

**Education Sector Support Programme in Nigeria  
(ESSPIN)**

**Input Visit Report**

**Public Finance Management (PFM) Task Leader Visit to  
Kwara, 24th August-5th September 2009**

**Report Number: KW 202**

**John Gray**

**7 September 2009**

**esspin**

Education Sector  
Support Programme  
in Nigeria

**DFID** Department for  
International  
Development

A Programme funded by DFID

## Report Distribution and Revision Sheet

**Project Name:** Education Sector Support Programme in Nigeria

**Report Title:** Public Finance Management (PFM) Task Leader Visit to Kwara,  
24th August-5th September 2009

**Report No:** KW 202

Rev No*	Date of issue	Originators	Checker	Approver	Scope of checking
1	September 2009	John Gray	Nguyan Feese	Steve Baines	Formatting/Content

### Distribution List

Name	Position
<b>DFID</b>	
Kathleen Reid	Human Development Programme Coordinator, DFID
Ian Attfield	Education Adviser, DFID Northern Nigeria Office
Roseline Onyemachi	Education Project Officer, DFID
<b>ESSPIN</b>	
John Martin	National Programme Manager
Ron Tuck	Deputy Programme Manager
Richard Hanson	Assistant Programme Manager
Steve Baines	Technical Team Coordinator
Gboyega Ilusanya	State Team Leader Lagos
Emma Williams	State Team Leader Kwara
Richard Dalgarno	State Team Leader Kano
Steve Bradley	State Team Leader Kaduna
Kayode Sanni	State Team Leader Jigawa
John Kay	Lead Specialist, Education Quality
Alero Ayida-Otobo	Lead Specialist, Policy and Planning -Federal Level
Fatima Aboki	Lead Specialist, Community Interaction
Nguyan Feese	Lead Specialist, Inst. Development and Education Mgt
Francis Watkins	Lead Specialist, Social Development
Manos Antoninis	Task Specialist, Monitoring and Evaluation
Pius Elumeze	Planning and Management Specialist, Kaduna
Olalekan Saidi	Planning and Management Specialist, Kano
Katherine Adeyemi	Planning and Management Specialist, Kwara

## Quality Assurance Sheet and Disclaimer

"This document has been prepared for the titled project or named part thereof and should not be relied on or used for any other project without an independent check being carried out as to its suitability and prior written authority of Cambridge Education Ltd. being obtained. Cambridge Education Ltd. accepts no responsibility or liability for the consequences of this document being used for a purpose other than the purpose for which it was commissioned. Any person using or relying on the document for such other purposes agrees, and will by such use and reliance be taken to confirm his agreement to indemnify Cambridge Education Ltd. for all loss and damage resulting there from. Cambridge Education Ltd. accepts no responsibility or liability for this document to any party other than the person by whom it was commissioned."

"To the extent that this report is based on information supplied by other parties, Cambridge Education Ltd. accepts no liability for any loss or damage suffered by the client, whether contractual or tortious, stemming from any conclusions based on data supplied by parties other than Cambridge Education Ltd. and used by Cambridge Education Ltd. in preparing this report."

## Note on Documentary Series

A series of documents has been produced by Cambridge Education Consultants in support of their contract with the Department for International Development for the Education Sector Support Programme in Nigeria. All ESSPIN reports are accessible from the ESSPIN website <http://www.esspin.org/resources/reports>

The documentary series is arranged as follows:

- |            |  |
|------------|--|
| ESSPIN 0-- | Programme Reports and Documents  |
| ESSPIN 1-- | Support for Federal Level Governance (Reports and Documents for Output 1)                  |
| ESSPIN 2-- | Support for State Level Governance (Reports and Documents for Output 2)                    |
| ESSPIN 3-- | Support for Schools and Education Quality Improvement (Reports and Documents for Output 3) |
| ESSPIN 4-- | Support for Communities (Reports and Documents for Output 4)                               |
| ESSPIN 5-- | Information Management Reports and Documents   |

