



Office of the Senior Special Assistant
to the President on Millennium Development Goals, Nigeria

THE **STORY** OF



OVERVIEW OF PUBLIC EXPENDITURE IN **NEEDS**

Delivering the Dividends of Debt Relief to the People of Nigeria

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Foreword

In 1999 Nigeria elected for a democracy after 15 years of military rule. As the democratically elected President of Nigeria, I faced huge development challenges and high expectations of a population that had long been denied their rights and consequently suffered from high levels of poverty.

In 2000 the United Nations brought together 188 Countries and signed the Millennium Declaration a global compact between rich and poor nations that was articulated in 8 Millennium Development Goals (MDGs). These Goals strive to address within a timeframe; **poverty eradication, universal primary education, gender empowerment, child mortality, maternal health, HIV AIDS, malaria, the environment and genuine partnerships for debt aid and trade.**

The MDGs provided an opportunity to hold the International community to its promises, especially Goal 8 that addressed the issues of Debt. Nigeria was no exception to the burden of Debt. In 1999 we inherited a debt portfolio that had us servicing at levels which tripled our Education budget. This was unacceptable to me especially as we were not even touching the principal amount.

Knowing full well what these resources could do to accelerate our development if they were available, I set on a crusade to ensure Nigeria and all other indebted African countries were granted debt relief.

The crusade ended in 2005, when we were granted a comprehensive treatment of our Paris Club Debt, which was the bulk of our debt portfolio. This immediately released \$1bn per annum that could now be targeted towards eradicating poverty in Nigeria.

My decision to ensure all these savings were spent on MDGs- related projects and programs, showed my Administration's determination to eradicate poverty and a concrete demonstration of our commitment to the achievement of the MDGs.

Nigeria's reform program NEEDS (National Economic Empowerment Development Strategy) provided the platform in 2005 for introducing Nigeria's version of a Virtual Poverty Fund known as OPEN (Overview of Public Expenditure on NEEDS).

Since then we are proud to share the success of having incorporated the use of Debt Relief Gains in two national budgets (2006/7). We have taken the opportunity to tell our story to the Nigerian people and our international partners, so that we may continue to be inspired by the results of committed Nigerian professionals to the development of Nigeria and its reforms.

I believe this is another reason to reinforce my belief in the potentials of Nigeria and the reality of achieving our vision of being among the top 20 economies of the world by 2020.

Join us in taking this journey through the story of OPEN and be sure that you will be inspired to join us in the battle to eradicate poverty in Nigeria and share the dividends of Economic Reform with all Nigerians



Olusegun Obasanjo, GCFR
President, Federal Republic of Nigeria

Acknowledgement

The success of the Debt Relief deal was due to the incredible resilience, commitment and sheer faith in Nigeria of Mr. President, Chief Olusegun Obasanjo. It is with equal measure that he applied the same values to ensure that the gains accrued from the debt relief were utilized solely towards the eradication of poverty in Nigeria. Without his support and confidence my team and I could never have had the outcomes we achieved in such a short time.

Our gratitude goes to the Chief of Staff to Mr. President, who guided me from the onset as I tried to find my way in the Presidency. His fatherly advice was always so well timed. I would not have performed the huge task assigned me if I had not had the privilege of working with the Principle Secretary '**Uncle Steve**' who enabled and facilitated the administration of my assignment.

I wish to express my sincere appreciation to the Governors Forum who graciously allowed me to present my assignment and the dividends that would accrue to them. Their forthright feedback was a welcome reality check of what was really happening at the State and Local Government levels. This input has strengthened our 2007 appropriation.

My sincere appreciation goes also to the National Assembly, especially the Senate

President, the Speaker of the House and both Chairs of the Senate appropriation committee and House appropriation committee. Hon. Faruk Lawan was exemplary in his conduct of the 2006 and 2007 budgets and a key player in the successful debt relief deal.

To the SGF, your consummate knowledge of government enriched my working career and your support gave me comfort in stressful times especially as I strived to give a good account of the assignment at every quarterly Presidential Committee meeting.

The Head of Service to the Federation was instrumental to my accepting the assignment. His deep regard for the President and his unwavering commitment to the Administration gave me the confidence to accept the assignment knowing full well that the public service would be instrumental in the successful implementation of the Debt Relief Gains.

To our Honorable Ministers for Agriculture & Water Resources; Education; Health; Works; Environment & Housing Development; Women Affairs; Youth; FCT, Energy; and the CEOs of NAPEP, SMEDAN, NACA & BMPIU, without your commitment and focus the assignment would have been difficult to achieve. My special appreciation goes to the Minister of Finance, Mrs. Nenadi Usman and

her AGF who were always available to ensure we succeeded. I wish to extend my gratitude to the Minister of Planning and his team who have partnered with us from the onset to ensure our success.

To my colleagues in the EMT, without your candid, professional input to the assignment, we would not have attained the quality of the Virtual Poverty Fund that we had envisaged. My particular appreciation goes to Dr. (Mrs.) Ngozi Ikonjo-Iweala, Dr. Bright Okogu, Malam Nasir El-Rufai, Malam Mansur Muktar who were always available to us as we fought to keep an inclusive process to the design and implementation of the VPF.

Our partnership with Civil Society has given independence and credibility to the process. I am humbled and grateful for the opportunity to get such honest feedback which has enriched our work and ensured it is pro-poor oriented in its entirety.

The professional conduct of our experts in the private sector was a fresh inspiration to the whole team. Human resource capacity is integral to the success of the NEEDS reform agenda. Our interaction with the private sector proved that the sky is the limit.

Genuine partnerships with the international development partners are a key outcome of

MDG goal 8. Our experience on this journey has underscored the importance of that partnership. I wish to thank especially UNDP, DFID, WB and the AfDB for being 'on tap' at all times.

I would like to express my profound and heartfelt gratitude to the people of Nigeria for their patience and continuous reminder that we have not yet reached the promised land, especially our women, who carry the burden of poverty.

Last but not least, my incredible team at the OSSAP, without whose support, tolerance, hard work 24/7 I would not have succeeded. Special appreciation goes to ODI who sent us Dan Rogger...**an experience and a half**....he gave us a unique outlook which added to our capacity and credibility. The teamwork displayed between the public and private sector was commendable. Key to this achievement was our '**sage**' Dr. Ibrahim Daudu. I will take from this assignment many lessons learned and a lifetime of wonderful memories.

May God in his infinite mercy continue to bless and guide us.

Hajiya Amina Ibrahim, OFR
Senior Special Assistant to the President, MDGs

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1



Nigeria

and the Millennium
Development Goals
(MDGs)

Nigeria is a federation of 36 states and the Federal Capital Territory. It lies on the west African coast, bordering Benin, Cameroon, Niger, and Chad. It has a population of 140 million people who are members of over 350 different ethnic groups.

In 1999, the people of Nigeria elected Chief Olusegun Obasanjo as the first civilian President of Nigeria in 15 years. He immediately called for economic and political reform that would revive the nation's moribund economy to achieve the nation's potential.

In 2000, Nigeria joined 188 other nations in adopting the United Nations (UN) 'Millennium Declaration', which lays out eight time-bound development goals that have come to be known as the 'Millennium Development Goals' (MDGs). They act as a roadmap for development agreed in a global compact between rich and poor nations.

“We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty”
Millennium Declaration

THE MILLENNIUM DEVELOPMENT GOALS

The Millennium Development Goals (MDGs) are a series of eight time-bound development goals that seek to address issues of poverty in all its forms agreed by the international community to be achieved by the year 2015. The goals are as follows:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal healthcare
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

Four years later, Nigeria published her home-grown strategy for economic and social development, the National Economic Empowerment and Development Strategy (NEEDS). The MDGs were at the heart of that strategy, and have been a central theme in the efforts of both the Nigerian Government and her development partners since then.

It stated that “over the next few years (2003-07), NEEDS will consolidate the achievements of the previous four years and lay a solid foundation for sustainable poverty reduction, employment generation, wealth creation, and value reorientation.”

2



The Paris Club
Debt Relief

Over the two decades that preceded the 1999 elections, Nigeria had accumulated a huge international debt burden due to years of economic mismanagement by the previous governments. By the end of 2004, the external debt burden had risen to US\$35.9 billion. President Obasanjo set in place an unrelenting crusade for the forgiveness of these odious debts, which were mainly owed to one group of creditors called the 'Paris Club' group of creditors.

WHY SHOULD NIGERIA BE FORGIVEN ITS DEBTS?

From 'Why Nigeria Deserves Debt Relief' by Ngozi Okonjo-Iweala

- If Nigeria were to fully service its external debt, there would be little left for capital expenditure. Nigeria needs resources for public investment.
- Nigeria's reform program aligns institutions to channel resources, including those of debt relief, to the internationally agreed MDG targets.
- Monies from debt relief will be well-monitored using recently introduced checks and balances.
- Nigeria's poor socio-economic indices are similar to those of other countries being given special treatment on their debts.
- Countries much better off than Nigeria have been given debt relief.

