



THE IMPACT OF UK GOVERNANCE PROGRAMMING IN NIGERIA: BUDGET REFORMS IN YOBE STATE (2011–2020)

Gareth
Williams, Nasir
Ingawa, Dr
Uzochukwu
Amakom and
Abbas
Muhammed



Our Profile

Partnership to Engage, Reform and Learn (PERL)

The Partnership to Engage, Reform and Learn (PERL) is a five-year governance programme, funded by the UK's Foreign, Commonwealth and Development Office (FCDO). The programme focuses support on governments, citizens, and evidence-based advocacy. PERL provides assistance to governments in the core areas of policy development and implementation. This is done by assisting them in tracking and accounting how these policies, plans and budgets are used in delivering public goods and services to promote growth and reduce poverty to the citizenry. The programme supports citizens to engage with these processes.



The PERL programme is being delivered through three 'pillars' which plan together to support sustainable service delivery reforms: Pillar 1. Accountable, Responsive & Capable Government (ARC); Pillar 2. Engaged Citizens (ECP); and Pillar 3. Learning, Evidencing and Advocacy Partnership (LEAP). The programme works at the federal level, in the partner states of Kano, Kaduna and Jigawa, and through regional learning and reform hubs in the South-West, South-East and North-East areas of Nigeria.

Acknowledgments

This report was written by Gareth Williams, Dr Uzochukwu Amakom, Abbas Muhammad and Nasir Ingawa. Fieldwork for this study was carried out by Dr Uzochukwu Amakom, Abbas Muhammad and Nasir Ingawa with organisational support from Tobeckukwu Nneli. The authors would like to thank peer reviewers Marcus Manuel, Helen Derbyshire, Tim Kelsall, Chris Rowe and Alix Arquillière for extensive comments on the drafts. Elizabeth Sara, Musa Waziri, Mustapha Teleh, Rilwan Ope, Yusuf Jajere, Steve Fraser and Rachel Illah and numerous other PERL staff are gratefully acknowledged for the time they gave to provide interviews, take part in workshops and comment on drafts. Editorial and presentational support was provided by Paola Abis, Onyinye Okakwu and Deborah Eade.

Disclaimer

The opinions expressed in this report are those of the authors and do not necessarily represent the views of the Foreign, Commonwealth and Development Office.

Contents

Executive Summary	6
Section One: Introduction	8
Section Two: Political economy and public financial management context	10
Section Three: UK programmes' support to budget reforms in Yobe State	11
3.1 Budget realism	12
3.2 Budget timeliness	12
3.3 Quality of financial information	13
3.4 Policy-based budgeting	13
3.5 Budget execution and cash management	13
3.6 Budget transparency	13
3.7 Citizens' participation in the budget process	13
3.8 Legislative oversight of budget and audit processes	14
3.9 Evidence gathering, lesson learning and prioritisation of PFM reforms	14
Section Four: Evidence on the impact and contribution of UK programmes	15
4.1 Budget realism	15
4.2 Budget timeliness	16
4.3 Quality of financial information	17
4.4 Policy-based Budgeting	19
4.5 Cash management	20
4.6 Budget transparency	21
4.7 Citizens' participation in budget processes	22
4.8 Legislative oversight of budget and audit processes	24
4.9 Evidence gathering, lesson learning and prioritisation of PFM reforms	25
Section Five: Summary of PERL impacts and contributions	26
Section Six: Service-delivery impacts and pathways of change	30
Section Seven: Evidence on PERL's Theory of Change	32
Section Eight: Evidence on PERL's Ways of Working	35

Annex 1: List of documents reviewed	39
Annex 2: Methodology and list of interviewees	40

Acronyms and definitions

Acronym	Definition
APC	All Progressives Congress
BPS	Budget Policy Statement
CSO	Civil Society Organisation
EFU	Economic and Fiscal Update
FSP	Fiscal Strategy Paper
MDA	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sector Strategy
PEFA	Public Expenditure and Financial Accountability Assessment
PERL	Partnership to Engage, Reform and Learn
PFM	Public Financial Management
RAA	Rapid Annual Assessment
SAVI	State Accountability and Voice Initiative
SFTAS	State Financial Transparency, Accountability and Sustainability
SHoA	State House of Assembly
SLOGOR	State and Local Government Reform programme
SPARC	State Partnership for Accountability Responsiveness and Capability
V&A	Voice and Accountability (Platform)
YOSERA	Yobe State Socio-economic Reform Agenda

Executive Summary

Since 2011, UK funded governance programmes have supported reforms to budget processes in Yobe State in North-East Nigeria. This case study assesses contribution and impact of this support. It provides evidence on what reforms to budget processes took place, and how they occurred through a combination of political processes taking place in the state and support from UK programmes. The experience provides lessons on what has worked, what hasn't and why.

The analysis finds evidence of important improvements in budget processes in Yobe, which have taken place in a challenging context of protracted conflict and insecurity. The most important changes include:

- Budgets have become more realistic and more closely linked to more accurate fiscal forecasts. This has contributed to better budget execution.
- Budgets have become timelier. The budget calendar is better adhered to, enabling key stakeholders to engage at the right moments to ensure better participation and accountability.
- Budgets have become more transparent. Budgetary information is more available in the public domain in more accessible formats.
- Budgets have become more participatory. Several mechanisms enable citizens and civil society groups to influence expenditure priorities, in particular through the Community Charter of Demand process.
- Budget preparation, implementation and audit is subject to stronger oversight from the State House of Assembly.

Not all budget reforms have been successful. The report identifies several areas where progress has been limited including financial information, policy-based budgeting and cash management.

The report finds that UK programmes made a significant contribution to the above reforms. The following contributions were found to be the most important:

- UK governance programmes have made a substantial contribution to introducing more realistic budgeting through their long-term support to build capacity in the state to use revenue forecasting and medium-term fiscal planning tools.
 - UK governance programmes have consistently emphasised the importance of adhering to the budget calendar and have provided tools and templates to facilitate the timely completion of budget processes.
 - UK governance programmes have consistently promoted budget transparency and were instrumental in setting up the government public financial management (PFM) website and introducing the first citizens' budget in 2018.
 - UK governance programmes have played a decisive role in establishing and supporting the growth of the Voice and Accountability Platform, a grouping of civil society and community-based organisations that manage structured processes for citizens' participation in the budget.
 - UK governance programmes have been the main external providers of technical assistance and training to the State House of Assembly and have built capacity to conduct budget oversight functions.
-

The case study provides indications that these improvements in budget processes are starting to feed into service delivery outcomes. The share of expenditure on health has increased at a time when government revenues have been declining in real terms. There are also signs that increased citizen participation in budget processes and more effective oversight by the State House of Assembly are starting to shift budget priorities towards the provision of public goods and services. More generally, efficiency gains and reduced waste in the management of public finances create savings which can potentially be reinvested in service delivery.

The findings of this study provide evidence on the effectiveness of UK governance programmes' ways of working. The following appear to be particularly important to explaining how the results were achieved.

1. **Promoting a locally-owned and locally-led approach:** The programmes worked effectively with actors in the state who were already committed to reform. The leadership and continuity provided by the current Governor and his predecessor, and the support derived from a network of reform-minded technocrats, have been critical to bringing about change. The programmes added value by bringing together key actors in the executive, parliament, civil society and communities to develop improved budgetary practices.
 2. **Following a problem-driven approach:** UK governance programmes have been focused on addressing specific and selective problems (e.g. lack of budget realism, budget transparency) rather than comprehensive governance reforms.
 3. **Politically smart, flexible and adaptive working:** UK governance programmes have been relatively quick to adapt programming in Yobe to the changing context and have responded to learning on which issues have political traction.
 4. **Long-term approach based on continuity and incremental change:** The case study has demonstrated the importance of a long-term approach in order to build relationships, trust and knowledge on the political economy context, which have been critical to achieving results.
 5. **Making timely evidence available on PFM performance:** UK programmes have supported PFM assessments through Public Expenditure and Financial Accountability Assessment, Rapid Annual Assessments, the World Bank State Financial Transparency, Accountability and Sustainability process and the Nigerian States Budget Transparency Survey. This has been critical to generating evidence that has informed the design and prioritisation of PFM reforms.
-

Section One: Introduction

Over the past decade, the Partnership to Engage, Reform and Learn (PERL) and previous UK funded governance programmes have invested intensively in strengthening budget processes in Yobe State in North-East Nigeria. This case study assesses the impact and contribution of this support. The paper provides evidence on what reforms to budget processes took place, and how they occurred through a combination of political processes taking place in the state and support from UK programmes.

The research draws on a review of literature on PERL, its predecessor programmes and other donor initiatives summarised in Box 1, as well as publicly available reports on public financial management (PFM) reform in Yobe State (see Annex 1 for the methodology and the list of reviewed documents). This was combined with key informant interviews and focus groups discussions with government officials, members of the State House of Assembly (SHoA), representatives of civil society and citizens' groups, professional associations and the media (see Annex 2 for the list of interviewees).

Box 1: Relevant programmes in Yobe State

The focus of this study is on three UK-funded core governance programmes. These operated alongside World Bank and European Union (EU) programmes as indicated in the timeline below:

2008–2011 Support for Reforming Institutions Programme: Funded by the EU and the first PFM programme in Yobe State and, although short-lived, laid the foundation for many subsequent reforms. The programme established the PFM core group, which remains the main technical body for designing and implementing reforms, and began work on improving the budget classification and Chart of Accounts. The programme supported the first Public Expenditure and Financial Accountability Assessment (PEFA), provided technical assistance for the preparation of the State Development Plan (Yobe State Socio-economic Reform Agenda - YOSERA) and the first round of Medium-Term Sector Strategies (MTSS).

