

Ekiti State: DFID Support Assessment – PART I

MAIN REPORT

COMMENTS ON THE TERMS OF REFERENCE

The terms of reference for this assessment were discussed on the 10th of January 2011 with the consultants at a meeting called by the DFID SW Regional Coordinator, Mr. Adesina Fagbenro-Byron. At that meeting it was made clear that the governor of Ekiti State needed DFID to act as a “trigger” for initial support and possibly to stimulate the interest of other donors. The DFID Head of Office suggested that whilst Ekiti State was not about to become a DFID State, a compelling case for support would have to be made as to why the investment should be made in Ekiti as opposed to some of the northern Nigeria states where the MDG indicators were far worse. He further suggested that support to the Governor’s office to improve effectiveness and efficiency might be a useful first step. On arrival in Ekiti State, the Consultants met with H. E. Dr. Kayode Fayemi who impressed on the consultants that what he needed the most out of the DFID intervention was an implementation plan for the Ekiti State Recovery Road Map or the 8-point Agenda. Please refer to the appendix for full details of the Terms of Reference.

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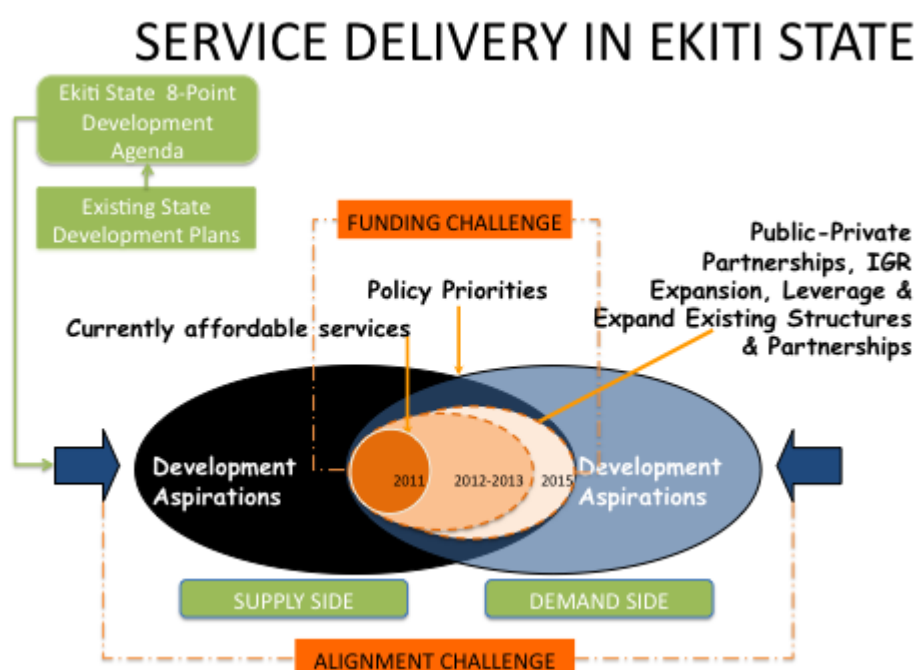
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EXECUTIVE SUMMARY & SUNNARY OF QUICK IMPACT AREAS

This DFID support assessment mission to Ekiti State was agreed upon at a meeting between H.E. Governor Kayode Fayemi of Ekiti State and the DFID Nigeria Head of Office, Mr. Richard Montgomery in Abuja, December 2010. At that meeting, the Governor of Ekiti State asked for specific help around implementation of his 8-point agenda for the recovery of the state and it was agreed by both parties that early in 2011, a team of independent consultants would visit Ekiti State to identify what, if anything, DFID Nigeria could do to assist. The inclination of DFID Nigeria to consider the request of H.E. was based on the fact that the state is considered to be the poorest in South-West Nigeria apart from being one in which DFID had engaged in the past. The visit of the consultants took place from January 16-28, 2011. In this period the consultants met with well over 100 State and non-State Actors.

High Level Findings



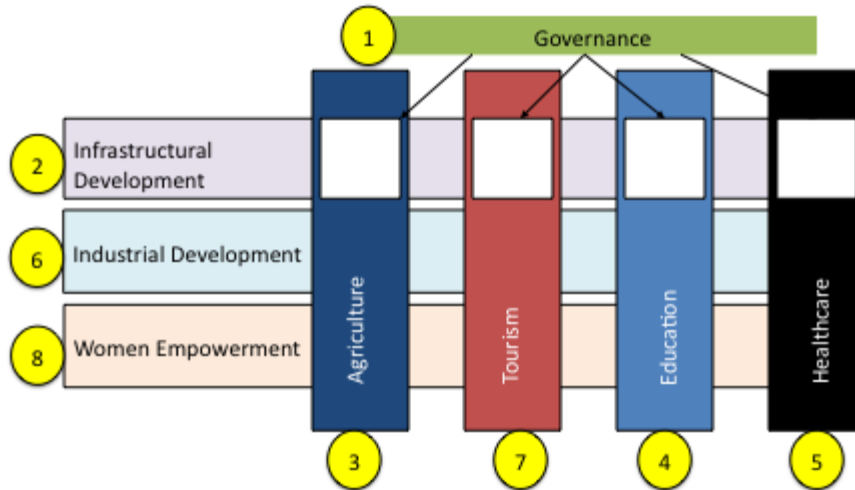
The team of consultants found that two major challenges face the Ekiti State Recovery Road Map (or 8-point agenda) and these are

1. Sustaining and deepening the alignment and degree of overlap between development aspirations of the government for the state and aspirations of the citizens for their own development. Alignment and overlap of development aspirations were assessed through institutional arrangements and mechanisms for making policy choices and arriving at policy priorities in the state;
2. Sustaining and consistently expanding, year-on-year, the services the state can afford to deliver to its citizens. Funding challenges were assessed by reviewing factors controlling affordability of spending, as well as effectiveness, efficiency and economy of spending.

The 8-point agenda's four sectors and four crosscutting areas were reviewed in the light of the two main challenges raised above.

PLANNING FOR OUTCOMES

(Ekiti Recovery 8-Point Agenda)

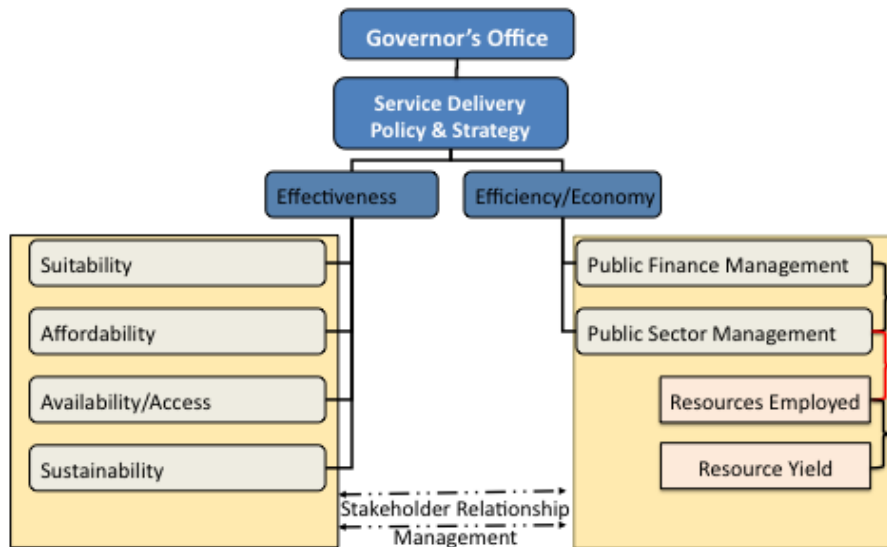


It was noted that what has been termed two main challenges facing Ekiti State Recovery Road Map (or 8-point agenda) are also typical generic challenges any state government in Nigeria will face if it makes the welfare and security of its people the primary purpose of government and if it decides to pursue sustained and sustainable improvements to the standard of living of its citizens in ways that reduce the disparities in income and wellbeing between different groups in society. In other words, Ekiti State government is focusing its energies on delivering good governance. This political will and determination to get development right in Ekiti is uncommon amongst the leadership of state governments in Nigeria today and ought therefore to be properly channelled and assisted. The DFID SPARC Programme's Peer Review Mechanism developed in collaboration with the Governor's Forum is in complete alignment with the focus on service delivery and resultant need to plan for outcomes prioritised by Ekiti State. The likely result of support would tend towards improvements in democracy and accountability.

Critical Success Factors

For success (see diagram below), the 8-point agenda will need a strong drive from a well-organised Governor's office, which is able to facilitate through appropriate engagement of diverse stakeholder groups (such as the Private Sector, Ekiti Diaspora, State House of Assembly, Civil Service, Civil Society Groups, Traditional Authorities, Politicians, and so on) the development, financing, implementation and sustenance of necessary policies and strategies for effective, efficient and affordable service delivery as shown. It is not a coincidence that Ekiti has an 8-point agenda and that the points of the agenda map very well to the 8 points of the Millennium Development Goals (MDGs). This is representative of the deliberate effort on the part of the Kayode Fayemi Administration to take advantage of the timing of their arrival in office, which fits neatly into the last four years to the deadline for achieving the MDGs in year 2015. Support to Governor Kayode Fayemi at this crucial time would be tantamount to improving the capability of Ekiti State Government to meet MDGs by supporting a driver of change. This could potentially influence the larger Governor's Forum in turn.

CRITICAL SUCCESS FACTORS



Summary of Quick Impact Areas for Ekiti State to Consider

This is by no means an exhaustive list and further details can be found at the end of each section.

1. Ekiti State Government should volunteer itself to test out the Peer Review Mechanism that has been developed by the DFID programme, SPARC, in consultation with all states of the Federation, this comprehensive set of indicators will provide within 3 months, basis for detailed implementation plans to deliver the 8-point agenda, sought by H.E. the Governor of Ekiti State
2. Carry out a mapping exercise of the assigned mandates and functions of all the organisations that make up The Governor's Office (including the Office of the Deputy Governor) to ensure that the organisations that belong to the Governor's Office are only those strategic ones that can contribute to the delivery of the 8-Point Agenda
3. Conduct an analysis of grade levels, skills and functions to ensure that the right number and quality of staff, doing the right jobs, are available to support the governor
4. Ekiti State should immediately bring the process of preparing capital and recurrent budgets under one roof
5. Ekiti State Should immediately excise the internal audit function from the office of the Accountant-General to create an independent Central Internal Audit Department reporting directly to the Honourable Commissioner of Finance and to be headed by a substantive Director.
6. Consider using the scale up of the Conditional Grants Scheme to Local Governments to pilot the planned joint delivery of projects with LGAs.

Summary of Quick Impact Areas for Development Partners to Consider

This is by no means an exhaustive list and further details can be found at the end of each section.

Relative to the kinds of investment made by donors into other states of the Federation, not very much is needed to get Ekiti State onto a sound footing to start making an impact within the next 6-9months, as follows:

1. Support an input to further develop the thinking on setting up the Bureau of Strategy, Transformation and Delivery. This bureau is the vehicle best placed to support the governor in driving the 8-Point Agenda. Unless such a unit is put in place, it is difficult to see how the Agenda will be delivered in a consistent and coordinated way.
2. Support an input to map the mandates of, and streamline, the organisations that should form part of the Governor's Office. If the 8-Point Agenda is to be delivered, it must be led from a strong, effective and fit-for-purpose Office of the Governor.
3. Direct support to the Governor's office through limited scale of 10-15 days only TA for an expert in Institutional Reform and Delivery
4. Support H.E.'s desire to achieve budget realism in the 2012 budget by helping with Technical Assistance to develop a comprehensive Annual Budget Call Circular containing realistic aggregate revenue forecast and sector spending ceilings.
5. Assist with the production of an Annual Budget Cycle Guide Book including key activities, required outputs, agencies responsible for each activities and timeline
6. In order to put H.E. in a position to track progress on outcomes towards meeting the MDGs, there is an urgent need to upgrade the State's Chart of Accounts which DFID could consider taking up
7. Assist Ekiti State in performing a Public Expenditure Management and Financial Accountability Review (PEMFAR) or Public Expenditure and Financial Accountability performance assessment (PEFA) in order to identify how to strengthen its financial management and accountability systems. This would be based on the Public Financial Management & Accountability (PFMA) Assessment already completed by the consultants during the visit. This is available as Part II of this report.
8. Encourage Federal DMO office to confirm an updated version of Ekiti Debt Sustainability Analysis (DSA)
9. Support a stakeholder engagement/communications strategy development process, by which H.E. would be put in a position to effectively communicate the 8-point agenda and the implementation plans across all constituencies in Ekiti Society
10. As livelihoods is key to Ekiti's poverty alleviation plan and the Forestry business is crucial to this, could lend its support in facilitating the conduct of a Value Chain Study for Timber through such initiatives as PROPCOM programme.
11. As part of a comprehensive review of state's bureau of statistics and baseline data generation for immediate and long term planning -the release of existing Landsat data to help with Policy Development

The Detailed Report

The sections that follow in this report look in more detail at the consultants' assessment of the functioning of the Governor's office, public finance management, public sector management, voice and accountability (including gender, CSOs and State House of Assembly), justice sector reforms, growth and livelihoods.

