

MONITORING AND EVALUATION FOR ACCOUNTABILITY: THE CASE OF NIGERIA'S VIRTUAL POVERTY FUND

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ABSTRACT

The granting of debt relief to Nigeria in September 2005 was surrounded by historically-founded scepticism that the savings would be misspent or embezzled. This paper describes the development and implementation of a comprehensive tracking system entitled 'Overview of Public Expenditure in NEEDS' (OPEN) that aimed to both effectively track debt relief expenditures, and act as a platform for wider public expenditure reform.² Whilst the roll-out of the initiative is not complete, a number of important lessons apparent at this interim stage are shared.

1. INTRODUCTION

Recent history has seen an acceleration in the breadth and depth of debt relief granted to heavily indebted nations. Africa's largest debt relief was granted in September 2005 to Nigeria by the Paris Club group of creditors.

By definition, debt relief entails some element of concessionality borne by the creditor government(s). The rationale behind a creditor granting a debtor government debt relief may be moral, political or economic. Whatever the reasoning, the provider of debt relief is typically interested in the eventual use of debt relief savings.

In the case of Nigeria's debt relief, the deal was negotiated off the back of key economic and political reforms in the country. However, 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 transparent and effective expenditure of Nigeria's debt relief gains was an opportunity to showcase the country's continuing reform agenda and her ability to spend funds honestly and competently. This required a comprehensive and robust tracking system that would adequately and transparently monitor and evaluate the impact of the gains from debt relief.

This paper describes the implementation, and lessons learnt thus far, of that tracking system, from the granting of debt relief in September 2005 to the end of November 2006. Whilst the roll-out of the system is still ongoing, enough progress has been made for some stock taking. The most important lesson learnt is that, while it is still too early to report on the findings of the initiative as such, the introduction of new planning, tracking and reporting formats to evaluate the spend from debt relief gains, and the participation of the evaluand agencies in establishing the process, has

¹ Further information and documentation relating to the activities outlined in this paper are available from Lawal Y Aboki, the Coordinator of the M&E component of OPEN. He can be contacted by e-mail at lyaboki@yahoo.co.uk.

² The National Economic Empowerment and Development Strategy (NEEDS) is Nigeria's medium-term development plan.

helped build capacity for more rigorous planning and reporting and also enhanced appreciation of the link between expenditure outputs and outcomes.

The paper continues as follows. Section 2 provides background to the debt relief deal and the need for a tracking system that would monitor and evaluate the expenditure of debt relief funds. Section 3 discusses a standard tool in the tracking of debt relief funds and its limitations. Section 4 develops the concept of a broader tracking system and Section 5 discusses the building of such a system in Nigeria. Section 6 describes some of the challenges and lessons experienced in the implementation of a tracking system and Section 7 summarizes the conclusions we have drawn from the exercise thus far.

2. BACKGROUND

In 1999, Nigeria transitioned to a democratic government under President Olusegun Obasanjo after over a decade and a half of military dictatorship. The government structures inherited by the new administration naturally had all the traditional drawbacks of dictatorship, especially with regard to lack of accountability to the citizenry and general arbitrariness in governance.

Over the last seven years, the Obasanjo administration has initiated reforms on virtually every aspect of public service delivery: In 2002, the Due Process Certification Policy was put in place to improve Federal procurement processes. In 2004, the Federal Government published the National Economic Empowerment and Development Strategy (NEEDS), the country's medium-term development strategy, and adopted the 'Service Compact with All Nigerians' (SERVICOM) which committed the civil service to providing quality basic services to all citizens "in a timely, fair, honest, effective and transparent manner" (Federal Government of Nigeria, 2004)

The new administration inherited a huge external debt portfolio. Nigeria's Debt Management Office estimated that the nation owed external creditors US\$36 billion at the end of 2004, which was roughly twice the value of annual government expenditures. Based on the thrust of the government's reform agenda, the President launched a campaign for debt relief from the Paris Club group of creditors, who owned almost 90% of the country's external debt. In September 2005, the Paris Club granted Nigeria debt relief to the tune of US\$18 billion.³ This translated to annual debt-service savings of roughly US\$1 billion..

The debt deal was not without its critics and controversies. Under the settlement with the Paris Club, the Nigerian government entered a 'buy-back agreement', in which a portion of the debt was to be purchased by Nigeria with net payments to Paris Club members amounting to US\$12 billion. This payment, amongst other aspects of the debt deal, generated controversy in the Nigerian media, in the National Assembly and in the general populace.

