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

Short summary
This document describes (and provides the evidence for) the Theory of Change of the State Partnership for Accountability Responsiveness and Capability. It shows how providing quality technical assistance helps state governments in Nigeria apply better practices which improves the way resources are used to deliver better services to improve people’s lives.

Full summary
The State Partnership for Accountability Responsiveness and Capability was designed by the Department for International Development to improve governance for better service delivery by originally five, now ten, state governments of the Federal Republic of Nigeria.

The programme was designed with a suite of programmes in a partnership, and now covers attempts to improve service delivery for 66 million citizens, of a total of 180 million in Nigeria. Of these, most still suffer the effects of poverty, largely due to poor service delivery resulting from systemic failures in the working of government in Nigeria.

Governance is undermined by both technical and political weaknesses in a framework in which governments do not set adequate policy and strategy direction, do not manage public finances well, and do not ensure the civil service is structured for delivery. Weaknesses encompass low capacity, poor skills, and more importantly low willingness to reform, but there are islands of improvement which demonstrate change is possible.

The Theory of Change is to provide technical advice and guidance which, if applied, will enable state governments to improve processes for managing policies and strategies, public finances, and human capital. This will enable Nigerian resources to be better applied to delivering services which meet the needs of citizens and reduce poverty, particularly in respect of health and education, and achieve the Millennium Development Goals.

It is not a simple linear process, and is beset with risks and assumptions, but the Theory of Change is borne out by global experience, and results are being delivered on the ground in some states, and in some areas these are demonstrating sustainability as they have become a matter of routine government business.

Executive Summary of the Theory of Change

1 Population figures in Nigeria are hotly contested – this document uses the 2006 census figures projected to 2014 with standard population growth formulae.
Section 1: Introduction

In 2008, the Department for International Development (DFID) launched a suite of programmes to support governance reform and enable selected states in the Federal Republic of Nigeria to deliver better health and education services, and improved economic growth, with a view to improving the lives of citizens.

The core group of programmes comprised the State Partnership for Accountability Responsiveness and Capability (SPARC), the State Voice and Accountability (SAVI), the Education Sector Support Programme in Nigeria (ESSPIN), the Partnership for Transforming Health Systems Phase 2 (PATHS2); and Growth and Employment in States (GEMS).

The Theory of Change is that if state governments apply quality technical advice it will lead to better and sustained policies and strategies for development, management of public finances and staff, and better basic services can be delivered to improve citizens’ lives.

This logic depends on many assumptions holding, including the existence of political will to apply improvements and sustain them, prioritisation of expenditure towards the Millennium Development Goals (MDGs), and collaboration between DFID programmes. The logic therefore recognises the importance of political engagement, deploys work with influencing Federal level agencies and incentives, and undertakes significant knowledge management work. It also relies on DFID’s effective management of the portfolio of programmes in states in response to their specific State Engagement Strategies.

The Theory of Change is the outcome of considerable thinking during the Inception Phase of SPARC and the other programmes, amendment during the consolidation and expansion of the programme from five to ten states, and responses to the independent Mid Term and Annual Reviews. It was first elaborated as a SPARC Overarching Concept Paper in 2009, along with an interconnected set of joint programme Structured Approach Papers, and then separately documented as a Theory of Change in 2013. This issue is an updated synthesis which builds on constructive input from the 2013 Annual Review, and is presented in a shorter form to encourage wider accessibility. It does not adjust any of the basic propositions in the 2013 Theory of Change, or original Overarching Concept Paper. It does attempt to present the theory more clearly, driven through a statement of the problem the programme is attempting to resolve, how we intend doing this, and to what effect.
Section 2: Problem Statement

Of Nigeria’s 180 million people, 64 per cent live in poverty. In the North, the figure is 77 per cent. Despite its oil revenues, Nigeria’s human development indicators are worse than in comparable countries. Nigeria still has one of the worst maternal mortality rates in the world (2nd highest in the world in 2008) and 42 per cent of children are malnourished, whilst just four per cent of girls’ complete secondary school in the north of the country.

Nigeria’s poverty and underdevelopment are widely attributed to poor governance. The misuse of resources is one of the biggest impediments to public service delivery in Nigeria, and this is confirmed by the World Wide Governance Indicators, Transparency International Perception Surveys, the Open Budget Index and Citizens Perception Surveys in Nigeria.

Key governance challenges stem from a combination of patronage politics and weak systems – the causes are technical and political. Systems, including formal organisations, are weak in capacity, ability and will to manage and use resources effectively.

State and local government spending comprises around 50% of total government spending, and they are responsible for delivery of services such as basic healthcare and primary education. State governments largely control the resources available to local governments. They are subject to limited oversight or accountability by the Federal Government, and the State Houses of Assembly, civil society and media have been weak in oversight. The situation is characterised by low institutional capacities and systems, including weak planning, poor budgeting and cash management, poor human resource management, extensive corruption, lack of fiscal discipline, very weak audit and high fiduciary risk.