SECTION 1: THE OFFICE OF THE GOVERNOR

1.1 Introduction

The Office of the Governor in Ekiti State is modelled after the Presidency at federal level, with the Office of the Deputy Governor, the Office of the Secretary to the State Government, Office of the Head of Service and Office of the Chief of Staff forming part of the Governor's Office. It is generally recognised in the State that if the Governor's 8-Point Agenda is to be delivered, the programme of strategic interventions required would have to be driven from the Office of the Governor. This assessment did not cover all the organisations within the Office of the Governor in any great depth. Instead, it focuses in depth on a few key organisations mentioned in the TORs and highlighted by the Governor to be critical.

1.2 "The Office of the Governor"

What is currently referred to as "The Office of the Governor" is loose description for various organisations that are overseen by four key officials: Deputy Governor, Secretary to State Government, Head of Service and Chief of Staff to the Governor. During the assessment, it was difficult to get a definitive list of the organisations that make up "The Governor's Office". Reporting lines are not always clear and there is currently no structured coordination of activities between the various organs. It is not evident that the choice of organisations that currently make up the Governor's Office was informed by any strategic purpose, although individually some of the organisations appear to be adding value. Unusually, Ekiti uses Special Advisers to the Governor more in a technical, rather than political, capacity. This will have the effect of helping to strengthen technical capacity in the short term. However, the usual tensions between political appointees, who want to move quickly, and bureaucrats, who want to ensure that things are done properly, exists.

1.2.1 Office of the Deputy Governor

The Deputy Governor in Ekiti superintends the Ministry of Local Government and Chieftaincy Matters, as well as the State Emergency Management Agency (including the Fire Service). Delivery capacity in LGAs is weak and this is evidenced by the inability of many LGAs to deliver the projects promised for the Governor's 100 days anniversary. To address this capacity gap, the Deputy Governor plans to pilot the joint delivery of certain projects with LGAs. The planned scale-up of the MDG Conditional Grants Scheme to LGAs presents a timely opportunity to pilot the joint delivery initiative.

The State Emergency Management Agency currently lacks the capacity to respond to emergencies in a timely and effective manner. The Director of the agency described the Fire Service as "comatose" and unable to respond to incidents of fire in the State. The Director of the Fire Service blames the Service's inability to raise revenue to fund its operations on the absence of enabling legislation. However, a Fire Service Bill is currently pending before the State House of Assembly.

The Office of the Deputy Governor also oversees the Corporate Communications Unit. While the Special Assistant to the Governor in charge of the unit is enthusiastic and keen to do well, it does not appear that the work of the unit is anchored on a clear communications strategy. Such a strategy will set out the roles of the unit vis-a-vis the state's Ministry of Information. It will also confirm, for instance, whether the planned revival of the state printing press is the best way forward.

1.2.2 Office of the Secretary to the State Government

The Office of the SSG is responsible for two main functions:

A. Cabinet: Servicing the meetings of the State Executive Council and monitoring implementation of council decisions. The Office also interacts with the Office of the Head of Service to ensure that potential conflicts between political appointees and civil servants are minimised. The SSG helps to manage the work of political appointees and also oversees the States Tenders Board.

B. Special Services: The SSG's office also coordinates security issues in the state and is responsible for interfacing with federal security agencies operative in the state.

The officers in the SSG's Office are experienced and the support being provided to the Executive Council appears adequate.

1.2.3 Office of the Head of Service

The functioning of the Office of the Head of Service is covered more comprehensively in the Public Service Management section of this report. However, there was a general concern in the Office that the political class in the state government is not aware of the way that the civil service works. The civil service would want the political class to involve it more intimately in development initiatives in the state, since it is the institutional machinery for facilitating governance. It is not all bureaucracy that is bad. Indeed a lot of the rules guiding the civil service were designed to protect the political class from falling foul of the law of the land.

Modelling the Ekiti Governor's Office after the Presidency at federal level means that many functions/ organisations that would normally fall under the Office of the Head of Service in a State are included in the wider Governors Office. The reporting lines for these organisations are often not clear.

There are concerns that the civil service is carrying a higher level of overheads than it needs and there may be value in conducting a personnel and skills audit of the entire civil service.

1.2.3.1 The Civil Service Transformation Strategy

The Civil Service Transformation Strategy is still being developed. However, the draft that was sighted during the assessment represents a comprehensive programme of reform. The Strategy has 6 key components:

- Strong and credible leadership
- Effective governance of the civil service
- Organisational efficiency and effectiveness
- Ethical and accountable workforce with a changed work culture
- Professional and results oriented civil servants
- Improved competence of civil servants

Some of the quick wins currently being considered in implementing the strategy, when fully developed, include the introduction of a new performance management system, basic ICT training for officers on levels 7 to 16, a revised Civil Service Handbook of Rules and the development of a new Code of Ethics.

The planned proposal to create a public management institute in the state university is a cost-effective and sustainable way of addressing training and capacity building issues within the civil service, and should be encouraged.

1.2.4 Office of the Chief of Staff to the Governor

The Chief of Staff to the Governor manages political issues on behalf of the governor, leaving the Personal Assistants to focus on more technical issues. He is responsible for the personal support to the governor and his personal security, as well as the effective function of the governor's residential and office facilities. He oversees the Personal Assistants to the Governor, his Confidential Secretary and all other personal staff.

The Confidential Secretary to the Governor has worked with 7 different governors and is very experienced. She has overall responsibility for the governor's schedule of appointments and his handling of files. Keeping a reliable, consolidated and official diary is currently difficult as there are still teething problems between the bureaucratic and political functions as the government settles into place. There is a need for the Chief of Staff, Commissioners, Special Advisers and Personal Assistants, who all generate appointments for the governor, to work closely with the Confidential Secretary to reduce the pressure on the governor, without making him inaccessible to his electorate. On his own part, the governor now no longer offers off-the-cuff appointments and directs people to his Confidential Secretary. This is good practice which, if followed by others, will make the official diary more manageable.

The PA's are bright and enthusiastic, and unusually in a state, are not involved in the interface with politicians. This means that they are a valuable technical resource for the governor. There is however a need for them to become more familiar with the workings of the civil service in order to avoid unnecessary conflict with the bureaucrats.

1.2.5 The State Planning Commission

The Ekiti State Planning Commission is primarily responsible for:

- Development planning
- Capital budgets
- Monitoring and evaluation of development projects
- Bilateral relations with the National Planning Commission
- Population activity, liaising with the National Population Commission
- Interfacing with the federal MDGs Office, particularly on the Conditional Grants Scheme.

The officers of the Commission are knowledgeable, committed and eager to do well, and it is led by a competent Permanent Secretary and overseen by a dynamic Special Adviser. However, there is a shortage of skills and limited number of personnel particularly at the middle level i.e. grade levels 07-12.

1.2.5.1 Issues

Although it is nominally responsible for development planning in the state, the Commission only monitors discreet projects and does not currently track the state's development trajectory. Therefore, if the state develops a policy to, say, halve poverty by a certain date, the SPC does not track how the state is performing against

that developmental goal. Even the monitoring of discreet projects is not carried out in a coordinated way with other MDAs, and the Commission does not take advantage of the presence of a vibrant civil society within the state in carrying out its functions.

Also, there is insufficient strategic alignment between the Capital and Recurrent sides of the budget. There is currently no means of placing the capital and recurrent sides of the budget side-by-side to ensure that there are no inconsistencies and gaps. This issue is covered more comprehensively in the Public Financial Management section of this report.

There are also serious capacity gaps in the Commission, particularly at the middle level. This is consistent with the capacity issues in the wider civil service in Ekiti, covered in the Public Service Management section of this report.

1.2.5.2 The MDGs Office

The Ekiti MDGs Office is currently weak. Consequently, the state is no longer taking full advantage of the funds available through the Conditional Grants Scheme. In the maiden round in 2007, Ekiti received N2 billion from the federal government. In 2008, it received N875 million and provided its own matching counterpart funds which took the total money available to N1.75 billion. However, an inability to implement the projects from earlier rounds, a damaging over-politicisation of the process, and an inability to properly account for already-disbursed funds, meant that Ekiti did not receive a grant at all in 2009. The Ekiti 2010 application, compared with that from other states, is weak and does not comply with the CGS Implementation Manual in many areas.

Discussions with the Ministry of Local Government and Chieftaincy Affairs reveal that there is little or no interface between the MDGs Office and that ministry. Consequently, the CGS applications made by the MDGs Office do not reflect the needs identified in the LGAs. There was also no evidence that line MDAs such as Education and Health had sufficiently close involvement in the CGS.

Civil society organisations in the state similarly decried a lack of consultation and involvement by the MDGs Office. According to a coalition of CSOs in the state, the identification and location of CGS projects is arbitrarily done and not based on any needs analysis. CSOs are not involved in conception, sensitisation, implementation, or monitoring and evaluation of the projects.

These practices, and the insufficient engagement of MDAs and LGAs, clearly contravene the CGS guidelines.

1.2.6 The Proposed Bureau of Transformation, Strategy and Statistics

As currently conceived:

“The Ekiti State Bureau of Transformation, Strategy and Statistics (BOTSS) in the Governor’s Office is set up...to initiate, refine and sustain strategic initiatives that cut across the MDABs, in particular those that have the greatest probability of rapidly transforming the state in consonance with the Governor’s Eight-Point Agenda. Furthermore, in recognition of the great importance of data-driven decision-making and efficiency measurement, it will be the repository of all numerical data imaginable about any measurable

aspect of Ekiti State. Finally, at the direction of the Governor, the Bureau may actually take charge for the complete cycle of a particular project, from conception to implementation.”

It is proposed that the Bureau has two offices - an Office of Strategic Initiatives and an Office of Statistics – each headed by a Programme Manager. The government has already identified a possible Director General for the Bureau.

1.2.6.1 Issues

As currently conceived, there are several issues concerning the planned Bureau:

1. A Bureau of Statistics has recently been created and backed by an enabling law. It will therefore not be possible for the BOTSS to be “the repository of all numerical data imaginable about any measurable aspect of Ekiti State”. The role of the BOTSS in statistics needs to be rethought.
2. There is a danger that the work of the BOTSS may attempt to usurp the statutory responsibilities of MDAs, particularly when it talks about taking charge of particular projects “from conception to implementation”. It is not clear, for instance, how the bureau will work with the State Planning Commission. Also getting involved in direct implementation will detract from the strategic and transformative nature of the bureau. It would likely result in competition with line Ministries, as well as be a source of distraction for the Bureau.
3. Discussions with various people regarding the BOTSS as well as information from the proposed organogram for the Bureau also indicated that the current thinking of government is to staff the bureau with people from outside the Ekiti State civil service. Non-involvement of the civil service will seriously weaken the effectiveness of any such bureau and will exacerbate the mistrust between the political and bureaucratic class in government.

1.2.6.2 Possible Alternative Approach

An alternative approach would be for the state to consider creating a bureau that is responsible for three main things:

1. Visioning, long-term planning and strategic thinking in collaboration with the State Planning Commission and drawing on data produced by the Bureau of Statistics.
2. Transformation: changing the way that government works and civil service reform. This will include championing the Civil Service Transformation Strategy and institutionalising the work of the Rapid Action Task Force in cutting waste in government spending. This work should be done in collaboration with the Office of the Head of Service.
3. Delivery: raising the capacity of the civil service to deliver, institutionalising and improving monitoring and evaluation, and making the public service accountable to citizens through the SERVICOM and other initiatives.

Ideally, it should be seen to speak with the Governor’s voice and could be called something like the “Governor’s Bureau of Strategy, Transformation and Delivery”. It

is strongly recommended that it should have civil service presence to complement any expertise brought in from outside. This will help to strengthen long-term capacity and also ensure that the bureau does not fall foul of established public service rules and procedure. The bureau will benefit from having a high-level advisory panel to guide its operations. Membership of the panel could include academics, reputable private sector individuals, reputable civil society representatives, the Head of Service and the Special Advisers to the Governor on Strategy and Millennium Development Goals.

The bureau should focus on facilitation, technical advice and support to MDAs and technical advice to the governor. It should be an independent internal think tank and consultancy support facility, with a culture of excellence. It should serve as a benchmark for the rest of the public service and should be a model of what is possible in the Ekiti public service. Therefore, it should be staffed by the best brains in the public service and should have proper facilities and employ cutting-edge work methods.

Most importantly, the bureau should drive the implementation of the governor's 8-Point Agenda, without usurping the statutory functions of MDAs by getting involved in direct implementation.

1.3 Summary of Findings

In summary, an assessment of the Office of the Governor revealed the following:

- It is difficult to say with any certainty which organisations make up "The Office of the Governor". The composition of the office is not guided by a clear strategy, there is no overall coordination of the various organisations and the reporting lines are often blurred.
- LGA capacity to deliver is weak, although the proposal for the state to jointly deliver some projects with LGAs sounds promising.
- The State Emergency Management Agency is weak and incapable of effectively responding to emergencies. The Fire Service is "comatose" and cannot effectively respond to fire outbreaks. A fire service enabling law is currently before the State House of Assembly.
- The absence of a clear communications strategy means that there is potential for conflict between the Corporate Communications Unit and the Ministry of Information. The proposed revival of the state printing press requires further thought and consultation.
- The civil service appears to be carrying a higher-than-necessary level of overheads.
- The Civil Service Transformation Strategy presents a comprehensive, if ambitious, reform agenda for the civil service. It correctly highlights the need to involve the civil servants themselves in the transformation.
- There is currently some tension between political appointees and bureaucrats but this is likely to be simply part of a process of familiarisation between the two classes.
- The staff of the State Planning Commission are enthusiastic and knowledgeable but lacking in the modern skills required to fully fulfil their mandate. As an example, the SPC does not currently track the state's development trajectory.
- The Ekiti MDGs Office is weak and Ekiti is currently underperforming in the MDGs Conditional Grants Scheme.