2011–2016 State Partnership for Accountability, Responsiveness and Capability (SPARC): Focused on supporting PFM (including revenue forecasting, medium-term expenditure framework, budget preparation and introducing the 52-digit national Chart of Accounts), public service management, policy and strategy (support to YOSERA and MTSS).¹

2011–2016 State Accountability and Voice Initiative (SAVI): Focused on strengthening the capacity and interlinkages between civil society, the media and the SHoA to increase demand on government for improved performance. This led to the foundation of the tripartite Voice and Accountability (V&A) Platform, that has since been strengthened under PERL. SAVI pioneered the engagement of civil society, the media and the SHoA in budget preparation and tracking.²

2015–State and Local Government Reform (SLOGOR) programme: An EU-funded programme implemented by the World Bank. By providing technical assistance and hardware support, SLOGOR has focused on supporting the implementation of State Information Financial Management Systems, introducing the International Public Sector Accounting Standards and the Treasury Single Account, review of PFM legislation, and strengthening the office of the Auditor General.

¹ SPARC (2016) Yobe State Synthesis: Reform Journey 2011–2015.

² See SAVI case study Yobe State House of Assembly and civil society groups influence the State Government to fund projects prioritised by citizens (<http://savi-nigeria.org/casestudy/budgetreformyobe/>).



2016-2021 Partnership to Engage, Reform and Learn (PERL): Building on SPARC and SAVI, PERL has supported budget reforms in a more comprehensive way, including interventions to strengthen budget performance transparency, citizen participation in budget processes, legislative oversight and assessment of PFM systems. PERL completed operations in Yobe state in March 2021.

2018–2021 State Financial Transparency, Accountability and Sustainability (SFTAS): A Program for Results funded by the World Bank and providing grants for states achieving progress in PFM reforms measured by Disbursement Linked Indicators.



Section Two: Political economy and public financial management context

Yobe State has maintained political stability against a background of a protracted security crisis. Since Nigeria's return to democracy in 1999, Yobe has been under the control of the All People's Party, later the All Nigeria People's Party and then the All Progressives Congress (APC). With the APC victory in the 2015 presidential elections, Yobe switched from being an opposition-controlled state to being aligned with party politics at the national level. The present Governor was previously the national Secretary General of the APC.

The period covered by this case study spans the governorships of Ibrahim Geidam (2009–2019),³ and his successor, Mai Mala Buni. In both periods, the Governor has been able to exercise control over the executive and legislature with limited challenge from opposition parties. Mai Mala Buni, whose background is in accountancy and the civil service, appears to be continuing the same policy programmes as his predecessor. There has been a consistently strong focus on health and education, with indications of a shift in favour of education under Mai Mala Buni. There has also been notable continuity in the high- and mid-level officials responsible for budget processes and PFM.

Although the ruling party exerts strong control in the state, Yobe has an increasingly vibrant civil society, media and SHoA that perform an important oversight and accountability function. The relationship among these actors has remained cordial rather than adversarial, but civil society, the media and the SHoA do constructively challenge the executive. However, there are limitations to the space for reform arising from the continued influence of patronage politics, elite competition, ethnic, religious and traditional institutions. Misuse, diversion and waste of resources are still evident in Yobe State, although there appears to be meaningful pressure on government to demonstrate its effectiveness in ensuring peace and providing public goods and services, rather than simply being a vehicle for patronage.

The continued security crisis has, however, seriously disrupted governance and public administration systems, as well as the provision of services in the more conflict-affected parts of the state. The Boko Haram/Islamic State in West Africa insurgency peaked during the 2012–2015 period, and remains a serious threat. In late 2019 and early 2020, there was an upsurge in attacks, including several on the state capital, Damaturu. The insurgency threat restricts access to several parts of the state, particularly in areas close to Borno State (Gujba and Gulani Local Government Administrations).

The response to the security and humanitarian crisis has seriously stretched public finances at a time of depressed oil revenues and economic decline at the national level. Yobe State experienced a serious fiscal crisis over the period 2014–2016, which later eased somewhat, but returned in 2020–2021 due to the COVID-19 crisis and collapse in oil prices. These tight fiscal constraints make effective budgeting and PFM even more important.

³ Geidam's term in office includes an initial two years when he took over from being Deputy Governor following the death of the incumbent, Mamman Bello Ali.

Section Three: UK programmes' support to budget reforms in Yobe State

In order to structure the analysis, the activities of PERL and predecessor programmes are grouped into nine areas of intervention, each addressing a specific governance problem. These are summarised in Table 1, and then described in detail under each intervention area.

Table 1: Summary of UK programme interventions supporting improved budget processes in Yobe

Intervention area and problem addressed	Specific actions supported by UK programmes
1. Budget realism <i>Unrealistic budgets and weak budget performance prior to UK support.</i>	Development, testing, adaptation and training on tools for better revenue forecasting and medium-term fiscal planning (Economic and Fiscal Update, Fiscal Strategy Paper and Budget Policy Statement, EFU-FSP-BPS). Institutionalisation of these practices through the PFM Core Group, Budget Working Group and Fiscal Responsibility Board.
2. Budget timeliness <i>Non-respect of budget calendar, reducing time for proper budget consultation, limiting legislative oversight and preventing timely disbursement.</i>	Promoting adherence to budget calendar through measures including introduction of a new budget call circular procedure, review of the budget manual and provision of templates and technical assistance for budget preparation, budget consolidation and budget performance reporting.
3. Quality of financial information <i>Weak accounting practices preventing relevant and timely financial reporting and financial analysis.</i>	Facilitating the introduction of the 52-digit National Chart of Accounts and introducing PFM toolkits and templates for improved budgeting and financial reporting.
4. Policy-based budgeting <i>Disconnect between annual budget and medium-term state- and sector-level development plans. Reliance on incremental budgeting.</i>	Supporting the preparation, implementation and monitoring of YOSERA, Medium-Term Expenditure Framework (MTEF), Medium Term Sector Strategies (MTSS) and their linkage to annual budgets.
5. Budget execution and cash management <i>Weak cash management inhibits timely release of resources and undermines budget execution.</i>	Technical assistance, training and templates on cash planning and management, with a focus on revenue and expenditure budget profiling.
6. Budget transparency <i>Absence of open budget documents limits ability of interest groups to participate in budget processes, influence resource allocation and monitor budget implementation.</i>	Promoting measures to make key budget documents public and in readily accessible forms to enable citizen engagement. Setting up Yobe PFM website. Technical assistance for the preparation of the first citizens' budget in 2018.
7. Citizen participation in budget processes <i>Lack of responsiveness of budget to citizens' needs and limited ability of citizens to hold government to account for weak budget implementation.</i>	Facilitating participation of citizens' groups in budget processes (YOSERA, MTEF, MTSS, budget preparation, defence, oversight, etc.) through the role of the Yobe Voice and Accountability (V&A) Platform, legislative

	Constituency Clusters, SHoA and the media. Includes capacity building of citizens' groups on budget analysis, making budget demands based on citizens' needs, monitoring budget implementation, improving media coverage of budget processes and constructive use of social media.
8. Legislative oversight of budget and audit processes <i>Lack of accountability of executive for preparing and implementing budgets effectively.</i>	Supporting the SHoA and its oversight committees to review budget proposals, monitor implementation and scrutinise audit reports.
9. Supporting evidence gathering, learning and adaptation on PFM reform <i>Lack of evidence on the strengths and weaknesses of budget processes to enable prioritisation of reforms.</i>	Conducting PFM assessments (Public Expenditure and Financial Accountability Assessment, Rapid Annual Assessment, PERL Governance Assessment). Facilitating learning and reflection sessions for PFM stakeholders. Supporting Yobe State to demonstrate achievement of disbursement-linked results to access SFTAS grants.

3.1 Budget realism

The SPARC programme developed, tested and introduced comprehensive templates for realistic budgeting and medium-term planning, including the Economic and Fiscal Update, Fiscal Strategy Paper and Budget Policy Statement (EFU-FSP-BPS). Their purpose is to enable realistic revenue forecasting (based on economic modelling and oil-price and production trends), establish a Medium-Term Expenditure Framework (MTEF), including three-year sector allocations and expenditure plans, and to apply these ceilings to annual budget processes.

When the EFU-FSP-BPS was first undertaken in 2013 (for the 2014–2016 period), PERL provided intensive technical assistance and training, focusing on the PFM Core Group. As the Yobe State Government learned to use these tools itself, PERL limited its support to providing only refresher training and some mentoring. PERL also worked with the PFM Core Group to review and streamline the existing tools and develop new ones to address additional requirements for realistic budgeting (e.g. debt management).

3.2 Budget timeliness

The templates and tools developed by SPARC and PERL are designed to promote adherence to the budget calendar and to enable key consultative, legislative, reporting and oversight processes to take place at the appropriate time. This began with SPARC's support to introducing new templates and processes for budget call circulars that highlighted timeliness, adherence to budget ceilings and inclusive consultations. PERL has continued to promote budget timeliness through its support to revising the budget manual and introducing templates for budget preparation, budget consolidation and budget performance reporting.

3.3 Quality of financial information

SPARC supported the introduction of the current mandatory 52-digit National Chart of Accounts to enable effective reporting of expenditure with appropriate administrative, economic, functional, programmatic and geographic coding. The PERL PFM toolkits are also designed to improve the quality and usefulness of financial reporting.

3.4 Policy-based budgeting

SPARC, SAVI and PERL provided support to facilitate the development of YOSERA, which started in 2006 and was, at the time of the research, in its fourth phase (2016–2020) with a fifth in preparation, again with PERL support. UK programmes have provided technical expertise for the development of the State Development Plans and, from 2015, also facilitated stakeholder consultations and citizens' dialogue in support of the development of three-year MTSS linked to the MTEF, and their annual monitoring through Sector Performance Reviews. MTSS have been completed in five out of ten sectors, with PERL supporting the health, education and water sectors, and the EU–World Bank SLOGOR programme supporting agriculture and infrastructure.

3.5 Budget execution and cash management

PERL has supported the strengthening of cash-management practices aimed at improving budget implementation and performance. This has included training and tools on cash planning and management, including revenue and expenditure profiling across the fiscal year.