Baseline self-assessment results² indicate that across SPARC supported states:

- Policy formulation is not rigorous enough to guide strategic planning and decision-making is not evidence based whilst policies are not linked to budgets;
- Sector strategies are unrealistic, poorly evidenced and do not adequately address poverty reduction, the Millennium Development Goals or Gender and Social Inclusion;
- Annual budgets are not realistic, budget execution is weak and financial reporting is not credible;
- Cash flow is unpredictable and fiscal projections are absent;
- The mandates of ministries, departments and agencies are unclear, structures are inappropriate, processes are ineffective, and human resources are underperforming;
- Human Resource Management policies and structures are absent or deficient;
- Transparency and accountability is low and weak.

² In early 2009, SPARC supported governance self-assessment across each work stream as a basis for diagnosis and design, and engagement with state government. These were repeated in 2012 to support monitoring and review, and will be repeated again in 2015.
Structurally - entrenched patronage - politics mean that changes which are likely to improve the use of public resources to deliver pro-poor public goods are not likely to be popular amongst the people who hold positions of power and enjoy privileged access to resources.

The elite do have incentives for reform, in particular in improving Nigeria’s international standing (at federal level) and competition to demonstrate positive change (in states). However, these incentives tend to be weaker than the incentives to preserve elite power and resource control, and this is one reason why change is difficult to achieve.

Poor governance and the inequality that results from the unequal distribution of oil revenues are key underlying reasons for the significant levels of instability and violent conflict that Nigeria is currently experiencing, particularly in the North of the country.

Nevertheless, Nigeria is a large country with widely varying histories and structures between states. The local details in terms of capacity vary widely, as do conditions for change.
Section 3: Intervention Logic

Introduction
The logic and results chain is technical advice (activities) leads to stronger government institutions (outputs) which can better use resources (outcome). With other DFID interventions, this should improve public service delivery, and livelihood outcomes (impact).

Once a matter of routine business, governments which are properly resourced and staffed with the right people in the right place doing the right things, year on year, the results chain not only produces results, but these results become sustainable.

Although adequacy of public resources is an issue in Nigeria particularly in northern states, the ineffective use of resources is the biggest impediment to sustained improvement in public services, and ultimately delivering results for citizens.

Better use of resources requires states to reduce leakage, increase budget predictability and implementation, while improving policy and planning, and civil service performance. Technical assistance is expected to address this by delivering processes for stronger policies and strategies, financial management; and a more capable civil service.

Capacity building alone is insufficient: support to federal agencies, civil society, Houses of Assembly and the media is necessary to increase oversight, accountability and encourage change.

Introducing the Theory of Change

Activities:
- Baselines, planning and reviewing;
- Delivering technical assistance, tools, methods & better practices.

Outputs:
- Better processes for government policies & strategies, financial management and public service management.
- Higher federal incentives for better state governance.

Impact:
- Sustained improvement in public services that deliver the Millennium Development Goals and enabling people to have better lives.

The programme therefore uses four work streams. These are reflected in the programme Logical Framework, which includes a substantive cross cutting Knowledge Management component, and a dependent partnership with the other DFID programmes, particularly SAVI, who work directly with civil society, the media and State Houses of Assembly.
SPARC Outputs and Work Streams:

- **Output 1**: Policy and strategy development, monitoring and evaluation processes improved;
- **Output 2**: Public financial management processes improved;
- **Output 3**: Public service management processes improved;
- **Output 4**: Federal support to improved state level governance.

**Activities to Outputs**

SPARC activities provide long and short-term technical assistance and associated training to selected state governments and federal agencies, and support for lesson learning, knowledge management and communities of practice. It is assumed that these interlocking work stream inputs will lead to improvements in (a) policy, strategy and monitoring and evaluation; (b) public financial management and (c) civil service performance at state level.

**Interlocking Work Streams**

They are interlocking because transforming the machinery of government and improving the way it undertakes business requires changes in policies and strategy (**direction**), aligned with changes in the management of public finances (**money**), and matched with improvements in the public service (**people**). In order for any change to happen, an important assumption is that state governments actually **apply** improved processes, guidelines, methods, tools and technical advice in these key areas. Once these applications are applied and become normal business, they become sustainable.

**If state governments apply better quality systems, they should deliver improved:**

- Policies and strategies that are more innovative, evidence based and comprehensive;
- Budgets that are better aligned to strategies and plans, within forecasts of realistically available resources, and accurately reported on;
- Civil service structures that are better fit for the purpose of delivering their mandates and core functions.
**Outputs to Outcome**
Better processes operating in policy and strategy setting and the management of the public service and finances translate into more efficient and effective government use of public resources. So, where a state government has applied improved processes, and delivered better budgets, better policies and strategies, and a more fit for purpose civil service, they should be more efficiently and effectively using public resources on a sustainable basis.

This is dependent on government actively applying improved techniques to control policies and strategies, and control the budget and its execution, whilst effectively managing the civil service and demanding better performance, but it would put them in the position of potentially being able to improve service delivery. And once in this position, applied year on year, operation becomes sustainable – particularly where the civil service is strong enough to survive political shocks.