There were accusations that the deal had not been an effective use of resources, and that national funds should never have been used to pay such "doubtful" debts; but should instead have been committed to much needed investments in infrastructure

³ Further details on the debt deal and the conditions that surrounded it can be found at DMO (2006).

or such other development related expenditure. On October 2nd 2005, the Sunday Vanguard newspaper asked “How precisely does President Obasanjo propose to satisfactorily resolve [Nigeria’s] problems through paying over to the Paris Club more than US\$12billion of precious national savings for the privilege of indulging in debt buy back?” On November 5th 2005, This Day newspaper reported that members of the National Assembly were perturbed by the need for Nigeria to enter a buy back deal when “18 other countries were given 100 percent debt forgiveness, 14 of them are from Africa and none of the presidents of these 14 countries did the global tour like President Obasanjo did.”

Paris Club members themselves were uncertain as to what the yields of the debt relief would be and whether Nigeria would keep to its commitment to spend debt relief gains on pro-poor projects and programs. Whilst the debt deal had been founded on a faith that Nigeria would keep to her promises, the mechanisms to ensure compliance were limited.

There was therefore a need to overcome challenges of transparency and accountability in a context of historically-founded cynicism. The expenditure of debt relief gains had to be tracked in detail to demonstrate the use of debt relief funds, both to the Nigerian people, and the international community.

3. THE CONCEPT OF THE VIRTUAL POVERTY FUND

Extensive discussions with Nigeria’s development partners on how best to comprehensively track debt relief funds coalesced on 3 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 to employ a virtual poverty fund (VPF) 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 enables the ‘tagging’ and ‘tracking’ of poverty-reducing spending. Such a 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 poverty-reducing, funded by debt relief, or both. An automated accounting system is then required to report the relevant aggregates.⁴

It was widely agreed that such an initiative was the first step in a solution to the problem of demonstrating the use of debt relief funds. A series of budget control codes were created that would denote expenditures as funded by debt relief gains. These were integrated into the standard budget coding structure for the 2006 Federal Budget. The VPF also required some form of reporting platform. This was

⁴ Further discussion on virtual poverty funds can be found in IMF and IDA (2002), and, Williamson and Canagarajah (2003).

provided by the Office of the Accountant General of the Federation, who were developing an Accounting Transactions Recording and Reporting System (ATTRS) that would produce consolidated reports on debt relief expenditures.

This traditional formulation of a VPF focused on tracking the activities of the debt relief programs through the monitoring of financial resources. For example, if US\$200 is budgeted for the drilling of a borehole, then receipts data from the Ministry of Water Resources would report the nature of expenditures of the US\$200. Perhaps US\$10 was spent on a geophysical survey, US\$30 on renting a drilling rig, US\$50 on a motorised pump and so on. The accounting structure described above gives such a breakdown.

However, such a framework ignores whether receipts truly reflect realities on the ground, the quality of the outputs, non-financial inputs such as policy objectives, and the needs of beneficiaries and so on. In other words, a standard VPF does not tackle components 2 and 3 above – it is not designed to.

A recurrent criticism of the debt relief deal, typical of critiques of Nigerian federal expenditures, was that the funds would be wasted, and would not reach ‘the people’. Thus, simply tracking the receipts of expenditure was not going to be sufficient to prove to the nation that debt relief savings had been worthy of the US\$12 billion initial payout. Receipts would not be sufficient evidence that funds had been appropriately utilised.

4. OVERVIEW OF PUBLIC EXPENDITURE IN *NEEDS*: NIGERIA’S VPF

In a typical program logical framework, the results chain runs from inputs to impacts, as described by diagram 1.

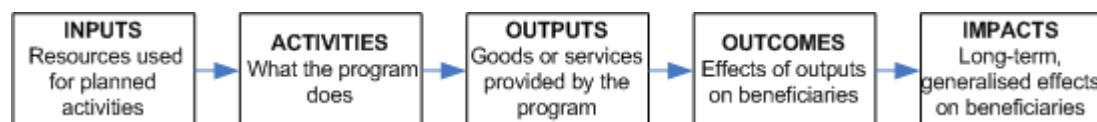


Diagram .1. Standard results chain format

The standard VPF reported on the activities and outputs component of the standard results chain format. It missed the other three components, and the reporting it did give was self-assessed by the Ministries, Departments and Agencies (MDAs) spending debt relief funds. Thus, there was a need to fill these gaps and check the reporting of the implementing agencies by providing independent verification.

In mid-2005, the Office of the Senior Special Assistant to the President on Millennium Development Goals (OSSAP-MDGs) was given the remit to guide the federal component of the debt-relief funds through the VPF to expenditures that

would help Nigeria achieve the Millennium Development Goals (MDGs),⁵ which amounted to roughly US\$750million in the 2006 budget.⁶

In conjunction with the development of the standard VPF, and recognizing its limitations as indicated above, the OSSAP-MDGs began to build a broader tracking initiative entitled the ‘Overview of Public Expenditure in NEEDS’ (OPEN) – a ‘new generation of VPF’ that included planning, monitoring and evaluation. The objective of OPEN was to assist in spending the debt relief funds effectively, and then monitor and evaluate the outputs and impact of the spend.