The President put together a strong 'Economic Team' who was able to vigorously campaign for debt relief. Each member of his Economic Team could address a particular audience, and they based their arguments on sound reasoning (see box 2). However, it was hard work. As the Director General of the Debt Management Office, Dr. Mansur Muhtar, states, the work was "very tasking".

"We had to fight tooth and nail to get this deal. It wasn't really given to us on a platter of gold as some people may believe but really it involved a very big fight and sometimes we came out of this fight with blood, sweat and tears."

Dr. Mansur Muhtar,

Director General, Debt Management Office

On June 30th, Nigeria celebrated as the President addressed the nation and announced that debt relief had been negotiated a comprehensive treatment of Nigeria's debt with the Paris Club.

The huge burden of US\$19,293,207,575 had been wiped off Nigeria's debt profile. The savings accrued to both the federal and state levels of government in the proportions of 75% and 25%, respectively.

“This debt relief offered to us, I am pleased and proud to say is the direct product of our relentless and persistent endeavour over the past six years.” President Obasanjo, Address to the nation on debt relief for Nigeria by the Paris Club, June 30th, 2005

The deal presented a significant opportunity to invest further in the country's reforms. Nigeria had committed that the savings the country would make from not having to pay debt repayments would be directed towards pro-poor projects and programs that would assist Nigeria in achieving the MDGs. And the funds could be used for more than that. They could provide another opportunity to reinforce public sector reforms, especially those related to transparency and accountability to the Nigerian people.

THE OFFICE OF THE SENIOR SPECIAL ASSISTANT TO THE PRESIDENT ON MDGs

A major focus of the debt negotiations had been the need to assure members of the Paris Club that the debt relief gains would be spent effectively and appropriately. Recurring issues of corruption and accountability in the country continued to fuel scepticism in many quarters. Fears were expressed as to whether savings from the deal would be well-utilised, and not misspent or embezzled.

The President inaugurated the 'Presidential

Committee on the Assessment and Monitoring of the Millennium Development Goals in Nigeria' on June 29th, 2005. He appointed Hajia Amina J. Ibrahim as the Senior Special Assistant to the President on MDGs (SSAP-MDGs). She was assigned to guide the resources that would be freed up from the debt deal to MDG-related projects and programs, whilst at the same time tracking, monitoring and evaluating their progress. This tracking system was dubbed 'Overview of Public Expenditure in NEEDS' (OPEN), as it would provide a watchful eye on public expenditures aimed to achieve the NEEDS targets. In addition, her office was assigned the responsibility of the secretariat to the Presidential Committee.

The SSAP-MDGs had been brought into government through the Ministry of Education three years before her appointment as SSAP. She had also served on the President's Economic Team, giving her a relatively broad understanding of the way government functions, and at sector level, what programs were working, and which weren't.

The SSAP-MDGs brought together an office that combined the private and public sectors, with the active support of civil society, and the country's development partners, that would both deliver the objectives of OPEN and provide a platform for wider reform activities.

Key mechanisms for engaging with the public sector were a steering committee of Permanent Secretaries chaired by the SSAP and ministerial 'task teams' at the sector level acting as the working groups for the Steering Committee.

3



Establishing a Virtual
Poverty Fund

Based on the directives of Mr. President that debt relief be spent on the MDG-related projects and programs, an operational framework for ensuring this was set up. Extensive discussions with Nigeria's Economic Team and development partners on how best to comprehensively track debt relief funds coalesced on three critical components for an effective system as follows:

1. Accurate receipts of expenditure would detail what debt relief had been spent on.
2. The outputs of these expenditures would be monitored to ensure the requisite quantity and quality had been supplied.
3. The outcomes relating to these outputs should be evaluated to identify what debt relief had achieved.

To tackle component 1, it was decided that a virtual poverty fund (VPF) should be employed in the budget to report on the nature of debt relief expenditures. A VPF is a coding system within an existing budget classification structure that dedicates specific resources towards pro-poor projects, and enables the 'tagging' and 'tracking' of such poverty-reducing spending. The scheme does not involve the setting up of separate institutional arrangements, but rather creates a set of budget codes that labels a portion of government expenditures as funded by debt relief. An automated accounting system is then required to report the relevant aggregates.

MORE INFORMATION ON VIRTUAL POVERTY FUNDS CAN BE FOUND IN:

International Monetary Fund and International Development Association 2002 'Actions to Strengthen the Tracking of Poverty-Reducing Public Spending in Heavily Indebted Poor Countries (HIPCS)'

Available on-line at

www.imf.org/external/np/hipc/2001/track/index.htm

Williamson, Tim and Sudharshan Canagarajah 2003 'Is There a Place for Virtual Poverty Funds in Pro-Poor Public Spending Reform? Lessons from Uganda's PAF' Development Policy Review, 2003, 21 (4): 449-480

Available on-line at

http://siteresources.worldbank.org/INT/PRS1/Resources/Attacking-Poverty-Course/399075-1115239057864/Lessons_UgandaPAF.pdf

In 2006, the Office of the Accountant General of the Federation (OAGF) adapted the accounting structure so it could isolate debt relief funded projects and programs. The OAGF also commenced work on the Accounting Transactions Recording and Reporting System (ATRRS) to cater for the accounting tracking requirements of OPEN.

To tackle components 2 and 3 of the above process, a framework for monitoring and evaluation (M&E) needed to be developed that was results-based and objective. The framework had to provide dependable expenditure tracking and impact assessment in the short term, and become fully institutionalised in the public expenditure management system in the long term. Such a framework entailed the setting up of an evaluation system within a results-based framework that would monitor the expenditure on debt relief-funded projects and programs in a transparent manner, independent of the executing agencies.

OVERVIEW OF PUBLIC EXPENDITURE IN NEEDS (OPEN)

Nigeria called her VPF 'Overview of Public Expenditure in NEEDS'. The OPEN initiative was based on a number of core principles:

- The debt relief funds were a small fraction of government resources. However, if spent strategically, they could be a catalyst for broader public expenditure management reform.

- To initiate that reform, the funds had to be spent through the standard line ministries of government, and not as a separate fund outside the normal sector budget framework.
- OPEN was an entry point for improvements in the way government worked at all tiers that would reinforce and introduce initiatives using the debt relief, and then scaling up successes to the wider budget envelope.
- The debt relief was also a catalyst to accelerate the development of a rigorous results-based monitoring and evaluation framework for development that was integrated with NEEDS.

When the debt deal was finally signed in September 2005, the office of the SSAP-MDGs (OSSAP-MDGs) had a very short time period in which to incorporate a 'debt relief budget' into the Federal Budget presented to the National Assembly for appropriation. This would require significant engagement with relevant ministries and the National Assembly.



4

The Medium Term Expenditure
Framework and the Medium Term Sector

Strategies

A photograph of a rural village scene. In the foreground, a woman wearing a white polka-dot shirt and a patterned skirt is operating a hand-operated water pump. She is holding the handle, and water is flowing into a blue plastic basin. Several children are gathered around the pump, some holding their own basins. In the background, a man is riding a bicycle past a building with a corrugated metal roof. The scene is set in a dry, dusty environment under bright sunlight.

At the start of the service delivery chain is the policy making process. In 2005 and 2006, the Federal Government of Nigeria defined its budgets within a Medium Term Expenditure Framework (MTEF). This sets expenditure parameters for the government as a whole. The sectoral component of this process is the Medium Term Sector Strategy (MTSS) process. For more information on either of these, see www1.worldbank.org/publicsector/pe/MTEFprocess.doc.

BENEFITS OF AN MTSS PROCESS

- The process ties the annual budget to Nigeria's overarching strategy documents, ensuring the development agenda of government is appropriately funded.
- By planning over three years, needed resources can be budgeted for well in advance and available funds distributed optimally.
- The process assists a ministry in prioritising projects to get the most out of their appropriation and achieve the targets set in NEEDS.
- The process gives the Nigerian people an understanding of what they should expect from their government. It indicates the efforts being made by government to spend national resources in an effective, transparent and accountable manner.
- Overall, the MTSS is about value for money!

OSSAP-MDGs was invited by the Budget Office of the Federation to become an integral part of the MTSS 'team'. This enabled OSSAP to ensure all MDG-related projects were incorporated into each sector's budget to meet the requirements of the debt relief spend.

The MTEF and MTSS processes are of significant importance to the progress of the nation's ongoing reforms (see box 4). The processes ensure that Nigeria's resources are spent in a coherent manner that reinforces rigorous public expenditure management. It is extremely important that the two processes are consolidated and strengthened in the coming years.

5



The 2006/7 Federal
Budgets

BUDGET 2006

Extensive discussions with Mr. President, the Ministry of Finance, and the Economic Team resulted in the issuance of guidelines to ten federal ministries (see box 5). The Budget Office of the Federation issued tentative envelopes to the ten ministries in an addendum to the 2006 Budget Call Circular to be funded from the gains of debt relief. The distribution of funds are described in table 1, and total N100 billion, which was equivalent to US\$750 million, the share that accrued to the federal government in the debt deal.

