



## Reducing poverty sustainably and boosting economic activities

The achievements, impacts and long-term benefits  
of Policy Development Facility Phase II



# PDF II

Policy Development Facility Phase II



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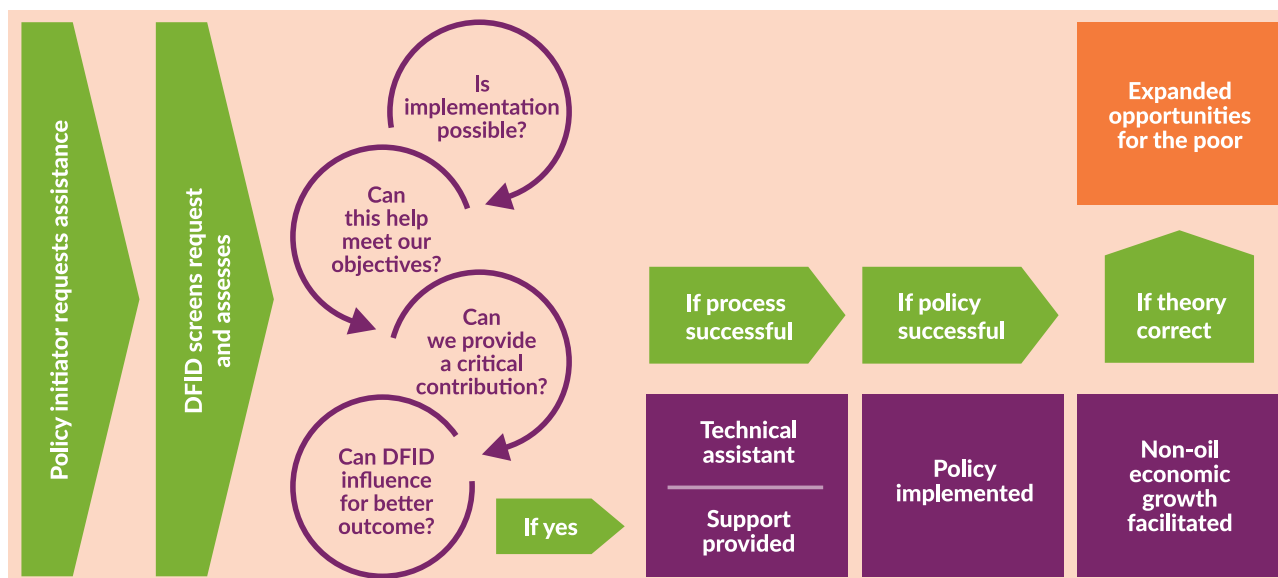
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# Introduction

The Policy Development Facility Phase II (PDF II) initiative is a five-year £18.5 million programme funded by UK aid to assist Nigeria’s Champions of Change – reform minded ministers and members of the Federal Government of Nigeria (FGN) – in their efforts to boost economic growth and resolve Nigeria’s growing poverty levels. The main outcome of the PDF II initiative has been supporting and increasing the capacity of these individuals so they can pursue vital economic and social reforms.

This report is intended to inform strategic partners and key stakeholder groups, including Nigerian citizens, UK aid personnel and public officials within the FGN, about the achievements and impacts of PDF II. It outlines the approaches and strategies that were applied to help address and overcome key challenges in Nigeria, and identifies important lessons learned, thereby providing a useful resource that can inform the development and implementation of similar initiatives elsewhere.

## The PDF II approach



DFID: UK Department for International Development

Since its initiation in April 2015, PDF II has sought targeted opportunities to make strategic contributions to government ministries, departments and agencies (MDAs), helping to boost economic growth and expand opportunities for the poor. By encouraging ownership among beneficiaries, enhancing capacities within the public sector – sometimes with the support of other UK Department for International Development (DFID) programmes – and providing highly responsive assistance to MDAs, PDF II has enabled the FGN to better leverage the country’s resources and spur national development. It did this in two main ways:

- Backing key economic reformers with qualified Embedded Advisers (EAs) and other complementary technical support. PDF II provided £10.3 million worth of technical support through EAs attached to Champions of Change. This assistance was provided through medium- to long-term organisational support delivered to MDAs.
- Conducting research and studies for the FGN that aligned with or complemented other sub-projects within PDF II, and broadly with other DFID projects, PDF II invested some £3.5 million in policy and explorative studies and consultations that created an evidence base for reforms and potential programming by DFID.