Referring back to diagram 1, OPEN aimed to address each of the components of the results chain. It tied together appropriate planning procedures within the context of the government’s wider sector strategy process (inputs), facilitated implementation through a technical office cited in the Presidency (activities), formed the virtual poverty fund (outputs) and set up a monitoring and evaluation (M&E) mechanism (activities through impacts). Each of these is discussed further below.

4.1 IMPROVING PLANNING PROCEDURES

To effectively guide the planning process for use of the debt relief gains, the selection of which ministries were to receive the funds (largely those that had the institutional mandate for MDGs-related sectors such as Education, Health, and Agriculture) was coupled with the issuance of criteria for the spend.⁷ Projects eligible for funding by debt relief were required to demonstrate:

- i. Links to overarching policy thrusts such as sector goals, the MDGs or the national development strategy;
- ii. That they were “quick wins” for maximum output within the shortest period;
- iii. Evidence of pre-budget submission planning in the form of a workplan and cashflow for each project, and feasibility studies, where relevant;
- iv. Evidence of the inclusion of cross-cutting issues such as HIV/AIDS awareness and gender sensitivity in project planning;
- v. Detailed locations for each project with appropriate rationale, such as a geophysical survey in the case of a borehole project, or mappings of existing health facilities showing gaps;
- vi. Details of quantified project outputs and outcomes, and their relation to Nigeria’s achievement of the MDGs;
- vii. Key performance indicators for each project and baseline data by which to evaluate these indicators;
- viii. Details of the linkages between this project and other projects within and outside the sector; and

⁵ The Millennium Development Goals are a series of eight time-bound development goals that seek to address issues of poverty, education, gender equality, health, the environment and global partnerships for development, agreed by the international community to be achieved by the year 2015. More information on the MDGs can be found at www.un.org/mdgs.

⁶ The balance of US\$250million was apportioned to the States of the federation, corresponding to their share of the Paris Club debts. The VPF, and those initiatives described in the following sections, do not cover the State portion of the debt relief spend.

⁷ The criteria, and the corresponding planning procedures, were designed to fit within the context of the Federal Government’s Medium Term Fiscal Framework and Medium Term Sector Strategy process. Thus, they integrated into the broader reform efforts of the Government.

- ix. Details and evidence of appropriate monitoring and evaluation structures to supervise the projects.

The adherence to these criteria entailed improved planning procedures relative to the inadequate processes that existed in the MDAs. To facilitate the communication of and adherence to the criteria, the OSSAP-MDGs provided training to relevant MDA staff, and assigned its staff members to each of the ministries. These OSSAP-MDGs 'desk officers' had relevant sector expertise and thus were able to work competently on technical issues.

The result was improved planning in the MDAs. MDA staff members have reported that they had learnt much through interactions with OSSAP-MDGs during the 2006 budget process, and the new capacity was reflected by the improved quality of submissions for the 2007 budget. The desk officers were key in assisting the MDAs to produce the relevant documents, and in keeping them a priority, as was the directive that debt relief funds would not be forthcoming if the above criteria were not met.

4.2 FACILITATING AND TRACKING IMPLEMENTATION

Along with the conditions detailed above, the OSSAP-MDGs required that each ministry set up OPEN 'task teams' encompassing officers from across program, research and budgeting departments.⁸ During the implementation of projects, the sector desk officers from OSSAP-MDGs liaised with OPEN task teams to monitor progress in implementing debt relief funded projects and programs. This set-up allowed continual monitoring of where resources were flowing, and why. Such close collaboration also enabled OSSAP-MDGs desk officers to identify bottlenecks in implementation both within the ministries and in other related agencies of government. Where necessary, the SSAP assisted in the loosening of these bottlenecks, and thus facilitated the effective implementation of projects.

The result was improved communication between the ministries and other institutions involved in the implementation process, such as the procurement regulator, the Budget Monitoring and Price Intelligence Unit. However, the task teams had mixed success as a model for improving the effectiveness of expenditure. Some were made up of members unable to effectively communicate the status of debt relief funded projects, whilst others had limited influence over the implementation of projects.