**Application of Improved Processes Delivers Better Use of Resources**

**Outcome to Intermediate Impact**
State governments which are more efficiently and effectively using public resources should deliver better basic services. The assumptions are that effectiveness actually leads to service delivery, policies and strategies are deliberately targeted, improved fiscal discipline leads to better resource allocation, and other DFID programmes contribute to improved sector performance. The intermediate impact is actually the combined impact of DFID programmes (and perhaps even others) in a state, generally focussed on health, education and economic growth (because of the emphasis of the DFID portfolio).

**Intermediate Impact to Impact**
Improved use of resources and more effective and efficient public service delivery, creating better service delivery, should ultimately improve progress towards achieving the MDGs. Pro-poor improvements in public services can only be achieved together with other DFID programmes and with political as well as technical interventions. Problems in sectors such as health and education may have a common origin: weak financial management, accountability and capacity. An effective interplay between governance and sector programmes is required to achieve developmental impact.
SPARC is unlikely to achieve success in service delivery without improvements in the main sectors supported by other DFID programmes, and demand side pressure for change stimulated by SAVI. Similarly, sustainable improvement to service delivery in health and education, or successful implementation of policies to facilitate economic growth, is dependent on reforms in the central ministries and agencies supported by SPARC. SAVI can help increase accountability and bringing external pressure for institutional change – while SPARC can improve capacity and systems for institutions to respond to citizens’ needs. The programmes are interdependent, which requires coordination between programmes and overall portfolio management by DFID.
Section 4: Approach to Promoting Change

Introduction
Our approach to promoting change is based on the intervention logic and results chain, aiming to deliver sustainable outcomes that will address identified problems, drawing on the evidence and a recognition of what works, details of which are given in Section 5.

Thinking Politically
SPARC engagement in states, as well as those of other DFID programmes, is based on robust political economy analysis, and is focused on areas where there is political will. SPARC has developed Political Economy analysis for most of the states in which it works. The programme has also developed a tool to assess and understand political commitment to reform. Based on political understanding, there are then three routes to political engagement around the technical activities the programme undertakes – federal incentives; high level agreements with Governors; and societal pressure for change.

State Strategies and Agreements
Specific strategies for each state are developed at the beginning of an engagement, based on the state’s own self-assessment of reforms it needs. The self-assessments have proven a valuable vehicle to encourage government ownership.

In order to formalize and clarify the relationship between DFID and its partner state governments, a Memorandum of Understanding is sometimes agreed, covering all the programmes and expected results for each state (for example, in Kaduna with the Development Cooperation Framework).

In the most recent five states, the programme has also entered into Agreed Intervention Approaches which are signed by the state Governors, setting out what reforms will be delivered by government, and what support SPARC will provide. In the original five states, engagement is through agreed Governance Change Programmes.

There is no formal evidence of which of these approaches works best, and any approach should be state specific, but the Agreed Intervention Approaches have actually been signed by Governors, and they appear to have traction in Anambra, Niger and Yobe. The Governance Change Programmes have evolved and maintained relevance in Enugu and Kaduna, whilst the Comprehensive Development Framework has traction in Jigawa, likewise the new State Development Plan in Lagos. Frameworks for engagement in other states (Kano, Katsina and Zamfara) are weaker.

Continual Review
Joint reviews are undertaken annually by SPARC and state government in reviewing progress against agreed reforms, be they under Memoranda of Understanding, Agreed Intervention Approaches, Change Programmes, or the states’ own sector strategies and state development plans. Similarly, the political commitment to reform is continuously monitored to ensure SPARC focus is maintained where progress is realistic to achieve.

3 SPARC Reports on Understanding Political Commitment to Reform, 2012 and 2014.
Interconnectivity
The programme works in an interconnected way on three key areas of government business, in partnership with other DFID programmes and backed up with strong knowledge management – (a) supporting better policies and strategies for development and improving monitoring and evaluation systems; (b) strengthening public financial management and (c) developing the civil service.

This is reflected in the three outputs at state level – Policy and Strategy; Public Financial Management; Public Service Management. At national level, the importance of federal incentives is recognised in our fourth output.

The implications drive our selection of partners – the Ministries of Planning, Budgeting and Finance, and the Office of the Head of Service at state level, and federal influencers including the Nigeria Governors’ Forum (NGF) and Millennium Development Goals Office.

Working in Partnership
At state level, SPARC works closely with DFID state representatives, as well as SAVI and other sector programmes in building consensus around the necessary policy and reform decisions, including efficient and evidence based spending allocation and use. Political engagement is through regular meetings with Governors, Commissioners, State Houses of Assembly and other known champions of pro-poor development and is an on-going process. Working in partnership also ensures we match supply and demand side initiatives to encourage greater accountability.

Federal Incentives for Reform
Federal level work is a critical part of supporting incentives for change. In Federal systems like Nigeria, where states are virtually independent of the Federal Government, change in state behaviour is often only possible through use of incentives or consensus.

In an environment of constant contest for control of resources between federal and state governments, there is strong evidence that the use of incentive schemes can foster better federal-state relations and improve the chances of achieving development outcomes. Work with Federal agencies is expected to improve the federal support to state governments, to change state level behaviour through consensus and incentives.