Debt relief funds in Budget 2006

Health	₦ 21,288,000,000
Education	₦ 18,221,707,736
Water Resources	₦ 19,215,849,154
Power and Steel	₦ 16,961,839,096
Works	₦ 9,855,000,000
Agriculture	₦ 9,400,000,000
Environment	₦ 1,485,000,000
Women's Affairs	₦ 1,000,000,000
Intergovernmental Affairs	₦ 990,000,000
Housing and Urban	₦ 495,000,000
Monitoring and Evaluation	₦ 1,000,000,000
TOTAL -	₦ 99,912,395,986

GUIDELINES FOR THE EXPENDITURE OF DEBT RELIEF FUNDS

The 2006 debt relief spend was conditioned on the following principles:

- Expenditures must be utilised as incremental resources for projects and programs that assist Nigeria in achieving the MDGs.
- The projects should be "quick wins" that provide the most impact in the 2006 fiscal year, and that are consistent with the Medium-Term Sector Strategies within the overall framework of NEEDS.
- There should be coordination with the relevant state ministry/ies.
- Project workplans, cashflows, locations and specifications should be provided with the budget submission.
- Expenditures cannot be used to augment overheads, salaries, allowances, or to pay off previously accrued debts.
- Ministries are required to incorporate the need to fight the spread of HIV/AIDS into all policies and programs.
- 1% of the MDGs vote is to be earmarked for independent monitoring and evaluation..

The distribution of funds across the sectors aimed to allocate funds in a way that would effectively address the most significant MDG challenges in Nigeria. Clearly, the MDGs are interdependent in a complex series of ways, such that funds had to be spread across multiple sectors. Targeting multiple sectors would also allow OSSAP to strengthen capacity in multiple institutions, each of which were key drivers in achieving the country's development targets.

The variance in the distribution arises for a number of reasons. Firstly, a major objective was to ensure additionality in debt relief funded interventions on a larger scale, meaning that key spending ministries such as Health, Water, Education and Agriculture were priorities. Secondly, poverty analyses, such as the country's MDG reports, were signalling greater need for resources in certain areas, such as health and water, than in others. Finally, the issue of sector capacity had to be confronted, with ministries being rewarded if they could show evidence of absorptive capacity and the ability to produce 'quick wins' by finishing projects within the fiscal year.

Similar criteria were given for projects and programs within each sector. Whilst not comprehensive, table 2 provides a snapshot of some of the projects that were funded in 2006.

Examples of debt relief funded projects in Budget 2006

SECTOR	EXAMPLE INITIATIVES
Health	Refurbishment and equipping of selected referral centres, building and rehabilitation of primary health centres, and procurement of vaccines for routine immunisation and equipment for cold storage.
Education	Scaling up nomadic education programmes with a focus on healthcare, the development of new and improved curriculum for primary and secondary schooling levels, and equipment and training at selected federal colleges of education.
Water Resources	Bore holes, small earth dams, and irrigation projects across the nation.
Power and Steel Works	Rural electrification projects.
Works	Construction/rehabilitation of federal highways relating to 'agricultural produce areas', such as the Bauchi - Dass - Tafawa Balewa road, and the rehabilitation of the Funtua - Gusau - Sokoto road.
Agriculture	Integrated rural roads construction and the rehabilitation of rural feeder roads, investments in run-off water harvesting technology, and the development of grazing reserves, including watering points and disease control initiatives.
Environment	Forestry and oases development programme in the arid and semi-arid zones, and flood control and bio-gas projects.
Women Affairs	Gender mainstreaming training and advocacy, programs to ensure the adoption of the Childs Right Convention provisions in the Nigerian legal framework, and funding for gender research.
Youth	Agricultural entrepreneurship, farming, and leadership trainings.
Housing and Urban Development	Slum upgrading pilot project at Mofere Community, Ondo State involved the reconstruction of tertiary roads, drains, and public health centre. It also entailed improvements in water supply and market facilities, and purchase of fire fighting equipment, refuse trucks, and an incinerator.

WHAT DID THE 2006 DEBT RELIEF

SPEND ACHIEVE?

145,000 teachers given in-service training while **40,000** have been recruited nationwide for the Teacher Scheme.

166 new primary health care centers built and **207** rehabilitated across the country.

400,000 insecticide-treated bed nets, over one million doses anti-malarials (ACTs) and two million doses of sulfadoxine-pyrimethamine (SP) provided nationwide.

79,000 doses of antiretroviral drugs (ARVs) procured for HIV/AIDS patients.

1049 rural electrification projects.

Approximately **4000** km of rural roads nationwide.

Investments in cross-cutting issues, such as urban slum upgrading (pilot in Ondo State), desertification projects, gender, HIV/AIDS and youth programs.

Animal traction scheme revived.

The construction and subsidised distribution of on-farm storage bins to mitigate post harvest losses.

Rural and urban **water projects** worth **N20 billion**.

The 2006 Budget implementation faced many challenges. Nevertheless, indicative reports suggest the majority of debt relief funds were **accessed and spent transparently**.

BUDGET 2007

Preparation for Budget 2007 started much earlier than it had in 2005, giving the office ample time to consider how it should allocate resources in 2007. Whilst the guiding principles of the spend were much the same, lessons from Budget 2006 meant that a number of changes were made to the allocations.

Firstly, it became increasingly clear that the Ministry of Environment had not been able to effectively utilise their resources. To address this challenge, additional resources in respect of the Environment goal were given to the Ministry of Housing and Urban Development instead of the Ministry of Environment. With regards the Ministry of Works, debt relief resources could yield very limited grassroots impacts due to the

magnitude of resources required to make effective impact. Therefore, it received no allocation in 2007. Finally, it was also clear that there was a need to decentralise the debt relief spend. In the Ministry of Water Resources, this meant spending money through the state-level parastatals.

This theme of decentralisation also influenced OSSAP-MDGs thinking on how to engage with the states. The state and local levels have a core role in public service delivery. To increase the resources available for basic services, OSSAP designed a conditional grants scheme that would both fund MDG-related projects at the state level, but also, through a matching component, leverage some of the US\$250 million of state debt relief towards MDG-related projects. The Federal Capital Territory (FCT) was given funds to demonstrate the interdependent nature of the MDGs and the intergovernmental coordination required for effective planning.

Finally, a social safety nets programme was introduced to reinforce the National Programme on Poverty Eradication's efforts to

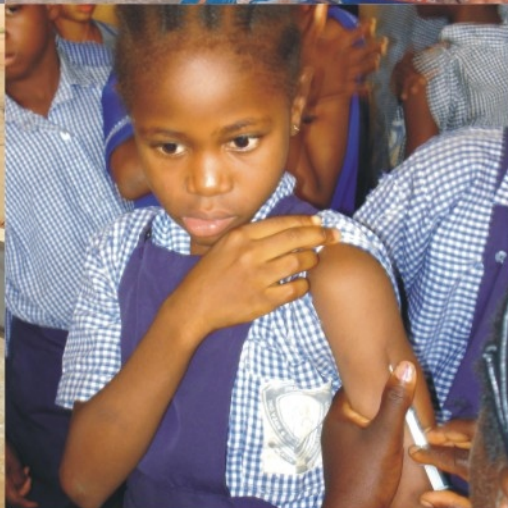
Debt relief funds in Budget 2007

SECTOR	2006 (Nbn)	2007 (N)
EDUCATION	18,221,707,736	15,353,043,361
HEALTH	21,288,000,000	15,348,000,000
AGRICULTURE	9,400,000,000	15,000,000,000
WATER RESOURCES	19,215,849,154	13,848,572,250
POWER AND STEEL	16,961,839,096	10,108,557,527
HOUSING	495,000,000	3,000,000,000
FCT	–	1,800,000,000
WOMEN'S AFFAIRS	1,000,000,000	1,015,000,000
YOUTH	990,000,000	1,000,000,000
NATIONAL ACTION COMMITTEE ON AIDS	–	1,000,000,000
WORKS	9,855,000,000	–
ENVIRONMENT	1,485,000,000	–
CONDITIONAL GRANTS	–	20,000,000,000
SAFETY NETS	990,000,000	10,000,000,000
MONITORING AND EVALUATION	1,000,000,000	2,000,000,000
TOTAL	99,912,395,986	109,473,173,138


coordinate and harmonise a social protection strategy for the nation. Table 3 displays the final distribution of the 2007 debt relief spend.

The 2007 Budget will face the challenges of a government in transition. However, the well-articulated programme within the Appropriation Act should see this through.

6



The Monitoring and Evaluation Initiative



An effective virtual poverty fund was dependent on the quality of a comprehensive monitoring and evaluation (M&E) framework. To address this challenge, the M&E concept had multiple objectives.

Firstly, it was to provide the nation's citizens, the Nigerian Government, and the international community with verifiable details of the outputs, outcomes and impacts of debt relief. It thus aimed to ensure that resources voted for debt relief funded projects and programs were fully channelled to the purposes intended by identifying all leakages, diversions, tolls and bottlenecks, and by ensuring that the approved ministries implementation plans were strictly adhered to, especially relating to coverage, quality, outputs and outcomes at the local level.