Reports and Documents produced for individual ESSPIN focal states follow the same number sequence but are prefixed:

- |    |        |
|----|--------|
| JG | Jigawa |
| KD | Kaduna |
| KN | Kano   |
| KW | Kwara  |
| LG | Lagos  |

## Contents

Report Distribution and Revision Sheet .....	ii
Quality Assurance Sheet and Disclaimer .....	iii
Note on Documentary Series .....	iii
Acronyms and Abbreviations .....	v
Abstract .....	1
Executive Summary .....	1
Achievement of the terms of reference .....	2
Background.....	3
Findings and Issues Arising .....	3
Options and next steps.....	5
Annex: Brief (for the Commissioner to take to the Governor).....	7

## Acronyms and Abbreviations

ESSPIN	Education Sector Support Programme in Nigeria
HoA	House of Assembly
HR	Human Resources
ICT	Information, Communication Technology
IFMIS	Integrated Financial Management Information System
KWSUBEB	Kwara State Universal Basic Education Board
MGA	Ministries, Departments and Agencies
MoEST	Ministry of Education, Science and Technology
MTSS	Medium Term Sector Strategy
SG	State Government
SPARC	State Programme for Accountability, Responsiveness and
TSC	Teachers Service Commission

## Abstract

1. The purpose of the visit was to support the work in Kwara on the MTSS and clarify the procedure for bringing the MTSS into the state budget.

## Executive Summary

2. Work had already progressed substantially on the preparation of the “logframe” for the MTSS – a sheet of 200+ costed activities grouped under Targets, Objective and 5 overall goals. Nevertheless several days were required, working with the departmental teams from the education sector MDAs to finalise a draft of the logframe which could be presented to the Commissioner.
3. The immediate task is to fit the MTSS into the format for the Budget Estimates which will be presented to the House of Assembly (HoA). This poses a problem as the format for the Budget Estimates is traditional line-budgets within departmental votes, whereas the MTSS is activity-based, grouped under objectives. Specific procedures have been established for putting the MTSS into the existing budget framework as a stop-gap measure for 2010 budget.
4. However, putting the MTSS into the standard line-item based Budget Estimates will involve losing the distinctive feature of the MTSS, namely its activity basis and objective orientation. It is, accordingly, recommended that the MTSS “logframe”, in suitably modified form, should be tabled in the HoA as a supplementary document in support of the MoEST budget estimates. This will expose members of the HoA to a results-oriented budget for the first time and is likely to lead to increased demand for the MTSS to be rolled out across the main ministries of the state government.
5. In moving towards the 2011 MTSS there needs to be a review of the experience with the 2010 initiative. Important issues to address are: (i) the need for a clearer budget constraint, perhaps through early issuance of indicative budget ceilings by the Ministry of Finance (ideally in the form of an Medium Term Fiscal Framework) to guide the MTSS preparation process; and (ii) the desirability of making the MTSS, which currently only covers activities of a developmental nature, into a comprehensive planning and budgeting process which includes reformed planning and budgeting for the “routine” functions of the MDAs, such as administration, financial management, HR and payroll, ICT etc. Making the MTSS comprehensive will simplify the process of reconciling MTSS and budget in future.
6. There is a strong appetite in the central agencies (Finance, Planning and Accountant General’s office) to extend the MTSS process to other key ministries in the near future, as part of a State Government-wide reform of budget cycle management.

However the state lacks the capacity to advance such a reform rapidly in the absence of technical support. The possibility of SPARC establishing a presence in Kwara should be taken up as a matter of urgency. ESSPIN could also facilitate study tours by key Kwara SG officers to visit SPARC-supported SGs, initially to review progress on Chart of Accounts and IFMIS developments.