By proactively seizing opportunities where its support could make a difference, PDF II delivered notable successes. These included:

- **Promoting efficiency across government** – helping to reduce the costs of governance, a key priority of the Buhari administration, by providing valuable support to the Nigerian government’s efforts to ensure MDAs are economically efficient.
- **Improving Nigeria’s business environment** – contributing to a national reform process, in line with the Presidential Enabling Business Environment Council (PEBEC), that supports the country’s entrepreneurs, helping to propel Nigeria up the World Bank’s ‘Ease of Doing Business’ rankings, from 169 in 2016 to 131 in 2019.
- **Generating clean energy** – extending an affordable and reliable supply of power to hard-to-reach communities, driving rural economies and the performance of micro, small and medium enterprises (MSMEs) and encouraging additional private sector involvement and investments in power generation for homes and enterprises.
- **Issuing green bonds** – planning, developing and issuing Africa’s first green bonds which are now providing critical financing for climate-smart initiatives, supporting the country’s climate commitments and driving a new emphasis on pro-poor green development.
- **Effective auditing systems** – lending support to ongoing reform efforts that target improved auditing systems and enhanced transparency and accountability within Nigeria’s public institutions.
- **Enhancing investments** – strategically communicating the activities of the Nigerian Sovereign Investment Authority (NSIA) to improve its transparency, accountability and credibility, and boost investor confidence.
- **Improving trade policy** – establishing and building the capacity of a Non-oil Export Community of Practice (CoP) towards improving their influence on Nigeria’s trade policy and increasing exports.
- **Boosting job creation** – supporting a national job creation strategy focused on Nigeria’s growing technology sector.

Despite having a small team, it became clear early on that the programme was able to punch well above its weight. At the time of writing, PDF II has been able to deploy 116 EAs across beneficiary MDAs and manage 155 projects (many with multiple contracts). In some ways, it could be argued that PDF II became a victim of its own success. As a highly flexible funding facility, the initiative’s portfolio grew significantly, and at the two-year mark the total number of projects under PDF II had already exceeded the number executed by its predecessor, PDF, over its five-year tenure. To help PDF II cope with this demand, DFID agreed to a contract amendment to provide additional resources to the management team and additional technical assistance to the FGN.

The flexible approach adopted by PDF II was particularly useful when a number of DFID programmes closed with no ready successors; the flexibility meant their gains could be sustained and PDF II subsequently took on a large portfolio of infrastructure projects that delivered impressive results. However, the initiative’s highly responsive approach had to be balanced with the need to remain strategic. A series of political economy analyses ensured the programme retained a tight focus on the government’s high priority reforms.

The programme has continued to deliver value for money (VfM). Consultant fees and programme management costs remained economical throughout; the optimal organisation of programme activities (including tracer studies, dissemination and knowledge-sharing events) ensured a high degree of efficiency; and effective support from the Abuja Programme Management Unit (APMU) was delivered at the least possible cost.

# Background and context

PDF II's launch coincided with the early days of the Buhari administration's first term and a challenging economic context, which persisted for several years – from a recession in 2016 to the sluggish economic growth of 2020. When the economy did begin to rebound, this was mostly due to a recovery in local oil production and global oil prices, and it was insufficient to have any real impact on poverty or job prospects. Poor economic performance was exacerbated by uncertainties, resulting from a shift in responsibilities for economic decision-making and the continuation of unorthodox economic policies.

Despite steady economic growth, averaging 5 per cent in the pre-recession years, poverty levels remained roughly the same. The recovery also underlined the country's over-dependence on the oil and gas sector, which has limited the potential for job creation relative to other more labour intensive sectors, and demonstrated that without efforts to diversify the economy it would be impossible to lift Nigeria out of poverty.

In response to these challenges, the FGN initiated an ambitious economic and social agenda, and appointed notable reformers to key ministries, as a strategic reform team to take forward the transformation of Nigeria's economy. An Economic Recovery and Growth Plan (ERGP) 2017–2020 was also developed in response to the recession. This had two broad objectives for restoring growth: investing in Nigeria's human resources and building a globally competitive economy. However, although the policies outlined by the ERGP were appropriate and coherent, their implementation was patchy as the economy continued to struggle into 2020. Economic reforms were further compounded by an insurgency in the northeast.

The Buhari administration prioritised the growth and development of MSMEs as a major lever to achieve its broader economic development priorities. It also launched the Presidential Enabling Business Environment (PEBEC) secretariat in mid-2016 to develop and drive a reform programme that would transform the country's business landscape.