Secondly, the framework was also to act as the platform for the restructuring of M&E processes at the Federal level. The debt relief was a unique opportunity to reform existing dysfunctional federal M&E systems.

To achieve these aims, it was important to identify the most significant challenges to their realisation, and confront them from the start. A study tour to Tanzania, a nation which had made appreciable progress in public expenditure reforms, and wide discussions within and outside government identified two key challenges:

- 1) Institutionalising new processes into change averse-ministries, and
- 2) Gaining the political will to enable action.

The first of these challenges informed the development of the operational framework of the OPEN M&E, and the second refined its implementation.

THE OPERATIONAL FRAMEWORK

The context in which the OPEN initiative was developed was one of systemic shortcomings in existing government systems. Government M&E was largely under-funded, incoherent, and under-utilised. It did not link activities to development results on the ground. It was effectively a monitoring mechanism without the evaluation that would then inform public expenditure management. These shortcomings detracted from the credibility required to convince Nigerians and the international community that the debt relief funds and public resources as a whole would be tracked effectively.

There was thus the need for an inclusive, two-pronged approach to the M&E framework. On the one hand, a short-term approach was needed to solve immediate challenges of transparency and accountability with respect to the debt relief gains. This required an M&E system unhindered by any of the existing systemic shortcomings capable

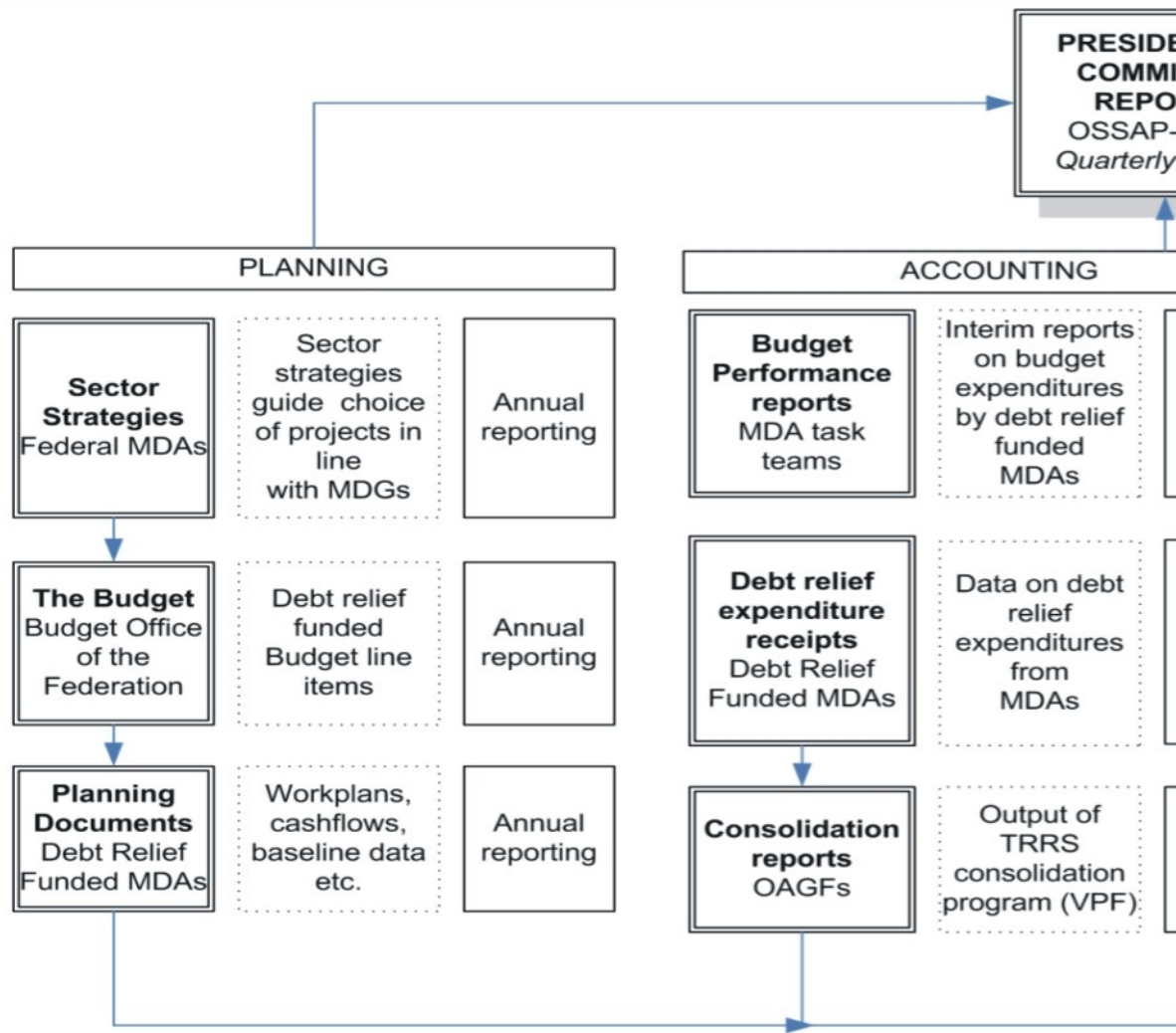
of tracking these gains effectively. On the other hand, it was necessary to build the government's capacity for the M&E of all expenditure in the future, beyond just debt relief gains.

To deal with the immediate needs of debt relief tracking, it was decided that a system of field M&E would be outsourced to private sector experts and civil society organisations and in the spirit of public-private partnerships, an independent platform would be developed for the long term. Funded from the debt

relief gains, this system would target debt relief-funded projects and programs and provide an immediate evaluation mechanism independent of the executing ministries.

The Presidential Committee on the Assessment and Monitoring of the Millennium Development Goals in Nigeria had been set up as the apex of the monitoring system. Diagram 1 illustrates the information flows between the different actors, including the Presidential Committee, the Budget, the ATRRS and the M&E teams.





INFORMATION FLOWS: Policy and project documents for debt relief funded programs, as well as expenditure data from the VPF provide the OPEN M&E consultants with the data they need to monitor and evaluate the debt relief gains. Consultant data is aggregated and fed into OSSAP-MDGs report to the Presidential Committee on

Diagram .1. Information flows in OPEN

**ESSENTIAL
COMMITTEE
REPORTS
MDGs
reports**

Monthly reporting

Monthly reporting

Monthly reporting

Monthly reporting

Projects and consultants reports are in MDGs.

MONITORING & EVALUATION

**PRIVATE
SECTOR
CONSULTANTS**

M&E TEAM

**CIVIL SOCIETY
(Integrated and
Independent)**

**National
Consultant's
Office Report**
National
consultant

Aggregation of
zonal office's
reports

Monthly
reporting

National level
CSOs engaged to
work with
OPEN consultants
contributing to
National Report

**Zonal Office
Reports**
Zonal office's
consultants

Aggregation
of State
office's
reports

Monthly
reporting

Zonal level CSOs
engaged to work
with
OPEN consultants
contributing to
zonal reports

**State Office's
reports**
State officers

Site visit
feedback and
technical
reporting

Monthly
reporting

Field CSOs
reporting on site
visit findings
through
state office reports



To address the longer-term need for improved M&E within the federal ministries, the development of a results-based institutional framework for M&E was initiated. Funded by a World Bank International Development Fund grant (with supplementation from the United Nations Development Programme [UNDP] and the UK Department for

International Development [DFID]), this component aimed to strengthen the capacity of the Budget Office of the Federation Budget Monitoring and Evaluation Department to execute its primary mandate of designing and implementing a unified national M&E system. The development process for the institutional component is illustrated in Diagram 2.

