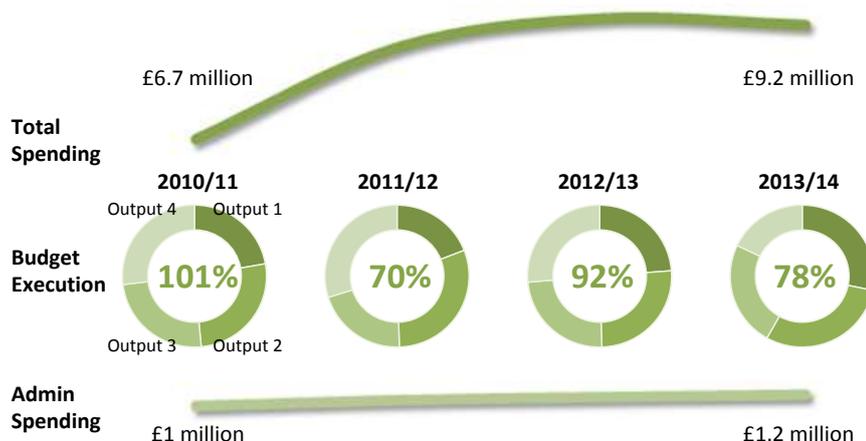
Economy

SPARC's main cost is consultancy fees. In the early stages of the programme, SPARC did not deploy large numbers of consultants, despite DFID's concerns that the programme was too lean at inception. Instead, SPARC gradually scaled up technical assistance based on identified needs and the likelihood of success. As indicated previously, SPARC increasingly uses Nigerian consultants. As a result, the average fee has fallen by **14%** over the period 2009-2010 to 2013-2014, saving around **£1,700,000**.

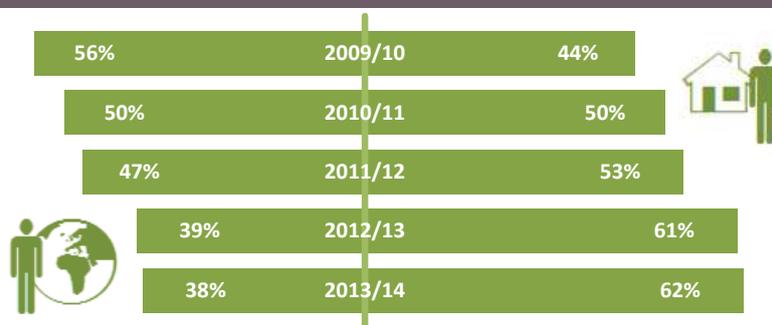
In implementing programme activities, SPARC ensures that it seeks the best value possible. This does not mean that we always opt for the cheapest products or services, but that we balance the initial cost against longer-term efficiency and effectiveness. We have negotiated discounts with hotels and training venues, sought no-cost alternatives to office locations and training venues (e.g. state government secretariats), and expanded the roles of existing staff rather than appoint new ones. It is estimated that through these and other economy measures we have saved over **£800,000** to date, which, added to the £1,700,000 above provides the figure of **£2,500,000** shown in Figure 9.

Figures 7 to 9

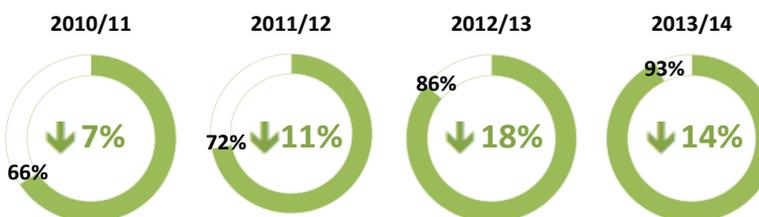
7. SPARC has made almost **£2,600,000** in efficiency cost savings through crowding in direct government funding of programme initiatives and constraining admin spending increases - despite expanding into five additional states and scaling up in others.



8. SPARC has gradually increased the proportion of inputs delivered by national consultants and has made economy savings worth almost **£3,300,000** through increasing the technical roles of full-time staff.



9. Since the beginning of the programme, SPARC has gradually improved delivery of work plan milestones to **93%** whilst at the same time reducing the average fee rate by **14%** - which together with other economy measures has resulted in savings worth over **£2,500,000**.



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