3.6 Budget transparency

With their partners in civil society, SPARC, SAVI and PERL have encouraged the Yobe State Government to publish key budget documents online and in print, and to present budgets in a way that can encourage public engagement. PERL has focused particularly on providing technical assistance to the State Government to establish a PFM website (pmb.yb.gov.ng), and technical assistance and communications advice for the preparation of the first Citizens' Budget in 2018.

3.7 Citizens' participation in the budget process

UK governance programmes in Yobe State have consistently focused on strengthening citizens' participation in budget preparation and monitoring. PERL has facilitated this in all stages of the MTSS process, including initial stakeholder consultation, validation sessions and sectoral performance reviews. In relation to the annual budget cycle, PERL has supported changes in the call circular process to require public engagement and inputs in preparing budget requests. It has facilitated the introduction of a structured annual budget dialogue, which the Ministry of Budget and Planning has organised since 2018 with broad participation from civil society, community-based organisations and traditional rulers. PERL and its predecessor programmes also mobilised communities to prepare budget demands through the Yobe V&A Platform, established with SAVI support in 2012. Serving as an umbrella group linking civil society, the media and the SHoA, the V&A Platform now covers more than 100 member organisations, 24 legislative Constituency Clusters and Community Protection Action Groups in every ward. Since 2016, PERL has supported these to prepare Charters of Demand, which are communicated to the Budget Working Group and to constituency members of the SHoA.

With PERL support, the Charters of Demand have become increasingly well developed and have included cost estimates since 2019.

Through the structures of the V&A Platform, SAVI and PERL have also facilitated citizen-led tracking of the implementation of the state budget, as well as recovery initiatives led by humanitarian agencies. In 2019, citizen report cards, community scorecards and social audits were conducted for the education, health and water sectors by V&A Platform members in all three Senatorial districts. In addition, a Humanitarian Intervention Tracking Tool, developed by the V&A Platform and adopted by the SHoA and development partners, has been widely used to monitor humanitarian projects and services.

PERL has supported media organisations to cover budget preparation and tracking, including several radio programmes (e.g. 'follow the money', filin masu sauraronmu) and the weekly 'Kasafi' programme on Yobe Television that brings together the Ministry of Budget of Planning, SHoA and civil society organisations to discuss budget performance. Citizens' groups have also been supported to make use of social media and new innovations in Information and Communication Technology to strengthen budget advocacy and monitoring.

3.8 Legislative oversight of budget and audit processes

UK governance programmes have supported the SHoA at all levels to provide better oversight and scrutiny during budget preparation, approval, monitoring and audit processes. SAVI took a long-term approach to improving the functioning of the House, working with staff and members on institutional strengthening. PERL subsequently focused on promoting public hearings on the budget, supporting committees to scrutinise and adjust budget proposals, strengthening the oversight role of Members of the SHoA, supporting the Public Accounts Committee to scrutinise budget performance and audit reports and facilitating the passage of legislation aiming to strengthen PFM, including the 2019 PFM Bill and the forthcoming Audit Bill. PERL has further strengthened the connections between the SHoA, Yobe-based media and civil society organisations (CSOs), including a civil-society liaison office in the SHoA.

3.9 Evidence gathering, lesson learning and prioritisation of PFM reforms

UK programmes have played a key role in gathering evidence and lessons on Public Financial Reforms in Yobe State, including SPARC assisting with two Public Expenditure and Financial Accountability Assessments (PEFAs) in 2011 and 2014.⁴ PERL has worked with the State Government and PFM Core Group to adapt and simplify the PEFA methodology initially referred to as the Rapid Annual Assessment (RAA) exercise, and later included in the annual PERL Governance Assessment. The V&A Platform gathers evidence of execution of projects included in the state budget based on Charters of Demand. PERL also provided technical assistance to Yobe State Government to implement PFM reforms under the World Bank SFTAS programme. The Nigerian States Budget Transparency Survey funded by PERL and conducted by the Civil Resource Development and Documentation Centre provides an additional source of evidence on PFM.

In addition, PERL has supported numerous lesson-learning and reflection sessions on specific budget issues, such as budget preparation and accounting, external scrutiny and audit.

⁴ This is the internationally accepted standard used to assess the strengths and weaknesses of public financial management.

Section Four: Evidence on the impact and contribution of UK programmes

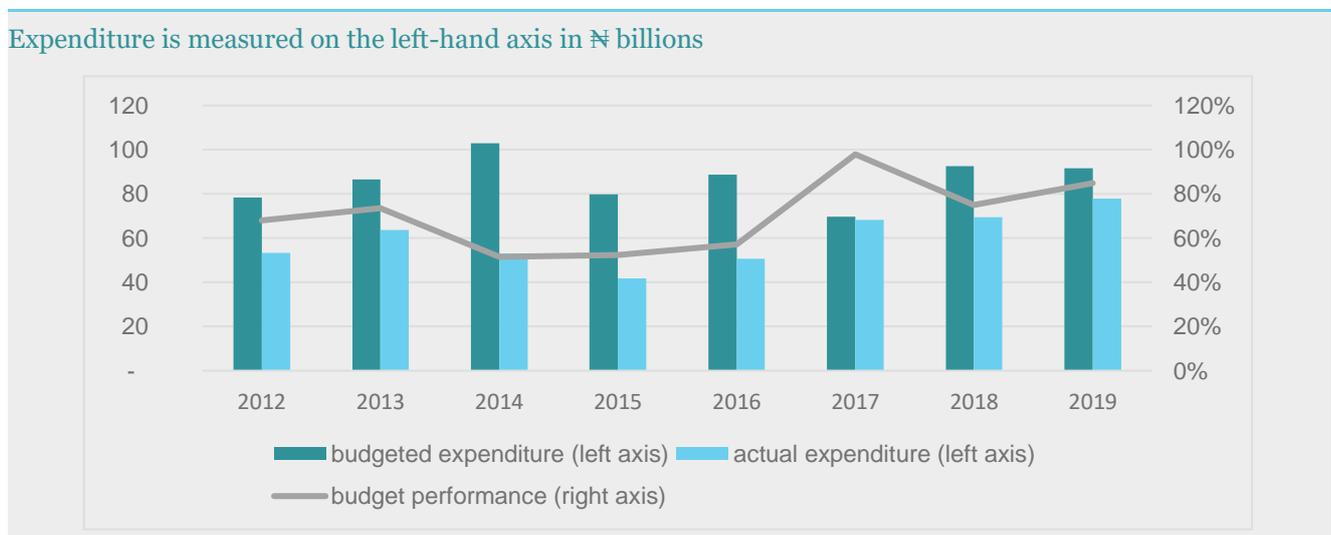
4.1 Budget realism

Figure 1 shows the trend in budget performance (ratio between actual and budgeted expenditure) in Yobe State since 2012. Two periods can be identified from Figure 1:

- 2012–2015: Declining budget performance during the most intense period of conflict and revenue shortfalls linked to low oil prices. Average budget performance over this period was only 60.8%.
- 2016–2019: Improving budget performance during a period of recovering oil prices, reduced conflict and increased donor support. Average budget performance over this period was 77.1%.

Data prior to 2012 indicates that budget performance was around 75% over the period 2009–2012. Thus the first three years of UK programming (2012-2015) witnessed a decline in budget performance which coincided with the most intense phase of the Boko Haram conflict.⁵ After 2015, budget performance has recovered, and now exceeds pre-crisis levels.

Figure 1: Budget performance in Yobe State 2012–2019



Source: PERL PFM database (2019 figure is provisional)

Better budget performance over the period 2016–2019 contributed to improved PFM in Yobe State by enabling better planning and use of resources and reducing the inefficiency caused by lack of funds. Better budget performance can be partly attributed to a better macroeconomic and security context. It has also been a consistent focus of PERL and its predecessor programmes, which have worked with the State Government to institutionalise practices enabling budget realism, including tools for improved revenue forecasting and medium-term fiscal planning (EFU-FSP-BPS). Budget performance appears to be closely correlated with revenue performance, suggesting that technical assistance to enable more accurate revenue forecasting provided by SPARC and PERL has been an important factor.