4.3 THE IMPERATIVE FOR AN M&E MECHANISM

Sections 4.1 and 4.2 relate to the first two components of diagram 1, inputs and activities, respectively. In addition, the ATRRS reports on outputs, but does not verify these reports. The remaining integral platform of OPEN was thus a robust feedback mechanism that would evaluate details of outputs, outcomes and impacts. The various initiatives undertaken within the OPEN M&E component therefore aim to report on the last three elements of the results chain identified in diagram 1, and

⁸ Task teams vary in size and precise composition from Ministry to Ministry; the smallest being five members, the median 29 members, and the largest 40 members.

lay the foundation for the ‘closing of the loop’ of the service delivery chain from outcomes and impacts back to inputs. These initiatives ensure that each of the components identified at the start of section 3 are adequately tracked.

5. ESTABLISHING AN M&E MECHANISM FOR *OPEN*

The M&E component is the most innovative element of *OPEN*. Whilst many of the planning and accounting procedures utilised in the scheme have been used elsewhere, many of the activities under the M&E component are original in their combination or application. Thus, although some of them are still underway, the rest of this paper focuses on describing the execution of these initiatives, progress and lessons learnt to date. Although an interim report, it allows the early stages of *OPEN* to be documented, discussed and evaluated.

The *OPEN* M&E component merits discussion for a number of other reasons: It is a reform that rides off the back of debt relief, and thus an example of the potential impact of debt relief. It brings together a unique collaboration of government, the private sector and civil society around the M&E of public projects. And its development is the process by which a new system of M&E is being established for Africa’s most populous nation.

While there may be lessons from *OPEN* useful for the international community as a whole, many of the lessons have greater significance for other African countries. For example, issues relating to limited capacity in governments and civil society organizations, typical of many African nations, demand a particular approach to M&E. A key component of the *OPEN* process has been to build capacity and facilitate communication. Further, ingrained perceptions of a lack of transparency and accountability in government had to be continually addressed.

5.1 AIMS OF THE *OPEN* M&E COMPONENT

The M&E component had multiple objectives. One, the component 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 MDAs implementation plans were strictly adhered to, especially relating to coverage, quality, outputs and outcomes at the local level.

Two, it was 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 federal M&E systems, with a focus on monitoring the MDGs, but with an impact on the wider M&E system.

And three, it aimed to build capacity for improved M&E across Government. The capacity limitations that so hinder Nigeria’s public service delivery had grave implications for the execution of effective M&E.

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: institutionalising new processes into change averse-ministries and 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.

5.2 DEVELOPING AN OPERATIONAL FRAMEWORK

Any program that looks to reform government procedures will obviously yield significantly greater output if it is institutionalised in permanent government organs, and lasts beyond the reformer. In the case of OPEN M&E, there was significant room for reform, as the context in which the initiative was developed was one of systemic shortcomings in existing government systems. Government M&E was “under-funded, under-utilised ... and it does not link activities to development results” (Haden et al., 2006). These shortcomings detracted from the credibility required to convince Nigerians and the international community that the debt relief funds would be tracked effectively.

There was a need for a two-pronged approach. 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. An M&E system unhindered by any of the subsisting systemic shortcomings capable of tracking these gains effectively was needed. On the other hand was a need to build the government’s capacity for the M&E of all expenditure in the future, amongst those debt relief gains.

To deal with the immediate needs of debt relief tracking, it was decided that a system of field M&E, performed by private sector experts and civil society organisations, would be developed. 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 MDAs.

The exercise was initially slated to begin mid-way through 2006. However, for a number of reasons which will be described in section 6, at end of November 2006, the field M&E has not yet begun. The system is planned to be structured as follows:

- Each of Nigeria’s six geopolitical zones will be allocated a multidisciplinary field M&E team. This team will be made up of private sector consultants and civil society organisations adequately qualified to cover the ten sectors in receipt of debt relief funds. For example, teams inspecting boreholes will be made up of engineers with experience in small scale water projects and civil society persons cognisant in impact assessment and beneficiary surveys. Teams will allocate members to relevant state projects. Each zonal team will be equipped with an operations office at the zonal level.
- The zonal teams reports will be consolidated, harmonized and presented to the OSSAP-MDGs by a national M&E team which will also be multi-disciplinary and incorporate civil society representation.

- Within OSSAP-MDGs there will be a coordinator who oversees the implementation and smooth running of the field M&E system.

The M&E clearly relates closely with the planning and implementation efforts described in sections 4.1 and 4.2. Information supplied by the MDAs based on the criteria for accessing debt relief, as well as expenditure data from the ATRRS, and other information supplied by sector task teams acts as the baseline data for the M&E system. Diagram 2 illustrates these information flows.