- There is a need to rethink the approach currently proposed for the Bureau of Transformation, Strategy and Statistics.

1.4 Recommendations for Ekiti State Government

On the basis of the above findings, the following recommendations are proposed for consideration:

1.4.1 Carry out a mapping exercise of the assigned mandates and functions of all the organisations that make up The Governor's Office (including the Office of the Deputy Governor) to ensure that the organisations that belong to the Governor's Office are only those strategic ones that can contribute to the delivery of the 8-Point Agenda.

1.4.2 Conduct an analysis of grade levels, skills and functions to ensure that the right number and quality of staff, doing the right jobs, are available to support the governor.

1.4.3 Restore the prestige and pride in working in the Governor's Office, such that every Ekiti public servant aspires to work there.

1.4.4 Consider using the scale up of the Conditional Grants Scheme to Local Governments to pilot the planned joint delivery of projects with LGAs.

1.4.5 Expedite action to pass the enabling law for the Fire Service Department, so that it can generate revenue to fund at least part of its operations.

1.4.6 Develop a clear communications strategy to guide the work of the Corporate Communications Unit and the Ministry of Information.

1.4.7 Consider conducting a staff audit to ensure that the civil service does not continue to carry higher overheads than it needs to.

1.4.8 Given the strategic role that it is supposed to play, the state should consider recruiting mid-level economists into the State Planning Commission to fill the capacity gap in the middle of the organisation.

1.4.9 The MDGs Office should be completely restructured. It may be beneficial to visit MDG Offices in other states and learn from states like Lagos, Jigawa and Cross River to improve the quality of CGS applications.

1.4.10 There is a need to rethink the proposals for the Bureau of Transformation, Strategy and Statistics. A possible alternative approach is proposed in Section 5.2.6.

1.5 Recommendations for DFID Nigeria

- Support an input to further develop the thinking on setting up the Bureau of Strategy, Transformation and Delivery. This bureau is the vehicle best placed to support the governor in driving the 8-Point Agenda. Unless such a unit is put in place, it is difficult to see how the Agenda will be delivered in a consistent and coordinated way. The proposed input should sort out potential areas of conflict with other MDAs and develop a Standard Operating Protocol

(2 consultants @ £500 per day for 15 days each = £15,000 plus £7,000 for per diems, flights and local transport. Sub-total: £22,000)

- Support an input to map the mandates of, and streamline, the organisations that should form part of the Governor’s Office. If the 8-Point Agenda is to be delivered, it must be led from a strong, effective and fit-for-purpose Office of the Governor. The proposed input will ensure that a strong, strategic Office of the Governor is in place and that only the organisations that can support the Governor to deliver his Agenda remain. Those organisations will be given a clear mandate that they will deliver in support of the governor’s transformation agenda.

(2 consultants @ £500 per day for 15 days each = £15,000 plus £7,000 for per diems, flights and local transport. Sub-total: £22,000).

GRAND TOTAL: £44,000

SECTION 2: PUBLIC FINANCE MANAGEMENT AND ACCOUNTABILITY

2.1 Introduction

Public Finance Management and Accountability section of the Assessment is divided into two sub-sections: Current Situation and Proposed Action Plan. The PFMA section of this Assessment is an abridged version of the PFMA report and the full PFMA report would be found in the annexes.

2.2 Current Situation

The PFMA system in the State manifests a number of weaknesses of which some are structural and others are processual in nature. It is important to note that no real, significant PFMA reform has taken place in the past three years apart from some effort to introduce minimal automation in payroll system.

2.2.1 Fiscal Trends and Management

Ekiti State Budget size was N38billion in fiscal year 2009 with N17 billion allocated to capital investment programs while the rest was devoted to recurrent expenditures including debt service payments.

Table 2.1 below provides a summary of revenue profile for fiscal years 2007 – 2009. The revenue forecasts for the three-year period are outside acceptable margin of error except in 2007. Revenue administration performance has ranged from 47% in 2008 to 66% in 2009 respectively. However, in 2007 revenue collections achieved about 109% of the forecast. It is pertinent to note that the total receipts in 2007 were N39.8 billion and declined by 4% to N28.3 billion in 2008 and in 2009 the actual revenue collection increased marginally by 1.09% to N38.8billion.

Table 2.1: Summary State Revenue Budget 2009 - 2007¹

Fiscal Year	Estimate	Actual	Performance
2009	58,296,833,837	38,801,687,295	66.56

¹ Source: Ekiti State Ministry of Finance, Accountant-General’s Office

2008	81,097,917,285	38,382,336,481	47.33
2007	36,253,155,012	39,865,019,433	109.96

In 2007, the State Government incurred a budget surplus of N13.06 billion, which is 48.7% of the total spending, however, in 2008 the State incurred N13.60 billion deficits, which was 26.1% of the total spending. In 2009 it was reduced to N3.2 billion about 3.1% of the total spending. What is not quite clear is how the deficits were financed. One possible way is through short term borrowing from the private sector financial institutions; the other possible way is through contractors' finance or unpaid contractors' arrears.

Table 2.2: Summary of Expenditure Budget 2009 - 2007²

Fiscal Year	Estimate	Actual	Performance
2009	58,296,833,837	42,050,100,295	72.13
2008	81,097,917,285	51,985,171,860	63.84
2007	36,253,155,012	39,865,019,433	109.96

Internal Revenue Collections

Table 2.3 below provide a summary of the Internally Generated Revenues (IGR) from 2007 to 2009. Internal revenue administration continues to fluctuate according to collections recorded during the past three years. However, the internal revenues constituted only 7.7 per cent of the aggregate revenues of the State Government, a decrease from 10.7 per cent in 2008.

Table 2.3: Summary of IGR 2009 - 2007³

Fiscal Year	Estimate	Actual	Performance
2009	14,050,000,000	3,061,590,591	21.7
2008	6,174,739,367	4,153,780,092	67.2
2007	3,002,885,000	1,635,708,349	54.4

Between 2007 and 2009 the variances between budgeted and actual collections of internal revenues grew. In 2007 and 2008 the revenue budget performance were 54% and 67% respectively, but in 2009 it fell to 21%. This could mean that performance target in 2009 was quite high at N14 billion and therefore it was not easy for the MDAs to achieve the projected revenues.

Resource Allocation

Tables 2.4 and 2.5 illustrate allocations of budgeted and actual expenditures from 2007-2009. The information at least provides a guide to planned sectoral allocations and actual releases during the fiscal years under consideration. The analysis showed that in recent years, large proportion of capital expenditures has been incurred by the economic sector, whilst social services sector budget releases have fallen by about 9% in 2009.

Table 2.4: Capital Expenditure by Function 2007 - 2009⁴

Function	2007	2008	2009
Economic	6,755,154,653	18,995,998,114	10,405,430,138
Social Services	1,076,322,396	3,993,576,210	3,624,635,963

² *ibid.*

³ *ibid.*

⁴ *ibid.*

Environment	1,042,392,640	1,074,043,475	685,890,260
Administration	1,447,473,686	3,520,454,843	3,223,572,322
Total	10,321,343,376	27,584,072,643	17,939,528,674

According to Table 2.5 the capital expenditures for two key social service sectors (Education and Health) have performed differently. While Health sector capital expenditure is on the increase, the education sector capital expenditure declined by 73% in 2009 after an increase of 62% from 2007 to 2008.

Table 2.5: Capital Expenditure by Sector 2007 - 2009⁵

Sector	2007	2008	2009
Agriculture	359,667,484	1,183,680,979	1,063,246,908
Education	702,919,196	1,851,774,868	485,413,750
Health	1,429,658,409	2,053,296,987	2,405,428,451

Debt Management

The Debt Management Unit in the State Finances Department produced an ad-hoc report, which showed a total debt stock of N39.4 billion. This would appear a high ratio of debt to total revenue (103%).

Table 2.6: State Debt Profile 2010⁶

Category	2010 (estimate)	2011 (projected)	Percentage
External Debt	4,841,004,355		
Domestic Debt			
- Contractors	27,679,048,635		
- Financial Institution	6,908,979,243		
Total	39,429,032,233		

2.2.2 The Ekiti State Budget Management System

The Budget Cycle in Ekiti State is basically divided into five main processes: Policy, Strategy and Medium Term Planning; Annual Budget Planning/Preparation; Budget Execution & Control, Monitoring & Evaluation. Among the budget management sub-processes, annual budget planning and budget performance monitoring and evaluation appeared to be most in need of strengthening. Economic and fiscal forecasting at the central agencies is weak.

Policy & Strategy, Medium Planning: The State Planning Commission has produced a draft medium term plan containing four thematic areas, which is named 1st Implementation Plan 2010 – 2013. The Plan is being converted into Policies and Strategies and that would lead to accurate costing of the plan, which would include the current administration's 8-Point Agenda.

Annual Budget Planning: The Ministry of Finance primarily undertakes the activities under this sub-process, which include revenue forecasts and expenditure projections. The quality of this sub-process is considered very weak. The revenue forecast is based on plausible assumptions and there is now evidence of expenditure projections.

⁵ *ibid.*

⁶ *ibid.*

Annual Budget Preparation: The State operates dual budget preparation with recurrent budget located in the State Ministry of Finance while the capital component is allocated in the State Planning Commission simultaneously. The annual budget Call Circular is issued by the Ministry of Finance with limited information to the Ministries Departments and Agencies (MDAs). No information is disclosed on the aggregate spending limit and sector spending ceiling.

Budget Execution & Control: The budget implementation is carried out by the MDAs, however, salaries are paid centrally from the Accountant General's office and the operating cost is released to the MDAs on monthly basis. The capital expenditures are incurred by the MDAs and vouchers are prepared by the MDA after certificate of completion is issued by the Bureau for Public Procurement (BPP) and State Planning Commission (SPC) and State Cash Committee has approved each expenditure and then expenditure warrant is issued. The payment voucher is prepared and sent to the Treasury Office for payment. The problem identified under this process is mainly caused by unrealistic budget estimates. In addition, there is weak internal audit process.

Budget Monitoring and Evaluation: The budget monitoring and evaluation process centers on outputs evaluation for each project and program which is undertaken by Bureau Public Procurement and State Planning Commission. There is no evidence that outcome evaluation is being carried out.

2.2.3 Key Organisations in the State PFM System

The following are key Public Financial Management agencies visited during the assignment and relevant officers of each agency were met to discuss the agencies functions and challenges:

- State Planning Commission
- The Ministry of Finance
- State Internal Revenue Service (IRS)
- Bureau for Public Procurement
- Office of the Accountant General
- Office of the State Auditor General
- Debt Management Unit (in the State Finances Department)
- Monitoring and Inspection Unit

2.2.4 Summary of Findings

The findings are summarized as follows:

- Transparency is undermined through weak linkages between policy goals and budgeted and actual allocations, weak monitoring and evaluation of the outcomes of capital development, and a general absence of wide dissemination of performance information across the state's electorate.
- Preparation of Recurrent and Capital components of the budget are separated and undertaken by Ministry of Finance and the State Planning Commission;
- Debt management analytical and reporting capabilities are weak and there is a real risk of the levels of borrowing getting out of control because no debt sustainability analysis has been undertaken in the past three years.
- The budget performance reporting cannot be regarded as comprehensive as it does not reflect the full nature and extent of sources and applications of funds, and does not attempt to indicate resource flow by programs and sub-programs.

- There are no well functioning Plan/Budget Monitoring and Evaluation Units in the line Ministries to carry out routine collection and review of Plan and budget performance data, which would be collated by the State Planning Commission for analysis of the outputs and outcomes.
- There is no detailed budget classification and chart of accounts for use by all MDAs for program budget preparation and accounting;
- Preparation of first Implementation Plan is too aggregated with little emphasis on sector policy and strategy formulation, which would serve for the development of Medium Term Expenditure Framework (MTEF).
- The MDAs still cannot predict resource availability for capital investment because of realistic budget estimates thereby undermining their abilities to successfully execute their budget.

In addition to these fiscal, institutional and technical weaknesses, there are other wider institutional issues surrounding public administration in Ekiti State that are also serving to weaken the operation of the PFM system in the State. These mostly relate to human resource capacity and capability across EKSG, with a burgeoning of skills and experience at senior levels of government, with corresponding shortages at middle and lower levels basic functions are not taken efficiently and effectively within schedule, e.g., budget planning and preparation, budget monitoring and evaluation, debt management and internal audit functions. Key institutions responsible for PFM system lack experienced and well trained manpower to achieve higher targets, e.g. the Ministry of Finance, IRS and State Planning Commission.

2.3 Recommendations for Ekiti State Government

On the basis of the above findings, the following proposals are presented to address the basic weaknesses identified in various parts of the Public Finance Management system:

2.3.1 There is strong need and on the basis of best practice to separate internal audit function from the Office of the State Accountant General to create an independent Central Internal Audit Department reporting directly to the Honourable Commissioner of Finance and to be headed by a substantive Director.