Recognising that the PEBEC could ultimately impact jobs and decrease poverty levels, PDF II commissioned McKinsey & Company, the global management consulting firm, to undertake a study, 'Accelerating implementation of business enabling environment reforms in Nigeria'. This study took stock of current reforms, helped articulate a vision for the reforms and designed a 24-month implementation roadmap. PDF II also supported relevant MDAs to strengthen their capacities and helped to develop and implement a reporting process to monitor progress.

## Evolution: from PDF to PDF II

PDF II built on the gains of its precursor programme, PDF. However, while PDF II shared aspects of the approach taken by its predecessor, there were several key differences. PDF II was granted more flexibility to work with non-state partners, for instance, because of the additional pressure that they could apply to influence policy change. PDF II also placed more emphasis on knowledge management (KM), supporting its role as a rapid-response facility for funding policy studies, policy consultations and organisational support. There was an additional emphasis on the dissemination of strategic studies to help inform public policy debates in Nigeria. The initiative systematically monitored the dissemination, use and uptake of PDF II outputs in policy and programme design.

One novel approach was the introduction of a unified KM and monitoring system, which used various innovative tools, including 'anecdote circles'. These learning experiences brought together EAs in a semi-formal setting to interact and share insights from each other's experiences in a structured, albeit informal manner. They ultimately helped to enhance EA performance and strengthened the relationships forged with clients and beneficiaries.



## PDF II's client group

PDF II worked with a broad range of MDAs within Nigeria's government, covering several policy areas. These included the Office of the Auditor General of the Federation (OAuGF); the Efficiency Unit (Ministry of Finance); the Ministry of Environment; the Ministry of Mines and Steel Development; the Office of the Vice President; the Ministry of Industry, Trade and Investment; the Ministry of Foreign Affairs; the Ministry of Finance; the Ministry of Planning and Budget; the Ministry of Health; the Ministry of Agriculture and Rural Development; the Ministry of Solid Minerals; the Nigerian Extractive Industries Transparency Initiative; the Nigerian Sovereign Investment Authority; National Agency for Food and Drug Administration; Standards Organisation of Nigeria; the Federal Ministry of Power, Works and Housing; the Nigeria Office of Trade Negotiations; and the National Assembly.

## Alignment with Nigerian and UK priorities

PDF II reflects the strong partnership between Nigeria and the United Kingdom, which builds on longstanding economic ties and national security interests. The UK–Nigeria trade relationship, for instance, was worth US\$4 billion in 2015, and has the potential to grow significantly over the coming decades. In addition, the country has a large diaspora with strong links to Britain.

The initiative is also consistent with the broader support that the UK provides to help Nigeria overcome its development challenges. Although Nigeria is taking the lead in addressing these challenges, government actions and decision-making capacities are undermined by resource constraints, and the scale of these challenges necessitates external assistance. Nigeria faces growing poverty levels: one third of Nigerians, some 60 million people, live below the national poverty line. The country is also contending with conflicts in both the oil-rich delta region and the northeast where a violent Islamic insurgency is creating a humanitarian crisis.

UK aid is working with Nigeria to help federal and state-level government become more effective, transparent and accountable. Recognising that it can play an important supporting role to help Nigeria achieve poverty-reducing growth, UK aid is working to improve the lives of the most vulnerable through the creation of new jobs, and better health and educational opportunities. It is also helping Nigeria to diversify its economy so that the country is better positioned to tackle growth and development challenges without international assistance over the long term.

PDF II is consistent with DFID Nigeria's business plan, which helps to leverage better use of Nigeria's natural resources for national development. The programme's approach reflects a principle in the business plan that better governance and growth are interdependent. The PDF programme also aligns with the UK's new Africa Strategy, which facilitates and enhances inclusive economic growth, trade and economic partnerships, while supporting climate change and natural resource management via technical support delivered to government agencies.

# The performance of PDF II in delivering support

As the PDF II programme continued to evolve, it became recognised as the go-to programme for technical assistance by members of the FGN, which meant a higher than anticipated number of projects under its administration. Unlike its predecessor, which pursued a small number of big (in financial terms), potentially high-impact reform projects, PDF II supported a significantly larger number of smaller-sized projects. This required effective coordination and management on the part of the programme's small four-member APMU, which provided the support needed to generate gains and bolster Nigeria's reform programme. Beneficiary feedback indicates that the majority of initiatives would not have been as effective without the support of PDF II and, overall, suggested that the programme had functioned well as a facility, responding to requests in a timely manner.