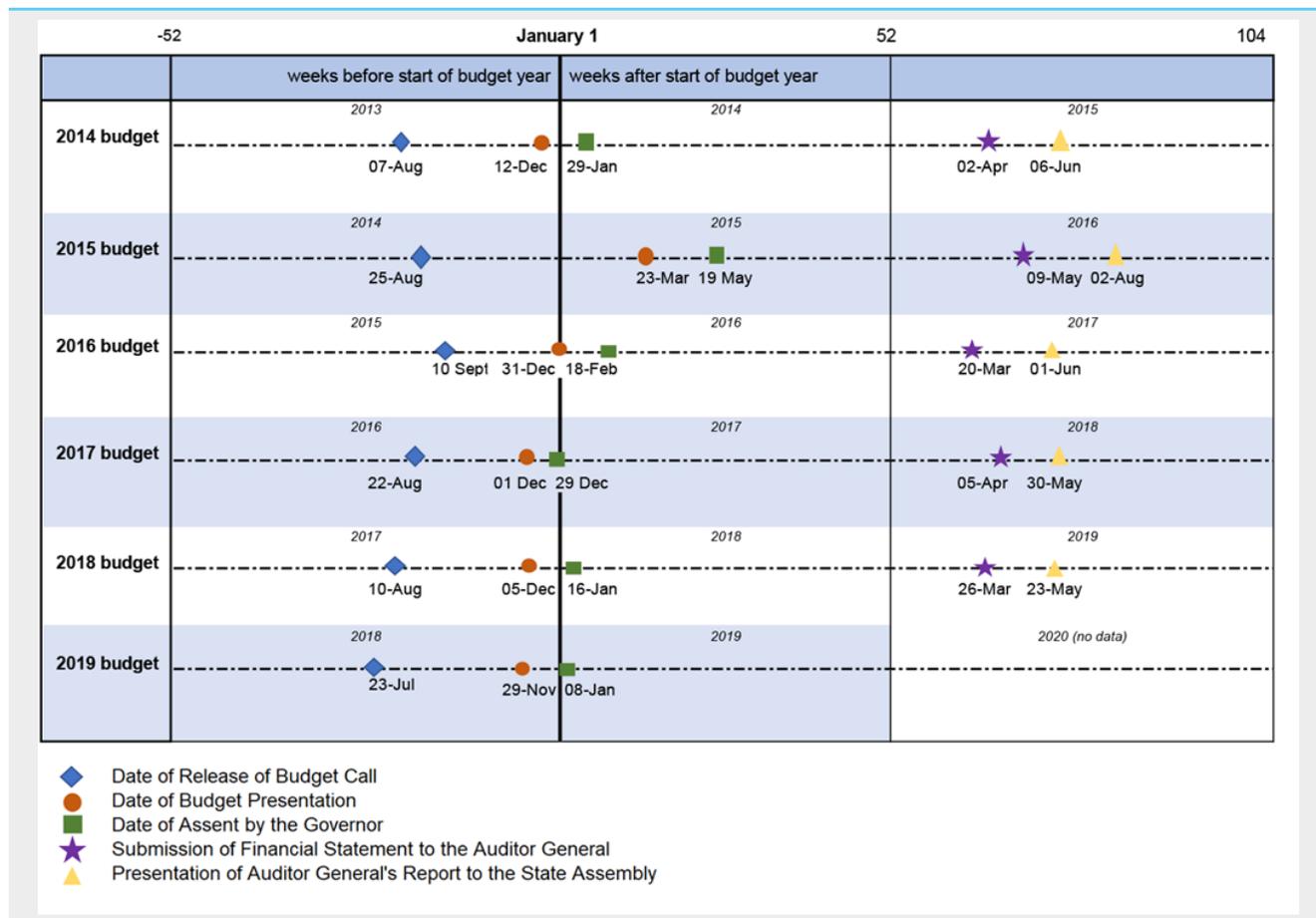
Support from UK programmes has also helped to institutionalise more realistic budgeting practices by strengthening the capacity of the PFM Core Group and Budget Working Group to use the necessary tools, including the revised budget manual, EFU-FSP-BPS toolkit and MTEF. Since 2016, Yobe State Government has needed little support from PERL to continue using these tools. UK programmes also encouraged the drafting of a Fiscal Responsibility Law, which received assent in 2016 and led to the creation of the Fiscal Responsibility Commission (represented in the PFM Core Group) to ensure fiscal discipline and budget realism.

4.2 Budget timeliness

As indicated in Figure 2, there have been notable improvements in budget timeliness with the earlier release of the budget call circular, and the budget presentation and Governor’s assent for the start of the fiscal year. Following the completion of the fiscal year, financial reports are sent to the Auditor General within three months, enabling earlier presentation to the SHoA.

Improved timeliness will have improved the quality and efficiency of budget processes by (1) allowing more time for Ministries, Departments and Agencies (MDAs) and citizens to contribute meaningfully to budget preparation; (2) ensuring that disbursements can begin at the start of the fiscal year; and (3) providing oversight bodies with timely information to track budget performance and hold government to account.

Figure 2: Timeline showing key dates in passage of budgets 2014–2019



Source: Yobe SHoA Records

4.3 Quality of financial information

Several indicators attest to the improved quality of information included in budget reports, financial statements and audit reports. Tables 2a and 2b indicate a gradual improvement in the quality of financial information, in particular the increasing comprehensiveness of information included in the budget, and use of the 52-digit National Chart of Accounts. While there have been improvements in the quality and timeliness of financial reports and annual budget statements, accounting standards have been slow to improve, with the gradual adoption of International Public Sector Accounting Standards and accrual accounting. The quality, completeness and timeliness of audit reports have improved since 2011, and more rapidly over the past three years.

Table 2a: Indicators of quality of financial information from PEFA assessments

Scores range from A (highest) to D (lowest)	Indicator reference	PEFA	
		2011	2014
Comprehensiveness of information included in the budget	PEFA PI-6	D	B
Quality and timeliness of in-year budget reports	PEFA PI-24	C+	C+
Quality and timeliness of annual financial statements	PEFA PI-25	C	D+
Scope, nature and follow-up of external audit	PEFA PI-26	D+	C+

Source: PEFA assessments 2011, 2014 see <https://pfm.yb.gov.ng/>

Table 2b: Indicators of quality of financial information from Rapid Annual Assessments

Scores range from A (highest) to D (lowest)	Indicator reference	Rapid Annual Assessment (RAA/PEFA lite)		PERL Governance Assessment
		2016	2017	2018
Comprehensiveness of information included in the budget	RAA 2J	A	A	A
The classification system used for formulation of the state governments budget	RAA 2F	C	C	B
Completeness of financial statements	RAA 5E	A	A	A
Timeliness of submission of financial statements	RAA 5H	A	A	A
Accounting standards	RAA 5A	D	D	C
Extent of continuous audit	RAA 6B	A	A	A

Source: RAA 2016, 2017; PERL Governance Assessment 2018 see <https://pfm.yb.gov.ng/>

Good quality financial information is important for effective budget management and enables interest groups and oversight bodies to analyse budgets and demand accountability. UK programmes have provided technical assistance to introduce the National Chart of Accounts and PFM toolkits. Other agencies also contributed to improved financial reporting, in particular the EU-World Bank SLOGOR programme, which focused on strengthening the state’s financial management and information system and improving accounting standards.

4.4 Policy-based Budgeting

Indicators from PEFA and the RAA do not provide strong evidence of improvements in policy-based budgeting (Tables 3a and 3b) but interviewees pointed to qualitative progress, such as the progressive improvement in the State Development Plans (YOSERA), the introduction of MTEF and development of MTSS. There has been a shift from incremental budgeting towards setting budget ceilings on the basis of sectoral priorities. MTSS have been completed in five sectors, three with PERL support.

Although there are formal processes for policy-based budgeting, there remain critical weaknesses, with limited connection between the MTSS and the annual budget. Only 33% of projects fully or partially made it from the 2019–2021 Education MTSS into the 2019 approved budget, and only 26% in the water sector.⁶ While SPARC and PERL completed Sector Performance Reviews, Yobe State Government still lacks the capacity to conduct these without considerable external technical support. The key constraints have been the weakness of state-level monitoring and evaluation (M&E) systems and limited government ownership of the review process.

Table 3a: Indicators on policy-based budgeting from the PEFA assessments

Scores range from A (highest) to D (lowest)	Indicator reference	PEFA	
		2011	2014
Multi-year perspective in fiscal planning, expenditure policy, and budgeting	PEFA PI-12	D+	D+

Source: PEFA assessments 2011, 2014

⁶ PERL (2019) NEH-T-1 Plan-Strategy-Budget linkage assessment, March 2019.

Table 3b: Indicators on policy-based budgeting from the Rapid Annual Assessments

Scores range from A (highest) to D (lowest)	Indicator reference	Rapid Annual Assessment (RAA/PEFA lite)		PERL Governance Assessment
		2016	2017	2018
Multi-year fiscal forecasts and functional allocations	RAA 2B	C	C	A
Existence of costed sector strategies	RAA 2C	B	B	B

Source: RAA 2016, 2017; PERL Governance Assessment 2018

Recognising the limited traction of policy-based budgeting in Yobe State, following its evaluation in Year 3, PERL decided to make its MTSS toolkit available, but not push this in the absence of clear demand. At present, there appears to be little political interest in MTSS processes, and key officials who had championed them have retired. There does, however, remain considerable interest in the YOSERA V review process that PERL has continued to support.

4.5 Cash management

Budget execution has been continuously undermined by weak cash-management practices, as shown in Tables 4a and 4b. The only improvement concerns the consolidation of cash balances under the Treasury Single Account. The PERL 2018 Governance Assessment notes that the Treasury is unable to forecast and manage its cash flow, leading to delayed and unpredictable disbursements to MDAs, which are also unable to prepare comprehensive workplans and budget profiles to indicate their monthly cash requirements. In this context, cash management takes place by rationing, rather than planning and monitoring, and MDAs are subject to frequent and unpredictable adjustments to their approved budgets. Improved cash management will require broader systems change including a properly functioning financial management information system with an appropriate banking interface. The World Bank SLOGOR programme is actively supporting this.

PERL has adapted its approach to supporting cash management to the state's political economy. Cash management is politically sensitive because the Governor's discretion to ration disbursements confers considerable political power. In the context of conflict and insecurity, there are often unforeseen and emergency needs, which can severely affect cash management and necessitate budget reallocations. Recognising the importance of cash management to power structures, PERL now limits its support to more technical aspects, including supporting the PFM Core Group to develop profiles of expenditure and revenue across the fiscal year. Although this can only address a small part of the cash-management problem, it represents a contextually appropriate and incremental approach that takes account of the political economy and can lay the foundations for additional good cash-management practices.

Table 4a: Indicators cash management from PEFA assessments

Scores range from A (highest) to D (lowest)	Indicator reference	PEFA	
		2011	2014
Predictability in the availability of funds commitment of expenditures	PEFA PI-16	D	D

Source: PEFA assessments 2011, 2014

Table 4b: Indicators cash management from rapid annual assessments

Scores range from A (highest) to D (lowest)	Indicator reference	Rapid Annual Assessment (RAA/PEFA lite)		PERL Governance Assessment
		2016	2017	2018
Extent to which cash flows are forecast and monitored	RAA 3B	D	D	D
Extent of consolidation of the government's cash balances	RAA 3E	C	C	B
Transactions are processed within the Financial Management Information System (IFMIS) environment	RAA 3F	D	D	D

Source: RAA 2016, 2017; PERL Governance Assessment 2018

4.6 Budget transparency

Although Yobe has not yet signed up to the Open Government Partnership, there have been notable improvements in budget transparency. The state's PFM website (pfm.yb.gov.ng/) publishes audit reports, financial statements and budget monitoring reports, among others. This was established with PERL support and has become a comprehensive source of budgetary information, comparing favourably with other states. PERL was also instrumental in promoting the introduction of a Citizens' Budget in 2018. Initially drafted by PERL, since 2019 Yobe State Government has prepared the Citizens' Budget in English and Hausa.