SPARC supports the MDGs Conditional Grants Scheme as a means of incentivizing improved state performance. All Nigerian states currently subscribe to this scheme. The programme also works with the NGF. The NGF is an association of all 36 state governors, with a technical and professional secretariat. SPARC has supported NGF to develop a States Peer Review Mechanism through which states can assess themselves in a non-adversarial way and learn from each other to raise performance.

Knowledge Management
SPARC also distils and documents results being demonstrated and the tools, techniques and knowledge products that made these results possible, and makes these available to all states in the Federation.
This knowledge management component of SPARC amplifies the impact of the programme beyond the SPARC focal states, and encourages lesson learning between existing SPARC states.

The programme has already developed and published advanced tools such as a Revenue Projection Tool; Human Resource Management Suite; Corporate Planning Toolkit; Public Financial Management Database; and an overall compendium of resources in an internationally renowned Resource Centre.

**Incremental Change**

Our approach in each state is determined by a balance of technical competence and institutional performance. Increases in overall government competence would be delivered by SPARC-supported technical capacity improvements, only when associated with a corresponding increase in institutional capacity. The term ‘institution’ here is used in the sense of how things are done, and the way government machinery actually operates.

An increase in institutional capacity requires changes to the rules of the game, which requires strong political will to achieve. This stepped approach is shown below, and is applied to ensure that a balance is achieved between the delivery of technical support by the Programme and associated institutional change on the part of the state government – slowing or expanding support depending on evident institutional changes, using decision points in work programmes.

**Stepped Approach**

![Stepped Approach Diagram]

**Recognising Diversity and Being Context Specific**

SPARC’s original Theory of Change was designed to meet the circumstances of five original states where our predecessor programme had already laid foundations. In these states, a degree of technical and institutional preparedness had already been established, and working relationships with state government officials were already embedded. The expansion of the programme to a much larger group of states inevitably encountered more variability.
Three general approaches to working were adopted – building foundations (engagement Type C) in new states which had limited governance reform experience; consolidating (engagement Type B) in those states which had a deeper understanding and record of governance reform; and going with the grain (engagement Type A) in states which were demonstrating a track record in implementing reform (and had their own reforms plans to which inputs could be provided). Diagnostic assessments showed states fell broadly into these three clusters.

![Typology of Approaches](image)

When putting this into practice, where building foundations was most appropriate, SPARC operated through a negotiated intervention plan which provided for specific (generally sector driven) technical assistance. Where consolidation was appropriate, SPARC continued to work through the vehicle of an overarching governance reform programme, using review and decision points to determine the best areas to support. Where going with the grain was more possible, SPARC aligned specific technical assistance to state governments own plans.

The ‘location’ of the states reflects a historical perspective – experience over time has led to some adjustments in programme understanding of the location of each state, which can even be slightly different between our areas of work. For example, **Zamfara** is now considered lower on the capacity spectrum for largely political reasons, and particularly in the management of public finances. Similarly, **Kano** is felt to be lower in political willingness to deliver improved government machinery, particularly in the planning and budgeting framework, although there are citizens’ perceptions that delivery has improved.

Governance reform is perceived to be deeper in **Jigawa** compared to **Lagos** (the Jigawa planning and budgeting framework is of an internationally comparable standard), but sustainability is a concern. **Niger** is following a greater transition to improving government operations than originally pictured, whilst **Yobe** continues to demonstrate improvements above and beyond other consolidating states – although **Enugu** and **Kaduna** remain very much in the consolidation vein, with Enugu showing demonstrable budget performance and Kaduna exhibiting commitment to civil service reform.
The shifting sands of technical competence and political willingness for governance reform, and variable traction across work streams, has encouraged SPARC to consolidate its state specific approach, although the typology of approaches was never a constraint to this.

The programme has deliberately encouraged flexibility and individuality of approach. Although the typology remains a consideration; with the adoption of a greater number of states, and in response to recommendations in the Mid-Term Review in November 2011, SPARC has adopted state level Logical Frameworks to ensure state specificity in the design and monitoring of results.

State specificity was further encouraged subsequent to the Annual Review of 2013 which provided an assessment of the level of reform traction in each state, and Value for Money – both of which are now applied to give state specific ceilings for programme spending. We also encourage the building of work plans around state level political economy assessment.

Although programme work is state specific, it is built on some common foundations. First, we encourage all state governments to undertake governance self-assessments. We then encourage some form of reform planning – either as part of the state’s own State Development Planning process, or through a Governance Change Programme, or to form an Agreed Intervention Approach, although these can be adjusted in response to particular circumstances in states.

The programme then provides technical support to those reform areas identified in these plans, and undertakes regular Annual Performance Reviews, which feed into subsequent planning rounds – so the basic principles of political engagement and self-assessment, context specific reform planning, and engagement to support reform remain the same in all the states.

