

Abuja, 12–13 March 2012



## Governance Share Fair Northern States, Nigeria

**sparc**

Booklet describing the Share Fair held for six northern states:  
Jigawa, Kaduna, Kano, Katsina, Yobe, Zamfara; and Niger  
(observers). The accompanying CD contains further  
resources generated from the event

This booklet was produced for wide distribution within six northern states of Nigeria (and beyond) and contains a summary of the Governance Share Fair. Further information generated at the event can be found on the accompanying CD attached to the inside back cover of this booklet.

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

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## Background

### SPARC's support to State Governments

"SPARC is the programme through which we meet with State Governments. SPARC is the roof under which all programmes stand."

**Richard Montgomery, Head of DFID, Nigeria.**



The Department for International Development (DFID)'s scale of development support in Nigeria is expanding, in line with their Operational Plan for 2011–2015. This is because poverty is stark, economic potential exists, governance is poor and requires reform, and development assistance has historically been relatively low. There is a clear DFID focus on expansion in the north of Nigeria, where the poverty indicators are worst.

The State Partnership for Accountability, Responsiveness and Capability (SPARC) has been asked to respond by expanding its operations to cover a number of new states, mainly in the north. This expansion represents much more than merely scaling-up the SPARC model to more locations. The SPARC theory of change<sup>1</sup> was developed to meet the particular circumstances of five known, lead states where SPARC's predecessor programme<sup>2</sup> had already laid the foundations. In these states, a degree of technical and institutional preparedness had already been achieved, and working relationships with State Government officials had

been established for more than five years. The planned expansion calls for SPARC to work with a much larger group of states that are, inevitably, at different stages of 'readiness' to engage with and absorb interventions designed to bring about technical change and institutional change.

SPARC undertook initial scoping in Zamfara in October 2010. The final report, *Scoping Governance Engagement in Zamfara State (October 2010)*, indicated severe governance constraints in the areas of:

- Public financial management
- Operation and management of the civil service
- Developing, implementing, monitoring and evaluating sound policies and strategies for the development of the state.

The existence of these problems, and the need for reform, were recognised by the central Ministry of Budget and Economic Planning, with whom another DFID Health Programme, PRRINN-MNCH<sup>3</sup>, had developed a solid relationship.

Terms of reference were issued to SPARC in March 2011 to engage in Katsina, Yobe and Zamfara for an exploratory inception period of six months – from June to December 2011 (this was subsequently moved from July 2011 to March 2012). The approach recommended is more exploratory than the one that was employed with the existing 'lead' states, but efforts have been made to ensure that a reasonably high degree of coherence is maintained. This will facilitate learning and information exchange between 'new' and existing SPARC-supported states. Knowledge management activities were included during the inception period, such as exchange visits through a twinning arrangement, knowledge sharing events during the inception period and a final Governance Share Fair for all six northern states.



1 Set out in the SPARC Guidance Note: Overarching Approach Paper

2 The State and Local Government Programme (SLGP)

3 Programme for Routine Re-immunisation in Northern Nigeria – Maternal, Newborn and Child Health (PRRINN-MNCH)





## Why a Share Fair?

"If there is better governance, there will be greater development."

**Joe Abah, SPARC National Programme Manager**

Share Fairs are face-to-face events in which participants showcase their own successes and set up displays to share their undertakings. They can be internal to an organisation or open to partners and the public. The Governance Share Fair was designed to host high level delegations (of 10 members) from the six states SPARC has supported in northern Nigeria. They are free-flowing, open, flexible, and non-hierarchical. People can see what is happening, can interact with each other, and can see what others are doing. It has the same characteristics as a medieval fair, mixing different levels and types of people in a variety of interactions.

A Share Fair is designed to:

- Provide opportunities for multiple parties to broadcast their achievements, exhibit their products, and market new programmes to

donors, policymakers, other institutes and potential partners

- Facilitate face-to-face networking and promote exchange on common agendas
- Help people benefit from each other's experiences
- Stimulate interest in future collaboration and the development of new programmes.

These aims became the objectives of the Governance Share Fair, which was held in Abuja 12–13 March 2012.

## Opening and design of the Fair

The Fair was declared open by the National Programme Manager of SPARC, with goodwill messages from the Head of DFID Nigeria and the Executive Director (Research and Strategy) of the Nigeria Governors' Forum. In addition there were opening remarks from the Heads of each state delegation.

## Keynote addresses, and ensuing discussions

### Jigawa State Government

"The highest challenge to reform is attitudinal change, all reforms could be made, but the attitude of people must be positive."