In determining APMU performance, this section refers to two VfM measures routinely used by DFID to assess the outcomes of its projects: economy and efficiency. Economy refers to the purchasing of inputs at an appropriate quality and price, whereas efficiency refers to how well projects convert inputs into outputs. Another measure – effectiveness – is demonstrated in the proceeding section on achievements.

## The performance of PDF II's APMU:

- £18.5 million invested to support Nigeria's reform programme since 2015.
- 116 EAs hired to assist Nigeria's Champions of Change.
- 155 projects implemented.
- Strict caps applied to EA fees: £6,250 for monthly fees and £950 for daily fees.
- Project costs allocated for staff, expenses and management fees below 18 per cent.

## Delivering on economy measures

Working in a structured way, defining costs up front and initiating a tight invoicing system enabled PDF II to accurately forecast expenditure and not exceed pre-determined budgets. Savings were also achieved through the rigorous application of VfM principles. For instance, through careful negotiations with partners and outside suppliers, the programme was able to achieve considerable savings on proposed project budgets. This was evident during the negotiation process for the 'Accelerating implementation of business enabling environment reforms in Nigeria' study, where PDF II was able to achieve savings of 74 per cent from the initial budget proposal of £1,910,445. It was also seen during negotiations to commission a leading international consultancy firm to undertake a study on Nigeria's Diaspora, when the APMU was able to achieve 43 per cent savings on a proposed project budget of £194,240.

A strict cap was also applied to EA fees and maintained throughout the programme's implementation: monthly rates did not exceed £6,250 and daily rates were kept below £950. When negotiating with EAs transferring from other programmes, PDF II was able to make average savings of about 18.5 per cent on fee rates compared with other programmes. Overall, management fees were also maintained at reasonable rates. The Managed Fund fee was kept at a minimum, and was significantly less, for instance, than the 7 per cent in management fees that the World Bank charges on its trust funds. Furthermore, during the delivery of each project, costs for staff, expenses and management fees did not exceed 18 per cent.



## Delivering on efficiency measures

Over the initiative's five-year journey, some 116 EAs were hired to assist Nigeria's Champions of Change, and 155 projects were implemented. The number of projects was significantly higher than the initiative's predecessor, PDF, which implemented 105 projects from 2010 until 2015. The APMU's core team adopted a highly strategic approach, managing projects that closely reflected FGN priority areas. It also prioritised the recruitment of EAs who were considered members of the establishment and demonstrated effective people skills, considering these individuals to be best placed to successfully navigate Nigeria's system of government and help drive the country's reform process. As a result of this strategic approach, beneficiaries rated PDF II achievements highly. When they evaluated their projects – on relevance and quality across both PDF II outputs (technical assistance and building an evidence base) – the average score across the entire programme was an impressive 91 per cent.

In addition to identifying and engaging suitable EAs, the APMU carefully planned and designed their support programmes, developed and refined EA Terms of Reference (ToR), and continually supervised, monitored and reviewed EA performance against plans set out in the ToRs. It maintained these functions through several difficult periods, which at times stretched the APMU's limited resources. However, by adopting a flexible approach, PDF II was able to continue supporting Nigeria's reform agenda and enhancing the performance of the country's MDAs. For example, after the programme inherited 39 projects following the closure of other DFID projects – the Nigerian Infrastructure Advisory Facility and Growth and Employment in States Programme (GEMS) 3 – and its resources consequently became depleted, the APMU introduced several measures to help PDF II adapt, including limiting the length of contracts and putting projects on hold. This required sensitive, professional handling that enabled PDF II to manage its new financial constraints, continue to generate impact and minimise any disturbance to DFID's relationship with the FGN. In addition, in the run up to the 2019 presidential elections, when ministers were focused on political campaigning and investing less time in reforms, the flexible approach adopted by PDF II enabled the programme to refocus, prioritising goals in winnable areas.

The development of a highly effective KM and monitoring system, in addition to the creation of KM tools and products, such as tracer studies, stories of change and beneficiary feedback mechanisms, helped to generate a learning culture among APMU members and the EAs. The continual analysis of lessons learned helped the APMU team to better understand the realities of the work that EAs undertook and enhanced the support they provided to them. This in turn helped to strengthen the capacities of FGN institutions and Champions of Change so they were better positioned to deliver on Nigeria's transformative socio-economic reforms.