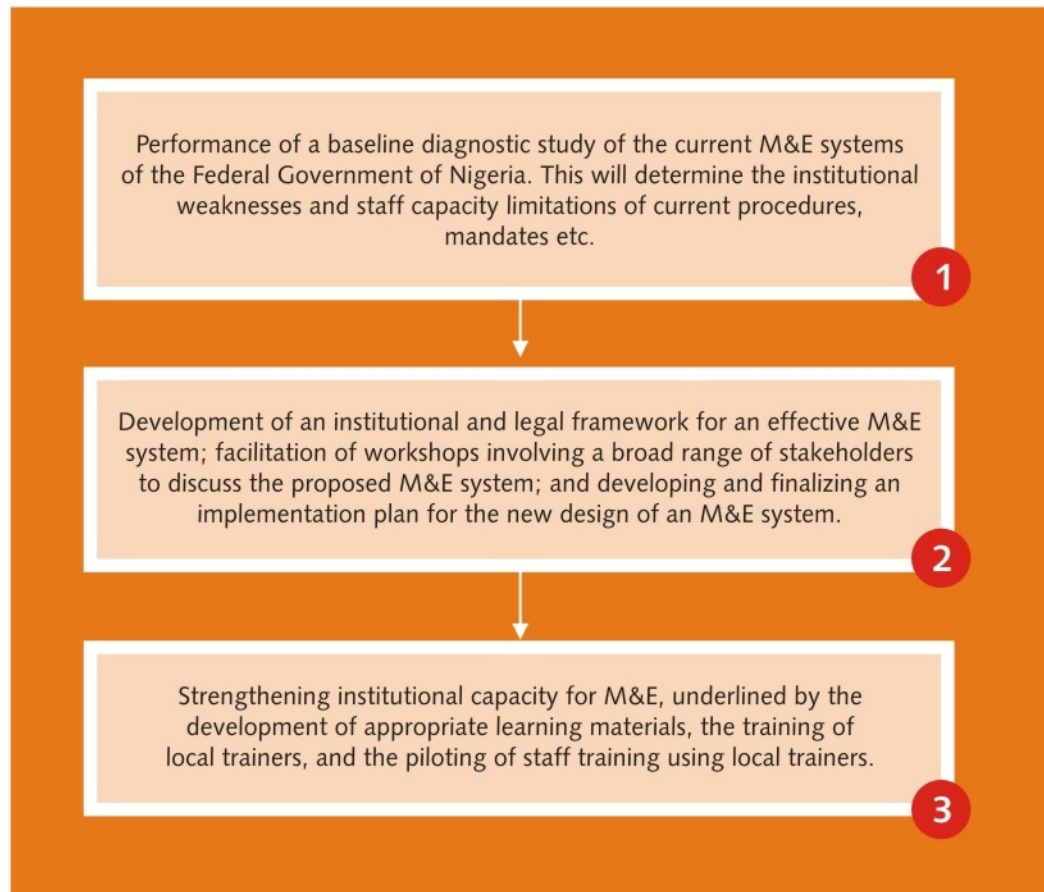


Diagram 2. Development process of the results based management component of OPEN

The parallel processes of field M&E and institutional development reinforce one another in the long run. It is envisaged that the lessons learnt from the interim arrangements of OPEN will ultimately feed into, and be institutionalised into, an overarching results framework being designed for the long-term improvement of M&E at the Federal level. Similarly, lessons from the baseline diagnostic study fed into the development of the field M&E.

CHALLENGES

A number of challenges to the establishment of the M&E framework arose. The M&E component of OPEN had no coherent national system to plug into and improve. Thus, each step was a step into the unknown. At the same time, the introduction of new procedures in change-averse government institutions is typically a difficult process. OPEN M&E procedures were initially met with resistance in the ministries. This was compounded by the fact that many institutions of government were in flux because they were also undergoing public sector reforms independent of OPEN.

Capacity constraints were at the core of the OPEN initiative, in the public sector, in civil society and in the private sector. In the case of the public sector, planning, data gathering and statistical analysis capacities were weak

across the ministries. In the case of civil society, the change from service delivery to impact assessment was a significant shift in mindset. The expertise in recording and reporting the voice of the people took time to build.

In the case of the private sector, the capacity gap centred on their lack of experience of working on such an initiative, and so closely with civil society. Since evaluation had not been performed in Nigeria at almost any level, expertise on the topic simply didn't exist.

SUCCESSES

The key success is clearly the creation of an independent and vibrant partnership between civil society and the private sector that keeps a watchful eye over the expenditure of the debt relief gains.

An overarching theme in solving some of the challenges of implementing the M&E of OPEN was the recognition that 2006 was a pilot year. It was recognised that all members of the team would have to be flexible and experiment with the organisational structure as well as the nature of tools utilised. For example, the novelty of the conceptual framework has made it a challenge to engage the consultants and civil society through the procurement procedures of government. Months were spent reworking numerous iterations of the framework to ensure full compliance with procurement rules. However, now that these negotiations have been had, the process should be far easier in subsequent years.



This institutionalisation has also happened on an individual level. The development of the M&E framework has been based on consultations all the way. Such consultations ensured ownership of the initiative by government employees whose work it would affect, as well as by the international community, who had a vested interest in the transparent expenditure of debt relief and in the improvement of Nigeria's M&E processes.

OSSAP-MDGs also aimed to provide quick successes to keep the interest of stakeholders. Not only did OSSAP officers track and monitor projects and programs by sector, but 1% of the debt relief funds were earmarked to augment ministries' M&E infrastructure and procedures for immediate monitoring of debt relief. Such funds kept their interest and enabled them to experiment with their own M&E designs.

THE ACCOUNTING TRANSACTIONS RECORDING AND REPORTING SYSTEM

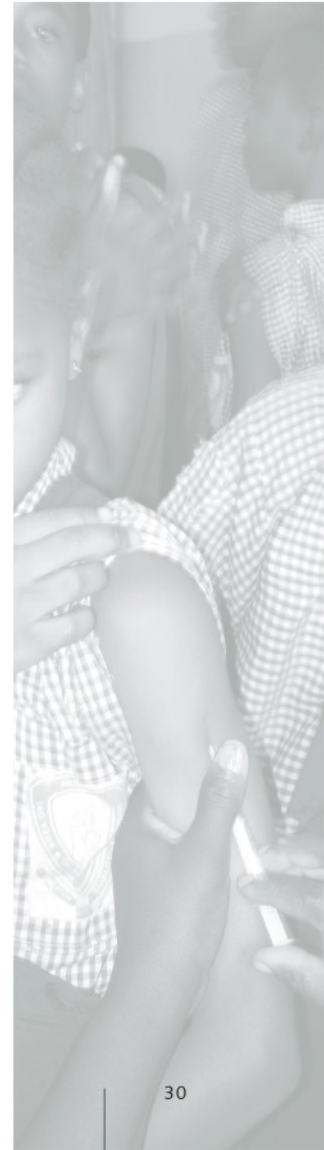
The Paris Club debt relief was gained off the back of a series of key economic, political and social reforms. The case for debt relief was bolstered by the introduction of a 'Policy Support Instrument' (PSI) for Nigeria.

THE POLICY SUPPORT INSTRUMENT

The Policy Support Instrument is a package of advice, monitoring and assessment given by the International Monetary Fund to one of its members. The Fund visits the member country frequently and investigates the country's progress on key economic policy fundamentals. It then produces advice for the country and gives the rest of the world a 'progress report'. The country itself sets the benchmarks by which it will be judged, based on the country's poverty reduction strategy.

OSSAP-MDGs, in collaboration with the OAGF, committed to implement one of the PSI benchmarks, the introduction of an accounting system that could track federal expenditures entitled the Accounting Transactions Recording and Reporting System (ATRRS). The ATRRS reports on what federal funds have actually been spent on, rather than budgeted.

OSSAP-MDGs worked with the OAGF to activate the ATRRS. The office assisted in the reformulation of the Chart of Accounts, the coding structure on which the ATRRS worked, and ensured that the budget was properly codified at appropriation. In collaboration with the OAGF, OSSAP-MDGs sponsored training to roll-out the system to those institutions not constitutionally mandated to report to the OAGF, and published guidelines on how to account for debt relief expenditures.



INTRODUCTION TO THE CHART OF ACCOUNTS

The Chart of Accounts is a series of codes that provide a unique label for every project, program or allocation in the federal budget. As they are unique, it is possible to find out exactly how the funds allocated to each program and project are spent.

The ministry that spends the funds tells the Accountant General's office how it has spent each allocation by code, rather than just that it has spent this much on vaccines, this much on travel, and so on. The code of every project or program that is funded by debt relief contains the digits 3500 to 3599 or 4500 to 4599. Therefore, because we know what was spent on each code, we can pull out the debt relief codes and track exactly what debt relief gains are spent on.

Despite the best efforts of the OAGF and OSSAP-MDGs, the ATRRS has not produced detail expenditures of the debt relief. Whilst the overarching structure of the ATRRS is in place, including a reformed Chart of Accounts, ministry-level IT infrastructure, and so on, the ATRRS is a work in progress. Details of some of the main challenges the OAGF has faced can be found in box 8.

CHALLENGES TO THE ATRRS

One of the key lessons of the ATRRS is that external technical assistance should be utilised strategically if it is to be of benefit to government. Lessons should be learnt from the instalment and customisation of ATRRS, which appears not to have delivered the requirements of the OAGF. ATRRS was delivered without attention to institutionalising the relevant OAGF team or senior management. Capacity-building of OAGF staff should be embedded in the terms of reference in any future reform effort.

This is an important reform to be accelerated and sustained. Whilst there are other solutions in the system, including the Government Integrated Financial Management Information System (GIFMIS), these will take a substantial time to complete, and will require significant capacity-building in terms of both human and technical resources. The importance of the ATRRS as an interim solution should not be underplayed. It is a vital bridge between the current system and an integrated accounting system. OSSAP-MDGs strongly recommends that the completion and effective usage of the ATRRS is made a high priority and the mid- and long-term reform strategy of the OAGF be rolled out by the Federal Ministry of Finance soonest.





A large group of young school children, mostly girls, are standing in a line outdoors. They are wearing blue and purple school uniforms. The children are looking in various directions, some towards the camera. The background is a bright, slightly overcast sky. The ground is dirt with some rocks.