2.3.2 There is need to merge recurrent and capital components of the Budget function under one roof to increase synergy and improve efficiency, effectiveness and economy in budget planning, preparation and execution.

2.4 Recommendations for DFID Nigeria

2.4.1 Provide TA to help carry out Public Expenditure and Financial Accountability Performance Assessment (PEFA) or a detailed Public Expenditure Management and Financial Accountability Review (PEMFAR).

2.4.2 The State would need to implement a program of Annual Budget Process Improvement, which would initially include: development of comprehensive Annual Budget Call Circular containing realist aggregate revenue forecast and sector spending ceilings. DFID could assist with this.

2.4.3 Production of Annual Budget Cycle Guide Book including key activities, required outputs, agencies responsible for each activities and timeline

2.3.5 Preparation of Debt Sustainability Analysis to determine the State borrowing capacity and debt burden threshold. It has become imperative given the level of debt stock and there is a proposal for the State Government to obtain an estimated revenue bond of N9 billion in 2011.

SECTION 3: PUBLIC SECTOR MANAGEMENT

3.1 The Current Situation

3.1.1 Structure and Size of the Public Service

With fifteen Ministries, Ekiti State government runs a moderate (as against an unwieldy) civil service structure – a range of 10 to 15 ministries conforms to expectations in international best practice. However, following a difficulty of identifying the precise number of extra-ministerial departments and agencies, it is unclear whether the structure of the entire public service is fit-for-purpose without a detailed functional review. But even at this, one can still suggest that the structure of the public service is very relevant to the 8-Point Agenda of the current administration. In spite of the foregoing, a closer and critical examination reveals the existence of duplications and overlapping functions among some MDAs. For example, there is competition to carry out Monitoring and Evaluation (M&E) functions on the same projects, which is counterproductive to the drive for improved service delivery for which a charter is included in the State Transformation Agenda.

The total staff strength of Ekiti State public service is 25,671, which is made up of 12,965 for the civil service, 11,536 for the teaching/non-teaching service, and 1,170 for the parastatal services. This figure appears moderate and manageable on face value. However, with a total monthly bill of N400m incurred on the civil servants and political appointees alone, which is approaching twice the monthly average internally generated revenue of N255m in 2009) of the state, the situation becomes very challenging to manage. International best practice suggests about 33% of personnel cost to total expenditure. There is even a greater challenge, as there is intense political pressure on the government to create employment opportunities in the public service in spite of the fact that the State's long-term Transformation Agenda only promises to create jobs outside the public service. Again, in addition to the above, the local government service has a staff strength of 21,092, thereby bringing the total staff strength of both the state and local government services of Ekiti State to 46,763 (as at the first quarter of 2011).

3.1.2 Capacity of the Public Service

The public service of Ekiti state has a well-educated but insufficiently trained workforce. There are insufficient skills to drive modern government machinery. For example, there is low ICT penetration and weak record management capacity – factors that are key to enhanced service delivery. Secondly, the available skilled capacity is not widely spread, as there is near absence of intermediate and/or senior level staff in some MDAs in midst of many staff at directorate level. Nevertheless, ICT penetration is impressive in some specific MDAs. For example, there are EMIS (education management information system) and HMIS (health management information system) at the education and health ministries. A data bank project is in progress in the Ministry of Health while the computerization of payroll is also in progress in the Ministry of Finance, Budgeting and Economic Development.

3.1.3 State of Merit-based Human Resource Management System

The new administration has started implementing a merit-based appointment and promotion system at the top echelons of the service. A corps of new permanent secretaries has been appointed based on a competitive examination system. The appointment of the new Head of Service followed the same method.

3.1.4 Conditions of Work in the Public Service

The State's Civil Service Rules remain the major guiding tool for policy development and implementation; the current version in use is the 2001 edition. Although, a review has been completed, a new version of the document is yet to be published and distributed. Availability of the document to rank-and-file of the service needs to be considered in the print run as currently, only those at the top have access thereby keeping many officers ignorant of the essential tool of their day-to-day operation.

The major operational policy instrument for managing human resources in the State's public service is the nation-wide Scheme of Service, as well as the State's Civil Service Commission Regulations. The current edition of the Scheme of Service is unavailable to the top human resource managers, while the Civil Service Commission Regulations is outdated as the 2001 edition is still in use. A review of this outdated edition is not currently in view.

The governor has already signed the Fiscal Accountability Bill into law though it is now yet available. The effective use of this Act however requires a service-wide capacity building programme. Although the Procurement Act is in force, it is still not widely distributed.

Office accommodation across the service is grossly inadequate. There are cases of directors sharing inadequate, small offices. Office equipment such as computers, photocopying machines, among others, are either non-existent or also grossly inadequate. The same goes for office furniture. The case of non-availability of office vehicles is equally a major problem.

3.1.5 Other Cross-Cutting Issues

3.1.5.1 Gender Character

The gender character of the public service is presently unknown. However a gender audit is currently in the pipeline. But at the level of permanent secretary (PS), the number of female PSs is 6 representing 30% of the total number of PSs as at January 2011. Although, the State Transformation Agenda promises to promote gender equity, it is doubtful how this can be achieved when recruitment of senior officers at point of entry by State Civil Service Commission is gender blind.

3.1.5.2 Presence of Development Partners

Ekiti is among the least in donor presence in Nigeria. One major impact of poor donor visibility is the loss of already built capacity over the years through for example the DFID/PATHS programme, which could not be sustained.

3.2 Recommendations for Ekiti State Government

1. For effective and efficient operation of the machinery of government, policy and legal instruments of administrative engagements should be reviewed

and/or, printed and made widely available to all officers at moderate prices. The most important ones are the

- Civil Service Rules,
 - State's Civil Service Commission Regulations,
 - Fiscal accountability Act, and
 - Procurement Act.
2. Develop an ICT Policy, which encompasses
 - Installation of a Service-wide computerization system, and
 - a capacity needs/skills assessment of IT knowledge of staff;
 - Scaling-up of Service-wide capacity building efforts;
 3. Provide assistance in accelerating work on Gender Audit;
 4. Assist in helping the take-off of a World Bank-assisted Capacity Management Institution.
 5. Assist in providing assistance towards providing modern office equipment, facilities and logistics.

3.3 Recommendations for DFID Nigeria

1. Assist in printing of reviewed Civil Service Rules, Fiscal accountability Act and Procurement Act for wider distribution to all officers – this can be a source of IGR;
2. Provide technical Assistance in Installing Performance Management System (PMS) that is linked to improved pay and incentives system;
3. Provide Technical Assistance towards Implementing the Integrated Payroll and Personnel Information System (IPPIS);
4. Assist in Carrying out a Functional Review of the Service to establish fit-for-purpose.
5. Technical Assistance towards establishing the proposed Office of Civil Service Transformation

SECTION 4: GENDER, HOUSE OF ASSEMBLY & CIVIL SOCIETY

4.1 Introduction

Public excitement following the October 15, 2010 decision now seems to have transformed into heightened expectations. The antecedence of a number of actors in the new government, especially His Excellency, seems to have made the pro-welfare stance of the new administration believable and public goodwill is present for the administration however, there would appear to be some restlessness / impatience on the part of diverse groups to engage with the administration.

4.2 Gender

The importance of promoting gender equality and the rights of women in the state is underscored in the governor's PACT with Ekiti Women, which as elaboration of the 8th point of the 8-point agenda. Specifically the governor has promised

1. To widen the horizon for girls and women through education to reach their maximum potential
2. To provide special healthcare services to address the peculiar health needs of women and encourage family planning
3. To involve women in all government entities with a minimum of 30% appointments and positions for women

4. To create a level playing field for women to maximize their potential
5. To empower women with resources, skills training and necessary assistance to participate fully in productive ventures
6. To make Ekiti a model state that ensures all international and regional agreements which guarantee the promotion and protection of women's rights are kept.

Detailed plans have been developed by the state to implement action plans tied to each of these promises which will materialise in the medium term however, in meetings with various informants on women's issues in the state (inclusive of a broad selection of women's groups) they identified the following priorities:

4.2.1 Economic empowerment

The women contend that economic empowerment (item 5 above) is the most urgent requirement and needs to consist of the following three components

- Micro-credit. The State has had very mixed results running micro-credit schemes directly, or at arms length and today several billion naira remains outstanding as unpaid debt.
- Capacity Building. The women contend that micro-credit sufficient exposure to the various small-scale investment options available in the state will lead to poor decisions and low repayment rates. They would like to be shown value-chains they can participate in successfully.
- Access to markets. The story was recounted by one group of women who said they were mostly farmers and invested the money from micro-credit into the production of cassava (which was all the rage at the time). They claim after harvesting their members did not know where or how to sell the produce and ended up losing the bulk of the harvest and the money invested.

The women also suggested that they would see a preference for promoting/appointing women where qualified in civil service appointments and political leadership (item 3 above) as forms of economic empowerment as well.

4.2.1.1 Youth Empowerment

The concern of the women extended to youth empowerment and discussions were held with some youth leaders as well. The current preoccupation of the youth leaders is around reducing youth unemployment. The specific need identified was around capacity building. In their own words, they would like to know how to go from rice seedlings to planting, harvesting, processing, packaging and placing on supermarket shelves. In other words, they would also like training around value chains that could be profitable so that if they were to form cooperatives and raise money, they would be clear about what to do with the money and how to grow from there.

4.2.2 Women's & Girl-Child Rights

The absence of arrangements for the counselling of victims of domestic violence was decried and the fact that most laws that currently protect women are the laws of Ondo State and not Ekiti State. Where there is an Ekiti State law, such as the Child rights Act, they contend that the structures and institutions needed for the implementation are not yet operational and urgent action is required on this matter.

4.2.3 Women and Girl's Education

As part of the focus on education in the 8-point agenda, women would like to see the government doing more to attract girls into science and technology as a way of putting girls in a position to achieve some equity with boys in the capacities needed to drive the future of the state.

4.3 Recommendations to Ekiti State Government

1. The women contend that some micro-credit schemes have worked and some others have failed and they encourage the government to commission a study to understand which ones succeeded and why as well as which ones failed and why. In order to make the necessary changes to enable access to finance to be established for the women.
2. Establish links with donor programmes working on growth and livelihoods such as Propcom and GEMS to assist with TA that can expose women's groups to profitable segments of value chains they can exploit in Ekiti State and provide further support on how to get their goods and services to market. This point also serves the immediate needs of the unemployed youth of the state.

4.4 Recommendations to DFID Nigeria

1. TA from Propcom to assist in actualising the two points listed above.

4.5 House of Assembly

4.5.1 Autonomy of the House

Unlike most Houses of Assembly in the federation, the Ekiti House enjoys considerable level of autonomy and latitude to perform its constitutional roles. Unlike most states of the federation, the relevant institutional frameworks needed for it to function effectively backs the Ekiti State House of Assembly. The State House of Assembly Service Commission was established in 2006 and a self-accounting law was passed in 2000 conferring some degree of financial and administrative autonomy on the House. However, political will to give the House the resources and political space to carry out its Constitutional mandate has hitherto been limited. Although the Ekiti SHoA has a functioning budget office (which still needs adequate and qualified staff and resources to perform effectively) and although debates have been vibrant, they have had limited impact on the quality of the appropriation law. This has been primarily due to strong incentives to go after private interest at the expense of the public good.

4.5.2 Infrastructural Constraints

The major limitations of the House to effectively carry out its functions are poor state physical infrastructure, weak knowledge and information management systems; and inadequate logistics. It is instructive to note that the 13 PDP members are all housed in one open plan office while their ACN counterparts share a similar space elsewhere. The Committee Secretaries all share a single open space while only the Speaker, Deputy Speaker and Clerk of the House have a semblance of an office. The implication of this on the effectiveness of the House cannot be understated. The liturgy of challenges include no IT infrastructure, limited office equipment, no functional library and above all no privacy for the members to concentrate and reflect

on their work and engage in a conducive, private environment. This discourages most of the members from coming to the premises of the House except when there is a sitting. Though there is a new complex under construction, work has been delayed largely due to funding constraints but it is hoped/anticipated that work will be completed within the year.

4.5.3 Capacity Constraints

Ekiti State has one of the highest turnovers of members of the House relative to other states of the federation. It recorded a 100% members' turnover in both 2003 and 2007 and the same scenario is likely to occur in 2011. The main reason adduced for this situation is the deeply entrenched rotation and zoning system existing in the state across all parties. The high turnover of members of the House is a major challenge to their effectiveness. None of them have cognate experience and associated seniority amongst members to guide the rest of the members. The only significant institutional memory lies with the support staff of the House. The Clerk of the House organized some form of induction for the members in 2007 and followed up with about (6) six training/seminars to build their capacity. But both the Clerk and the Leader of the House alluded to serious capacity gaps on the part of the members, which continue to limit their effectiveness. This capacity gap is further compounded by limited office space to employ required staff to bridge the identified human resource gaps especially, in the legal department and medical and perhaps facilities for legislative aides to undertake research.

4.5.4 Engagement Constraints

There is limited engagement between the House and CS groups even though such opportunities exist. Instructively the only private law passed by the House was sponsored by a CS group with support from WaterAid. More of such collaboration needs to be encouraged by strengthening constituency-member relations as well as the political space and appropriate funding. Member-Constituency engagement has been limited primarily due to lack of understanding of the roles of a legislator by both parties. Even though most of the members have Constituency offices they rarely visit them largely due to misguided pressures and unrealistic expectations from their constituents, which cannot be met.