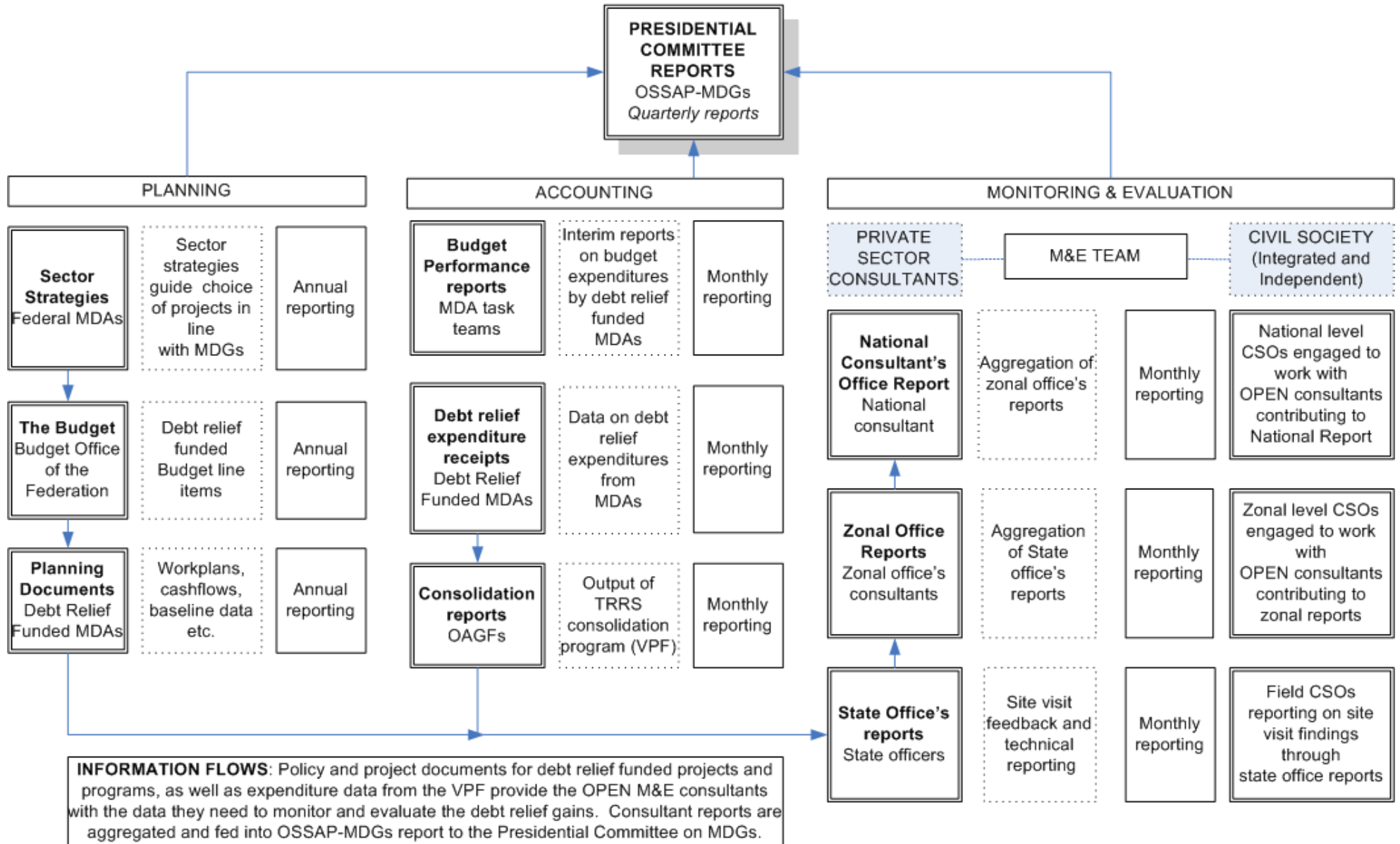


Diagram .2. Information flows in OPEN

To address the longer term need for improved M&E within the federal MDAs, 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 Program and the UK Department for International Development), 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 as follows/is illustrated in diagram 3.