**Abdulaziz Abdulhamid, Special Assistant on Salaries and Pensions and Economic Matters, Jigawa**



Ibrahim Kwatalo and Dr Kainuwa presented Jigawa State Government's experiences with developing medium-term sector strategies (MTSSs), using the health sector as an example.

Jigawa State Government identified areas for support in public service management (PSM), public financial management (PFM) and, policy and strategy (P&S), including monitoring and evaluation (M&E). The state developed a Comprehensive Development Framework (CDF) where some MTSSs were conducted using guidelines set up for choosing priority projects at workshops. Sector Desk Officers were appointed to work with the Planning Officers on the MTSS.

Once a project is included in the MTSS, it cannot be abandoned. If it is not completed it can be rolled over to the next period, unlike before the MTSS where abandoned projects proliferated. The state's performance in project completion was poor before introducing MTSSs, but it is now improving. The CDF has a budget ceiling and budget performance can be easily tracked with the MTSS. The annual budget is directly derived from MTSS, and policy and plans are based on evidence of the realistic resource envelopes and human resources available.

The major objective of the MTSS is to ensure that the State is on track for achieving the Millennium Development Goals. However, there have been constraints, these include:

- Persistent cultural practices
- Shortage of manpower (this is now improving)
- Weak health systems
- Low community involvement in both planning and management processes
- Service orientation with emphasis on curative rather than preventive processes
- No evaluation of the state's activities.

#### Summary of main issues

In the partnership between SPARC and the states, who is supporting whom? Whilst the relationship between SPARC and states is reciprocal, Jigawa made it clear that it is SPARC that supports the state in its efforts at planning and strategy development. The areas of support were identified by the state, and the support driven by the needs and demands of the state. This is expressed in the support given in the development of the Jigawa State CDF, which has become the home of the lower level plans including the sector plans, MTSSs and the budget.

Key elements of a good plan or good policy: good plans and good policies should be based on evidence, they should be within realistic resource envelopes (including human resources) and should spell out the intended measurable results.

The MTSS provides the medium-term picture and links to higher level state plans, and forms the basis for preparing annual budgets. The presentations dwell on key areas of the MTSS process, some of which are highlighted below.

The Budget and Economic Planning Directorate (BEPD) provides clear guidance and support to sectors in the preparation of MTSSs. This support is being provided through the Sector Desk Officers, who work closely with Sector Planning Teams to ensure compliance with the guidelines for preparing the MTSSs. Sector Planning Teams are central to the preparation of the medium-term sector plans. Resource envelopes are important in preparing MTSSs. Resource envelopes are given in two stages. The first is a three year envelope derivable from sound macro-economic analysis and projections. The second is the Budget Call Circular with clear ceilings given for both capital and recurrent expenditures.

The availability of data and research information is critical in ensuring that the MTSSs are evidence based. The Health MTSS has made good use of data and research findings to inform the development of targets and the demonstration of results from the implementation of specific strategies. A credible MTSS should place strong emphasis on achieving specific measurable outcomes, and just focus on



sector. The second level of political commitment is the Governor's commitment to the principle of budget realism. If the Governor is committed to planning and spending within the limits of the resources available to the state, it will augur well for the MTSS process.

Certain constraints pose severe challenges for preparing both long-term and medium-term strategies. It is important to identify factors that adversely affect the planning process and find ways of tackling such challenges.

Diligent documentation is critical to the MTSS process. It is important to keep accurate and reliable records of the process, content and the final MTSS document. The Jigawa State Ministry of Health has a good record of reports highlighting the key stages, outputs and outcomes from the Health MTSSs.

## Kaduna State Government

"We have had good working relationship with development partners in Kaduna and this has led to a series of reforms in the state."

**Hanatu Ugah, Head of Service, Kaduna**

activities and outputs that have been costed. The Health MTSS provided considerable evidence of results achieved in the implementation of the 2011–2013 MTSS in key areas of service delivery. It made the ultimate point that the implementation of the MTSSs through the annual budget facilitates progress towards achieving value for money in the health sector.

The role of the central planning agencies is critical in providing support to sectors in preparing MTSSs. Having dedicated BEPD Sector Desk Officers to work with the sectors has proved useful in Jigawa. But related to this, is the issue of capacity. Building the capacity of Sector Desk Officers as well as Sector Planning Teams adds value to the quality of the MTSSs.