4.5.5 Legislative Agenda

The House has standing rules, which guide its activities; however, the extent of compliance is limited and needs to be enhanced as noted above. The current House has passed about 40 bills making it one of the most productive Houses in terms of bills in the country. However, 39 of these bills were Executive while the only member bill was crafted and sponsored by a CS group. Most of these bills are geared towards enhancing good governance such as Public Procurement Law (PPL), Fiscal Responsibility Law (FRL), Child Rights law, Fiscal autonomy law, protection of the rights of widows, prohibition of female genital mutilation law, Ekiti state Citizen Rights Centre law, Community watch group law, Persons with disability law, Aids control law, and Laws of Ekiti state law (First edition) among others. A major area of concern is that Ekiti state presently relies on Ondo state laws (pre-establishment of the state in 1996). There is an urgent need for these laws and subsequent Ekiti laws to be reviewed and codified as Ekiti state laws. This opportunity will allow the engendering and updating in line with current realities facing the state. Though considerable progress has been made in this direction, this needs to be completed within the shortest possible time.

4.6 Recommendations To Ekiti State Government

- The new administration should expedite action on the ongoing review and codification of the Ekiti state laws to reflect the current realities if the desire to increase IGR and diversification of the economy is to be achieved with the required enabling environment to attract inward invest
- The new administration needs to enlighten the House to clearly understand and buy-in into the vision and programmes of the Governor. This will promote ownership, sustainability of the agenda and underpin the need for developing workable strategies on how to achieve budget realism by involving members of the House and CS in the conception and planning stages.
- The new House complex should be completed and furnished within the shortest possible time.
- The House should facilitate regular training programmes for members and the support staff
- The leadership of the House should ensure that all members establish functional offices in their respective constituencies as well as enhance fiscal discipline within the House inclusive of internal audits
- The new administration and the House should expedite action on all pending bills relevant to the 8-point agenda

4.7 Recommendations to DFID Nigeria

- DFID to facilitate lesson learning and sharing of best practice between Ekiti SHoA and other state Houses of Assembly
- SAVI should share knowledge and tools with the House to enable them undertake an institutional self-assessment exercise to determine the challenges and opportunities therein to enhance the effectiveness of the House. The resulting findings are then translated into an action plan, which then needs to be budgeted within an MTSS framework in the 2012 budget.
- SAVI should facilitate lesson learning with other states around the design and execution of effective induction programmes by State Houses for new members, which is best done before they are sworn-in
- DFID should assist the SHoA establish a web site and other IT facilities to enhance efficiency, accessibility, information management etc.

4.8 Civil Society

4.8.1 Scope

For the purposes of the assessment, NGOs, Women's Groups, Youth Groups, Religious Groups, and Media were consulted as part of Civil Society. The views of organisations with a role to play in facilitating voice, accountability or participation were also consulted such as the Ekiti State Planning Commission, National Orientation Agency, Public Complaints Commission, Ekiti State Government Corporate Communications Unit, as well as the Ministry of Information, Communications, Civic Orientation & Strategy. Impact of Local Government and Chieftaincy matters was assessed through interaction with the Deputy Governor's office.

4.8.2 Voice & Accountability

Due to the frequent changes in Ekiti State leadership in recent times, many parts of civil society have become noticeably politicised and polarised. Factions of groups having more access and space to take up their issues than others in the process. People display an uncommon boldness to speak out across the different groups in society however getting heard is not something they been very successful with. A level of pent up frustration is observable coming across as intense eagerness to engage, aggression even, however groups seem not to be sufficiently aware of the need to develop a political engagement strategy in order to channel their grievances more productively. The ability to identify issues important to ordinary grassroots people is also apparent amongst civil society groups but they lack the institutional arrangements and mechanisms with which to engage in constructive dialogue around these issues. For example some NGOs complained about not being sufficiently involved in the planning processes of the state and had discussed extensively such issues within their ranks but on further questioning it soon became clear they had not engaged the government officials responsible to discuss their grievances. In a meeting with a cross section of leaders of women's groups, it was news to them that they could organise themselves into a congress and request that H.E. addresses them periodically, as the women of Ekiti, on progress with the 8-point agenda. They were used to engaging only when summoned by the Ministry of Women Affairs. Since State Media was only recently resuscitated (at the 100-day mark of the new administration), it consists mainly of voices controlled from outside the state and considered very partisan. The sensitization media has received from previous administrations has left them prone to self-censorship in their style of reporting which the new government must find ways to wean them off if media is to be an effective amplifier of the voice of ordinary people in the state.

4.8.2.1 Engagement Platforms

As mentioned earlier, there is excitement across all groups spoken with about the prospects for dialogue with the new administration and about the likelihood of being heard and something being done about the development aspirations of ordinary people. The village square and town hall meetings conducted by the new administration have given a lot of hope to many groups. Not only does it afford them the opportunity to speak to His Excellency the Governor, but it also gives them the rare chance to receive some form of feedback. They acknowledge that realistically they can only hope to participate in such a meeting once a year as it has to go round all the communities in Ekiti so they propose that more formal arrangements and mechanisms be set up for them to have a dialogue with H.E. on development aspirations of the state driven by the 8-point agenda. Specifically, they want to be able to dialogue through multiple channels

- Village Square and Town Hall Meetings
- Local government Councillors and Chairmen
- Traditional Rulers and Authorities
- Faith-based Movements
- Constituency Meetings with Ekiti Federal and State level Legislators
- Grassroots organisations

They would also like feedback mechanisms to be set up so they can transmit their ideas, priorities, complaints and reports back to the appropriate people in government without the information being censored, distorted or truncated.

4.8.2.2 Budget and Project Monitoring

Many NGOs in the state have experienced the process of developing Medium Term Sector Strategies, Budget Preparation, Budget Analysis as well as Project Level Monitoring for assessing Budget Outcomes. The government has to devise ways of strengthening its insufficient capacity in these areas by taking advantage of the capacity that is within civil society. Civil Society in Ekiti is organised sufficiently to play such a role under the direction of the State Planning Commission who can set the parameters for participation and standardise approaches in partnership with civil society as a way of strengthening their planning, research and statistics department.

4.9 Recommendations to Ekiti State Government

1. Holistic stakeholder mapping and analyses
2. Development of an integrated stakeholder engagement/communications strategy through participatory methods (this is not same as media communications)
3. Establishment of institutional arrangements and mechanisms for sustaining development “conversation” between the Governor and key stakeholder groups
4. Training of civic groups and key government formations on voice and accountability processes and procedures – using a Political Engagement Strategy Framework

4.10 Recommendations to DFID Nigeria

- Provide TA from SAVI to help lead a process to develop an integrated stakeholder engagement/communications strategy for the state
- Provide TA from SPARC and SAVI to train both Civil Society and the government side on how to use the Political Engagement Strategy Framework developed by SPARC/SAVI

SECTION 5: HUMAN RIGHTS AND JUSTICE ADMINISTRATION

5.1 Human Rights Issues

A number of challenges impede the ability of Ekiti State to provide the much desired improvements to human rights and administration of justice in the state and these include

1. The limited release of funds on the part of the Ministry of Justice
2. The poor levels of sensitization and enlightenment around the review of new court rules and procedures and resultant limited awareness by citizens of their rights and mechanisms at their disposal to seek redress.
3. The limited number of legal counsel in the Ministry of Justice to prosecute cases involving human rights abuses and as well defend victims of such abuses, which is tantamount to denying access to fair and speedy justice
4. Poor physical infrastructure and weak Information Technology (IT) facilities (for records and case management) in the Ministry of Justice or IT links to State CID of the Nigeria Police Force means that cases are very difficult to track and are open to manipulation by officials.

5.1.1 Specific Concerns of Citizens

- Fear of victimization by the police,

- Indiscriminate staff postings and redeployments stalling progress on cases due to poor records and case file management
- Weak lower Courts (Customary / Traditional and Magistrate Courts – their mandates and jurisdiction need to be reviewed and mandates clarified so that Higher Courts do not receive minor cases that “clog up the system
- The need for Multi-door court for Commercial and Small Claims to help underpin the required legal and regulatory environment for improved economic growth in the State (attracting Inward investment)
- The need to strengthen the work of the Citizens Rights Desks in the LGAs and widen their mandate to cover arbitration and mediation of Civil and Family Issues for quick resolution - **working models can be found in Lagos and Enugu**
- Federal agencies such as SERVICOM, Public Complaints Commission/EFCC and ICPC role in the State needs to be complementary to existing oversight structures such as the Police–Citizens Liaison Committees.

5.2 Steps Taken So Far

To address these challenges and protect citizens’ rights at all times, the relevant stakeholders have taken the following measures:

- The Ministry of justice has established the centre for citizens’ rights domiciled in the state ministry of Justice. The law establishing the centre was established in December 2007. This Centre is serving as a platform for collating complaints of rights abuses and tries to attend to them in the shortest possible time. The centre has desk officers in each of the LG headquarters to receive such complaints. Presently, efforts are being made by the Centre to enlighten and sensitize the citizenry to their rights and urge them to use the platform to champion their cases.
- Courtesy visit to the State Commissioner for Police by the AG and other management staff of the Ministry of Justice. The Attorney General visited the Commissioner of Police with a view to inform him of the current administrations zero tolerance for human rights abuses. He also sought the Commitment and support of the police hierarchy in his bid to improve on justice administration in the state.

5.3 Administration Of Justice

Administration of justice in the state is slow and painful. There used to be a case tracking system introduced by DFID-Nigeria’s Security Justice & Growth (SJG) Programme in its focal states including Ekiti when tracking was undertaken with the participation of Civil Society in the State making sure cases were either prosecuted or withdrawn to cut down on number of persons in detention awaiting trial. Today, there is little evidence of the system being used by the key players in the sector including the Min of Justice / Prisons and Police.

5.3.1 Reasons For Delay In Cases

- Outdated and obsolete High court and civil procedure rules: The state is still using the old Ondo state court rules and procedures that are not in sync with current realities in the state. This has created unnecessary bottlenecks in the case management process. To address this challenge, the ministry of justice has reviewed the High Court and civil procedure rules to reflect current realities and enhance speedy administration of justice in the state. What is

stalling the implementation is N4m needed to conduct a workshop where all stakeholders will be informed of the new set of rules before implementation.

- Case management system: Most of the delays in court cases arises from the way the processes are handled from the police station, the DPP's office, and the court registry. Most times case files are misplaced either intentionally or by mistake with no clear lines of individuals having file management responsibility. The ability of individuals to obscure the location of files or delay their production makes it especially difficult to track the movement, storage and retrieval of case files at the court registry. The cumulative effect of these causes undue delays in the trial process.
- Absence of an Ombudsman to review Cases if the Min of Justice cannot track cases as is evident presently. **This may need legislation if the performance of the Min of Justice cannot be improved**
- Delay tactics employed by the defense especially in criminal cases has also being a major source of delays. Shortage of counsels and dearth of funding to the ministry of justice is also a major challenge. In most cases, the DPP does not have the required resources to move witnesses to court venues from the various locations. Presently, the overhead allocation released to the ministry of Justice is a paltry N360,000 per month. This money includes procurement of stationeries, logistics, and even legal fees.

5.4 Areas For Further Reflection By The State

- Can the Citizens rights centre enforce the prosecution of erring police officers? If not how much can it achieve in addressing issues bordering on human rights abuses by the police? Closer cooperation with the Public Complaints Commission and SERVICOM should be considered.
- How can the state avoid situations where defense counsels employ deliberate delay tactics to stall the trial process only to exploit loopholes later to escape justice? The new Court Rules for Magistrate and High Courts need to be deployed as a matter of urgency. It is recommended that approaches used by Lagos State to reduce the number of cases reaching High courts that could have been resolved by Magistrate courts be understudied.

5.5 Recommendations for Ekiti State Government

- Immediate release of funds for the implementation of the new/reviewed High court and civil procedures rules
Medium Term
- Establishment of alternative dispute resolution mechanism to cater for small claims, civil and commercial disputes. This will reduce the congestion in the higher courts.
- Expansion of jurisdiction and clarity through legislation of lower courts such as customary and magistrate courts to handle certain civil and possibly minor criminal cases
- Provision of office accommodation for the magistrate courts whose courtrooms have been taken over by the Court of appeal in the state.

5.6 Recommendations for DFID Nigeria

- Support the Governor to re-establish the State Security Committee which would have in addition to the NPF / Min of Justice and Prison Officials members of the Public Complaints Commission / EFCC and ICPC in the State, to complement the overall work of the Justice Sector to oversee the work of the Police. (J4A)

- Facilitate some cross-state Lesson Learning with Lagos Min of Justice linked with improved service delivery and economic growth
- Facilitate some cross-state Lesson Learning with Enugu Min of Justice in the management of Lower Courts (Customary and Traditional) and the required revision of the legal framework for these courts.

SECTION 6: GROWTH & LIVELIHOODS

6.1 Structure of Ekiti State Economy

The state economy is dominated by four sectors, which account for 87% of the aggregate economic output of the state. While the agriculture sector is declining in aggregate output and contribution to GDP, a noticeable rise is perceived in the contributions of real estate, forestry, wholesale and retail trade, as well as transport and manufacturing. Table 1 provides highlights of the evolving trend of economic activities in the state.