7

Impacting on the
Reforms



As an office of the Presidency and member of the Economic Management Team, OSSAP-MDGs could position itself as a key facilitating agent, introducing reforms into all aspects of public service delivery. The mandate of the office reinforced this key position, stating that the office should “in collaboration with the NPC (National Planning Commission), design a coherent approach to achieving the MDGs”. This meant doing more than just spending debt relief and tracking it. It meant showing that money could be spent more effectively in achieving the desired results and in improving the wider public expenditure reform.

Control of the debt relief funds was vital in leveraging reform. In areas where the office did not hold a fiscal incentive, progress was much slower. With N100 billion in 2006, and N110 billion in 2007 (both equivalent to about US\$750 million due to inflation) to use as leverage for reforming the systems of public expenditure management, the office was a force to be reckoned with.

FACILITATING NEEDS AND SEEDS BENCHMARKING

As a member of government with broad experience in service delivery, and with the NEEDS and SEEDS documents at the heart of its mandate, OSSAP-MDGs was invited to be a close partner in the development of the second SEEDS benchmarking exercise. Benchmarking is a process of identifying where the government stands in the quality of its processes and procedures relative to some form of best practice.

The office played a role at each stage of the SEEDS benchmarking development process. As it is close to both the NPC and the development partners, the office was able to bridge the gap on important areas of contention.

The office, in collaboration with DFID's State and Local Government Programme, provided a first-draft terms of reference for the benchmarking of the federal level of government, i.e. a benchmarking of NEEDS. The office lobbied hard for an assessment of federal institutions progress in implementing NEEDS. Such an exercise was a vital component of strengthening the SEEDS benchmarking process. The NPC has since taken this up, and it is a work in progress.

COSTING

During the MTSS process, and in working with the ministries receiving debt relief funding, it quickly became clear that the planning capacities in government were inadequate. It was also clear that the magnitude of the problem Nigeria faced in terms of achieving the MDGs was not well understood, especially in terms of the financial resources that would be needed.

There was therefore the need for a comprehensive costing exercise that would give a detailed database for all ministries to cost their interventions for inclusion in annual budgets. The costing exercise is a fundamental step within the context of MDG-based planning. It comprises carrying out a 'needs assessment' of the minimum baseline of interventions across multiple sectors required,



in terms of financial, human and infrastructure facilities, to achieve the MDGs.

The costing process began with a study tour to the UN Millennium Project (UNMP) in New York in July 2005 by a team from the office of the SSAP-MDGs. It covered basic modules for costing health, education and other key MDG sectors. In addition the office had reviewed work already done by Nigeria's development partners in health and infrastructure. Staff members of the OSSAP-MDGs have also attended several workshops held by ministries and development partners on costing in Health and HIV/AIDS interventions.

Having built costing capacity within OSSAP-MDGs and identified relevant costing models, the next step was to extend training to the ministries. A concept note was developed together with relevant stakeholders, along with other project documents.

WHY PERFORM A COSTING EXERCISE FOR NIGERIA?

- To provide a database that identifies baseline costs of achieving the MDGs from 2007 to 2015, in key sectors.
- To build capacity within the ministries to prepare credible and accurate costing of interventions in a transparent manner, establishing unit costs and setting scenarios for scale up of interventions
- To integrate detailed costing into the annual budgeting exercise to underpin planning processes, in line with the MTSS and MTEF, that are consistent with the long-term objective of achieving the MDGs within the context of NEEDS.

The framework adopted for conducting the costing exercise was to build on existing costing efforts that have been undertaken within the ministries and taking into cognisance the work done by the Ministry of Health and the development partners, namely UNDP, the World Bank and DFID. Baseline data on existing coverage of services and facilities was provided by ministries from their administrative records, wherever possible, together with the other data sources, including data from the National Bureau of Statistics (NBS), NPC, Central Bank of Nigeria (CBN), and the work of the international development partners (IDPs). This provided a basis for building an MDGs costing database for use in planning. Current challenges to a robust costing include inadequate baseline data in key sectors.

The costing process had to be institutionalised within the ministries through capacity building. The participatory learning approach was used in a workshop environment to train key staff of ministries in the use of costing tools to estimate the cost of interventions in line with global best practices, in collaboration with partners such as NPC and Budget Office of the Federation (BOF). This training approach enhanced immediate buy-in by participants, thereby ensuring sustainability and institutional ownership of the process by the ministries.

The delivery of the workshops was structured to be done in three clusters. The first would be focused on physical infrastructure, the second on social infrastructure, and the third



to encompass all other key sectors: Agriculture, Environment, Housing, and Urban Development.

The methodology used for the costing was to adapt the UNMP Costing Models to the Nigerian situation and use them to train workshop participants in bottom-up, intervention-based, outcome-driven needs assessment. The total-resource requirements approach, as opposed to other costing methodologies that are based on incremental costs or aggregate growth rates projections, is vital to MDG-based planning. It is suitable to MDG strategies because intervention-based costing is more ambitious, and it estimates total costs across all key sectors, thereby identifying gaps, synergies and savings among sectors, while avoiding double counting.

Sector Costing Teams were equipped with the skills, knowledge and abilities gained at the Costing Workshops on the use of the UNMP costing models to perform the needs assessment and costing exercise. The five main steps involved were to:

1. Identify all interventions needed to achieve the MDGs between 2007 and 2015 in the relevant sectors.
2. Establish a baseline situation of the coverage of existing services and facilities, and also define coverage targets for scale up of required interventions.
3. Estimate resource needs, using investment models.
4. Check results against comparative regional or country studies.

5. Develop financing strategies for funding gaps identified.

At the end of the Workshops, participants acquired a level of proficiency in the use of the UNMP costing models, while also coming out with a first cut of MDG costing in Nigeria for five MDG-related sectors.

CAPACITY BUILDING SUPPORT TO KEY STAKEHOLDERS

A number of sectors involved in the MTSS process had not fully understood the rationale or methodology of the practice. After the budget process had been completed, OSSAP-MDGs participated in workshops that reviewed the main messages of the MTSS process, and reinforced the rationale behind it.

Whilst the MTSS had been an innovation of the past two years in Nigeria, OSSAP-MDGs helped institutionalise the methodology by breaking down the concepts into simple, digestible messages. The approach of the office was on accessibility, and on targeting program officers as well as directors, and National Assembly committee secretaries, as well as politicians. Performing the workshops during the non-budget preparation period of the year gave the space to reinforce and consolidate on lessons learnt in the budget process.

'Due Process' is the popular name for the procurement rules and regulations of the Nigerian Government. A review of the 2006 implementation, and discussions with the government's procurement watchdog, the



Budget Monitoring and Price Intelligence Unit (BMPIU), indicated that the requirements of Due Process were not well understood in ministries. In collaboration with the BMPIU, the OSSAP-MDGs organised and funded a 'refresher workshop' on the requirements of Due Process. This opportunity allowed members of government to better understand Due Process, but also to feed back to the Unit their own comments on Due Process procedures.

Like the MTSS workshops, the Due Process workshop provided support to the institutionalised organs of government where it seemed most needed.

BUDGET REVIEW WITH GOVERNORS, MINISTRIES AND CIVIL SOCIETY

At the end of July 2006, OSSAP-MDGs held a budget review meeting, which brought together Governors from each of the six geopolitical zones, members of the National Assembly, federal ministers and officers of the federal government. The aim of the meeting was to collect feedback on the execution of the 2006 debt relief budget and gain inputs from relevant stakeholders for the design of the 2007 debt relief budget. Such a participatory process was unique in the budget process, and the meeting was warmly welcomed from all quarters, notably from the Governors and their representatives. Members called for the process to be annual, and to be extended to the entire budget.

The meeting discussed the significant overlap between federal and state projects, and the limited coordination between the three tiers of government. The Deputy Governor of Enugu summarised the discussion by stating that "we need to sit down and work together." The forum was also an opportunity for innovative ideas to be suggested and discussed. For example, arguments were made for a comprehensive mapping of capital projects undertaken by all tiers of government.

At the start of 2007, letters were sent to all Governors indicating the nature and location of all those projects funded by debt-relief gains. The letter made the following request:

We would appreciate it if you could review the projects and identify any possible duplications with your own programs. We may then be able to negotiate new locations to better align our activities.

Many states responded, allowing OSSAP-MDGs to work with ministries to re-align the debt relief funded projects.

CONDITIONAL GRANTS

State governments are typically better placed to provide basic services to their people than the federal government. They better know the local conditions, demands and constraints. Discussions with the Governors, such as those detailed above, indicated a significant need to improve intergovernmental fiscal cooperation. In the Communiqué of the Governor's Forum of October 24th 2006, it was stated:



The Forum is very concerned about the situation where Governors are completely unaware of many projects listed as executed or on-going by the Office of the SSAP-MDGs in their States. We therefore call for a mechanism that will enable individual Governors to make an input into the process to ensure greater efficiency and effectiveness, and avoid undue duplication of efforts and resources.