7. The consultant prepared a Brief for the Commissioner for Education to take to the Governor (attached as the Annex to this report)

### Achievement of the terms of reference

(No Visit-Specific TORs)

TOR Tasks	Progress made and agreements reached (with whom)	Proposed/agreed follow up (by whom and when)
	Supported finalisation of the logframe/ costed activity plan for the MTSS	"Final" draft of logframe and costed activity sheet passed to Commissioner for discussion with Governor
	Discussions with MoEST, Min of Planning, Accountant-General on entry of the MTSS logframe into the budget	Agreed process for incorporating the MTSS logframe into the 2010 Budget Estimates
	Meeting with Finance Dept, SUBEB	Briefing to Commissioner and Exec Sec of SUBEB on the meeting
	Presentation of findings to the Commissioner. Preparation of 1-page Brief for the Commissioner to take to the Governor	Commissioner to present the MTSS logframe to the Governor to get early political buy-in
	Reviewed status of wider reform of budget process with Min of Planning	Internal discussion in ESSPIN on approach to supporting wider reform introducing MTSS in more MDAs

## Background

8. With support from ESSPIN, the Kwara State Government has been developing the Medium Term Sector Strategy (MTSS) approach to budget formulation since the preparation of the 2009 budget for the education sector. In recent months substantial support has been provided to the preparation of the 2010 MTSS and this was at an advanced stage of preparation at the time of the arrival of the consultant. The purpose of the visit was to support MoEST in the finalisation of the MTSS and its entry into the 2010 budget.

## Findings and Issues Arising

9. The main findings of the visit are:
  - **Very substantial progress has been made in the development of the MTSS in recent months, culminating in the completion of a “logframe” table of 200+ activities** proposed for inclusion in the 2010 budget within a clear overall framework defined by 5 Goals of the education sector, and a hierarchy of Objectives, each with subordinate Targets. In other words the structure is GOAL > OBJECTIVE > TARGET > ACTIVITY. All activities have been costed using a standard costing sheet, for a 3-year budget and implementation period (2010-2012).
  - **There has been a very high level of engagement by the MDAs** falling under the education sector (including the MoEST, the TSC, KWSUBEB, the Agency for Mass Education and the Tertiary education institutions. There has also been strong support from the most senior officers in the central agencies, including the Ministry of Planning and the Accountant General. Critically, the Commissioner for Education has provided strong personal support.
  - **The adoption of the MTSS approach to budgeting raises immediate and longer term issues in relation to the existing budgetary process** which is a traditional budget concentrating on financial inputs through Votes and detailed budget lines organised for each MDA into a Recurrent Budget (comprised of Personnel and Overhead costs) and a Capital Budget which contains groups of infrastructure and other projects. By contrast, the MTSS is a results-oriented budget, with activities, clustered under objectives, which combine recurrent and capital expenditures within each activity cluster. This poses an immediate problem of reconciliation of the MTSS with the requirements of the budget estimates for appropriation by the House of Assembly and as a basis for budget execution. This problem will continue until such time as there is a more comprehensive reform of the budget process including the format of the Budget Estimates to support results-oriented budgeting.