Predictability of release of budget funds adds credibility and confidence to the MTSS process. To the extent that budget funds are released, efforts invested in the MTSS process are seen as useful. When budgeted funds are not released, there is diminished confidence in the value of the MTSSs.

The MTSS process is as much political as it is technical. A technically sound MTSS may have limited value if there is no political commitment to the process. Political commitment takes place at two levels. The first is the involvement of the Commissioner and Permanent Secretary in their leadership roles in the Sector Planning Team. Since the MTSS sets out long-term goals, objectives and programmes, as well as allocation of resources, the lead role of the Commissioners is important in ensuring ownership at the highest levels in the



Hajia Bariatu Yusuf Mohammed presented the benefits of reform in Kaduna and the role of the Bureau for Public Sector Reform (BPSR). Before 1999 the public service was characterised by low levels of productivity, transparency, accountability and efficiency in the use of public resources. The state introduced a series of reforms which included computerisation of the payroll and the production of its accounts, and the centralisation and computerisation of the payments for local government staff. The State Government took a holistic approach involving development partners to re-invigorate its public service. Kaduna now works with eight development partners, SPARC included.





Reform objectives include:

- Enhancing transparency, accountability and efficiency in the management of finances and human resources
- Bringing change and improvements to service delivery
- Reducing poverty and creating wealth.

The benefits of the reform have included:

- The development of Vision 20:2020 and a state development plan to implement the Vision
- A revised budget classification and chart of accounts
- Clarification of the mandates of the Ministries, Departments and Agencies (MDAs)
- Strengthened staff capacity.

The BPSR was established in 2009 following the realisation that there were no institutional mechanisms to sustain such reforms. The objectives of BPSR are to:

- Define the scope of the Kaduna State Government's (KDSG) reforms and establish a clear overall reform vision and purpose
- Show how reform initiatives should be identified and reform programmes designed.

The BPSR mandate includes facilitation and coordination of public service reforms, research and liaison, and communication and information. The

BPSR is headed by a Permanent Secretary and has three main departments:

- Public Service Reforms
- e-Government and Knowledge Management
- Finance and Administration.

The main functions of the bureau are to facilitate and coordinate reforms through the State Steering Committee. The Committee is chaired by the Governor and its members come from the Coordination Committees, which are chaired by the Head of the Civil Service and other heads of ministries. The bureau has faced a number of challenges including:

- Women being restricted from working by their husbands
- More women needing to be included in reforms for them to be successful (many women are voiceless)
- Change management – every civil servant must be involved in promoting governance.

There was lots of discussion on whether the bureau has the necessary legal backing and whether there is an overarching law that guides the whole reform in the state. The Governor has approved the establishment of the bureau and a draft legal mandate is expected to be signed by the State House of Assembly by mid 2012. The bureau came into existence as a result of the civil servants' entrenched attitude to work.



Who provides oversight of BPSR's activities? The bureau is under the supervision of the Office of the Head of the Civil Service. It has a monthly budget (like any other MDA). The state reconciles the nominal roll and the pay roll in two ways by:

- Making use of a staff audit through biometric data
- Periodic reviews of the system.

The state is adopting a bottom up approach to the Kaduna State Development Plan (KSDP). The mandates of all the MDAs are being clarified. The process of corporate planning is being piloted in five MDAs – Office of the Head of Service, Ministry of Finance, Ministry of Economic Planning, Ministry of Agriculture and Ministry of Health. Even though some reform processes are seen to be lowering the morale of civil servants, the tenure of the Directors is being looked at as a way of improving the service.

### Summary of main issues

There are advantages and disadvantages to the centralisation of reform activities. The advantages include:

- A holistic approach, such that the whole of government is touched rather than focusing on a few components
- A one-stop shop for all strategies deployed in reform and for donor/partner relations
- Funds are allocated to reform activities through the central office
- Preservation of institutional memory – a record of all reform initiatives in the state is maintained irrespective of the government in power.

This latter initiative allows for easier documentation of the outcomes of the reform and the dissemination of information to raise awareness is more cost-effective. However, care must be taken to ensure that the bureau does not get carried away by the 'business' of centralisation of reform by setting up structures similar to existing institutions in need of reform. Additionally, attention must be paid to carrying all other parts of the system along with it so that core MDAs are not inadvertently being told reform is not their business and departments in the reform office (e.g. in information technology, M&E and training) are not duplicating functions already allocated to core MDAs.