The Punch, Thursday October 26th 2006, p.46

Such sentiments were echoed by the international development community. For example, in the forthcoming Public Expenditure Management and Financial Accountability Review published by the World Bank, it states:

So far, fiscal decentralization in Nigeria has not been accompanied by strengthened intergovernmental coordination in the areas of fiscal and sector policies. This complicates progress in service delivery.

A high level of public sector performance requires more than just a proper assignment of functions to the different levels of government. It also requires a coherent set of fiscal and regulatory institutions that embody incentives for effective policymaking. In essence, there is a need to capitalise on the strengths of the different levels of government, ensuring optimum benefits. Debt relief savings are an

opportunity to contribute more effectively to the achievement of the MDGs by designing a mechanism for results-oriented expenditure at the state or local level, with oversight from the federal level.

A consultative process began involving the National Assembly, key members of the executive and IDPs, to identify the optimal platform for improved intergovernmental coordination. It was identified that conditional grants were the most appropriate mechanism for achieving results-oriented expenditures. Box .10. gives some of the key benefits of conditional grants.

THE BENEFITS OF CONDITIONAL GRANTS

Conditional grants maximise the use of information and expertise at every level of government.

They ensure funds are available where they can be best used.

Conditional grants foster positive consultations, cooperation and sustainability among the federal, state and local governments, the communities and civil society.

Conditional grants are an opportunity to build a platform on which state and local governments align their budgets more fully to the nation's Medium Term Fiscal Framework.

It is an opportunity to leverage spending towards supporting state programs that are fully aligned with national policy objectives and the MDGs.



N20 billion was proposed and appropriated for the conditional grants scheme in the 2007 Budget. OSSAP-MDGs is preparing to finalise the allocations to states with the incoming administration and the National Committee on Conditional Grants. The conditional grants scheme has acted as a first but important step towards improved coordination between the three tiers of government. OSSAP-MDGs recommends that the conditional grants scheme is scaled up in Budget 2008 beyond debt relief gains, and is used as a platform for initiatives that better align the activities and priorities of the national and sub-national governments.

This move towards improved intergovernmental coordination could be one of the most important legacies of OSSAP-MDGs. As a member of the office's Core Team states:

There is a limit to what can be achieved by the federal government alone. While there is still an unfinished agenda of reform at this level, the future course of investment in the MDGs, and the possibility of achieving the Goals, rests to a large extent on action at state and local government levels. The states are the next major frontier for reform.

SOCIAL SAFETY NETS

Nigeria has the largest number of poor people in Africa at roughly 70 million people. Around 50% of the continent's largest population are classed as living below the poverty line. Nigeria's poor not only face low levels of income and limited access to public services, but they are also highly vulnerable to economic, social and environmental shocks.

POVERTY IN NIGERIA

The National Living Standards Survey 2003/4 estimates the proportion of poor in Nigeria as 54% (relative definition of poverty), 55% (absolute definition), and 52% (dollar-a-day definition) of the population.

Thus, there is a significant scope to improve the ability of the poor to cope with the vulnerabilities that are associated with their poverty and create opportunities for them to improve their economic conditions. Again, through consultations throughout government and with the international development community, it was decided that these aims could be achieved by introducing a 'social safety nets' (SSNs) scheme. Such a scheme would provide programs that would ensure a minimum level of affluence to its beneficiaries.

SOCIAL SAFETY NETS IN NIGERIA

There are already a host of SSNs in Nigeria, from microfinance initiatives to school feeding programs. However, they have not been formally classified as SSNs, and therefore lack central coordination, strategic management and comprehensive monitoring and evaluation. Since 2003, the National Planning Commission and other government stakeholders having been working on a 'Social Protection Strategy for Nigeria'. Unfortunately, until the debt relief allocation, funds had not been available to operationalise the strategy.



Whilst there is a need for a holistic social protection strategy to be completed, there is also an urgent requirement to start providing better social protection to the poor. Thus, as an entry point, it was decided that a number of safety nets would be funded by debt relief in budget 2007 under the nation's first social safety net scheme.

The National Poverty Eradication Programme (NAPEP) has the mandate for reducing poverty, and the vulnerability of the poor, in Nigeria. NAPEP's staff have already been trained in the foundations of implementing social safety nets. Thus, OSSAP-MDGs collaborated with NAPEP to produce guidelines for the safety net scheme.

The guidelines identified three key components of the social safety net scheme. One, the scheme scales up NAPEP's microfinance program to combat the poor's lack of access to credit. Funds were also made available to a youth employment scheme called 'Keke NAPEP', and a conditional cash transfers component was introduced as an innovation in their programming that would target the most marginalised groups in society.

Clearly, OSSAP-MDGs hopes that the safety net scheme is closely monitored, evaluated, and improved over time. It is hoped that the scheme acts as a springboard for a more comprehensive social protection strategy.

IMPROVING AND COMMUNICATING BASELINE DATA: THE NIGERIAN POVERTY ASSESSMENT

Fundamental to much of the work of OSSAP-MDGs is quality baseline data. Tracking progress on the achievement of the MDGs takes detailed information on the progress of the indicators that accompany the goals. Knowledge of how the nature of poverty varies across the country is important for making informed policy decisions based on need. Implementing the social safety nets scheme requires information on the most vulnerable members of society.

Efforts to raise standards, in terms of both quality of data and its availability, has taken a number of forms in OSSAP-MDGs. The office has worked directly with the NBS in identifying and aggregating the indicators that accompany the MDGs. It has supported the initiation of a poverty monitoring committee, and lobbied for data harmonisation, both assisting in the identification of harmonisation needs and in bringing the relevant stakeholders together.

The office has also worked on initiatives that support improved analysis of Nigerian data. The Nigerian Poverty Assessment is an



initiative that endeavours to produce a more detailed understanding of the nature of poverty in Nigeria than has been produced before. OSSAP-MDGs has been a member of the steering committee from the start of the process, with a focus on making the process accessible and relevant to the civil service, rather than simply a glossy document that sits on the shelves of Nigeria's development partners. Although this role was never fully developed, an office that can assist the country's development partners in becoming more harmonised and relevant for the country would be of significant benefit to the donor-country relations in Nigeria.

COMMUNICATING THE MDGs

The Presidential Committee on the Assessment and Monitoring of the Millennium Development Goals in Nigeria is the highest committee in the land responsible for communicating and assessing Nigeria's progress towards achieving the MDGs. As the secretariat to the Committee, OSSAP-MDGs used it as a platform to publicise the MDGs, and to report progress on their work.

The existence of the office highlighted the importance of the MDGs in the nation's development agenda and provided an advocacy opportunity. In addition, the Governors Forum and the National Economic Council provided platforms to engage Governors in the implementation of OPEN and to further sensitise them on the MDGs.

OSSAP-MDGs promoted the MDGs and their

work at every opportunity, giving presentations at numerous gatherings, from local universities to the UN. An 'information kit' was produced to explain the work of our office and promote the MDGs. Posters were produced and distributed across Nigeria.

A process of engaging the state level directors of the National Orientation Agency (NOA) was embarked upon to ensure local level participation and ownership in the domestication of the MDGs. The expected outcomes will see the NOA directors produce advocacy materials and other programs for the dissemination of the MDGs at local level.

MILLENNIUM DEVELOPMENT GOALS REPORT

The Millennium Development Goals Report initiated and supported by the UNDP is an annual country report on tracking progress towards achieving the MDGs. The first report in Nigeria was published in 2004, and since 2005, the office has worked with the NPC on the production of the report. The office's involvement aims to enrich the report with improved analysis, a greater focus on advocacy and usability.

In deepening the domestication of the MDGs, the UNDP is currently supporting the production of state-level MDG reports.

A number of challenges in the production of the report have remained. Accurate data on all of the 48 MDG indicators is still not available. The process needs to ensure fuller participation of key stakeholders, and the report should be produced within a timeframe that will allow this to happen.

8



Charting New
Frontiers

PRESIDENTIAL COMMITTEE ON THE ASSESSMENT AND MONITORING OF THE MILLENNIUM DEVELOPMENT GOALS IN NIGERIA

The existence of a Presidential Committee which focussed on the assessment and monitoring of the MDGs in Nigeria is an innovation in itself, adding political weight to the MDGs in Nigeria. The Committee created political awareness of the Goals and of their integral importance to the development agenda of the nation.

HARMONISING DONOR ENGAGEMENT

The Nigerian government sought greater coordination and harmonisation in the international development community that partnered with them in the nation's development. OSSAP decided early on to put in place platforms that would enable the evolution of a fruitful partnership with the international community.

The first Tuesday of every month, OSSAP-MDGs held its 'Core Team' meeting, the membership of which comprised of government officials, including members of the OSSAP-MDGs office, and members of the international development community. The Core Team is the MDG office 'think tank'. It allows the Office to both communicate new initiatives and activities to its stakeholders, but also draw on the expertise of the Core Team's membership.

The Core Team has also acted as a platform for improved donor engagement with the Nigerian government. Broad reform issues were discussed at the meeting, and government and donor opinions mixed and flowed freely. The meetings were an opportunity for donors to agree on more harmonised approaches to supporting these reforms.