# Achievements: enhancing the performance of Nigerian institutions and Champions of Change

The technical support delivered by PDF II to Nigeria's Champions of Change has increased capacity and the use of evidence in policy formation. The programme's effectiveness, defined by DFID as outputs from an initiative that achieve their desired outcomes, can be seen across the FGN in priority policy areas, including business reforms, government accountability and trade. PDF II technical assistance, for instance, has helped MDAs become more accountable and efficient in their spending habits; enabled Nigeria to issue Africa's first green bonds, channelling crucial funds into environmental projects and helping the country to meet its Paris Agreement obligations; and helped Nigeria extend clean, affordable and reliable power supplies to hard-to-reach communities, providing a much-needed stimulus to rural economies. These outcomes, and others, are described in more detail below.

## Key impacts and activities generated by PDF II:

- With PDF II support, the Nigerian government saved £500 million from its top five expenditure items.
- For every £1 the UK government spent on technical assistance, Nigeria was able to save £3,953 in excess expenditure.
- With PDF II support, the Nigerian government raised over £20 million in green bonds.
- For every £1 the UK government spent on technical assistance, Nigeria was able to raise an additional £89 to support budgetary expenditure.

## Improving the credibility of Nigeria's sovereign investment authority

Once opposed by the country's political class and accused of misappropriating funds, PDF II helped NSIA to strategically communicate its activities, improving public perceptions, acceptance and credibility. This brought enhanced trust among investors and generated additional funds to invest in critical development projects. A communication adviser hired by PDF II was vital to this process. The adviser developed a strategic communication strategy that helped reposition NSIA as an effective tool of fiscal discipline and enabled the authority to respond effectively to accusations of corruption. NSIA subsequently received a high transparency rating from the Sovereign Wealth Institute: it retained 9 points out of a possible 10, the only African sovereign wealth fund to receive such a high ranking.



Read more: <https://www.pdfnigeria.org/rc/improving-communications-of-the-nigerian-sovereign-investment-authority/>

## Issuing Africa's first green bonds

PDF II supported Nigeria to plan, develop and issue Africa's first sovereign green bonds. The bonds are now providing critical financing for climate-smart initiatives, supporting the country's climate commitments and driving a new emphasis on pro-poor green development. A PDF II EA led the development of relevant policies and strategies, including a set of guidelines, operational steps and criteria for the identification of green projects. A Green Bond Secretariat was also formed and major development partners, including the World Bank, committed funds. Funds totalling US\$61 million have been mobilised and estimates suggest that up to 4,665 jobs have been created, both directly and indirectly.



Read more: <https://www.pdfnigeria.org/rc/nigeria-sovereign-green-bonds-for-climate-action/>

## Extending a reliable supply of power to rural communities

As managing director of Nigeria's Rural Electrification Agency (REA), a PDF II adviser played a critical leadership role in the implementation of the country's electrification strategy. The strategy is now extending an affordable, reliable and sustainable supply of power to hard-to-reach communities. Given that unreliable and inadequate power supply continues to be a major drag on Nigeria's economy, this support demonstrates how off-grid power solutions can be harnessed to boost rural economies and the performance of small- and medium-sized businesses, a significant driver of Nigeria's economic growth. PDF II support enabled REA to distribute more than 4,080 solar home systems, serving more than 20,000 people. A Rural Electrification Fund, which is disbursing a ₦1.9 billion grant for the further development of mini-grids and solar home systems, is expected to create over 400 jobs, provide power to over 43,000 households and businesses and reduce annual greenhouse carbon emissions by 5,000 metric tonnes.



Read more: <https://www.pdfnigeria.org/rc/powering-rural-nigeria-with-clean-and-affordable-energy/>

## Bringing cost savings to government

PDF II supported Nigerian government efforts to strengthen the efficiency of its spending and overheads. Building on earlier support provided by UK aid, a PDF II Special Adviser to the Minister of Finance took over the running of the Efficiency Unit and led the development of guidelines to enhance efficiency and deliver financial savings across MDAs. By 2017, efforts to reduce expenditure on travel and transport, maintenance, training, welfare and office supplies had generated savings of ₦196.66 billion. This meant that with a cost of roughly £126,496, PDF II EAs helped the government save over £500 million from its top five expenditure items. In other words, *for every pound the UK Government spent on technical assistance Nigeria was able to save £3,953 in excess expenditure.*