Computerisation, as a tool for reform, needs to be managed properly so that it is secure and sustainable. Funds should be set aside for the maintenance, backup and security of data. Obtaining a legal mandate for the BPSR is likely to make it more sustainable (even though the Jigawa experience does not lend credence to this). And finally, it is important to carry both civil servants and political leaders along with the process and convince all stakeholders of the benefits of reform.

## Kano State Government

"SPARC has done a lot in bringing changes and reforms to our civil service."

**Yusuf Bello Danbatta, Commissioner, Ministry of Planning and Budget, Kano**



Alhaji Bashir Lawan spoke about the use of an Integrated Financial Management Information System (IFMIS) to produce half-yearly annual accounts in Kano State. He began with a brief history of the evolution of the treasury function. There were weaknesses in the production of final accounts because of:

- The retirement of seasoned treasury staff
- A political rampage of 1983 leading to loss of data
- The unwillingness of staff to work in the department
- The low capacity of new staff.

However, implementation of the structural adjustment programme (during the regime of General Babangida) led to a renewed demand for final accounts. The processes and stages involved in producing final accounts were clearly articulated. The major challenges faced in the manual production of final accounts included low capacity, no or late submission of returns to the Treasury by MDAs and gross misclassification of economic codes for both expenditures and revenues by the reporting MDAs. The time and effort required to produce final accounts were enormous. The IFMIS was first introduced into Kano State in 2006, but not without challenges. Today, Kano has been able to have a 'first run' in generating half-yearly accounts from IFMIS for 2011, but this system is running concurrently with the manual system.

Challenges faced in the implementation of IFMIS included:

- Resistance to change from certain quarters
- 'Structural defects' in the development of the software (the software was not flexible enough)
- The 'distance' between the software developer and the users.

However, the expected benefits include:

- Timely generation of reports
- Improvements in the accuracy of the reports generated
- Entrenching compliance to approved budgetary provision
- Complete security and audit trail features
- Enhancing better analyses of the reports generated.

Jigawa has also introduced an IFMIS. The challenges it experienced included:

- The inability to generate opening balances for 2010 as a result of a failure to generate closing balances in 2009 from IFMIS
- The generally slow pace in implementing IFMIS
- The challenges of fully interfacing Cash Book Version 4.16 with IFMIS.

There are challenges in getting regular returns from MDAs, particularly public enterprises in Kano. However in Jigawa, there are strategies in place to ensure timely returns to the final accounts. These



include the use of 'performance league logs' and withholding the monthly overheads of the defaulting MDAs. There appears to be a lack of coordination between the budget and finance ministries leading to over projection of revenues in annual budgets. It is necessary to understand all the business processes involved in the production of final accounts before developing the software.

Further issues included inadequate training for officers involved in the day-to-day implementation of IFMIS and the difficulty in getting information on grants from MDAs. This is being addressed by diplomatically, but aggressively, 'chasing' the MDAs concerned. Jigawa also shared their experience regarding incentives for staff involvement in implementing IFMIS. This included monetary incentives and the implementation of performance league logs.

Kano is also taking some steps to improve performance by employing 16 new accounting graduates, encouraging staff to achieve professional certification and the use of moral suasion. There are also challenges in transmitting virement/ augmentation warrants to the Final Accounts in Kano. Although the practice is for such instruments of virement/augmentation to be addressed to the Accountant General, this is not currently the practice.

### Summary of main issues

The key achievements brought about by the introduction of an IFMIS included:

- Development and installation of the software
- Introduction of new procedures
- Better trained staff
- The production of half-yearly accounts (January to June 2011) for the first time.

The challenges that had to be overcome included:

- Resistance to change from staff and other interest groups
- Lack of flexibility in the IFMIS software and other technical problems
- The distance between the software developer and the IFMIS end users (this affects software maintenance as, apparently, there is no maintenance agreement)
- Regular returns from MDAs in terms of timeliness and quality
- IFMIS being run concurrently with the manual preparation of financial statements
- A lack of coordination between the Treasury and Budget Offices
- The report is not comprehensive because of incomplete returns
- Some MDAs failing to report the receipt of external grants

- Parastatals rarely submitting financial returns to the Treasury
- Difficulty in capturing budget adjustments i.e. virements and augmentations.

Jigawa State also shared their experience with IFMIS staff related issues. These included:

- Continuous training is required
- The need for effective staff supervision
- Designing a package of incentives
- The introduction of the performance league log for assessing the performance of Accounts staff.