And in a general sense, the states remain located in clusters of general technical competence and willingness to reform, with Jigawa and Lagos at the opposite end of the spectrum to Zamfara and Katsina, Enugu and Kaduna remaining in stable consolidation, Niger, Yobe and Anambra showing reform emergence, and Kano dropping to rebuild foundations.

Building for Sustainability

Achieving sustainability is built into our intervention logic, and our approach to work. From activities to outputs to outcomes and impact, we recognise and encourage key conditions that can ensure reforms that are introduced not only produce results, but become an enduring part of the way government goes about doing its business better.

Conditions for sustainability can be achieved when governments apply improved policy and strategy making methods linked to improved methods for assuring fiscal and budget discipline aligned with civil service performance improvement, assuming that the political will to sustain the reform agenda is maintained beyond the lifetime of SPARC.

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4 Interesting examples relate to the DFID led introduction of Key Performance Indicators in states which were perceived to be struggling with reform commitment – in Enugu in 2011, and Kano in 2013.

SPARC analysis\textsuperscript{6} has shown sustainability is more likely when there is government engagement and ownership (vertically and horizontally), regular and routine implementation, legal backing, trained staff, the involvement and commitment of a broad range of stakeholders, a governance architecture, and transparent communication. This is a complex set of conditions, and sustainability can be achieved without necessarily requiring all – the overriding factor is political will.

Achieving sustainability requires us to:

- Use political economy analysis, political engagement and sponsorship, building on political and budgetary cycles to build stronger government machinery;
- Encourage local ownership and use good diagnostic tools (such as self-assessments) to identify problems and involve stakeholders in designing reform;
- Support stronger legislative frameworks and institutions that can survive change, with the necessary staffing, budgets and expenditure releases;
- Embed reformed processes within ministries, to enduringly enable multiyear approaches to stronger state and sector planning and budgeting, and better civil service management;
- Build technical capacity even where political will for reform undermines genuine progress with good governance; retain the skills where they are needed;
- Work with SAVI to build enduring oversight by Houses of Assembly, civil society and the media, to better demand results from government spending;
- Encourage partnerships between development partners and programmes, underpinned by enduring agreements and where possible a unified approach.

\textsuperscript{6} SPARC Case Study: Value Chain, Sustainability and Service Improvement, August 2014.
Section 5: Recognising What Works

Introduction
The programme has made a deliberate attempt to understand what works, and what does not, in order to drive our applied approach to work, in the context of the Theory of Change. This has involved reviewing our technical approach in light of experience, successes and failures, and with reference to global thinking about achieving governance reform. This section reviews experiences, and demonstrates where this has been built into how we work as a programme, underpinning the explanation of our approach to work in Section 4.

Evolving Thinking
Approaches to reforming public services have varied widely between different countries and there is no unified single agreed Theory of Change. However, there has been an evolution in broadly held assumptions about reform, detailed in the World Bank’s Approach to Public Sector Management 2011-2020

Changes in emphasis include:

- Clearer understanding that capacity building alone is not enough, and that it must be coupled with strengthening the enabling environment, political engagement and working with change leaders;
- Broader emphasis from solely reform content (what should be done) towards a concern for context (where it is to be done) and process (how the problem is to be agreed and the solution developed or reform sequenced);
- Deeper focus on processes to uncover the real incentives and interests of the actors involved and identifying compromises;
- Wider efforts to effectively manage public service reform change through processes which truly engage stakeholders;
- Promoting accountability through supply and demand side initiatives promoting change.

This evolving thinking has been deliberately built into our approach to promoting change such that our intermediate outcome and our impact is achieved – particularly understanding and engaging in the political context, truly engaging stakeholders and building broad support for reform, and our close partnership with SAVI.

Overall Success Factors
Our own experience of supporting public service reforms shows we have been most successful when working with governments to help them develop and implement their own agenda for change, rather than ‘prescribing’ an agenda. This involves working with governments in a participative and iterative manner to identify areas where change is necessary and desirable.

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World Bank Approach to Public Sector Management 2011-2020: Better Results from Public Sector Institutions, Washington, April 2011
This is confirmed by a recent study\(^8\) by the Governance and Social Development Resource Centre (GSDRC) on the impact of both public financial management reforms and public administration reforms, focusing on the machinery and management of government (i.e. policies, systems, structures, personnel). The study identifies a number of key success factors for financial management reforms:

**Success factors include:**
- Ensure political commitment to reform;
- Engage central Ministries, such as Finance, as key drivers of change;
- Encourage collaboration between and within agencies;
- Include the views of government in the design of reform.

Work in Nigeria and other countries confirms public service institutions are a reflection of political interest. This means that change is not likely to be popular amongst all officials. In these environments, it is important to work with a broad range of stakeholders to enhance change efforts through people that both want to see reform and have the potential power to help bring it about.

We have built in the success factors to our approach to work, such that we may better achieve our intermediate outcome and our impact. The programme deliberately engages a broad range of government stakeholders in undertaking self-assessments for diagnosis, design and implementation of reform, encouraging collaboration between and within agencies. Central Ministries are the natural home of the programme, and we deliberately focus engagement on the Central Ministries of Planning and Finance, and the Office of the Head of Service. Political commitment to reform is encouraged by taking a politically informed approach to planning, and formally and informally engaging with politicians including the Governors and their Executive Council.