The most reliable evidence of improvements in budget transparency is provided by the PERL-funded Nigerian States Budget Transparency Survey produced by the Civil Resource Development and Documentation Centre, using indicators modified from the Open Budget Index. For 2020, Yobe ranked 11 out of 36 states with a score of 48%, a vast improvement on its 2012 score of 3% (Table 5). The strongest improvement has been for the sub-indicator on public participation in the budget where Yobe was ranked 4 out of 36 states in 2020.

Table 5: Scores for Yobe State on the Nigerian States Budget Transparency Survey

Indicator	Explanation of the indicator	2012	2015	2018	2020
State Budget Transparency Index	Combination of 3 sub-indices below	3%	25%	21%	48% (rank 11/36)
State Budget Document Availability Index	Availability online or in print form of 8 key budget documents	0%	37%	29%	55% (rank 13/36)
State Public Participation Index	Assessment of opportunities for public participation in budget preparation, budget approval, budget amendments and audit processes	9%	20%	5%	49% (rank 4/36)
State Procurement Process ⁷	Assessment of the transparency in the procurement process and publication of tender documents	0%	0%	18%	31% (rank 19/36)

Source: Civil Resource Development and Documentation Centre Nigeria (2020) Nigerian States Budget Transparency Survey, and previous editions <https://statesbudgettransparencysurvey-ng.com/>

4.7 Citizens' participation in budget processes

Through information generated by the V&A Platform, PERL has been able to track the extent to which projects identified in Citizens' Charters of Demand have been included and implemented in annual budgets. Table 6 indicates the increasing value of these projects, which are mainly focused on the water supply, health, education and infrastructure sectors. There is a marked increase in value reported for the 2020 budget, which reflects the increased functionality of the Constituency Clusters. Whereas in 2019, only seven out of 24 Constituency Clusters could generate their own budget demands without support from the apex structures of the V&A Platform, in 2020 all of them had reached this level.

Members of the V&A Platform members are actively engaged in monitoring the implementation and completion of citizen identified projects. Their data indicates that the rate of implementation and completion is currently around 75% (Table 6).

There is increased monitoring of the implementation of public projects and services across Yobe, using budget tracking tools including citizen report cards, community scorecards and social audits in the education, health and water sectors, as well as the Humanitarian Intervention Tracking Tool, designed by partners with PERL support.

⁷ The transparency of public procurement is not covered by this case study, but is one of the three components of the Nigerian States Budget Transparency Survey.

The PERL 2019/2020 Constituency Influencing Assessment reports media coverage and engagement in budget processes including broadcasts of budget hearings, and programmes covering service-delivery issues, such as phone-in and SMS-based programmes. The content of reporting and programming on budget and service-delivery issues have improved, with a view to influencing the government's response. For example, Yobe Broadcasting Corporation's 'Kasafi' covers the budget, 'Wasiku Daga Masu Sauraren mu' has demanded accountability for the completion of road and drainage projects, and 'Hasken-Rayuwa' on education and citizen tracking of school performance.

Since 2015, live proceedings from the SHoA, including budget hearings, have been broadcast.

Table 6: Value of projects from Charters of Demand included in the annual budget

Year	Total estimate of citizens identified needs included in annual budget (₦ billions)	Total estimate of citizens identified needs included implemented through the annual budget (₦ billions)	Rate of implementation of citizen identified projects %	Value of citizen identified projects as % capital budget and total spending
2018	7.37	5.12	70%	8% (capital) /17% (total)
2019	9.16	6.99	77	10% (capital) /22% (total)
2020	6.88	5.10	75	8% (capital) /20% (total)
2021	12.75	n/a	n/a	12% (capital) /30% (total)

Source: PERL monitoring

Although citizens' participation in budget processes is starting from a low base, the practice now appears to be accepted and routine. Since 2018, representatives of civil society have been included in the Budget Working Group and CSOs are invited to participate in MTEF, MTSS and State Development Planning processes. The SHoA and four ministries (budget, agriculture, education and health) have established liaison offices for civil society and the media. Public budget hearings have been held since 2016 and are legally mandated. CSOs are frequently invited to participate in budget dialogue sessions, budget defence hearings and to provide evidence to parliamentary committees including the Public Accounts Committee. PERL has also facilitated revisions to the budget manual and contributions to the 2019 Public Financial Management Bill that strengthens the requirements for public participation in budget processes. There remains a need to institutionalise citizens' participation in budget processes by making this an explicit requirement in administrative procedures and laws.

PERL and its predecessor programmes have been instrumental in bringing about these changes. The V&A Platform was established with support from SAVI and the UK-funded Maternal and Newborn Child Health Programme 2. PERL has played a leading role from supporting the V&A Platform to

developing the Constituency Cluster and Charter of Demand models in Yobe, along with other examples of structured citizen participation in budget processes.

4.8 Legislative oversight of budget and audit processes

Indicators of legislative oversight of budget processes are presented in Tables 7a and 7b, but provide only partial information and are affected by changes between the PEFA (Table 7a) and RAA (Table 7b). Overall, there appears to have been a modest strengthening of the role of the legislature in scrutinising the budget and audit reports (see Figure 2).

The Public Accounts Committee has become much more influential and is taking its oversight functions more seriously, in particular by scrutinising audit reports in a more active and timely manner. With technical support from PERL, the committee was assisted in 2017 to clear the backlog of unapproved Auditor General reports dating back to 2012, and now provides timely approval and recommendations on the Auditor General’s findings.

PERL is working with the main oversight committees to strengthen their work on monitoring budget execution. There is an increased focus on monitoring outcomes and impact rather than simply tracking the use of expenditure and project completion. The SHoA has also become more open to engagement with citizens’ and media groups. The legislature has helped strengthen the institutional framework governing PFM and played a role in driving and preparing new legislation including the Fiscal Responsibility Bill, the Public Procurement Law, and the preparation of new Public Financial Management and Audit bills.

Table 7a: Indicator of legislative oversight of the budget process (from PEFA assessment)

	Indicator reference	PEFA	
		2011	2014
Legislative scrutiny of annual budget law	PEFA PI-27	C+	D+
Legislative scrutiny of external audit reports	PEFA PI-28	D	

Source: PEFA assessments 2011, 2014

Table 7b: Indicators of legislative oversight of the budget process (from Rapid Annual Assessments)

	Indicator reference	Rapid Annual Assessment (RAA/PEFA lite)		PERL Governance Assessment
		2016	2017	2018
Scope of the legislature's scrutiny of the budget	RAA 2G	C	C	C
Adequacy of time for the legislature to provide a response to budget proposals	RAA 2H	C	C	B
Timely approval of the budget by the legislature	RAA 2I	C	A	B
Timeliness of submission of audit reports to the legislature	RAA 2C	A		B

Source: RAA 2016, 2017; PERL Governance Assessment 2018

4.9 Evidence gathering, lesson learning and prioritisation of PFM reforms

Multiple PFM assessments (PEFA, RAA, PERL Governance Assessment and the Nigeria States Budget Transparency Survey) supported by SPARC and PERL have improved the evidence base on the strengths and weaknesses of the PFM system. A clearer understanding of budget processes in Yobe State enabled the government to prioritise its PFM reform programme and provided a sound basis for monitoring and evaluating of the results.

This monitoring has become increasingly important with the advent of the World Bank SFTAS programme that provides payments for results against specific PFM reforms. Yobe's improvements in fiscal management have been recognised in the Annual Performance Assessments of the SFTAS programme. For the 2018 and 2019 assessments combined, Yobe received \$16.2 million in performance related grants and was ranked fifth out of the 35 states participating in the programme.

Section Five: Summary of PERL impacts and contributions

The detailed evidence from Section 4 is summarised in Table 8, which rates each area of intervention measuring the strength of the impact and the level of PERL’s contribution to the results achieved, (building on previous SPARC and SAVI contributions). An explanation of the rating scales is provided in Box 2. These ratings were developed and agreed in workshops with the independent researchers and the PERL North East delivery team in July and September 2020.

According to these ratings, PERL’s strongest impacts and contributions relate to: (1) budget realism; (2) budget timeliness; (5) budget transparency; (7) citizen participation in budget processes; (8) legislative oversight of budget processes; and (9) and evidence gathering, lesson learning and prioritisation of reform.

Table 8: Assessment of PERL’s impacts and contribution

Intervention area	Impact of the intervention	PERL contribution (see explanation of scale at end of table)
1. Budget realism	<p>Overall rating: 3/4</p> <p>A marked improvement in budget performance since 2015 (see Figure 1), although these gains remain fragile and could easily be reversed. Improved budget performance enables more efficient planning and predictable release of budgetary resources. Tools to enable better revenue forecasting and realistic budgeting (e.g. EFU-FSP-BPS) have become institutionalised and are used by Yobe State Government with only light-touch PERL support.</p> <p>Although budget realism and execution has recently improved at the aggregate level, there is still considerable shifting of resources between sectors and budget lines within the budget year. Interviewees stated that these reallocations are frequently driven by political considerations and unforeseen requirements arising from conflict and emergencies.</p>	<p>Overall rating: 3/4</p> <p>PERL made a substantial contribution to introducing more realistic budgeting through its long-term support to build capacity in the state to use revenue forecasting and medium-term fiscal planning tools. Other factors have also led to improved budget realism, including reform commitment by political leadership, reduced conflict and more stable revenues between 2016 and 2019.</p>