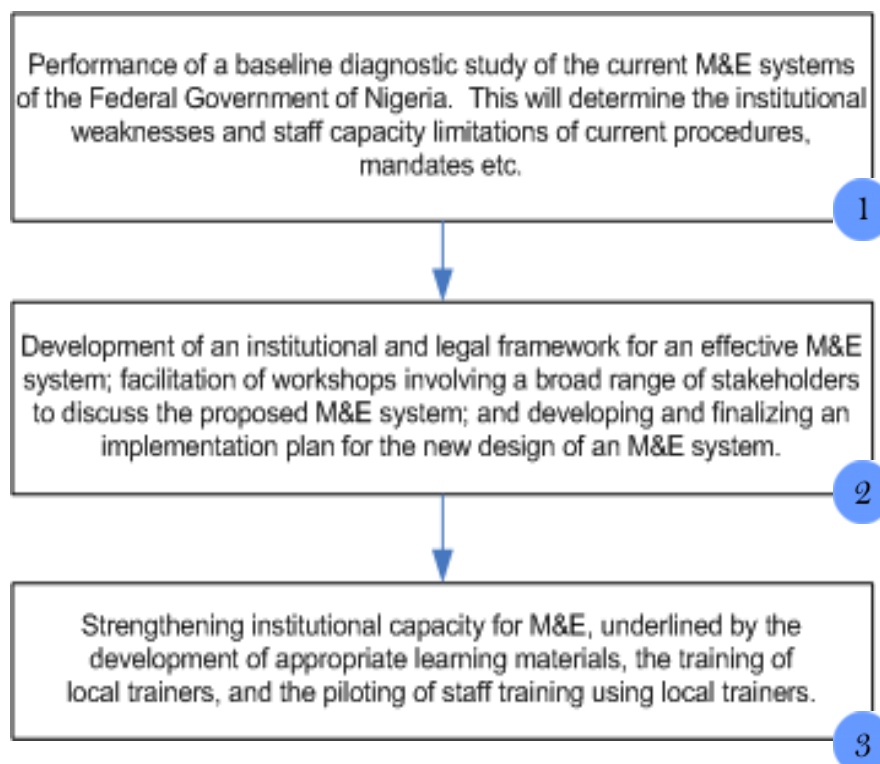


Diagram .3. Development process of the results based management component of OPEN

The first component of diagram 3 was completed in November 2006 (see Haden et al., 2006). The second component will begin in January 2007. The new M&E procedures will be piloted in the ten MDAs that received debt relief in the 2006 Budget. Ultimately, the procedures will be rolled out to all other MDAs and some selected States. Thus, debt relief is being used as a platform for wider public sector reform.

The institutionalisation of the planning processes relating to the criteria laid out in section 4.1 was facilitated by the fact that debt relief gains are being spent through the traditional institutions of government, with the aim of improving them from within. Lessons learnt via OPEN were transferred from the debt relief spend to the wider budget of the MDAs. Similarly, once the ATRRS program was working for debt relief, it was easy to extend it to track non debt relief funded-expenditures.

The M&E component however has thrown up more challenges for institutionalisation than the other components of OPEN as a result of the new operational framework it sought to introduce. It was evident that for such institutionalisation to be successful, key government agents had to buy into the new processes, and be able to perform them independently of OSSAP-MDGs. To facilitate the process therefore OSSAP-MDGs began by drafting a concept note that outlined the aims and modalities of the M&E component of OPEN.⁹ This was refined through a broad consultative process involving key government stakeholders in the reform of federal M&E, as well as the international partners. 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.

At the same time, OSSAP-MDGs aimed to provide quick successes to keep the interest of stakeholders and thus one per cent of the debt relief funds were earmarked to augment MDAs M&E infrastructure and procedures for immediate monitoring of debt relief. Whilst this monitoring was inadequate, it provided tentative results as a precursor to the OPEN field M&E system and helped engage MDAs M&E officers with the OPEN reforms. It also provided further details of the inadequacies of MDAs monitoring systems. Additionally, OSSAP-MDGs provided training for MDA officers in standard M&E concepts.

Finally, it is worth mentioning here that the official nature of OSSAP-MDGs itself inspired and encouraged the institutionalisation of OPEN. Being a presidential aide, the office is scheduled to close in May 2007, as the incumbent President leaves office. This deadline created incentives to institutionalise – house it or lose it.

5.3 GARNERING POLITICAL WILL

As indicated in 5.1 above, the second key challenge to the realization of the objectives of the OPEN M&E mechanism was garnering adequate political will to enable difficult but necessary reforms. Without support at the highest political level – that of the President and National Assembly – the significant reforms discussed here would not have been possible. The identification and engagement of the key political drivers was a necessary condition for the success of OPEN.

As discussed in section 2, the President has committed his administration to improving accountability and transparency across the Federal Government. This created the platform on which both the debt relief was negotiated and OPEN was built. Without the wider reform agenda, OPEN would have been unfeasible.

This reform agenda was bolstered by the President's engagement of competent aides capable of driving the reforms. He appointed Mrs. Amina J. Ibrahim as his Senior Special Assistant on MDGs. She had broad experience within the private sector, government, and civil society, and thus was able to reach each constituency. She also had a wide-ranging knowledge of Nigeria's political context, and a proven

⁹ The concept note, along with all other documents relating to the OPEN initiative, can be gained from Mlrm. Lawal Aboki, the National Coordinator of the M&E component of OPEN. See footnote 1 for contact details.

commitment to the development of the nation. Her appointment would be a significant service to the successful implementation of OPEN.