Building on these overall success factors, the programme is now reviewing our approach and successes and failures by each work stream, again in light of global experiences.

**Policies and Strategies, Monitoring and Evaluation**
Well-articulated, evidence-based policies that set out a set of priorities, goals and programmes for the state government form the foundation for tackling poverty and all development initiatives. Experience has shown that foundations are fragile in all states and capacity building has begun from a very low starting point, but there are success factors:

**Success factors for effective support to improving policies and strategies include:**
- Developing political championship for innovative evidence based policy that is subject to regular review based on credible data;
- Building technical capacity to collect and analyse information that facilitates evidence based policy development;

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\(^8\) Assessing the Evidence of the Impact of Governance on Development Outcomes and Poverty Reduction, GSDRC, 2010
• Establishing the capacity to create and maintain planning tools that link policy to the budget process and enables resources to be focused on priority programmes and projects;
• Ensuring that the annual and medium term planning process is realistic in ambition and costing;
• Putting in place a system to review performance, and incorporating findings into an annual roll-over of strategies and associated budgets.

Our approach has built on these lessons – Lagos, Kaduna and Kano States now have new State Development Plans which are providing an overarching policy framework, specific to each state. Yobe is being supported to strengthen their own Economic Reform Agenda, and similarly Jigawa with their own Comprehensive Development Framework9. In Enugu, their Medium Term Plan has been translated into costed sector strategies that now cover over 80% of government business. Niger has embarked on a comprehensive Results Based Management approach to underpin its Medium Term Development Plan, whilst Jigawa has pushed this further with a Management Information System that tracks Key Performance Indicators. Finally, Anambra is articulating its new development plan to reflect the strong political agenda of its new Governor. These are all locally developed state specific solutions supported by SPARC that embed governance reform in state structures for sustainable improvement in the policy and strategy framework.

Considerable effort has been given to making the Medium Term Sector Strategy tool work as a means to make policy operational and link planning to budget systems. As part of this, states have been supported in implementing annual sector performance review and reporting processes. The overall purpose of improving sector strategies is to improve the direction of resources towards the provision of public goods and services. This requires, amongst other things, that sector strategies are guided by improved policy direction, that budgets are themselves realistic, that cash is released predictably to MDAs, and that these organisations have the capacity and human capability to implement programmes as planned. These prerequisites require complementary action from all three SPARC work streams. There is progressive improvement – but many states have not yet reached desired standards. In Lagos and Enugu the process seems well-embedded. At the other end of the scale Yobe, Zamfara, Katsina, Niger and Anambra have only recently adopted the tool on a pilot basis and show varying levels of enthusiasm. Kano and Kaduna have suffered from weak political commitment and technical capacity to sustain a limited endeavour. All states have now conducted either baseline or annual sector performance reviews, the results of which are contributing to the progressive strengthening of strategies. Performance review is particularly well-embedded in Lagos, Jigawa and Kaduna whilst Anambra and Niger have made extensive use of baseline reviews.

Financial Management and Budget Reform
Whilst it is recognized in the literature that reforms have not always been implemented effectively, there is evidence that where success factors are evident, they can lead to improved government performance.

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9 However, the SPARC Case Study: Value Chain, Sustainability and Service Improvement, August 2014 identifies some sustainability issues with the Comprehensive Development Framework which lapsed in 2013.
In particular, a 2008 World Bank study\textsuperscript{10} found that two-thirds of supported countries showed improvements; with particular progress in relation to budgeting and planning:

\begin{center}

\begin{tabular}{l}
\textbf{Budget reform is a key within wider financial management reform:} \\
\textbullet \textit{Being a fundamental precondition for ensuring that governments can budget for poverty reduction;}\textsuperscript{11} \\
\textbullet \textit{Translating policies into properly costed plans to make expenditure more efficient and effective;} \\
\textbullet \textit{Improving planning, and assisting in monitoring and evaluation;} \\
\textbullet \textit{Supporting improved transparency and creating a forum for participation and greater accountability.}\textsuperscript{12}
\end{tabular}
\end{center}

We have built this understanding into the activities we deliver, and the outputs and outcomes we are attempting to deliver, in an interconnected way. In \textbf{Yobe}, engaging work on the structure, functions and processes within the Ministry of Finance has led to reductions in the amount of time to take to produce Performance Reports. Similar work in the Office of the Auditor General has produced Audit Reports in less time, and these are all now published and circulated.

In \textbf{Lagos}, procurement legislation has been passed and the necessary institutions established, and new ways of working are becoming institutionalised in government. In \textbf{Enugu} and \textbf{Anambra}, there are new procurement guidelines which both governments have adopted – and applied – resulting in cost savings, additional finance that can be used for service delivery. In \textbf{Niger}, adoption and application of robust approaches to fiscal forecasting and budget preparation have led to the production of more credible budgets which are being more strongly executed.