- **In the 2009 budget exercise the reconciliation was relatively straightforward as the budget essentially comprised a set of capital activities**, which could be fairly easily incorporated into the existing lines and a few new lines in the capital budget format.
- **Reconciliation of the 2010 MTSS with the requirements of the format of the Budget Estimates will be more difficult as the MTSS includes a large number of activities of a recurrent or at least non-capital nature.** At the same time the 2010 MTSS does not provide a comprehensive coverage of all the functions and activities of the MDA in the sector. It is essentially restricted to activities of a developmental nature which contribute directly to the achievement of the specified objectives of the sector. It excludes the routine activities of MDAs, such as general administration, financial management, routine personnel management (including payroll) and IT development.
- Nevertheless, in spite of the complexity of the challenge of reconciling the MTSS to the Budget Estimate format outlined above, **the consultant is confident that the MoEST will be able to complete a set of budget estimates for 2010 for all the MDAs in the sector which includes financial provision for all the activities proposed in the MTSS** (or a sub-set of them in the event that there is a need for “trimming” to meet overall budget constraint for the sector, which has not yet been announced). This will be achieved by : (i) separating off the activities which are essentially of a capital nature, as was done in 2009 for inclusion in the Capital Expenditure estimates; and (ii) a matching up, activity-by-activity and budget line by budget line of the financial requirements, making allowance on an ad hoc basis for provision for the “routine” activities which are not itemised in the MTSS.
- **The above procedure for putting the 2010 MTSS into the budget provides a stop-gap solution to the immediate problem of getting the MTSS activities into the 2010 state budget.** It is obviously not an acceptable solution for the longer term as (i) it means that the results-oriented, activity-based budget of the MTSS is not visible in the appropriated budget. There will therefore be limited exposure to the wider stakeholders in the sector in the House of Assembly and among civil society and the general public of the magnitude of reform which is actually being undertaken, and, (ii) the activity-based budget will not form the legal basis for budget execution, monitoring and evaluation and reporting. This means that it will continue to be easy for funds to be shifted from planned activities to new activities during budget execution without breaching the Appropriation Act. Steps are required to mitigate these shortcomings for 2010 and to resolve the issue from 2011 on a more permanent basis.
- **There is clearly both a high-level demand and a pressing need for a more comprehensive process of reform of the state budgetary system** to support and

sustain the initiative towards results-oriented budgeting adopted in the MTSS. To be sustainable this needs to (i) be led by the central agencies (Finance and Planning ministries and Accountant General); (ii) be comprehensive in coverage of at least the more important MDAs of the state government, and, (iii) include reforms for each of the main stages of the budgetary process, including budget preparation, format and process of the budget for appropriation, budget execution, budget monitoring, M&E and reporting. **There is a strong appetite for such a comprehensive reform process, but in the absence of SPARC from Kwara the reform process is likely to remain tentative and fragile.**

- **In moving towards the 2011 MTSS process consideration should be given to making the MTSS comprehensive so that it covers all the activities in each MDA, including the “routine” activities of the MDAs.** If the MTSS is comprehensive for each MDA the problems currently experienced in reconciling MTSS with the Budget Estimates will fall away. The result will effectively be a system of programme budgeting for each MDA with a proper handling of “overhead” budget items.

## Options and next steps

10. There are several steps which ESSPIN could take to support the Kwara SG to maximise the benefits achievable as it takes forward the MTSS process into the budget. These relate to both the immediate up-coming 2010 budget and reforms oriented towards the medium term. These include:

- Encourage the Commissioner to **table the Education MTSS as a supplementary document in support of the 2010 Budget Estimates and appropriation process in the House of Assembly (HoA).** Legally there appears to be no constraint to the reform of the form Budget Estimates presented for appropriation by the HoA to replace the present input-based budget presentation based on detailed budget lines within votes, to adopt a budget based on programmes and activities within MDAs. Programmatically based Estimates could be either supplementary to the existing input-based budget or could replace it. However, in practice this is a major reform which would require a consensus among the main stakeholders and careful planning, and so cannot be contemplated for 2010. However, the tabling of the Education Sector budget on a results-oriented basis would serve to educate both the civil service and the legislature on the reforms which will impact in the future. Experience from other countries suggest that parliamentarians respond strongly and favourably to being informed what results are expected to be achieved from the funds allocated in the budget.
- **ESSPIN should work with the MoEST to ensure that the detailed activities set out in the MTSS, once approved by the Commissioner, are faithfully reflected in the departmental activity plans.** This is critical as, following the approval of the budget

by the HoA, the release of funds for expenditure is based on Requests for each activity in the department's plans. Activities which are in the MTSS but do not make it to the departmental plans will not receive funds during budget execution. Hopefully the extensive engagement of the departments from each of the MDAs in the MTSS preparation process should make this transition straightforward, but it would be advisable for the Chairman of the MoEST Budget Committee to provide guidance to the department heads to ensure that their plans faithfully reflect the MTSS.