The SSAP, with the support of the President, was able to widely communicate the rationale for the OPEN initiative, and engage with government actors key to the reforms. Being a member of government enabled her far wider access to government than external actors. The office she established drew on competent and dedicated professionals from both the public and private sectors and thus enabled the professional presentation of the concepts underlying OPEN and initial results convincingly to all stakeholders. This professionalism allowed the SSAP to build a robust reputation with which to carry out the President's wishes and attracted the support of the international partners. From the experience of OPEN, the significance of a professional and politically astute manager should not be underplayed.

High level political will was further cultivated and sustained through continual communication of activities and consultation with political actors. It was important to members of the National Assembly that monitoring and evaluation was improved, so the challenge was to sell the approach of OPEN's M&E component rather than sell M&E. Proving the professionalism and capacity of the office was as important as establishing the OPEN approach was worthy of backing.

The office endeavoured to focus on results as and when they became available. The communication of these seemed to engender greater confidence than other methods of argument. It is hoped that further results from OPEN's M&E will foster further support for M&E reform.

6. CHALLENGES AND LESSONS

Although OPEN has not been fully rolled out, there are a number of lessons from the implementation of the initiative that can be shared here. Given the unique nature of many of these reforms, these lessons may be useful to those implementing government reforms across Africa and the developing world.

M&E in Nigeria has been "partial, superficial and sporadic" (Haden et al., 2006). The M&E component of OPEN had no coherent national system to plug into and improve. No such system existed. This gave the President and SSAP-MDGs a blank canvas, and thus flexibility in design, but required significant caution regarding the applicability of the design to the Nigerian context. OSSAP-MDGs was forced to experiment with aspects of both M&E and planning. The provision of one per cent of debt relief for internal M&E by MDAs was both a 'quick-fix' to gain some monitoring data, but also a test to gauge whether such processes had any place in a coherent M&E strategy. Since so little M&E had been taking place, some MDAs built original forms of M&E on top of old processes. Such experimentation allowed OSSAP-MDGs to better understand the capacity for M&E within government systems.

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 MDAs. However, three aspects of the OPEN reforms eased their passage. One, the debt relief funds provided a fiscal incentive to comply with all of

the OPEN criteria. Two, high-ranking ministry officials typically wanted greater information as to the status of their projects, and so cautiously welcomed the initiative. Thirdly, these officials were influenced by the persuasive and targeted communications of OSSAP-MDGs. Generally, the initiative had to be sold, often at a personal level, to the key officials whose work the reforms would affect.

The OPEN reforms were not entering a stable structure. Many institutions of government were in flux because they were also undergoing reforms independent of OPEN. The institutions in which OPEN was been institutionalised were themselves changing. It was important that the President and SSAP looked ahead to how the reforms would interact, and what system of M&E would be necessary at each stage of the reforms. One benefit of 'out-sourcing' the field M&E to the private sector and civil society was that they were able to carry the burden of reporting whilst reforms were concretised within permanent government institutions. The burden of reporting could be shared in various proportions in the intervening period.

It is also important to note that 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 institutionalized, in the 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.

Capacity issues were at the core of the OPEN initiative. The Nigerian civil service grapples with the quality of its staff in almost every quarter. Whilst there are a minority of capable civil servants, the networks between them are poor, and their resources are meagre. OPEN dealt with these capacity issues in a number of ways. One, selective training, which focussed on the use of M&E concepts in every-day work, was provided to relevant government officers. Second, M&E tools were developed to be 'civil-servant friendly', and tested, both in the field and in the classroom. Third, civil servants from MDAs within which OPEN processes would be institutionalised were selected for secondment to OSSAP-MDGs to become part of the reform team itself. This allowed their input into the reform process and their engagement with the processes of reform.

The experience of OPEN is that improved planning in the MDAs is possible. As mentioned above, better capacity to plan was reflected by the enhanced quality of submissions for the 2007 budget. The ability to monitor and evaluate effectively is yet to be tested, but there are signs of progress. Overall, there is hidden capacity throughout the Nigerian civil service, and innovative methods of tapping into and building this capacity should be explored.

Since the M&E component of OPEN employs the private sector and civil society, capacity issues in these sectors has also been an issue. In the case of civil society, their contracting by government was a unique event in Nigeria's history. Civil society in Nigeria has grown rapidly since the return to democracy in 1999. However, these organisations still have limited capacity to do beneficiary impact. There was a need for the civil society groups involved in OPEN to work out the operational modalities of their interaction. OSSAP-MDGs allocated resources to them for workshops and discussions, but did not meddle in the proceedings. The office worked with the civil society organisation that had shown the greatest capacity for national M&E on developing the discussion between civil society's

members around this initiative. From an unsure start, this hands-off approach has given civil society the room to develop a robust plan for their role in OPEN.