In this process Jigawa uses a combination of carrot and stick with the Accountant General introducing a prize for best performance. The key lessons from these experiences are:

- It takes time to implement IFMIS (it took Kano 5 years before it could produce its first half-yearly financial report)
- It requires committed staff for IFMIS to be effective
- Motivation and training are necessary
- The IFMIS software must be custom made to fit the business processes and meet needs
- Some level of integration is necessary between the accounting and budgeting modules
- The regularity of financial returns, together with their completeness and accuracy, are important.

Even though IFMIS is yet to be stable in Kano, there is huge prospect for success given the commitment demonstrated by the Director of Final Accounts and the measures taken to overcome the challenges.



## Katsina State Government

"Katsina Government is glad to be part of the SPARC focus states; SPARC is a serious programme hence its reception by Katsina Government."

**Lawal Jari, Commissioner, Finance, Katsina**



Kassimu Nagari outlined Katsina's state evaluation and assessment tool (SEAT) process and strategies for engagement that began in 2011. Initially there was a perceived apathy from some top government officials about the reform programme and their attendance at the retreat was poor. One challenge was gathering and accessing some documents regarded as classified. The public sector management and policy and strategy development reports highlighted many weaknesses of government and poor performance ratings. In response, the government instituted a committee to take action on some reform programmes. Some technical areas which require development partners were also identified and highlighted.

The process highlighted the need for political engagement. Planning should be done with the highest cadre of government. Every cadre of the civil service should be carried along in the reforms, which must be seen as holistic and complete for sustainability. It is important for the government to nominate a focal person to liaise with development partners. A series of meetings and engagements with



stakeholders helped to facilitate the SEAT process. Although representation by top officials was low at the retreats, this gave mid-level staff an opportunity to open up in the discussions and scoring.

In the discussion that followed, a suggestion was made to extend the political engagements to include lawmakers, thereby building a relationship and enhancing favourable and quick legislation on reforms. The priorities of the government should be identified and aligned with the reform plans to aid support. The focal persons chosen should be those with an adequate knowledge and understanding of the reforms. Documentation is fundamental to successful assessment, hence the process must be documented and the relevant documents archived. Government officials now realise that documentation that was classified is in demand and useful for the self-assessment.

### Summary of main issues

The initial contact and engagement with international partners requires the involvement of top-level government officials. As demonstrated in Katsina, this contact requires effective coordination and needs to be led by a senior official. The focal person must have an understanding of the mechanism for partnership on both sides i.e. what is required by the particular international organisation as well as the procedures on the government side. They must also have access to top-level decision makers (especially the Governor). It was suggested that "aggressive advocacy and awareness raising" meetings with political office holders and the legislature to obtain their buy-in, are important. Indicators of interest in, and commitment to, a partnership by the state would be:

- The allocation of suitable space for offices for the partner organisation
- An agreed Memorandum of Understanding
- Shared work plans, which are essential documents.

The state has recognised the need for a team of senior and mid-level government officials as being essential for each thematic area (Core Group).

During preparations for the SEAT retreat, the Core Group selected participants – decision makers (Commissioners and Permanent Secretaries) as well as technocrats (Directors who have knowledge of what is going on in the key MDAs) – held briefings on methodology and gathered relevant documents. During the workshops, there needs to be an understanding of the requirement for a truthful, objective assessment, and commitment to hard work – fast-paced and overnight reading.

Katsina recognised there have been challenges. These have included:

- Understanding the key concepts of governance (for example the Public Expenditure and Financial Accountability process)
- Logistics and division of costs
- Validation of the report
- How to prioritise
- Handling resistance to change by those in government who benefit from bad governance.

## Yobe State Government

"Yobe is ready to learn from old states and DFID-SPARC. The intervention has opened the government's eyes to the gender imbalance in its civil service and the desire to give support to our sisters."

**Dauda Yahaya, Head of Service, Yobe**

Alhaji Dauda Yahaya and Alhaji Musa K. Amshi spoke on Yobe's governance reforms and the adoption of multi-year budgeting.

Yobe State is currently conducting a staff verification exercise by capturing biometric data. This has proved successful as the number of staff has been reduced drastically from 37,695 in 2006 to 28,407 today (2012) by eliminating ghost workers. The government is very committed to training and re-training of the workforce to enhance productivity. There is automatic in-service training in place for confirmed staff and currently 2850 officers are undergoing such training.





There is a detailed and consistent state development plan – Yobe State Economic Reform Agenda (YOSERA) – which is a three year plan designed with the needs of the poor in mind. This seeks to improve the provision of legal and business regulatory services as well as the overall business environment of the state and to foster the growth of private enterprises and initiatives.