Read more: <https://www.pdfnigeria.org/rc/story-of-change-efficiency-in-the-use-of-government-resources/>

## Enhancing public sector transparency

PDF II lent support to ongoing reform efforts that targeted improved auditing systems and enhanced transparency and accountability within Nigeria's public institutions. PDF II built on earlier technical support provided by the UK's National Audit Office, which helped the OAuGF discharge its responsibilities more effectively. PDF II reviewed the capacity-strengthening needs of OAuGF and developed a training programme to help staff become more proficient in standard auditing processes, produce more robust audit reports and undertake strategic planning. To extend the reach of this new learning, a cohort of trained trainers was also identified to engage with their peers. Finally, PDF II EAs helped OAuGF to restructure and were critical in ensuring the passage of an Audit Bill through both chambers of the National Assembly.



Read more: <https://www.pdfnigeria.org/rc/story-of-change-improving-the-audit-function-support-to-the-office-of-the-auditor-general-of-the-federation-oua-gf/>

## Improving Nigeria's business environment

PDF II advisers contributed to a national business reform process that supported the country's entrepreneurs and small- and medium-sized enterprises, helping to propel Nigeria up the World Bank's 'Ease of Doing Business' rankings. The country moved up 24 places to number 131 and was recognised – for the first time – as one of the 10 most reformed economies in the world. PDF II EA contributions included strategic input to several important bodies that oversee and influence Nigeria's business climate, advocacy meetings with key stakeholder groups, and data analysis to help develop an evidence base to guide the reform process. In addition, PDF II managed a Trade Work Stream, providing a platform for small businesses and consumers to influence policy discussions and their direction, and implemented action measurement tools across 40 MDAs to track the progress of trade and investment reforms.

## Boosting the creation of new jobs

PDF II supported the government's national job creation strategy, assisting in the development of a Job Creation Unit. An EA was embedded to provide an integrated and evidence-based approach to the design, implementation and monitoring of the government's job creation efforts. A study commissioned to estimate the number of jobs supported through PDF II assistance to the FGN revealed that the programme had contributed to the creation of over 560,000 jobs, in a range of sectors, including health, agriculture and education.



Read more: <https://www.pdfnigeria.org/rc/job-creation-and-youth-empowerment-in-nigeria/>



## Achieving long-term sustainability

The ultimate goal of the PDF II initiative is to ensure that the changes it has introduced over the past five years are sustainable over the long term. Achieving this will be dependent on meeting the ongoing capacity-strengthening needs of Nigeria's public servants and MDAs, ensuring they have the skills, knowledge and expertise to continue the reform process when PDF II support ends.

A further priority will be effective communication, helping to secure buy-in to the ongoing reform process among key stakeholders and institutions, and strengthening accountability and transparency to build public confidence and support for the reforms. Effective communication has proved to be significant over the course of the initiative: supporting the reform process through circulars disseminated within MDAs to help institutionalise new reforms, and providing greater visibility to ensure beneficiaries were more supportive of the reform process and the changes the FGN was trying to implement.

The PEBEC Report online application was introduced as a feedback mechanism and an avenue to measure the performance and compliance of MDAs. A 'respond to tickets' feature gave MDAs a 72-hour timeline to respond to every ticket raised via a dedicated page. This performance was monitored for compliance, and then recorded and communicated to relevant line ministers and heads of agencies. Data on the best-performing and worst-performing agencies was also made publicly available on a monthly basis, providing an incentive to further improve performance and comply with the reform agenda.

Intensive stakeholder engagement also provided a major step towards guaranteeing the long-term sustainability of projects. Efforts were made to engage the private sector, for instance, and other economic ecosystem players that will continue to carry out activities with or without government support. With regard to trade reforms, building a viable CoP ensured that beneficiaries could take ownership of the project interventions, obtaining their buy-in. To strengthen the sustainability of this arrangement, there are plans to morph the CoP into a self-sustaining pressure group that will press for further trade reforms and continue to represent the interests of Nigerian exporters.

Efforts to continually track, monitor and evaluate the impacts of the initiative will also help to prevent the introduced reforms from unravelling. For instance, the reform of NSIA included the development and publication of a report focused on how NSIA impacts the economy, environment and equity, helping to monitor and publicise progress and milestones.