This was further strengthened by the inputs received from opportunities on the PSI with the International Monetary Fund, and inputs from the Presidential Committee.

WORKING FOR AFRICA: FINANCING FOR DEVELOPMENT (F4D) CONFERENCE

In September 2005 Mr. President attended the UN Summit on MDGs, which addressed the first target of the MDGs of 2005. During this meeting, Mr. President highlighted the need for an African initiative by African ministers of finance to lead the follow-up to agreements made at the Gleneagles G8 and UN Millennium Summit. This was supported by Professor Jeffrey Sachs of the UNMP, and subsequently Nigeria initiated the Financing for Development conference.

On May 21st and 22nd 2006, African Finance Ministers, along with a number of African Education Ministers, the UK Chancellor of the Exchequer, international financial institutions, UN agencies, development partners, the Archbishop of Cape Town, Bono and other representatives of civil society met in Abuja for the Financing for Development conference.

The objective of the meeting was to operationalise the G8 and World Summit commitments by aligning the programs of international financial institutions and bilateral donors to support the implementation of national development strategies aimed at achieving the MDGs in Africa.

Whilst the Minister of Finance chaired the organisational committee, OSSAP-MDGs was elected to become secretariat to the meeting. This meant a significant burden of organisation was borne by the office. The office led the development of the meeting, from concept note through to last minute logistics. It provided an opportunity for the IDPs, African finance and education ministers, to discuss issues around scaling up the development assistance necessary to achieve the MDGs in Nigeria and agree action points that are followed up at the each development platform throughout the year. The next meeting will be held Accra, Ghana in May 2007.

SOME OF THE KEY MESSAGES OF THE 1ST FINANCING FOR DEVELOPMENT CONFERENCE

- The human and economic costs of failing to scale up development assistance at this critical time far outweigh the costs associated with the potential macroeconomic risks.
- The MDGs are achievable in Africa provided the appropriate planning, funding, and management mechanisms, underpinned by strong governance structures, are in place.
- Countries need to develop ambitious, costed plans that aim to achieve the MDGs.
- The aid delivery architecture must be restructured. The Paris Declaration provides a powerful platform for this task.
- Monitoring of aid commitments will be critical to the achievement of the MDGs.
- Monitoring will need to be effected at the local level, by way of grassroots organisations, as well as the regional and international levels.

9

The
Journey Continues ...

THE OPEN INITIATIVE: AN IMPROVED VPF

It is useful to underline the originality that was brought to the traditional concept of the VPF by the Nigerian government. Such an overarching tracking system, from policy to impact, has been hailed as OSSAP-MDGs' "single biggest success."

By broadening the notion of a VPF to include planning, monitoring and evaluation, the Nigerian government, through OSSAP-MDGs, has created a new model for tracking the impact of public expenditures, be they debt relief- funded, pro-poor or standard capital expenditures of government. The synthesis of the public, private and civil society sectors in operationally integrated but editorially independent teams is unique. The use of debt relief gains to leverage public expenditure management reforms is also an innovative use of the funds.

The experience has also provided a clear picture of how the gains can be used to support the effective implementation of NEEDS and its state-level counterparts, SEEDS. For other African countries that may not have an effective accounting platform in place, the OSSAP model is one that could be replicated as a 'manual' tracking system for debt relief funds.

DEBT RELIEF PLUS

However, the initiatives discussed above indicate that OSSAP-MDGs has been able to go beyond just spending the debt relief on

MDG-related projects and programs. It played a broad coordination role and introduced new and innovative policy tools into the federal government. Schemes such as the conditional grants and social safety nets programmes will act as platforms for decentralising these reforms to the state level. It is hoped that lessons from OPEN described in this book will also inspire home-grown reform at the state level, as well as abroad.

AS AN OFFICE OF INDEPENDENT COORDINATION

The success and independence of OSSAP in coordinating the MDG-related debt relief spend was largely due to the political commitment and support of Mr. President.

During the implementation of projects and programs funded by debt relief, the office acted as an independent arbitrator whose aim was to facilitate improved public service delivery. It is a coordination process that should be continued and strengthened.

The coordination role was based on independently assessing a bottleneck in implementation, and then advising the relevant parties on how to best resolve the area of conflict. The main areas of intervention were in ministry planning and implementation, at the point of project Due Process application, and in the link between the ministries and the Budget Office of the Federation.

OSSAP-MDGs played a dual role in their relationships with the ministries. First, they

were a source of external expertise and assistance in project implementation. Where there were problems of implementation external to the Ministry, for example, with the procurement watchdog Due Process, OSSAP-MDGs would intervene where it could to remove the bottleneck. On the other hand, OSSAP-MDGs acted as a watchdog to verify that projects were being implemented effectively. This gave the Due Process and Budget Offices greater confidence in ministry requests.

In many ways, this approach has been successful. As one international partner states:

Within the existing institutional setting, OSSAP-MDGs has become a facilitator of inter-agency coordination aimed at addressing various cross-cutting public financial management issues.

However, whilst this is an effective role for the office, there is clearly room for improvement. Another partner of the office argued that:

More systematic, senior level dialogue between OSSAP-MDGs and the Budget Office of the Federation could have leveraged even faster reform than that achieved. This dialogue could be further strengthened around the preparation of the 2008 budget, and should involve more civil servants.

OSSAP-MDGs has facilitated the work of other government agencies towards accelerating Nigeria's progress in its achievement of the MDGs. In this, it has had a number of important successes. The work of the office highlights that you can address an issue like that of the MDGs, or of spending and tracking debt relief gains, without creating new institutions and duplicating efforts.

The office has shown clearly that a unit with an overarching mandate for capacity building and process improvement can be useful. The focus of OSSAP-MDGs on the identification and resolution of bottlenecks to efficient and effective public service delivery is a useful focus. However, for this focus to be implemented appropriately, a skilled and committed team is required.

Broadly, the office has been viewed as a success. As one of the development partners states:

The key lesson from the office's experience to date relates to the importance of having a dedicated government unit that focuses on a set of core cross-cutting issues within the governance and public finance management agenda.

Similarly, a member of the Core Team affirms:

The experience with OSSAP-MDGs shows a small unit, strongly supported and led politically, can make a difference in addressing the challenge [of the MDGs and NEEDS], especially when the time frame for action is relatively constrained.

However, the same author goes on to argue that:

The experiences of the past two years also reveals the limitations of catalytic intervention within a larger system of development and expenditure planning that has remained largely atrophied and relatively disjointed and ineffective.

There are clearly challenges that OSSAP-MDGs have not been able to overcome. These must be a priority for resolution for the future.

At the top of the list must be the need to improve ministry performance. The ministries are the institutions that turn resources into welfare outcomes, and are thus vital links in

the service delivery chain. Second is the ATRRS consolidation program. This is the foundation of the virtual poverty fund, and its operationalisation will be an important step for the OPEN initiative. Moreover, the successful implementation of the ATRRS will contribute to improved transparency and accountability in government.

Another critical step is to continue taking the intergovernmental fiscal coordination agenda (three tiers of government working together) forward. The conditional grants scheme is an important first step in this direction, but this should be scaled up significantly and refined to improve its impact. The social safety nets scheme should also be seen as a platform for a wider social protection strategy that should be taken forward by the next administration as a high priority.

FINAL WORDS

Nigeria has demonstrated that it can effectively and transparently utilise resources, with benefits that accrue to its people from opportunities such as debt relief. The OPEN process has also been a clear indication of the importance of the reform agenda in making this happen and ensuring sustainable development.

Further information on any of the programs or reforms detailed in this booklet can be gained by e-mailing ssapmdgs@gmail.com or by writing to

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Acronyms

ACTs	Artemisinin Based Combination Therapy
ARVs	Antiretrovirals
ATRRS	Accounting Transactions Recording and Reporting System
BMPIU	Budget Monitoring and Price Intelligence Unit
BOF	Budget Office of the Federation
CBN	Central Bank of Nigeria
CSOs	Civil Society Organisations
DFID	Department for International Development
F4D	Financing for Development
FCT	Federal Capital Territory
GIFMIS	Government Integrated Financial Management Information System
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IDPs	International Development Partners
IMF	International Monetary Fund
M&E	Monitoring and evaluation
MDA	Ministries, departments and agencies
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework

MTSS	Medium Term Sector Strategy
NAPEP	National Poverty Eradication Programme
NBS	National Bureau of Statistics
NEEDS	National Economic Empowerment and Development Strategy
NOA	National Orientation Agency
NPC	National Planning Commission
OAGF	Office of the Accountant General of the Federation
OPEN	Overview of Public Expenditure in NEEDS
OSSAP-MDGs	Office of the Senior Special Assistant to the President on MDGs
PSI	Policy Support Instrument
SEEDS	State Economic Empowerment and Development Strategy
SP	Sulfadoxine-pyrimethamine
SSAP-MDGs	Senior Special Assistant to the President on MDGs
SSNs	Social Safety Nets
UN	United Nations
UNDP	United Nations Development Programme
UNMP	United Nations Millennium Project
VPF	Virtual Poverty Fund