<p>2. Budget timeliness</p>	<p>Overall rating: 3/4</p> <p>A marked improvement in budget timeliness and the budget calendar is now adhered to (see Figure 2). This enables more effective budget planning, execution and oversight, which contributes to improved efficiency in the use of budget resources.</p>	<p>Overall rating: 2/4</p> <p>PERL has consistently emphasised the importance of adhering to the budget calendar and has provided tools and templates to facilitate budget processes and adherence to the budget calendar. While PERL has made an important contribution, the main driving force for improved timeliness has been the renewed emphasis by political leadership on administrative effectiveness.</p>
<p>3. Quality of financial information</p>	<p>Overall rating: 2/4</p> <p>Small improvements in the quality of financial information (see Tables 2a and 2b), which can be expected to have improved the quality and effectiveness of budget processes to a limited extent.</p>	<p>Overall rating: 2/4</p> <p>PERL's main contribution has been to provide technical assistance enabling the introduction of the National Chart of Accounts and improved templates for financial planning and reporting. The bulk of technical assistance for improved information management, accounting and audit practices has been provided through the EU–World Bank SLOGOR programme.</p>
<p>4. Policy-based budgeting</p>	<p>Overall rating: 2/4</p> <p>Good progress in developing State Development Plans, but MTSS have been poorly implemented and monitored. They have had only a limited impact on improving the efficiency of budget allocations.</p>	<p>Overall rating: 2/4</p> <p>PERL has made a substantial contribution to supporting the preparation and review of the State Development Plan and MTSS in three sectors. However, the MTSS process has gained limited traction with stakeholders in the state.</p>
<p>5. Cash management</p>	<p>Overall rating: 1/4</p> <p>Weak cash-management practices continue to impede budget implementation and have improved little to date.</p>	<p>Overall rating: 2/4</p> <p>Due to the limited results of earlier support to cash management PERL has limited its support to building capacity in expenditure and revenue profiling.</p>
<p>6. Budget transparency</p>	<p>Overall impact: 3/4</p> <p>Budget documents have become more open and accessible, a citizens' budget produced and budget dialogue sessions take place. These improvements are captured by the Nigerian States Budget Transparency Survey (see Table 5).</p>	<p>Overall rating: 2/4</p> <p>PERL and its partners have consistently promoted budget transparency, and were instrumental in setting up the government PFM website and introducing the first citizens'</p>

		budget in 2018. Other important factors include incentives provided by the World Bank SFTAS programme, pressure from civil society and reform-minded political leadership.
7. Citizen participation in budget processes	<p>Overall impact: 2/4</p> <p>Citizen participation in budget preparation and monitoring is increasingly significant, but is still at a low level and affects a small share of the budget (see Table 6). Media coverage of budget issues has much increased.</p>	<p>Overall rating: 4/4</p> <p>SAVI and PERL have played a decisive role in establishing and supporting the growth of the V&A Platform and establishing Constituency Clusters, the only structured process for citizens' participation in budget preparation in the state, which did not exist before SAVI's and PERL's engagement.</p>
8. Legislative oversight of budget and audit processes	<p>Overall impact: 2/4</p> <p>The effectiveness of the legislature overseeing budget processes has improved markedly particularly in relation to timelines and the level of scrutiny of budget proposals and audit reports. As indicated by the RAA, there is still considerable room for improvement.</p>	<p>Overall rating: 3/4</p> <p>SAVI and PERL have been the main external providers of technical assistance and training to the SHoA and have built capacity to conduct budget oversight functions and introduce improved PFM legislation.</p>
9. Evidence gathering, lesson learning and prioritisation of reforms	<p>Overall impact: 3/4</p> <p>Multiple PFM assessments (PEFA, RAA, PERL Governance Assessment) have improved the evidence base on the strengths and weaknesses of the PFM system, enabled prioritisation of reforms and helped Yobe State to access funds under the SFTAS programme. Yobe was one of the highest scoring states in Nigeria, and is ranked the fifth best performing state based on the 2018 and 2019 Annual Performance Assessments.</p>	<p>Overall rating: 3/4</p> <p>PERL is the leading programme supporting PFM assessments in Yobe State and providing technical assistance to the World Bank SFTAS programme.</p>

Source: PERL workshop with NE delivery teams. Group scoring exercise

Box 2: Key to the 'traffic light' impact and contribution scales

The **impact scale** measures the significance of the policy change and the level of implementation.

Level	Explanation
0	No change in policy and/or institutional arrangements and no evidence of implementation
1	Minor change in policy and/or institutional arrangements with limited implementation
2	Moderate change in policy and/or institutional arrangements with evidence that implementation has been initiated
3	Major change in policy and/or institutional arrangements with evidence of moderate implementation
4	Major change in policy and/or institutional arrangements with evidence of complete implementation

Following the same methodology as the PERL Most Significant Change stories, the **contribution scale** assesses the level of support for the following causal claim:

‘PERL support was a necessary component (and sometimes the only component) of a package of causal factors that together were sufficient to cause this observed change.’

Level	Explanation
0	Evidence rejects and disproves the causal claim.
1	Evidence is limited or insufficient to suggest that PERL contributed to the change (for example, only a single data source or piece of information).
2	Evidence supports and confirms a causal claim across multiple data sources but is marginal and influenced by external factors, such that the change was possibly likely even without PERL.
3	Evidence supports and confirms a causal claim across multiple data sources. Evidence of contribution is present as are other external factors and influences. PERL’s contribution is modest (necessary but not critical) in relation to other external factors. The change might have occurred without PERL, but PERL helped accelerate or amplify the change.
4	Evidence supports and confirms a causal claim across multiple data sources. Evidence of contribution is unequivocal. While PERL may not be the only contributor, the change would certainly not have been achieved without the programme’s support.

Section Six: Service-delivery impacts and pathways of change

PERL's Theory of Change suggests that core governance reforms should enable improvements in service delivery. In the case of the budget reforms analysed in this case study, this connection is likely to take place through the following pathways:

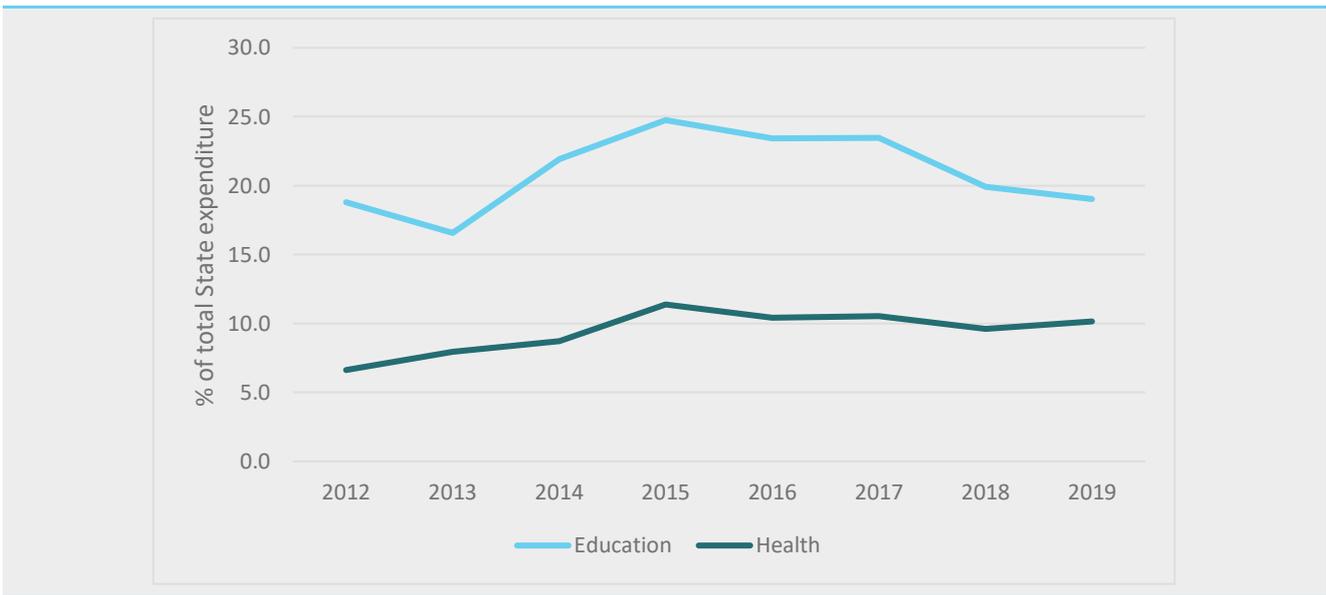
- Improved efficiency in managing public finance as a result of increased budget realism and timeliness. This can enable budgets to be implemented as planned, increase the predictability of releases and reduce inefficiency and waste caused by the non-availability of funds. Efficiency gains and reduced waste can increase the availability of public resources for service delivery.
- Stronger pressure to allocate resources in response to citizens' demands as a result of greater budget transparency and citizens' greater participation in budget processes (intervention areas 6 and 7). The evidence suggests that this change pathway is starting to have an important impact.
- Increased accountability for the use of public funds, reduced waste and diversion resulting from improved oversight by the SHoA, Office of the Auditor General and CSOs (intervention areas 7 and 8). There are indications that these mechanisms are functioning more effectively, but it is too early to provide evidence on whether they have had a significant effect on reducing waste and diversion.

If these change pathways are effective, improvements in budget processes presented in the case study would be expected to result in increased expenditure in particular sectors and/or increased budget performance in these sectors.

Figure 3 indicates the share of expenditure spent in the health and education and sectors over the period 2012–2019. There has been a modest increase in the share of health spending and an unclear trend for education. This reflects the increased political priority afforded to the health sector during the Geidam Governorship (2009-2019). Since 2019 Governor Buni has shown increased interest in supporting education, although it is too early to detect any increase in the share of education spending (in the latest figures for 2019). It can also be expected that the recent large increase in citizens-identified projects included in the budget (see Table 6) will result in increased resourcing of the health, education and water sectors which are the main focus of community demands. However, it is still too early to detect this change in the published and audited government accounts.

The evidence on budget performance by sector is mixed. Budget performance in the education sector appears to be somewhat stronger than overall budget performance whereas budget performance in the health sector is weaker than overall budget performance. This underscores the point that the shift in political priority towards the health and education sectors has so far been quite modest.