Table 1: Index of economic activities as proxy for SGDP

	2005 ⁷	2007 ⁸	200 Total %
Crop production	79%	48%	48%
Real estate	4%	15%	63%
Forestry	9%	15%	78%
Wholesale & retail trade	4%	9%	87%
Financial institutions	2%	5%	92%
Transport services	0%	2%	95%
Manufacturing	0%	1%	96%

6.2 Agriculture sector

Agriculture remains the dominant economic sector despite declining output and worsening per capita productivity. 68% of population is rural based and engaged in subsistence farming which accounts for 47% of State GDP. Despite an average national annual growth rate of 6-7%, Ekiti is on a steep decline in aggregate terms. The state's agricultural economy is limited by the following factors

- Insignificant private sector investment in the food and tree crops sector
- Weak input and out markets
- Poorly- integrated Government Agric Extension Services and poorly resourced ADP with limited commercially based extension other than that provided by chemical sellers in the State.
- Massive out- migration and aging farming population – increasing use of migrant and contract labour from Benue and Kogi States
- Low value- addition and poor industry linkage in key commodity sectors e.g. Rice and cassava
- Aged tree crops (cocoa and coffee) are now exploited with little concern for sustainability and when exhausted are often used for firewood, logging and

⁷ South West Economic summit 2006, IITA Ibadan

⁸ UNDP Human Development Report 2008-2009 – Achieving Growth with Equity.

some charcoal production. The tree-felled areas are then put into exploitative use.

- Access to markets needs to be enhanced for producers

The state's **food crop sector** is declining. For example, there was a steady growth in rice production from the adoption of the New Rice for Africa (NERICA) grain from 2007-2009 but a 50% decline was witnessed in 2010 due to non-availability of rice processing facility and a poorly developed trade sector. 93,230 subsistence farmers cultivate 37,400 hectares to produce about 75,000 MT of rice at a very low yield of 2 tons/ha. According to the Project Manager of the ADP, there are only 3 functioning rice mills in the state, the most modern of the three rice mills is owned by the state government and located at the site of the government- owned seed processing center at Odo-Ado. The bulk of the paddy rice produced is exported out without value addition thereby depriving the state from the additional economic output that is associated with value addition.

In its current subsistence state, the agriculture sector is weak and currently does not operate on a sufficiently commercial scale; also due to poor technology and low adoption of improved varieties and systems, crop yield levels are low and cost of production high and so produce is not competitive enough to attract commercial production and value addition. Low soil fertility also contributes to the very low yields, which are a major cause of low farm profits, and growing emigration from farms to the cities.

ADP in Ekiti is near comatose and reduced to service providers and project managers for Overseas Development Assistance (ODA)-funded projects located in the state. There are only 76 extension agents for an estimated farming population of 1.6m indicating an extension agent-farmer ratio of 1:21,000 compared to the recommended 1:1000. Due to resource constraints there has been a steep decline in activities of the ADP e.g. 54% target achievement in planned State Productivity Against Target. Due to successive poor funding of the ADP in the past years, a substantial chunk of its capacity has been devoted to providing project management services to ODA- funded agricultural projects in the state e.g. NERICA, NPFS, RTEP, FADAMA, MNAP. The role of the ADP needs to be re-assessed in order to make it more responsive to farmers research needs based on the crops pheno-types in the State. It should promote more usage of internally resourced agricultural inputs, which could potentially be more supportive of the farming community and a more realistic and sustainable approach to avoid the indebtedness often seen amongst farmers when they are reliant on expensive and little understood external inputs.

The tree crop sector is characterized by aging plantations without concerted attempts at regeneration; abandonment of farms and low level of new private sector investment in cocoa and oil palm sector other than for household use and local market sales. Historically major industries in cocoa and cashew have collapsed with farmers resorting to cutting the over-mature trees (un-productive); the natural resource base is in advanced decline due to deforestation, and extractive farming techniques. In 2008, the TCD unit of the Ministry of Agriculture raised 200,000 oil palm seedlings of which 60,000 remain unsold due to poor off-take. EKSG has commercial plantations, which are not yielding much in terms of IGR e.g. 70ha of oil palm at Orin farm settlement, 6 ha of cashew at Osin. A cocoa development committee was set up for rehabilitation and regeneration in the state but not much achievement was recorded due to poor funding and lack of a clear strategy for sustainable land-use and targeted crop development. The 20% retention from

revenue from produce inspection was stopped in 2003 thus worsening the poor resource situation.

Forestry and the natural resource base of the state are in advanced decline due to deforestation, and extractive farming techniques. Some of the key challenges of the forestry sector include the following.

- Intense exploitation of forest resources both on and off reserve,
- The use of mature trees by an aging rural population as a “source of easily convertible funds from the present resource base for many farmers” is a major constraint in managing off reserve logging and could create significant political resistance from the grass roots including Traditional Authorities who “sanction off reserve timber exploitation”
- From official statistics over 17,000 trees (50,000 cubic) was felled from march-November 2010 with almost no reforestation since 2007 until 2010 when 193 hectares was established in Ogbese forest reserve.(this is a very small percentage of the tree cover of the state and which is required to re-instate a more sustainable farming system in the State.
- Remains the highest potential for IGR particularly from logging and saw milling
- Stamps, log identification, and border control to tighten up IGR – which needs to be taken from the present “un-official management of LGAs”.
- Poor strategic watershed management due to depletion of tree cover for watersheds and a resultant increased siltation of watersheds and reservoirs e.g. Ureje will become a serious challenge for the long-term sustainable use of the water reserves in the State.
- Topography should determine agro-forestry systems – no one-size-fits-all situation, the need to secure historical 20 year Land-sat overviews and that of 2010/11 would help.

There are over 237 sawmill premises operating 299 CD6 and CD4 machines in the state. Beyond logging and milling there are no downstream wood based industries to capture value addition and move up the value chain. The bulk of the wood from the state goes up north and down to Lagos to feed construction and well-developed wood processing sectors in those locations.

The state created the Timber development levy and Forestry Trust Fund and raised N21m from 2008 to 2010 but none of these funds was released for reforestation purposes for which they were created. There must be the required legislation and investment in inspection and enforcement to mitigate the present accelerating decline in the Forestry Sector.

In its current state it is unlikely that agriculture can deliver the growth EKSG wants unless there is massive investment in policy development, commodity sector prioritization, irrigation infrastructure and reinventing the ADP. Ekiti state needs to learn from Kano State Government experience where PrOpCom, supported the government to develop a rice sector policy with guided TA to evolve a viable private sector led transformational growth in rice subsector. The state needs to be mentored out of a direct interventionist approach to agriculture and focus more on evidence based policy framework for market-oriented, value-chain based and private sector led development strategy for specific commodities where the state enjoys strong comparative advantage in production. The current approach of government intervening in commercial agriculture venture distorts markets and crowds out the private sector with a collateral abandonment of its traditional role of creating enabling environment for private sector led growth in agriculture and agro allied sectors.

Rather than get involved the government should seek to find out why the private sector is not investing and address those problems rather than jump into the fray.

6.3 Issues for further Reflection

- Development and deployment of 4 year Private Sector Development strategy to drive economic growth
- Balancing political quick wins and detailed sector policy development for more sustainable production
- The use of an MTSS in key economic sectors where plans and budgets are jointly developed to underpin Policy
- Comprehensive review of state's bureau of statistics and baseline data generation for immediate and long term planning
- Shifting agriculture policy thrust from production to value addition and industry linkage.
- Natural resource and watershed management policy framework with clear enforcement to improve compliance
- Restructuring of the ADP and investment in irrigation for out-of-season crop production (to exploit niche' markets in the large urban areas of Lagos, Ilorin, Ibadan and Abuja)
- Divestiture from non/underperforming state enterprises or attempt Private-Public Partnership where divestiture is politically not possible
- Positioning Ekiti as hub for solid minerals activities and trade
- Positioning Ekiti as a mid-point service park in the North-Central/South-West mass transit and goods haulage route, this will however require further investment in roads infrastructure
- Serious resource and capacity challenges in Ekiti state Ministries of Agriculture, Commerce & Industry.

6.4 Commerce & Industry

This sector holds tremendous opportunity for development of medium scale manufacturing and trade development in the state. There is currently no mechanism for creating synergies between this sector and the agriculture and the two government ministries in charge have limited institutional arrangements for interacting to explore opportunities for economic growth in the state. Despite the growing contribution of manufacturing, wholesale and retail trade to the state economy, an all-encompassing policy on trade and commerce is needed to ensure sustainability and growth of this trend. Local chamber of commerce to drive state-private sector dialogue is needs to be strengthened as well. Some challenges in the growth of commerce in the state include the following

- Low entrepreneurial capacity in the state and poor risk culture among the citizenry who reside in the State. There is however a reservoir of entrepreneurial skills in the Diaspora (both within Nigeria and Overseas).
- Declining effectiveness of the cooperative sector requiring reform and revitalization to drive rural economic growth, the sector will require an enabling legal and regulatory frame work
- Absence of full understanding of how government can promote a conducive investment climate and pro-market policies to attract more private investment in to the state
- Critical evaluation of potential investment holdings by Government and review of investment policies to ensure value for money
- Linkage between agriculture, forestry and industry needs strengthening with capacity enhancement to achieve this critical linkage

- Local artisans need focus and attention and a comprehensive SME development strategy, based on the strategic advantage provided clay deposits solid minerals and vast reserves of water in the state
- Improved data on commercial activities in the state. Private sector is still relatively small (1441 business establishments employing more than 3 people and total employee figures are 12,701) compared to 25,000 in the public service, which currently is the single largest employer of labour.

6.5 Recommendations for Ekiti State Government

- Whilst it may be politically expedient for the government to act quickly and visibly and thus gain the support of rural citizens, it may turn out not to be prudent in the long run. Ad-hoc improvements to the agriculture sector should be shunned in favour of better-planned, more sustainable approaches such as can be gained by first putting a policy framework in place that ensures private sector participation and ownership of the sector. The state needs help to develop a new policy framework and MTSS starting with expert group and public consultations for Agriculture, Commerce, Industry, Solid minerals and Tourism. A balance would need to be struck between preserving natural beauty of the State with forests and clean water courses and the desolation and denuded environment, devoid of wildlife and bio-diversity that could result if forestry is not well managed.
- The Ministry needs substantial technical assistance to carry out these exercises and define key principles that will drive massive agricultural sector reform towards sustainable market and investor friendly economic growth and reduction in poverty
- Education sector to respond to needs of agriculture through curriculum review at all levels, demonstration farms and universities to focus on skill based short term courses (ADP-University linkage)
- In its current state it is unlikely that agriculture can deliver the growth EKSG wants unless there is massive investment in policy development, commodity sector prioritization, irrigation infrastructure and reinventing the ADP.
- Immediate revamping of the state data collection and records management systems
- Financial and Economic Assessment leading to the targeted Privatization of non/underperforming state enterprises with government to focus improving the legal and regulatory environment in the State to attract inward investment There are some opportunities for action that will lead to growth (e.g. privatizing the seed processing centre in Ado Ekiti, enforcing regulations on forest use, attracting commercial investors (input companies and traders) to revitalize cocoa or food crops sub-sectors, improving rural financial services, but **policy must come first**
- Enforcement of regulations on forest use, covering on and off reserves especially where land degeneration is a consequence of deforestation and river course siltation.
- Promote private investors to revitalize cocoa, food **crop sector and further** value addition in wood processing
- Immediate assessment of the state's physical market infrastructure
- Reform of the state land registry for improved land securitization
- Immediate policy review for improved access to finance by farmers and MSMEs

6.6 Recommendations for DFID Nigeria

- As part of a comprehensive review of state's bureau of statistics and baseline data generation for immediate and long term planning -DFIDN to try and release existing Landsat data to help with Policy Development
- As livelihoods is key to Ekiti's poverty alleviation plan and the Forestry business is crucial to this, DFID could lend its support in facilitating the conduct of a Value Chain Study for Timber through its PROPCOM programme.
- PrOpCom to support Ekiti in the development of a rice sector policy (as it did in Kano) as part of PrOpCom's replication activities
- The Ministry needs substantial technical assistance to carry out these exercises and define key principles that will drive massive agricultural sector reform towards sustainable market and investor friendly economic growth and reduction in poverty based on M4P principles (Prop Com)
- Education sector to respond to needs of agric through Curriculum review at Primary and Secondary Levels (ESSPIN)
- Policy development for attracting inward financial investment (GEMS3)

APPENDIXES

TERMS OF REFERENCE

Ekiti State: DFID Support Assessment

1. Objective of Assignment

In order to support the Governor of Ekiti, the objective of the assignment is to:

- i. Identify quick impact projects to enable the new administration to maximise effectiveness as soon as possible – and DFID options for supporting these;
- ii. Understand the Governor's longer term transformation agenda and the political and institutional context – and to identify a few, strategic areas where DFID might support the new Governor.

The broad scope of the review dictates that it will be necessarily high level. The recommendations from the review should be a combination of short and longer term reform initiatives.

2. Scope of Work

Any DFID support should directly contribute to the Governor's vision of making poverty history in Ekiti State and support the Governor's Eight Point Agenda. (See Annex 1 for Basic Information on Ekiti)

(i) Quick Impact

The team would gather ideas from senior policymakers on projects that would be quick to implement and have a significant impact.