By helping non-state actors to strengthen their voice and better articulate their needs, the reform process has also forced government to become more responsive, initiating more constructive public debates that could ultimately lead to more inclusive decision-making and better-informed policies over time. This was already in evidence during the signing of the African Continental Free Trade Area, the enabling business reforms process and PDF II's trade policy work stream, when significant efforts were made to include previously underrepresented voices.

# Lessons learned

From the inception phase onwards, the programme initiated a KM and monitoring strategy that incorporated a series of activities and tools designed to capture lessons in multiple formats. This section summarises the main lessons identified by EAs, the APMU and PDF II beneficiaries over several years of programme delivery. It offers a valuable resource for similar initiatives that may encounter some of the challenges PDF II faced during its implementation.

## Starting well

In the inception phase, the PDF II team set aside time to share critical understandings of the programme, including how it could improve on PDF through an inclusive design. This understanding went beyond the business case and proposal. Projects are not simply about transferring funds – interventions have to be designed carefully, and both the beneficiaries and consultants need to be guided through the processes involved. Engaging the relevant MDAs in the development of the strategic framework for job creation early on, for example, helped to secure the buy-in necessary for the success of the programme.

## Building a strong team

Given that most of the team had not worked on the previous iteration of PDF II, it was important to build a strong, close-knit team based on trust and shared values, as well as the ability to carry out the required tasks, through a process of ‘storming, norming and forming’. Leadership, self-management, team delivery and teamwork were an integral part of the programme’s continuous professional development. Team members worked closely together, building connections at a professional and personal level, resulting in a sense of belonging that boosted ownership of tasks across the programme. The Programme Manager spearheaded the positive team spirit with excellent leadership.

The solid organisational structure set the PDF II team up for success from the induction process through to the execution of projects. It allowed for clear assignment of roles and an inclusive process of project planning and design. PDF II’s limited human resources, however, put pressure on individual team members and resulted in a time lag between events and tasks. Delegation would have helped to save time. These challenges were exacerbated by delays in project approval processes on the part of the donor partner that at times affected implementation. For future programmes, the solution is to start the process early internally and push partners to fast-track reviews and approvals. However, it was also the case that, despite such delays, projects provided VfM in many cases.



## Understanding how things work

Getting to know internal processes and who is responsible for them helped EAs to navigate their respective MDAs. Identifying responsible individuals at every stage of a decision-making process helped to avoid blockages or hold-ups due to any misunderstandings. EAs had to keep in mind that projects often stall simply because knowledge about them is lacking, which can lead to resistance on the part of civil servants. To facilitate the adoption of new perspectives by officials, it was sometimes necessary to break ideas down to the basics when presenting them. It was also helpful to bypass resistant officials, where appropriate and feasible.

Equally, it was critical that an EA's mandate from their Champion of Change was clear to those the EA dealt with, or their legitimacy would have been questioned. It was crucial to be known to stakeholders within and across MDAs. Institutionalisation and ensuring buy-in had to be front and centre, programme and beneficiary expectations had to be made clear at the outset and difficult conversations needed to be revisited time and again. EAs had to be sensitive to the political context, as this influenced how the work they were involved in was received by other stakeholders. They also had to identify and understand different categories of stakeholders and their potential reactions before implementing a plan. The actual appetite for reform among stakeholders had to be assessed, from the Champion of Change down to the rank and file, as this influenced the extent to which buy-in could be secured.

## Establishing a learning culture

A key difference between PDF II and its predecessor, PDF, was an emphasis on KM. Investment in the development of new tools, including tracer studies, stories of change and beneficiary feedback, generated knowledge for the team, as well as others, about lessons learned. This promoted a learning culture and helped identify what was working, what was not and why. Bi-annual anecdote circles that brought together the network of EAs proved to be extremely useful innovations. They emphasised common goals across sectors, spanning different perspectives, and forged a stronger connection between the team and the EAs, bringing to light lessons learned across projects. This helped the advisers work towards and communicate their collective success, not to mention acknowledge the difficulties faced in working within government and sharing best practices. Opposed to simply knowing what had been done, the team was better able to assess what had been achieved, and how the programme could respond to challenges faced by the advisers.

The informality of the anecdote circles provided a useful contrast to the more formal reporting between individual EAs and the PDF II team, which had a mixed reception among EAs, primarily due to the perception that it imposed a heavy reporting burden. However, these reporting procedures allowed ToRs to be adjusted where necessary (particularly in cases where EAs were expected to carry out tasks not within their original contract). They also allowed the PDF II team, with their overview of dozens of projects and EAs, to identify connections and overlaps between their experiences, and better draw out lessons that applied to the whole programme.