Figure 3: Yobe – share of expenditure spent on health and education 2012-2019



Source: PERL PFM database (2019 data is provisional)

Section Seven: Evidence on PERL's Theory of Change

PERL's Theory of Change describes in broad terms how governance reform occurs in Nigeria and is presented in the form testable propositions. This section considers whether it is supported or refuted by the evidence from the case study.

Proposition 1: Governance reforms lead to service-delivery improvements. Reforms to core governance processes are required to address bottlenecks affecting the availability, accessibility and quality of public goods and services.

The case study provides strong evidence of improvements in budget processes, particularly in terms of budget realism and timeliness since 2015, and there are indications that these are starting to feed into service delivery outcomes. There are signs of modestly increased expenditure on health (see Section 6). There are also signs that increased citizen participation in budget processes and more effective oversight by the SHoA are starting to shift budget priorities towards the provision of public goods and services. More generally, the documented improvements in budget realism and timeliness are likely to contribute to more efficient budget planning and delivery that should result in more streamlined resources to frontline services. The study has also shown that there remain important bottlenecks in core governance processes that are likely to hold back service-delivery improvements. In particular, budget execution is undermined by weak cash management and the frequent reallocation of resources within budget years in response to changing political priorities and emergency needs. This creates considerable unpredictability in disbursements to frontline services, which reduces their efficiency and effectiveness. The continued weakness of policy-based budgeting (see Section 4.4) has resulted in a disconnect between sectoral policy-making and the annual budget.

An important feature is the importance of humanitarian and non-government organisation programmes in service delivery. These funds are off-budget and only loosely co-ordinated with government programmes. PERL has attempted to strengthen co-ordination mechanisms between the state government, non-governmental organisations and humanitarian programmes.⁸

Proposition 2: Change occurs through a two-way cycle connecting citizen voice, policy and budget processes and service-delivery outcomes

Most of the changes documented in the case study concern improvements to budget processes, but there is also evidence of connections to other stages in the cycle. As a result of the work of the SAVI- and PERL-supported V&A Platform and a more active SHoA, there is now a stronger connection between the citizens' voice and the budget process. State-wide and sectoral policy processes in Yobe

⁸ Laws, E., Ochugwu, J. and Arquillière, A. (2021) Governance and Fragility. A case study of PERL in North East Nigeria.

also benefit from citizens' inputs, but have not yet been closely linked to annual budget processes. As indicated under proposition 1, there is some evidence that improvements in budget processes are starting to feed into service delivery outcomes. This analysis indicates that while the reform processes has been initiated at the level of budget reforms and citizens' voice, there remains a considerable challenge to complete the cycle through to the policy-making and service-delivery stages.

Although PERL has made progress in connecting the voice, policy, budget and service-delivery cycle, there remain large gaps. Citizens' participation in budget preparation occurs only at a broad level in terms of advocating for citizen-identified projects. There has been limited participation in sectoral planning and budget processes, and (with the exception of humanitarian programmes) minimal participation in tracking budget implementation and the quality of service delivery. Citizens' participation largely takes place as a result politicians' openness to this engagement, but is not yet institutionalised in terms of formal requirements written into administrative practices and laws.

Proposition 3: Reform occurs through a combination of changes in supply, demand and evidence. This requires: (1) increased commitment to reform among state and non-state actors; (2) increased demand for and generation and use of evidence relevant to the reform; (3) changes to governance systems and processes; and (4) increased capability, opportunity and motivation of multiple stakeholders to make these systems and processes work effectively.

The case study provides a good example of linkages between technical measures supporting the State Government to introduce reforms, and interventions with civil society and the media that have led to demands for changes in budget preparation and improvements in implementation. Changes in governance systems have helped to connect supply and demand, in particular increased budget transparency, the use of open budget hearings in the SHOa, the budget dialogue process, media programmes, changes in call circulars and the inclusion of civil-society representatives in the Budget Working Group. The use of evidence to strengthen budget processes is evident through the use of PFM assessments and citizen-led budget tracking tools. The fact that many civil society leaders were formerly civil servants means there are strong relationships between civil society and the State Government. PERL has used its credibility and long-established relationships with state and non-state actors to strengthen these connections.

Despite evidence of stronger links between supply, demand and evidence generation, clearly a much closer connection is still needed. Citizens' voice and legislative oversight have only a small influence over budget preparation and monitoring. While citizens' demands are to an extent reflected in the budget, there is limited communication on how their demands have been addressed. This would require stronger feedback mechanisms from the Budget Working Group to Constituency Clusters. Citizen tracking of public expenditure and service-delivery performance (for example, following the model of the Jigawa Project Monitoring Partnership) is still at a preliminary stage and constrained by security conditions. Furthermore, there is little use of evidence to assess the impact of public expenditure on service-delivery outcomes, while the lack of an effective state-level monitoring and evaluation system makes it impossible to conduct thorough sector performance reviews.

The evidence from this case study supports the proposition and provides encouraging signs of initial progress, but indicates that there are still large disconnects between supply, demand and evidence. Future governance programmes will need to think strategically about how best to address these disconnects in order to sustain initial progress.

Proposition 4: Transformational change results from the emergence and scaling up of islands of effectiveness. This occurs through processes of discovering or nurturing examples positive deviation, promoting their sustainability, replication, institutionalisation and broad adoption.

The case study provides an example of a reform process that started with a few limited measures mainly focused on the supply side of reform (e.g. budget realism) and has since broadened to include demand-side measures and accelerated in pace, particularly since 2016. Using PERL's classification, the reforms can be said to have reached the stage of 'consolidating islands of reform'. Improved practices have extended to cover most of the budget system and have largely displaced previous practices, but there are still areas of weakness where reform is lagging (e.g. policy-based budgeting and cash management). Although much remains to be done to institutionalise these processes, there has been progress in strengthening of key organisations, including the PFM core group, Budget Working Group, V&A Platform, as well as adopting changed administrative practices (e.g. budget manual, new PFM templates) and new legislation (PFM bill, Audit bill). Replication is evident in the expansion of the work of the V&A Platform and spread of good practices and expertise between Constituency Clusters, which have expanded from five to 24.

Governance programming in the context of conflict and insecurity

The continued progress in budget reforms in Yobe State is particularly noteworthy given the context of insecurity, protracted conflict and severe fiscal constraints. The case study indicates that impressive reforms can be achieved despite severe security challenges. While core governance processes in central government ministries have been somewhat protected from the insurgency, the reforms have not been limited to central government. It has also been possible to mobilise community participation in budget processes in insecure areas. Some interviewees suggested that the Boko Haram crisis has focused political attention on the need to demonstrate state legitimacy and basic competence. Political leaders recognise that the state's survival and its ability to direct reconstruction efforts depends on their ability to manage limited resources as effectively as possible. Several interviewees suggested that the effects of insecurity and conflict had made it easier to focus on strengthening basic PFM functions, and also persuaded political and social leaders of the need for inclusiveness and citizen participation in budget and planning processes. At the same time, the conflict has also had clear negative impacts on governance processes. In particular, budget execution has been undermined by unpredictable security and emergency response needs.

The subject of governance programming in a context of fragility is assessed further in a LEAP case study on 'Governance and Fragility: A Case Study on PERL in North East Nigeria.'⁹

⁹ Laws, E., Ochugwu, J. and Arquillière, A. (2021) Governance and Fragility. A case study of PERL in North East Nigeria.

Section Eight: Evidence on PERL's Ways of Working

This case study provides numerous lessons on PERL's ways of working which were discussed during three structured learning sessions with the North East delivery teams held in July and September 2021. The following is a synthesis of the main points arising from these discussions:

1. A locally-owned and locally-led approach has been essential to achieving results.

Budget reforms in Yobe State have been achieved thanks to a high level of local ownership and leadership. The leadership and continuity provided by the current Governor and his predecessor, and the support derived from a network of reform-minded technocrats, have been critical to bringing about the changes described in this case study. The Governor's professional background in accountancy and the civil service also partly explains his interest in PFM reforms. The continuity in membership of the PFM Core Group and the Budget Working Group have also been key. There is a strong and trusting relationship between Yobe State Government, the SHoA and CSOs built on relationships of trust, strong personal relationships (many civil society leaders are former civil servants) and constructive challenge rather than adversarial engagement. These connections have been particularly powerful in a small state where there is a strong overlap between personal and professional relationships.

PERL has helped to reinforce the existing leadership and ownership through policy advocacy on the importance of effective budget processes, by providing technical support to reform-minded officials and by strengthening key networks including the PFM Core Group and Budget Working Group. While commitment to reform is strongly embedded, the large number of civil servants approaching retirement points to the need for their succession in planning to sustain the reform drive.

2. A problem-driven approach.

PERL's support has been focused on addressing specific and selective problems (e.g. lack of budget realism, budget transparency) rather than comprehensive governance reforms. These have been identified on the basis of PFM assessments and stakeholder consultations and political economy analysis, as well as a realistic assessment of the programme's capacity and reach. The selection of issues has not always been straightforward and there has been a need to accommodate other programmes working on PFM reforms. While PERL has avoided duplication with SLOGOR, there is relatively limited contact and collaboration between the programmes. There are also questions as to whether PERL missed opportunities, for example it did not advocate strongly for Yobe's adherence to the Open Government Partnership or engage strongly with the tax reform issues.

3. Politically smart and adaptive working.

PERL has focused on areas where it judges that it can gain traction rather than where this has been difficult to achieve, for example cash management and policy-based budgeting. PERL has also adopted a politically smart approach to understanding power dynamics, identifying reform champions and brokering connections between them through informal networks and formal platforms. Most notably this has operated through the PFM Core Group and the Budget Working Group, which PERL has supported to become important advocates for realistic and timely budgeting, as well as through the V&A Platform that has played a critical role in promoting participatory budgeting. Maintaining a political economy analysis and having access to networks of local informants built up over a long period of time has been indispensable.

PERL has been relatively quick to adapt its programme in Yobe to the changing context and greater understanding about where there is political traction, and scaling back rather than trying to work against the grain (e.g. cash management and policy-based budgeting). PERL has also offered a flexible menu of support to PFM processes, as indicated by its wide coverage PFM toolkits that can be adapted as appropriate.