One option would be to review of the Governor's office arrangements. Based on this it would identify whether and how 'the Governor's office' could be supported to maximise effectiveness. The assessment should focus on the Governor's Office and key Commissioners and also the State House of Assembly. The aim would be to identify practical issues on which to help. These might include: Staffing levels and roles; strategic prioritisation; efficient time management for Governor's and Commissioners; and briefings work.

Another option might be to provide top management facilitation for the Executive Team and / or Commissioners to work together on setting priorities and making their teams work effectively.

The team should identify the few, select initiative that DFID might support.

(ii) Transformation Agenda

A Civil Service Transformation strategy has already been developed by the Governors team. The assessment team should ensure that their recommendations compliment the transformation strategy and work alongside the Governor's Team.

The review team should help DFID understand the Governor's longer term transformation agenda. It should also understand the political and institutional context for different reform priorities. Will political-economy considerations enable progress to be made? Is there sufficient leadership to drive progress in substantive reform areas? In short, are results likely to be achieved?

A list of potential areas might include:

- a. Policy and Strategy.
- b. Budget preparation, execution and transparency.
- c. Internally Generated Revenue and how it could be increased.
- d. Accounting and Auditing Arrangements – including independence of Auditor General
- e. Public Service Management
- f. Justice and policing reform
- g. State House of Assembly Oversight arrangements
- h. Scope for civil society / media engagement in policy, planning and budgeting processes
- i. The role of the Natural Resource Sector (including Forestry) for improved livelihoods

The review should recommend a few specific areas that are high priority for the governor, are likely to achieve results and are in DFID's comparative advantage.

3. Approach

In order to identify the reform actions a high level team (of 3 people) comprising experts on policy and strategy, institutional reform, voice and accountability, will conduct an assessment of Ekiti. The team will report to the Governor (and keep the Head of DFID fully informed). It will work closely the State Government staff, relevant Commissioners and with the Governors Advisers.

At least one week before the start of the assessment the team will send a list to the Governors team, of the background documentation from the state they will need to complete the assignment (any documents will be kept private). To the extent possible this material will be made available on the first day of the assignment. Information obtained by the consultants from outside government sources, but from the public domain would be shared with the states Transformation team.

The Governor and his team will need to provide an initial briefing for the team at the start of the work in the State itself. The team should share their proposed approach with the Governor at this point.

The team is expected to start work on 17 January 2011.

4. Deliverables

- a. Preliminary/emerging findings will be reported back (verbally) at the end of the first week.
- b. A comprehensive feedback session (power-point presentation) will be arranged with the Governor at the end of the assessment (which is expected to take 14 working days in total).
- c. A draft report will be submitted to the Governor within 7 days of completion of field work.
- d. A final report will be produced within 7 days of any feedback (from Ekiti and DFID) being received.

Annex 1: Background

Ekiti state was created in 1996 with 16 LGAs, Population is about 2,384,212 comprising of 1,212,609 males (51%) and 1,171,603 females (49%), Population density is 439 per sq Km. Land area is 5,435 square km, GDP was 97.551 million Naira in 2007, Per capita was 39,833 Naira (or 110 Naira per day) in 2007. The Gini coefficient shows that there is high welfare inequality averaging 0.50 for all 3 Senatorial districts⁹.

DFID engagement with the South West of Nigeria started off in Ekiti State in 2001 with the implementation of programmes such as the SLGP, PATHS1 and CUBE. DFID pulled out in 2005 to set up the South West office in Lagos (and to an extent, Kwara) where programmes particularly the SLPs are now fully implemented. Implementation in the focal state of Lagos is however with a view to replicate good practices and share lessons with other states where within the SW region where poverty is high and where there appears to be an appetite for pro-poor reforms.

Bearing in mind this background, DFID is considering more direct re-engagement with Ekiti state with the belief that this will build on some of the development platforms already established during previous engagement. The new Governor took office in October 2010 and is keen to make an immediate impact. The term of this administration ends in Oct 2014, barely weeks to the targeted date of the achievement of the MDGs thus providing a natural timeline for delivery and for setting out performance indicators.

The Ekiti State 8 point agenda which mirrors the MDGs includes a cross cutting initiative on governance. A new Head of Service has been

⁹ Journal of International Business & Economics, October 20, 2007 by Olorunfemi Sola

appointed and (as indicated above) a civil service transformation strategy developed and the state executive committee will be fully set up by middle of December. The Governor has already signed the Fiscal Responsibility Legislation into law, is committed to the development of Freedom of Information legislation as well as a Public Procurement Law.

Another important initiative, with governance and financial implications, is the establishment of a social security fund for pensioners (aged 65 and above). The government is also keen on exploring the opportunities for growth particularly in the Agro-forestry Industry as a means of enhancing internally generated revenues and reducing dependence on federal allocations which currently stands at 90% of state revenue to 60% by 2015.

Gender equality and social inclusion are important considerations and the Governor is actively exploring how to encourage (among other things) more women into public office and girl child education.

The Governor expects the proportion of recurrent expenditure to increase as he increases the emphasis on public service delivery. More funds will be required to train / attract and retain qualified doctors, nurses and teachers and professional staff in general. Additional recurrent expenditure may also be required for maintenance of existing health facilities, schools etc. Given this shift, it will be important that the team considers the current controls and arrangements for recurrent expenditure and does not focus solely on capital. The 2011 Budget Process is being condensed into a very tight time frame and although an attempt at developing a zero budget is an objective of this Administration subsequent budgets will try and achieve improved fiscal realism.

LIST OF INDEPENDENT CONSULTANTS

- | | |
|-----------------------|---------------------------|
| 1. Mr. Joe Abah | Governor's Office |
| 2. Mr. Olu Adetunmbi | Growth & Livelihoods |
| 3. Mr. Patrick Okonji | Public Finance Management |
| 4. Prof. Isaac Obasi | Public Sector Management |
| 5. Mr. Soji Apampa | Voice & Accountability |

They were supported on various aspects by

- | | |
|----------------------------|---------|
| 1. Mr. Sina Fagbenro-Byron | DFID |
| 2. Mr. Kevin Gager | SAVI |
| 3. Mr. John Mutu | SAVI |
| 4. Mr. Julian Peach | PropCom |
| 5. Ms. Nancy Onoh | EKSG |
| 6. Mr. Otive Igbozor | EKSG |

PERSONS MET BY THE CONSULTANTS

n/s	Name	Title and ORGANISATION
1	HE Kayode Fayemi	State Governor
2	HE Mrs Funmi Olayinka	Deputy Governor
3	HE Mrs. Bisi Adeleye Fayemi	First Lady, Ekiti State
4	Mr Ganiyu Owolabi	Secretary to the State Government
5	Mr Olubunmi Famosaya	Head of Service
6	Mr. Bunmi Oyebanji	Hon. Commissioner for Integration & Inter-Governmental Relations
7	Mr. Dapo Kolawole	HC MoF
8	Mrs. Fola Richie-Adewusi	Hon. Commissioner Ministry of Information, Communications, Civic Orientation & Strategy
9	Foluso E. Daramola	PS, Ministry of Information, Communications, Civic Orientation & Strategy
10	M.O. Bunmi Dipo-Salami	SA, MDGs/MLR
11	S.I Folorunso	PS, State Planning Commission
12	Mr A.O. Ologuntoye	PS, General Administration Department
13	Mrs. A. B. Oluwasanmi	PS Civil Service Commission & Entire Senior Officials
14	Mrs. M. Olapeju Babafemi	PS, Ministry of Women Affairs, Gender Empowerment and Social Development, & 3 Directors
15	Dr. D. K. Aina	PS Ministry of Health, & Dr. (Mrs.) Folakemi Olomjobi (Director, PRS)
16	Dr. E. O. Ojo	PS, Ministry of Integration and Inter-Governmental Relations
17	Mr. O. Owoseni	PS Ministry of Agriculture and Rural Development, & 2 Directors
18	Professor Olomola	Ekiti Historian

19	Mr. J. S. Fatoba	PS Local Government Service Commission & 8 Directors
20	Professor Ladipo Adamolekun	Independent Scholar
21	Mr. E. O. Owolabi	Director, Finance & Administration, Ministry of Education, as well as & 2 other officials
22	Dr. T. B. Adeyemo (Director, PRS)	Ministry of Education
23	D.B. Faniyan	Director BC/MDGs
24	Mrs Toyosi Omope	Governor's Confidential Secretary
25	Mrs Daramola	Special Assistant
26	Mr. Michael Lekan Aiyeleso	PS Office of Establishments and Training, and 2 Directors
27	Mr. Yemi Adeyemo	Secretary/Director, SERVICOM, Governor's Office
28	Kayode Olasupo	(Director, Finance & Administration)
29	Mrs Kunbi Obaisa	PS, MoLG and Chieftaincy Affairs
30	Mr. P.A. Amujo	Permanent Secretary, Ministry of Finance
31	Akin Rotimi	SA, Corporate Communications/ Sp. Duties
32	Mr Aluko	Director SEMA
33	Mrs Owolabi	SEMA
34	Anifowose I. O.	Public Complaints Commission
35	State Director	National Orientation Agency
36	Mr Afuye	Director, Fire Service
37	Mr Abiodun Omoleye	SA to the Governor
38	Mr Seun Odewale	PA to the Governor
39	D.B. Faniyan	Director BC/MDGs
40	O.G. Olubummo (MRS)	Senior Planning Officer
41	Dele Adeogun	Planning Officer
42	Atewologun G.A.	Director Manpower Planning & Statistics
43	M.O. Oyebola	Director, Fin & Admin
44	Gbola Otewogbola	Director Project Monitoring & Evaluation
45	Mr. P.A. Amujo	Permanent Secretary, Ministry of Finance
46	Adedary Godswill Ajayi	Auditor General
47	Salami Adigun Lasisi	DC&DG
48	Ade-Ojo Richard Adeboyo	Director Govt. Accounts I
49	Oguntoye Clement Kola	DOS
50	Alfred Koyode Fasakin	Director Govt. Accounts II
51	Bamikole Ezekiel Adeyemo	DHQ
52	Falaye Olorunfemi Idowu	DD HQS
53	Rev. Ashawe	NAIREC
54	Alhaji Sikiru Eniola	NAIREC
55	Hajia Khadijat Ahmed	FOMWAN
56	Hajia Fausat Ahmed Yusuf	FOMWAN
57	Ibukunoluwa Oluwole	Chairman, National Youth Council of Nigeria, Ekiti
58	Oladosu Adebisi	Majority Leader, Ekiti State Youth Parliament
59	Eyitayo Fabunmi	Secretary, National Youth Council of Nigeria
60	Mr. Taiwo Benson	Foundation for Community Health, Rights and Development (FOCHRID) formerly Prevent AIDS Society (PAS)

61	Sir Olu Ogunrotimi	Environmental Development and Family Health Organization (EDFHO)
62	Mr. Taiwo Adesina	Royal Children Organization
63	Alhaja Sola Agbaje	Life Care Organization
64	Mr. Eyitayo Fabunmi	Centre for Society Reconditioning and Development (CEFSORD)
65	Mrs. O.A. Oso	Life gate Foundation
66	Alhaja Mariam Ogunlade	Yewande Ogunlade Foundation
67	Rev. Father R.O. Aborisade	Justice Development and Peace Initiative (JDPI)
68	Mrs. E.A Mogaji	Society for Women and AIDS in Africa (SWAAN)
69	Agbaje Adedoyin	International Centre for Better Life for All Nation (ICEBLAN)
70	Mr. Dayo Famosaya	Centre for Human Development, Capacity Building and Good Leadership
71	Adeoye Kolawole	Campaign for Sustenance of Democracy
72	Adeloye Titilope	Kids and Teens Resource Centre (K&TRC)
73	Abiodun Oyeleye	New Initiative for Social Development
74	Dr. (Mrs.) A. O. Oluyeye	Women in Science
75	T. Opeyemi-Enoch	NLC (Women)
76	Mrs. Oyewole O.O.	NANNM
77	Mrs. Osuntokun	NLC (Women)
78	Hajia Sikirat Bello	FOMWAN
79	Olori Modupe Oshin	Women Cooperative Society, APEX
80	Mrs. C. O. Okebe	Women Cooperative Society
81	Mr. Dele Dumiye	Women Cooperative Society
82	Chief. (Mrs) Aduke Seriki	Women Cooperative Society
83	Igunnu Margaret F. (Mrs.)	WOWICAN
84	Bamisaye Felicia O. (Mrs.)	WOWICAN
85	Obamiro Susan F. (Mrs.)	WOWICAN
86	Ayodele E. O. (Mrs.)	WOWICAN
87	Akinniranye Y. T. (Mrs.)	WOWICAN & WRAPA
88	Bankole E.O. (Mrs.)	WOWICAN
89	Toyin Ajibulu	FIDA
90	Rita Ilevbare	FIDA
91	Evangelist (Mrs.) Margaret Olubowale	WOWICAN
92	Mrs. F. A. Adebayo	State Commissioner, Nigerian Girls Guide
93	Prof. (Mrs.) E.Y. Aderibigbe	Women in Science
94	Dr. (Mrs.) Apata	Women in Science
95	Dr. (Mrs.) O.O. Fapohunda	Women in Agric
95	Evangelist (Mrs.) Nike Obatayo	NCWS
97	Ms. Badmus Ebunoluwa	NCWS
98	Chief (Mrs.) V.O. Ajite	COWAN
99	Evangelist (Mrs.) F.B. Ajila	WOWICAN
100	Evangelist (Mrs.) E.A. Ogunremi	WOWICAN
101	Evangelist (Mrs.) C.R. Odebunmi	WOWICAN
102	Chief (Mrs.) Wayne Oso	Aare Oloja, Ekiti State
103	Alh. Mojeed Jamiyu	SA (Media) to Governor of Ekiti State
104	10. No. Journalists	Correspondent's Chapel Ekiti