The state maintains a centralised payment of staff salaries through an e-payment method which has, so far, been effective and efficient. The government has reduced the number of its bank accounts to just two in the state. Transactions involving recurrent items are maintained by one of the banks while transactions involving capital items are maintained in the other. This is key to the effective and efficient management of public funds and improves the production of financial statements. The state has already submitted bills on Fiscal Responsibility and Public Procurement to the State House of Assembly for consideration. A budget manual already exists which includes guidelines and procedures for the annual budget cycle process. The state has an established procedure and timeframe for issuing call circulars and budget processes. A budget committee exists in the state with responsibilities for reviewing:

- Fiscal targets
- The aggregate spending limit
- Sector spending ceilings.

It also makes recommendations on the thrust of the fiscal policy.

Yobe has introduced civil service exams for all categories of staff to improve their knowledge and productivity. This year, the Ministry of Budget has started submitting proposed budgets, with performance reports for the previous two years, to the State House of Assembly following the Public Expenditure and Financial Accountability (PEFA) assessment conducted in 2011. The Ministry of Budget also holds discussions with MDAs on the

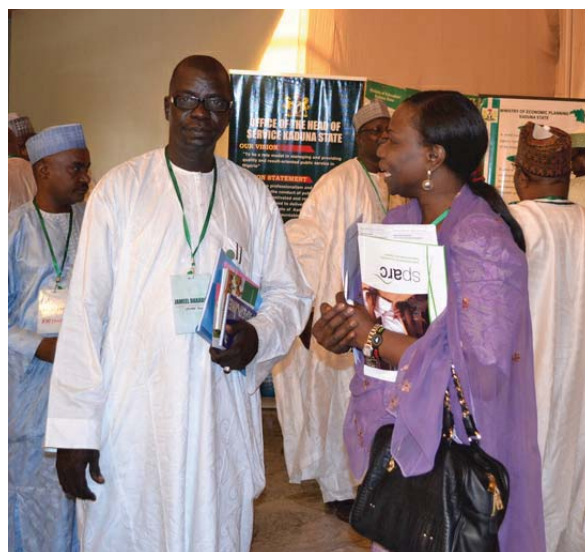
need to submit proposed budgets linked to the government's development plans and trains MDAs on how to make such linkages. The state now has a Revenue Estimate Committee and has developed a new budget classification and chart of accounts (though this still needs to be improved as the economic codes are insufficient). The current call circulars being prepared by the Ministry of Budget now include instructions for the submission of information and statistical data that will be used in preparing the annual budget and medium-term budget frameworks. The state has established budget implementation committees in three categories:

- Cash forecasting
- Budget forecasting
- Cash disbursement.

The state relies heavily on the federal allocation. Future priorities will focus on internally generated revenue which currently constitutes just 3% to the total budget. The MDAs still lack technical capacity in linking government programmes to annual budgets. The total staff strength in all 17 local governments is currently about 49,026, as against 12,000 in 1999. The state is currently planning a staff audit in the local government areas in order to flush out ghost workers. Finally, Yobe State has yet to adopt the Contributory Pension Scheme.

### Summary of main issues

Yobe State has introduced a number of reform measures – many were self initiated and others came through learning from peers. A sense of ownership of these reforms has been created and Yobe State Government has opened up for support. Key reform measures started by Yobe cover the three main areas of policy and strategy development, PFM and PSM.



Public sector management reforms have included staff rationalisation – it is worth noting the achievement of Yobe in this area, reducing the number of civil servants from 37,695 to 28,407 in a matter of three to four years – staff training and introduction of a civil service exam.

In managing public finances Yobe has:

- Introduced a new chart of accounts
- Now makes e-payments
- Has started multi-year budgeting
- Controlled bank account numbers
- Produced and audited accounts for the five years 2004 to 2008
- Introduced effective budget implementation strategies.

In the area of policy and strategy Yobe has:

- Prepared the State Development Plan (YOSERA)
- Started MTSS development

Other key areas of achievement include:

- A participatory budget preparation process with the government seeking stakeholders' input and which is guided by a calendar prepared at the beginning of the year
- Fiscal Responsibility and Public Procurement bills are laid before the House of Assembly for approval
- Yobe has a budget performance rate of 85% which, in the context of Nigeria, is high.

There have been challenges in multi-year budgeting which were noted as:

- A robust revenue forecasting model is required
- The process of determining priorities and setting sector envelopes and other difficult budget constraints should be top-down and require an effective decision making process at the political level
- Updating YOSERA is taking time
- There is a need for an M&E framework to assess the outcomes of the reforms.