## Strengthening internal processes

The importance of robust internal processes also informed the PDF II approach. A tight invoicing system assisted the PDF II team to support DFID with accurate forecasting. Quality assurance and learning was built into project cycles, from project conception to implementation and after-action reviews. It was useful to include relevant government stakeholders involved in procurement processes at an early stage in the process of planning and developing projects. This could address the slow pace of government procurement and ensure that funds could be released in a timely manner, a helpful way of adapting to the needs and expectations of the private sector. The involvement of EAs could also ensure timelines were adhered to.

## Improving coordination across MDAs and stakeholders

Improving coordination across MDAs is one of the primary goals of the current administration, and a number of PDF II EAs supported the government in improving its collaborations and partnerships. Experience has suggested that collaborating with key points of contact within an MDA and/or embedding them within the PDF II team can enhance coordination. High-level political backing and collaboration has proved to be essential for resolving inter-agency disputes, collaboration and performance issues, and more high-level platforms can help to anchor discussions and resolve problems impeding the progress of projects. Constant engagement between relevant stakeholders is also needed to enable and strengthen collaboration.

When working with stakeholders outside government, continuous dialogue was essential, helping to enhance understanding and bring down any barriers of mistrust. Having a central and coordinated forum to address any bottlenecks that were hampering critical project execution was important to ensure the expedited delivery of the projects that were most crucial to national development. There is increasing recognition that sustained interaction between the private and public sectors is vital to the success of Nigeria's economic recovery and growth. Inviting the private sector to analyse problems and formulate policy interventions from the outset has helped ensure policies resolve issues relevant to them and their businesses.

## Working at the sub-national level

The economy of sub-national governments accounts for 50 per cent of the national economy, meaning that any reform at the federal level that does not trickle down to state- and local-government levels will neither be effective nor sustainable. It was crucial, therefore, that projects focus on the economies of sub-national governments and ensured that all tiers of government were working in tandem when it came to fiscal discipline. There has been some solid progress in this direction. Fiscal discipline is a pre-condition for sub-national government to access FGN support through the Budget Support Fund (BSF). The criteria for receiving BSF support, including transparency and the publication of annual financial statements, can improve tracking and measurement of budget line items in every area of the economy.

## Sustaining reforms

Despite having the buy-in of ministers, it is important to also gain the support of civil servants, particularly at the directorate level. This can be challenging and it was therefore necessary to identify champions within the MDAs who could drive and sustain a reform process and generate positive results. Over the long-term, additional efforts are needed to shift the mindsets of civil servants across the various MDAs and identify further funding. EAs should therefore seek to identify funding opportunities outside of the MDAs they are embedded in to ensure their work can be carried forward.

With an eye to leaving a legacy and the long-term sustainability of their projects, EAs should also seek to institutionalise new learning, processes and ways of working; consolidating and enhancing human resource capacities within MDAs through the development and dissemination of procedural documents and guidelines that outline best practices. Viable mentoring systems may also need to be put in place to address ongoing knowledge and skills gaps and help inexperienced officials and public servants to grow professionally.





# Concluding remarks

This document has provided a succinct overview of the PDF II programme: its approach to supporting Nigeria's reform process and efforts to boost the national economy; its achievements, in terms of the support provided by the APMU and how this support has translated into visible and demonstrable outcomes across the FGN; and the lessons learned during the initiative's implementation over the past five years. It provides a valuable resource that other programmes, in Nigeria and elsewhere, can reflect upon to inform their own approaches to similar development challenges.

It is one document in a series of legacy products produced by PDF II that will remain available after the programme has closed, made accessible in a resource centre on the PDF II website so that the experiences and lessons of the initiative are not lost. The legacy products sit alongside a wealth of information produced by PDF II over the past five years, a compendium of research, insights and informed perspectives that will continue to have relevance and offer solutions for Nigeria's ongoing development challenges.



To visit the resource centre go to <https://www.pdfnigeria.org/rc/>



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### About us

Policy Development Facility Phase II (PDF II), funded with UK aid from the UK government, is a flexible, rapid-response facility set up to support Champions of Change in implementing economic and social policies that lead to poverty reduction in Nigeria. Its goal is to provide Champions of Change with improved capacity and evidence to enable them to pursue vital economic and social reforms.



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