4. Long-term approach based on continuity and incremental change.

The case study has demonstrated the importance of a long-term approach in order to build relationships, trust and knowledge on the political economy context. While recognising the importance of adaptation and change, PERL has also achieved results through a consistent focus and clarity on key problems, for example budget realism. The approach has also been incremental and has achieved success by starting with a relatively limited set of interventions and gradually expanding. For example, PERL has progressively increased the number of PFM tools applied in Yobe and built up the scope and geographical scale of citizen participation in budgeting.

5. Making timely evidence available on PFM performance has been critical to the reforms.

The PFM assessments supported by PERL (PEFA, RAAs, support to the SFTAS process and the Nigerian States Budget Transparency Survey) have been critical to generating evidence that has informed the design and prioritisation of PFM reforms. Interviewees indicated that political leadership in Yobe is concerned with the findings of these assessments and how Yobe State compares with its peers, suggesting that the increased availability of evidence and peer pressure can help build political commitment to reform. Despite this progress, there remain significant evidence gaps on the functioning of the PFM system, for example on cash management and expenditure tracking.

6. There has been considerable innovation in the approach of PERL and predecessor programmes in Yobe.

PERL's programme in Yobe State has been a fertile testing ground for innovations, such as the PFM tools and the Constituency Cluster approach to promoting citizens' participation in budget processes and linking them more closely to their elected representatives in the SHoA. It has taken several years



of iterative adaptation to improve these models, but the investment appears to have paid off. PERL has benefited from having the space to experiment with higher-risk activities with uncertain returns. This indicates the importance of engaging over the long-term in order to provide sufficient time and space for experimentation, building relationships and gaining understanding of the state context.

7. There is scope to replicate the budget reform experience from Yobe in other conflict-affected states.

The encouraging results achieved in Yobe State in a challenging context regarding security and the political economy suggest that lessons learned from this experience may be applicable elsewhere. There is already evidence of lessons from budget reforms in Yobe being applied to other states, for example budget reforms in Borno State.¹⁰

¹⁰ PERL (2021) Most Significant Change Study: NE-2 Borno Budget Reforms.



Annexes



Annex 1: List of documents reviewed

CIRDDOC (2021) Nigerian States Budget Transparency Survey 2020.

<https://statesbudgettransparencysurvey-ng.com/#> Surveys for 2012, 2015 and 2018 also consulted

Laws, E., Ochugwu, J. and Arquillière, A. (2021) Governance and Fragility. A case study of PERL in North East Nigeria

PERL (2018) Study of change in Public Financial Management 2004–2019. Partnership to Engage, Reform and Learn

PERL (2019) Plan-Strategy-Budget linkage assessment NEH-T-1, March 2019. Partnership to Engage, Reform and Learn

PERL (2021) Most Significant Change Study: NE-2 Borno Budget Reforms

PERL Governance Assessment (2018), Yobe State Governance Review

RAA (2016) Pefa Light Assessment 2017, available at <https://pfm.yb.gov.ng/>

RAA (2017) Rapid Annual Assessment 2017, Yobe, Partnership to Engage, Reform and Learn

SPARC (2016) Yobe State Synthesis: Reform Journey 2011–2015. State Partnership for Accountability, Responsiveness and Capability

Yobe State Government (2011) 2011 Pefa PFM Performance Repeat Assessment

Yobe State Government (2014) Yobe State Pefa Assessment 2014, <https://pfm.yb.gov.ng/>

Yobe State Government (2020) Citizens Budget 2020, <https://pfm.yb.gov.ng/>

Annex 2: Methodology and list of interviewees

The research draws on a review of literature produced by PERL, its predecessor programmes and other donor initiatives, as well as publicly available reports on PFM reform in Yobe State. This was combined with fieldwork conducted by a three-person team in February 2020 in Damaturu, the capital of Yobe State, who conducted Key Informant Interviews and Focus Group Discussions with over 70 people. These included government officials, members of the SHoA, representatives of civil society and citizens' groups, professional associations and the media (see Annex 2).

The main sources of evidence on impact were the 2011 and 2014 Public Expenditure and Financial Accountability Assessments (PEFA), the 2016 and 2017 PERL-supported Rapid Annual Assessments (RAA), and the PERL Governance Assessment completed in 2018. Although these include similar indicators and rating scales, there are methodological differences between the surveys, which complicate the task of making comparisons over time. Evidence from assessments was triangulated with other documentary sources, interviews and PERL staff.

A draft of this case study was discussed with the PERL North East team during workshops in July and September 2020. The case study was subsequently revised to include the key points raised in these discussions, focusing particularly on lessons learned.

List of interviewees

Name	Designation/Organisation
Alhaji Musa Kadi Amshi	Chairman, Yobe State Fiscal Responsibility Board
Abbas Isah Bizi	Yobe State Fiscal Responsibility Board
Ali Garga Bulama	Yobe State Fiscal Responsibility Board
Abdullahi Buka	Yobe State Fiscal Responsibility Board
Zakariya Bazam Njajo	Yobe State Fiscal Responsibility Board
Alhaji Mohammed Garba	Yobe State Fiscal Responsibility Board
Lamido Dan-Azumi	Yobe State Fiscal Responsibility Board
Ahmed Kagana Amshi	Yobe State Fiscal Responsibility Board
Babaji Galadima	Permanent Secretary, Ministry of Budget and Economic Planning
Zainab Abdu Saleh	Director – Budget, Ministry of Budget and Economic Planning
Abubakar Gana	Director – Human Resources Management, Ministry of Budget and Economic Planning
Saleh Ibrahim	Ministry of Budget and Economic Planning
Umaru Mohammed	Ministry of Budget and Economic Planning
Idi Barde Gubana	Commissioner, Ministry of Budget and Economic Planning



Musa Mustapha	Commissioner, Ministry of Finance
Usman M. Bura	Yobe State Accountant General
Fushuwa G. Jajere	Ministry of Finance
Mohammed M.B. Goniri	Head of Expenditure, Ministry of Finance
Tijjani Kachalla Goni	Ministry of Finance
Ismaila Mai-Adamu	Director-General, Bureau for Public Procurement
Muhammed Sabo	Yobe State Auditor General
Adamu Ibrahim	Director Admin, office of the Auditor General, Yobe State
Kaku Bulama	Director salary, loan and Advances, office of the Auditor General, Yobe State
Dahiru Adamu Bala	Office of the Auditor General, Yobe State
Abdulumumin Ibn Hussein	Office of the Auditor General, Yobe State
Muhammad Haruna Danlami	Director Expenditure, office of the Auditor General, Yobe State
Muhammad Alkali Duikiri	Deputy Director, Treasury, Ministry of Finance
Audu Ali Dapchi	Ministry of Finance
Hon. Mohammed Isa Bello	Deputy Speaker, Yobe State House of Assembly
Hon. Bulama Bukar	Chairman, Public Accounts Committee, Yobe State House of Assembly
Hon. Ciroma Buba	Chairman, Finance And Appropriation, Yobe State House of Assembly
Hon. Bukar Mustapha	House Leader, Yobe State House of Assembly
Hon. Buba Kallalawa	Chief Whip, Yobe State House of Assembly
Fate Bukar Fate	Secretary Committee on Public Accounts Committee, Yobe State House of Assembly
Ali Ibrahim Lawan	Secretary Committee on Appropriation, Yobe State House of Assembly
Hon. Maina Digma Gana	Yobe State House of Assembly
Hon. Adamu Dogo	Yobe State House of Assembly
Hon. Suleiman Aliyu	Yobe State House of Assembly
Idi Isa Yaro	Civil Society Liaison Desk Officer
Hon. Dala Dogo	Former Speaker, Yobe State House of Assembly
Mohd Nur Alkali	Former Clerk, Yobe State House of Assembly
Ishaku Usman Mohammed	Former Clerk, Yobe State House of Assembly
Amina Abdullahi Abubakar	Clerk special duties, Yobe State House of Assembly
Baba Shehu	Chairman, Yobe State CSO Network
Baba Kucici	Secretary, Yobe State CSO Network
Mati Habu	Head Of Community Outreach, Yobe State CSO Network
Ishaku Adamu	Humanitarian Cluster Head, Yobe State CSO Network



Muazu Modu	Code Chapter Lead, Yobe State CSO Network
Halima Jodda	Chairperson, National Council of Women Society
Tijani Alhaji Umara	Community-Based Organisation
Inusa Manu	Community-Based Organisation
Yusuf Aliyu	Chairman, Advocacy Platform Budget
Yusuf Isah	Chairman, Nigerian Union of Journalists
Rajab Mohammed	News Producer, Yobe State TV
Ibrahim Bulama Dachia	Former General Manager, Yobe Broadcasting Corporation
Musa Buba Ningyi	Reporter, Channels TV
Mohd Kalusa Bukar	Producer, Yobe Broadcasting Corporation
Kucheli Tawariya	Reporter Yobe State TV
Alh. Modu	Yobe Broadcasting Corporation Programme support
Adamu Umaru	Yobe Broadcasting Corporation Reporter
Saleh Musa Gulani	Yobe Transition Committee
Mud Kalusha Bukar	Yobe Broadcasting Corporation Producer
Muazu Alkali Modu	Chief Executive Spotlight
Ishaku Adamu	CSO – Head of Humanitarian Affairs
Usman Bura Gasai	Chairman Joint National Association of Peoples with Disability
Muhammad Baba	Network of Yobe Civil Society Organisations
Mallam Yusuf Aliyu	Yobe State University
Yusuf Jajere	Reform Manger, PERL North East
Rilwan Okpe	Reform facilitator, PERL North East
Mustapha Teleh	State Partnership Facilitator, PERL North East
Musa Waziri	State Partnership Facilitator, PERL North East



Partnership to Engage, Reform and Learn

🏠 Contact Address:
10 Bobo Street
Maitama, Abuja, Nigeria

🌐 www.perlnigeria.net