\textbf{All states} now apply more robust tools to the budget preparation process, using Economic and Fiscal Updates, Fiscal Strategy Papers and Budget Policy Statements, working towards establishing some of the basic building blocks to a comprehensive Medium Term Expenditure Framework\textsuperscript{13}.

\begin{footnotesize}
\textsuperscript{12} Assessing the Evidence of the Impact of Governance on Development Outcomes and Poverty Reduction, GSDRC, 2010.
\textsuperscript{13} SPARC, How to Prepare Realistic Budgets: A Step-by-Step Guide, June 2014.
\end{footnotesize}
Public Administration Reform

It is recognized in the literature that successful public administration reform has been difficult to achieve in developing countries and that a lack of contextual understanding and poor design interventions have been key factors in this. Whilst there is no consensus on what works, there is evidence of positive initiatives where successful reform has led to improved government performance.

For example in Tanzania, the economic, social and political transformation that has taken place over the past decade has been underpinned by the reforms in its public service.\(^{14}\)

These reforms have focused on reorganizing the structure of the public service, right-sizing the number of employees and introducing modern systems, policies, regulations and guidelines. The GSDRC study also identifies a number of key success factors:

<table>
<thead>
<tr>
<th>Success factors for Public Administration Reform include:</th>
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<tbody>
<tr>
<td>• Use political economy analysis and don’t adopt an overly technocratic approach;</td>
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<tr>
<td>• Encourage local ownership and avoid donor-centric approaches;</td>
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<tr>
<td>• Avoid over-reliance on training;</td>
</tr>
<tr>
<td>• Apply good diagnostic tools to identify key problems.(^{15})</td>
</tr>
</tbody>
</table>

An overarching conclusion drawn from positive case studies is that administrative reform works best when the design is ‘home-grown’, innovative, has a clear incentive framework and is well integrated with other reforms.

We have deliberately built these success factors into the way in which the programme delivers activities, to achieve outputs, and better deliver the intermediate outcome and impact. The programme has encouraged a range of context specific tools and processes that can be selected for application depending on local circumstances – such as mandate mapping, corporate planning, and simple human resource management systems\(^{16}\). These are all basic systems, not state of the art or not necessarily international best practice, but best practice in the Nigerian context.

Local ownership is encouraged by having locally developed reform programmes, and further locally embedded in governments own structures – a Bureau of Public Service Reform in **Kaduna**, a Human Resource Management Department in **Katsina**, and an Office of Transformation in **Lagos**.

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Formal training has been deliberately kept to a minimum in favour of applied on-the-job skills development, and our self-assessment diagnostic tools are internationally recognised good practice tools to not only identify key problems, but are structured to do this collaboratively to further encourage local ownership.

With respect to improving the performance of Ministries, all states have reviewed and documented their mandates – and this represents the first formal publication of public service structures and functions. Lagos, and Kaduna are far-advanced in adopting corporate planning methodology to improve Ministerial performance, and even the newest states are tailoring the approach to strengthening key central Ministries. Lagos, Kaduna and Jigawa have made significant progress improving Human Resource Management, and all states are engaged in making positive changes in the management of the public service.

Supply and Demand
Evidence also shows that promoting governance reform is frequently insufficient from the supply side alone, and that external forces for change need empowering to encourage change from the demand side. These external forces include the legislature, the judiciary, civil society and the media. There are some success factors here:

- Focussed on building partner capacity;
- Based on an understanding political economy;
- Driven technically, with a close relationship between supply and demand side actors;
- Located in existing institutional structures with attention to sustainability\(^\text{17}\).  

These factors are understood by SAVI, who use them as part of their approach, which ultimately more effectively supports the necessary linkages with SPARC’s supply side of governance reform.

Portfolio Pressure
Research suggests that governance reform can be promoted through coordinated and collaborative exogenous pressure by the international community through the combined work of their portfolio of individual programmes\(^\text{18}\). In Nigeria, this would support initiatives which collaboratively attempt to strengthen governance in all three tiers of government – Federal, state and local, whilst trying to drill governance reform through the central and sector agencies that are responsible. It further adds to the importance of matching work on both the supply and demand side to encourage a framework for accountability. It requires strong portfolio management by individual development partners, and for these partners to collaborate effectively.

\(^\text{17}\) DFID Nigeria Research on Reform Drivers and Accountability, Konung International, 2014 (Draft).
\(^\text{18}\) DFID Nigeria Research on Public Sector Reform Drivers and Blockages, Konung International, 2014 (Draft).
Learning from SPARC Experience

SPARC has been scored A+ (above expectation) at every Annual Review since 2010. This reflects some evidence that some state governments have applied improved policy and strategy methods; improved methods for fiscal and budget discipline; and improved approaches to the organisation of the civil service, whilst also participating in federal initiatives. States have delivered better State Development Plans and Medium Term Sector Strategies, better budgets, and better organised civil service agencies.