In summary, Yobe highlights the following key lessons:

- That reforms should be introduced in measured steps in order to manage them effectively (the 'big bang' approach should be avoided)
- By opening up, Yobe State has been able to accelerate progress and should be supported to sustain the tempo and consolidate the achievements.

### Zamfara State Government

"We are here to see what we can take home and rub minds with our colleagues to learn."

**Muhammad Bello Umar, Head of Service, Zamfara**



Kabiru Mohammed gave an overview of Zamfara's adoption of multi-year budgeting (MYB). The main emphasis and showcasing was not about MYB per se, but the actions and the adoption of MYB. The problems of MYB are common to all Nigerian states and can be classified as:

- Administrative – the allocation of authority between MDAs on budget preparation and releases
- Technical, involving procedures, control mechanisms, cultural values, issues of information and communications technology (ICT)
- Political issues from pressure groups in the states – pressure groups that have projects approved by the Governor without recourse to the budget thereby derailing implementation.

Budget issues have become more relevant in Nigerian governance, but implementation is not a success story in Nigeria or in Zamfara State. This area is recognised as key to other areas of governance reform by Zamfara.

The technocrats in public service rushed to adopt the reforms they learned from Kaduna as the normal practice so that the incoming new administration would adopt it and keep using it. The idea of the MYB became of interest to the state when it visited other states where MYB is used. At the same time,



the Governor challenged the state to prepare an income and expenditure profile, and it noticed the gap during the SEAT process. It thereby became clear that the state is moving without focus and was nowhere near the ideal situation in budgeting. SPARC was a catalyst.

Why move to MYB from single year budgets? It was suggested that single year budgeting is inefficient because:

- Budget issues go through many years and there is a need for linkages
- There is a need for continuity
- Single year budgets are discreet and have gaps while MYB is smooth
- There is an advantage to having a long-term perspective rather than the short-term view, especially in the loan portfolio
- Single year budgeting is effective while MYB is efficient.

The 'monster' (of the public service) is a major challenge to introducing reforms, including the MYB approach. The MYB is seen as a system where:

- Nobody cares about success, but failure is known by everybody
- There is a lack of capacity and relevant information
- Adjustments are more difficult than in the single year budgeting.

The key moments of the early days are recognised as:

- The decision to use the MYB approach being the turning point
- Knowing it is not hitch free, but making the efforts to surmount challenges that are technical, administrative and political
- Making adoption and implementation evidence based and scientific.



During the discussions that followed, participants wanted to know what lessons were learned. In the process of adopting MYB, it was found that:

- People who thought that they had capacity noticed difficulties in practice
- Some thought that the budget figures generated by the innovation were crazy
- Even journalists and other elite members of society did not understand the system
- The State House of Assembly passed only the 2012 component of the budget, while people thought that the approval was for three years
- It was relevant, as seen by the way people reacted and responded
- MYB controlled the size of the budget.

Participants wanted to know more about how the challenges were overcome. Even though their capacity was not sufficient, civil servants quickly took advantage of the opportunity and will build their capacity in the future. Suggestions made were:

- Make sure you have relevant information – this will create a demand for information so that supply will come and lead the way to implementation
- Time is beyond our control, but there are some things you can do, like stepping in quickly to harness the MYB opportunity. After all, by next year this will not be new
- Make adjustments – a budget head was created for constituency projects based on demand from legislators.

Participants asked if anything was done to raise public awareness. Consultations and a one-day sensitisation had been conducted and this created a demand for information – people were asking 'why?'; the concept is new to us. A lot of sensitisation has happened and, so far, it has been accepted. It has gained the support of all stakeholders.

Those attending wanted to know if there was an equivalent forecasting system. There is a system of forecasting, but this may not be scientific enough. There is a problem in calculating gross domestic product and the kind of procedures needed to calculate this.

With regard to ICT, the state has an ICT room with an operator (graduate) who uses Excel and Visual Basic to design the programme. Offices are connected in a simple network which is password protected and there is an audit trail. It is customised for a single year and the users want it adapted to multi-year use, but there is no capacity to achieve this. The Head of Service deducts 5% of the MDA overheads for training. There is no ICT cadre in the service – only an analyst and planning officers, but no one for ICT.