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. To improve capacity in this area, OSSAP-MDGs has designed a comprehensive induction workshop for the private sector consultants that aims to thrash out the key issues and find relevant solutions. As part of that training week, the consultants will meet members of civil society and MDAs in relevant sectors and harmonise operational modalities.

Beyond capacity, the employment of civil society by government created concerns of integrity and independence for the civil society organisations involved. To create the most effective synergy between the private sector and civil society consultants, it was decided they should all be part of integrated teams. Identifying how civil society could be operationally integrated, but editorially independent took months of discussions, and introspection by both sides. As mentioned above, even though OSSAP-MDGs gave the civil society groups the resources for capacity building, it gave them the space to define their own strategies. To clearly define their role, members of the final OPEN civil society workshop jointly signed a Communiqué with OSSAP-MDGs that laid out the key responsibilities of both civil society and Government in OPEN.

An overarching theme in solving some of the challenges of implementing OPEN was the recognition that 2006 was a pilot year for OPEN. It was recognised that all members of the OPEN team would have to be flexible and experiment with the organisational structure as well as the nature of tools utilised. With such limited country experience in this form of cross sector collaboration, the logistics of interaction will have to be carefully managed in the coming years. An awareness of this fact was the first step towards success. Related to this is that managing the integration of the public, private and civil society sectors has required clear specification of the mandates of each, whilst allowing space for flexibility.

There was a number of unique challenges in working with the larger and more powerful of the MDAs. These ministries had projects dispersed across the nation, making project information more difficult to collate. There were also challenges arising from the fact that debt relief was a smaller portion of the total spend in these ministries than in the smaller ones. The ministry therefore had less incentive to provide the office with information, and more work was needed to extract relevant project details. Required was intervention at higher political levels than the task teams, as well as the forewarning that debt relief funds would otherwise be frozen and potentially withdrawn.

It is important to note those options that were explored but eventually abandoned. Arguments were made that civil society should form parallel teams, and monitor and evaluate separately from the private sector and government. This set-up would have limited the synthesis between the different sectors and rationed communication and the development of complementary methods. Thus, the private sector and civil society were engaged to work out of the same offices and side by side with each other and government. To allay any concerns however, it was made clear that in the reporting lines civil society's input would not be doctored in any way.

It should be noted that the field M&E component has taken much longer to operationalize than initially thought, for basically two reasons. One, as mentioned earlier, the challenges of founding an entirely new framework which seeks to engage civil society and private consultants under one umbrella and working for and with government needed many months of advocacy, introspection and negotiations. Secondly, the novelty of the conceptual framework 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, as at end-November 2006, all key stages of the procurement process are finalised and the exercise should be officially flagged off by mid December, 2006.

While it may seem that the field M&E is starting rather late in the 2006 fiscal year, the successful undertaking of the procurement process in 2006 has implications beyond the 2006 debt relief spend. The successful completion of the procurement process in 2006 will ease its passage in subsequent years, and thus will improve the likelihood of institutionalisation of the process. Working through the procurement issues of the OPEN initiative is part of the overall OPEN reform.

7. CONCLUSIONS

This paper describes the implementation of the Overview of Public Expenditure in NEEDS (OPEN) initiative in Nigeria, with a specific focus on the development of its M&E component. The OPEN initiative was created off the back of the negotiation of debt relief by the Nigerian Government in 2005. This debt relief released annual savings of US\$1billion for expenditure on pro-poor projects. OPEN aimed to comprehensively track the expenditure of these funds from policy to impact.

Whilst it is important to stress that OPEN is still in its initial stages, there are preliminary results that can be shared, and discussed, with feedback on implementation welcome from all quarters. The lessons from OPEN may be useful for other countries, especially other African countries, in the creation of a comprehensive monitoring and evaluation system for public expenditures.

Key lessons include the importance of a flexible approach to design that incorporates experimentation with different forms of M&E process, the professional presentation of the initiative, and the ability to build capacity for M&E in different sectors. Trying to combine government, civil society, and the private sector under one umbrella required a clear division of mandates, and assurances of 'operational integration' without loss of 'editorial independence'.

The final thought is a positive one. The experience of OPEN is that improved planning in the MDAs is possible. Capacity can be built. Improved accountability and transparency can be welcomed by government. The challenges of founding an entirely novel framework can be overcome. We encourage others to build M&E systems that will be one of the drivers of development for years to come.

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