This provides evidence for the link between our output and outcome, and evidence supporting the Theory of Change\(^\text{19}\). Overall, the programme has learnt some key lessons through a combined experience of supporting governance reform in Nigeria over 15 years\(^\text{20}\):

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<table>
<thead>
<tr>
<th>SPARC experience of key lessons for successful and sustainable governance reform:</th>
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<tbody>
<tr>
<td>• Leveraging areas of political interest can nurture commitment to reform, and there is a need for quality sector policies in these areas, and support to specific sectors should be situation specific (e.g. Agriculture in Anambra);</td>
</tr>
<tr>
<td>• Enabling real change is difficult and time consuming, but can be more successful when underpinned by an institutional home in government for reform (e.g. Bureau for Public Service Reform in Kaduna);</td>
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<tr>
<td>• Institutional homes require a legislative framework to have the most sustainable effect (e.g. Fiscal Responsibility Commission and Fiscal Responsibility Act in Niger);</td>
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<tr>
<td>• Institutional homes require the right staffing, budget and actual cash releases, year on year, to achieve their mandate, and where this is not evident they are not effective (e.g. Performance Improvement Bureau in Enugu);</td>
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<tr>
<td>• Real political will, leadership, engagement and direction will dictate the success and sustainability of reform, and where it is evident, reform does not necessarily require formal institutional arrangements;</td>
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<tr>
<td>• Trigger points and decision points are useful for navigating the reform journey but they must be transparent and agreed with government;</td>
</tr>
<tr>
<td>• New ways of doing business which have become a matter of year-on-year routine are likely to be sustainable (e.g. Multi-year budgeting in Kaduna and Zamfara; Economic &amp; Fiscal Updates, Fiscal Strategy Papers and Budget Call Circulars with ceilings becoming normal annual functions in Anambra, Enugu, Jigawa, Kaduna, Niger and Yobe);</td>
</tr>
<tr>
<td>• Governance reforms can be more likely to succeed where they have broad ownership and are properly articulated in an agreed Change Programme; Agreed Intervention Approach or State Development Plan (e.g. Lagos State Development Plan; Jigawa Comprehensive Development Framework);</td>
</tr>
<tr>
<td>• State specific responses to state specific issues work best, and supporting governments to undertake their own self-assessments sets a solid foundation for locally specific diagnosis, design and engagement for change;</td>
</tr>
<tr>
<td>• Joined up approaches work best, and transparent agreements with government are effective reform drivers (e.g. Development Cooperation Framework in Kaduna)(^\text{21}).</td>
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\(^\text{19}\) SPARC Annual Reports, 2010-2014; DFID Annual Review Reports, 2010-2013.

\(^\text{20}\) The same service provider has been managing SPARC since 2008, and its predecessor, the State and Local Government Programme, which began in 2000. Continuity has proven important in lesson learning.

\(^\text{21}\) SPARC presentation to the DFID Public Sector Management Technical Meeting, London, 8 April 2014.
Summary Diagram
The Figure overleaf places our whole theory of change in a simple one page diagram. It explains how our technical work induces positive change in the way government undertakes their core business. By thinking politically and using state specific strategies and agreements, using incentives for reform and working in partnership with other programmes, we can improve the efficiency and effectiveness of government operations which delivers better services to the benefit of the lives of Nigerian citizens.

The Theory of Change is that if state governments apply quality technical advice it will lead to better and sustained policies and strategies for development, management of public finances and staff, and better basic services can be delivered to improve citizens’ lives.
Theory of Change

Technical Approach
- Facilitate self-assessment
- Understand the political economy
- Engage the leadership
- Sequenced reforms

Approach to Promoting Change
- Thinking politically
- State strategies and agreements
- Continual review
- Interconnectivity
- Working in partnership
- Federal Incentives for reform
- Knowledge management
- Incremental change
- Recognising diversity
- Building for sustainability

Changes to the living standards of Nigerian citizens.

Changes In Policy & Strategy Development and M&E Processes:
- The extent to which policy and strategy making processes meet good practice standards.
- The quality and comprehensiveness of policies and strategies.
- The extent to which results frameworks are comprehensive and measured.
- The extent to which performance management processes are being used.

Changes In Public Financial Management Processes:
- The extent to which the budget is credible and policy based.
- The extent to which the budget is comprehensive and transparent.
- The level of predictability and control in budget execution.
- The quality of accounting, recording and reporting.
- The extent and quality of external scrutiny and audit.

Changes in Public Service Management Processes:
- Clarity and appropriateness of public service organisation and operational management.
- The extent to which establishment planning and workforce planning, finance and human resources performance management and service delivery mechanisms.

Changes in:
- The extent to which policy and strategy making processes meet good practice standards.
- The quality and comprehensiveness of policies and strategies.
- The extent to which results frameworks are comprehensive and measured.
- The extent to which performance management processes are being used.

Contribution of other SLPs
- SAVI achieves sustainable improvements in State Government inclusivity and responsiveness to citizens' rights and demands.
- Sectoral SLPs achieve sustainable improvements in sector performance.

Changes In:
- The extent to which establishment planning and workforce planning, finance and human resources performance management and service delivery mechanisms.

SAVI achieves sustainable improvements in State Government inclusivity and responsiveness to citizens' rights and demands.
Sectoral SLPs achieve sustainable improvements in sector performance.