- **Develop within-year Budget Monitoring based on the MTSS activities within the MoEST and other MDAs in the sector:** there is already a monthly internal budget expenditure monitoring system within MoEST operated within the Finance and Supplies Dept. However, the requests for the release of funds within the MoEST are based on the activities in each department's approved Workplan. ESSPIN should assist the MoEST (and through them the other MDAs in the sector) to supplement the existing budget monitoring system with monthly reporting on Requests and Expenditure by Activity for each department. Such a system will serve to keep the attention of the senior managers on the MTSS activity plan through the budget implementation cycle.
- **ESSPIN should explore the options for supporting the central agencies (Finance, Planning and Accountant General) in the design and sequencing of a more comprehensive budget cycle reform process.** Clearly it is beyond the ESSPIN mandate to devote significant resources to such support. Attention should, accordingly, concentrate on: (i) liaising with SPARC and encouraging DFID to take an early decision on whether SPARC will open a Kwara state level project; (ii) explore options for making the experience gained in the existing SPARC states accessible to the Kwara authorities. Specific areas where it may be possible to provide cross-over technical support at low cost include: (a) providing access to the Charts of Accounts developed in SPARC states such as Kaduna and Kano; (b) generic advice on the approach adopted and challenges faced in progressing the IFMIS in the SPARC states. There may even be the possibility of transferring some IFMIS software application modules. This could be achieved through study-tours to SPARC-supported states for senior officials from the central agencies.
- In preparation for the next annual cycle, **the 2010 MTSS procedure needs to be reviewed, in particular to address the issues stemming from its incomplete coverage of MDA activities.**

## **Annex: Brief (for the Commissioner to take to the Governor)**

### **The Education Medium Term Sector Strategy**

1. Over the past months the MoEST has led the preparation of a Medium Term Sector Strategy (MTSS) to guide the allocation of public spending in line with political priorities for the sector for the next 3 years. The MTSS is oriented around 5 Goals for the sector:
  - Goal 1: Improving Basic Education
  - Goal 2: Improving Senior Secondary Education
  - Goal 3: Improving system policy, planning and management
  - Goal 4: Improving Adult and Mass Education
  - Goal 5: Improving Tertiary Education.
2. The preparation of the MTSS has involved strong participation by all the ministries, departments and agencies in the sector, culminating in a major workshop held in Obudu in August. The process has been supported by the ESSPIN project of the UK Department for International Development (DFID).
3. The central element of the MTSS is a proposed 3-year resource allocation for the sector designed to maximize the achievement of the above sector goals. A total of 203 activities have been identified and costed, within a clear overall structure linking Activities, Targets, Objectives and Goals. This is a major reform of the budget preparation process for the sector, using a Results-Based Budgeting approach.
4. Some fine-tuning of the MTSS Activity Plan will be undertaken to ensure it is in line with the resources available for the sector for the 2010 budget and the likely resource envelope for two further years (2011 and 2012).
5. For purposes of inclusion in the Budget Estimates to be presented to the House of Assembly, the MTSS activity Plan will be reconciled with the established format for the Recurrent and Capital Budget Estimates. This is an essential step but will have the disadvantage that the clear results-orientation of the MTSS Activity Plan will not be visible in the formal documentation of the Budget Estimates.
6. Experience from other countries suggests that it would be of great value for Members of the House of Assembly to view the Education Sector MTSS Activity Plan, as this shows clearly the results in terms of service delivery which are anticipated from the application of the funds to be appropriated. It is, accordingly, proposed that that the Education Sector Activity Plan should be tabled in the House as supplementary documentation in the support of the Budget Estimates for the Education sector.
7. To ensure that we do not lose sight of the strategic objectives of the MTSS during the implementation of the 2010 budget, steps are being taken to establish a system to monitor monthly expenditure against each activity in the Activity Plan.

8. Discussions with Ministry of Planning and Accountant-General have revealed a strong desire to extend the MTSS process to the main developmental MDAs in the near future. The experience gained in the education sector will provide important experience to help this process.