### Summary of main issues

Zamfara has only been working with SPARC for a few months. But despite that, its officials have demonstrated a degree of keenness for reforming the state in their presentations and during discussions. The entry points for adopting a MYB process were identified as an official visit to Kaduna State in August 2011 and the opportunity provided by the new government, with the Governor being keen to bring about some changes.

However, progress and achievement in introducing the new budgeting process is limited to one-day's training conducted for officials of the Budget Office, preparation of a three year revenue/expenditure forecast (2012–2014) and gaining the initial political commitment. Along the way challenges were identified:

- Inadequate capacity – both at the central and line MDA levels
- Information problems – government agencies are unable to meet requests for information
- A development plan which spells out the strategic priorities of the state is yet to be prepared making the basis for MYB weak.

Zamfara is in the preliminary stage of the MYB process and has only a limited grasp of the concept and principles of this budgeting technique. It therefore needs all the necessary support to sustain

the tempo and make further progress. It should be supported in the following areas:

- Training on the concept and principles of multi-year budgets
- Producing a state development plan
- Developing a revenue forecasting model and MTEF
- Sensitisation of high level government officials to the benefits of the multi-year budget and in understanding their role in the decision making process involved
- Further training for the central MDAs to manage the multi-year budget process.

The key lessons that have been learned are:

- Sharing experience is important in adopting reforms
- Support is necessary to gain the required traction
- The MYB process involves both a top down and a bottom up approach.

Finally, must the timescale for a multi-year budget be three years? It may be appropriate to consider four years so as to match the tenure of Governors (which is four years in Nigeria). This way the one year gap may be avoided and the continuity of planned projects/programmes could be enhanced. Governors may be comfortable with an arrangement that would allow them to set their agenda and accomplish it within the limit of their tenure and so avoid a spill-over of programmes to successor administrations.



## The information market place

During one of the sessions, stalls were set up in the Governance Share Fair Market Place. These displayed relevant materials and information packs on successful reforms in the states. The stalls contained publications, fact sheets and video loops, and offered the chance for face-to-face interactions and for further informal presentations to be made.

A competition was held based on the stall's content, its presentation and the informative capabilities of those manning the stands. In the 'New' category of states, Yobe took the honours, while in the 'Sunshine' states, Kaduna got the judges vote.





## 'Take home ideas'

Before the final closing session, each State Delegation discussed and agreed the three most useful reforms they could take away from the Share Fair and put into practice on return to their governments – the 'take home ideas' – shown in the box. It is proposed that follow up meetings will be held between SPARC and the State Governments to track any uptake of these ideas.

## What next?

Prior to departures a brief presentation was made to stress the importance of making connections to accelerate reform ideas and put these into practice. Delegates were urged to be proactive in seeking information, to network and to innovate.

SPARC proposed to assist in the role of 'knowledge broker'. An email distribution list will be set up to forward information (such as all the presentations from the Share Fair itself) and a bulk short messaging service will be established to send notifications of important documents to all those attending. Both networks will include all participants, although there is an option to opt out of the network.



### JIGAWA STATE

- Kano – user IFMIS account – sustainability, creating a budget line in the Final Account
- Yobe – multi-year budget
- BPSR, to make the Jigawa State Bureau for State and Local Government Reform more effective.

### KADUNA STATE

- YOSERA – Yobe Development Documents articulating what the State wants as against what the Development Partners coming with what they will do for the State
- Jigawa State Sector Planning Team (SPT) – a Commissioner heads a Team and each agency under the sector has a representative
- Maintaining Capital and Recurrent Accounts (two separate accounts) by Yobe State.

### KANO STATE

- BPSR as a central coordinating body
- Advocacy in the reform process
- Synergy in the use of reforms.

### KATSINA STATE

- Yobe – public service rules, service delivery, e-payment and use of biometric verification, human resources data and payroll
- 5% head cost of Kano State
- State wide development documents.

### YOBE STATE

- To copy from the Jigawa State Reform Programme in MTSS-CDF, development of MTSS in the health sector
- Integrating the nominal roll and payroll as used by Kaduna State (the nominal roll determines the payroll)
- Central coordinating body for the reform programme (BPSR).

### ZAMFARA STATE

- Adopt reforms used by Kaduna, Jigawa and Kano States
- Capacity building – identify weaknesses in material, human and financial resources
- PSR – to involve all stakeholders used by Kaduna State.

### NIGER STATE (OBSERVERS)

- Enactment of Procurement Law
- Fiscal Responsibility Law
- Alleviating poverty
- Local government biometric data
- Vision 20:2020.

Please find the Governance Share Fair CD attached here:



sparc