ROAD MAP TO EKITI RECOVERY (8-POINT AGENDA)

Governance

Enhancing participatory governance and accountability; motivating the citizens with ideas for better productivity; creating intellectual bank for policy formulation and implementation

Infrastructural Development

Establishing optimum communities that will improve citizens' lives and attract investments; by 2014, all parts of Ekiti to be accessible by major roads; making water dams in Ekiti functional to increase water supply by 80%; public-private partnerships for independent power projects

Modernizing Agriculture

Reviving cocoa plantations to make Ekiti again a world leader in cocoa production; agriculture to contribute 50% of internally generated revenue; 20,000 Ekiti youths trained and employed in mechanical agriculture by 2014

Education & Human Capital Development

By 2014, a computer on every student's desk; free and compulsory education up to senior secondary school; special initiatives for physically challenged students; establishment of institute of Science and Technology; creation of state sports academy for gifted youth

Healthcare Services

Free medical services for children, pregnant women, the physically challenged and senior citizens; establishment of health centers in all localities; increased immunization coverage

Industrial Development

Jumpstarting industrial development by creating technology and industrial parks for small and medium scale enterprises; establishing micro-credit facilities for promising entrepreneurs; special focus on developing agro-allied and solid minerals sectors

Tourism

Making Ekiti state a most attractive destination for relaxation and holidays by building a heliport, world class hotel and accommodation facilities; developing Efon, Okemesi, Ikogosi, Ipole-Iloro tourism corridor

Women Empowerment

Promoting gender equality and empowering women to maximise their potentials; at least one third of all appointments and promotions will be women; immediate establishment of community fund for women development

Ekiti State: DFID Support Assessment – PART II

Public Finance Management & Accountability PFMA Assessment for Period 2007 - 2009

Abbreviations and Acronyms

AGA	Autonomous Government Agencies
AuG	Auditor General
BPP	Bureau of Public Procurement
CoA	Chart of Account
DFID	Department for International Development
DMO	Debt Management Office
DMU	Debt Management Unit
DSA	Debt Sustainability Analysis
FA	Federation Account
FGN	Federal Government of Nigeria
FRB	Fiscal Responsibility Bill
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management Information System
IGR	Independent Government Revenues
IMF	International Monetary Fund
LGCs	Local Government Councils
M&E	Monitoring and Evaluation
MDAs	Ministries, Department and Agencies
MDG	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategies
PAC	Public Accounts Committee
PB	Procurement Law
PEFA	Public Expenditure and Financial Accountability
PEMFAR	Public Expenditure Management and Financial Accountability
PER	Public Expenditure Review
PFM	Public Finance Management
PFMA	Public Finance Management and Accountability
SPC	State Planning Commission
VAT	Value Added Tax

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1.0 INTRODUCTION

This report documents the Ekiti State partial PFM assessment, which consists of a review of current PFM situation, description of findings and suggested action plan to remedy the PFM weaknesses identified in the course of the assessment. This report is the part of wider Governance Assessment report and it is therefore intended as an annex to the Main Report.

1.1 Objective of the PFMA Assessment

The objective of the Public Finance Management and Accountability (PFMA) review is to assess the current situation of the Ekiti State Government's Public Finance Management systems and fiscal management performance. This review is limited in scope and does not attempt to carry out an in-dept assessment of all aspects of the State PFM system and process and does not include assessment of Autonomous Government Agencies (AGA) and the PFM operations of the 16 Local Government Authorities in the State.

1.2 Approach Adopted For PFM Assessment

Although there are a wide range of PFMA review situations, there tends to be a common essential sequence of steps that a PFM study takes in the course of the reviewing PFM process and performance in Ekiti State. Since no scope and approaches were recommended in the terms of reference for this assignment, the entire assignment followed four main approaches:

Document Review

In order to obtain data and information for this review, a number of finance related documents were requested. It is gratifying to state that almost all the documents requested were provided by the relevant Ministries and Agencies. One exception is the Public Expenditure Review carried out in 2008/09.

The availability of these documents naturally enhanced the ability of the consultant to perform a review of the PFM processes and system and analyzed the fiscal management performance and it also meant that in many cases it was possible to substantiate the oral information obtained by reference to documentary evidence.

Statistical Data

The main sources of statistical data were the office of the State Accountant General, the State Planning Commission and the State Ministry of Finance. The following statistical materials were primarily used for constructing the tables and figures upon which this report was based:

- Published Approved Budget Estimates - 2007 - 2010
- Unaudited Final accounts of the State Government - 2007– 2009

Meetings with Key Officials

Meetings were held with officials of the State Planning Commission, the State Ministry of Finance, State Bureau of Public Procurement, State Accounting General's Office, and State Auditor General's Office. These meetings were held on different occasions in attempt to collect and review documents and to discuss data provided.

1.3 Scope of the PFM Assessment

The assessment of Ekiti State PFMA review covered the fiscal years 2007 to 2009. The financial statements and accounts for the 2010 fiscal year were not ready as the time of this assessment. The accounts for 2007, 2008 and 2009 were audited financial statement and accounts by the State Auditor General.

The assessment focused on all public expenditures of the State Government and the institutions responsible for such payments. However, it did not include expenditures of the public enterprises and autonomous agencies of the government. The assessment covers the full cycle of public finance management system (from policy formulation or review to auditing and reporting of the government operations) at the State Government level and did not include the 16 Local Government Councils.

2.0 CURRENT PFMA SITUATION

2.1 Credibility of the Budget

Resource Envelope: Total budgeted expenditures are not based on realistic revenue forecasts, and apart from issues regarding affordability, the budgets as presented do not permit easy understanding of how planned expenditure is to be financed, and the inflation of the capital budget at the EXCO and State Assembly levels belies a lack of political will to maintain the budget within affordable levels.

Budget Proposals: the central agencies complain about poor quality budget proposals from line ministries, including lack of adequate supporting documents for new projects and progress reports for existing ones. This is largely due to a lack of capacity in the line ministries and an absence of adequate guidelines for budget preparation.

Unrealistic levels of budgeted expenditure are regularly reflected in poor funding of MDAs and the extent of the gap between planned and actual expenditures. Although the Ministry of Finance and the State Planning Commission (at the Pre-Treasury Board level) attempt to balance the draft budget, the absence of clear fiscal policy direction and guidance from the chief executive, sector budget ceilings and ineffective budget defence meetings results in the MoF and SPC having to make judgments and possibly arbitrary cuts to proposals. This draft budget is then 'defended' at the House of Assembly where there is a further inflation of the capital expenditures without fiscal justifications.

Inability to identify and maximize revenue generation and collection potential: Federation account receipts account for well over 90% of overall EKSG revenues. EKSG generally recognizes the need to enhance growth and collection of internally generated revenues in an attempt to reduce its dependency on the federation account. Capabilities to firstly identify and document the revenue base and its yield potential, and also ensuring greater efficiency in collection are weak and remain significant challenges.

There is weak link between the capital and the recurrent budgets. As noted below for the strategic planning processes, consideration of recurrent and capital expenditure appears to follow distinctly separate processes. There is no evidence of consideration of the recurrent cost implications of current and future capital projects, with obvious implications for policy achievement and wasted resources.

2.2 Policy Based Budgeting

State priorities are not properly defined and costed. Budget and plan do not clearly reflect government objectives. It was found that as a result of the absence of policy dialogue and analysis, it is very difficult for those preparing the budget to be able to reflect government objectives in ministries' spending plans. This can often lead to a mismatch between what is promised by the government and what is actually carried out in ministries' activities. The current efforts in formulating macro and sector policies need to address these weaknesses.

No medium term policy perspective to guide annual budget. At present, the recurrent and capital budgets are prepared separately based on a one year planning framework. The capital budget is not based on the rolling plan or MTBF, which outlines intended project expenditure over a three-year framework. In the past three years (2007 – 2009) the approved budget estimates were unaffordable and were not based on a realistic picture of resource availability. A movement towards a more integrated medium term planning framework could assist in improving the predictability of resource availability, thereby providing a more certain basis for the definition of affordable government strategies.

Comprehensiveness and Transparency

Inadequate baseline data and information on outputs and outcomes for policy formulation and review: Regular evaluations of the results of public expenditure are required to inform the updating of policies and plans. This ideally requires information on the outputs and outcomes of government programmes. Under current systems of reporting and monitoring and evaluation, such information is rarely available. Moving towards a performance-based budgeting system should be a long-term goal of the government. For this to be achievable requires that relevant information on the outputs and outcomes of government programmes is available.

In the past years, Government policies and priorities not adequately publicized and discussed with non-governmental stakeholders. Participation by non-governmental stakeholders in the process of defining government policies and strategies are important because:

- It builds ownership of policies and actions.
- It contributes to the establishment of a more accountable government.
- Civil society organizations can provide specialist and local knowledge to improve the quality of policy making.
- The poor are empowered by bringing their analysis and voice to the decision making process.
- Partnerships are built between governments and businesses and civil society groups, leading to joint actions to achieve poverty reduction goals.

Such participation has been limited in scope from the existing systems of policy formulation in the state.

Expenditure performance information is not available. Firstly in terms of their format, public expenditure reports are not easily understood and are difficult to follow without a trained eye. Evaluations of expenditure performance are difficult to make given that there are no clear performance targets specified at any stage in the budget cycle, and this is further compounded by the lack of analytical detail permitted by the Budget Classification and Chart of Accounts (BC&COA) structure. Thus it is not possible to see firstly what the

budget is supposed to achieve, and it is not possible to see what the budget has actually achieved in each reporting period. This is the essence of transparency.

2.3 Predictability and Control in Budget Execution

Poor cash management and forecasting capabilities undermine the government's ability to provide a predictable flow of cash resources to finance spending plans. At present, there is no evidence that real robust cash forecasting takes place beyond the initial estimates calculated during the preparation of the budget and cash budgeting that is limited in scope. However, forecasting is a continuous activity that should be conducted on month-by-month basis. Cash forecasts should be prepared on a rolling basis, starting with current year's budget, and updated and refined on a regular (weekly/monthly) basis to reflect current circumstances and developments. Proper forecasting should also permit the identification of peaks and troughs in cash availability so that perhaps borrowing requirements can be identified in advance and more favourable terms negotiated, or possible surpluses 'saved' for periods when funds may be short.

No active debt management capability currently exists and has already been alluded to above. This is closely related to predictability in cash flows, particularly in terms of the affordability of future borrowings. The Budget Departments in the Ministry of Finance and the State Planning Commission also require reliable information on the state's current and future debt profile in order to make judgment about how budget proposals may be financed. Since the establishment of DMU in 2005 with the support of the DFID funded SLGP no improvement in its capability can be documented. In fact, it is not in a position to produce monthly debt management reports as envisaged at its inception.

Weak Budgetary Control: This is partly caused by a lack of political will to enforce existing controls – where there are no real consequences of avoiding a control, their abuses will continue. It is also caused by an apparent disregard for standard control procedures for applying for expenditures. It leads to excessive applications for and approval of expenditures in the face of limited funds and a situation where a lot of approvals are not funded (cash backed) due to inadequate cash. Contributing factors are also a lack of reliable budget monitoring information at spending unit levels whereby budget performance can be closely monitored. The budget does not serve as a real guide for expenditure, evidenced by large amount of accounts payable.

2.4 Accounting, Recording and Reporting

Inadequate monitoring and evaluation of budget performance: Late and poor quality expenditure returns by line ministries to SPC causes difficulties in reviewing budget implementation on a regular basis. Budget monitoring information cannot therefore be regarded as being useful, and often differs from that provided to the Accountant General for financial accounting purposes. Thus there is a fragmented system for reporting budget performance information on a regular basis.

Monitoring and evaluation of capital projects as part of routine budget execution is performed by a number of Units (State Planning Commission and the Bureau Public Procurement). They tend to operate as technical inspection visits and do not make any evaluation as to the success or otherwise of the project in terms of its outcomes. SPC does not undertake project monitoring for outcomes.

Weak internal control environment. Related to the above is the lack of a robust internal control environment throughout EKSG. In addition to the minimum rules that should be provided by relevant financial procedures, further weaknesses were identified:

- The effectiveness of the Internal Audit is undermined by the fact that it is under the Office of the Accountant General. Internal auditors generally lack sufficient seniority in the government hierarchy to allow them to act with authority and independence, and their relatively low status is reflected in their relatively low levels of technical skills. The location of internal audit in the office of the Accountant General appears to undermine the independence of the Unit since internal auditors need to review the work of the Accountants in the line ministries who report to the AG. There are numerous evidence of failure of internal audit process in the enforcement of internal financial controls and rigorous pre-payment audit, for example, cheques are issued and are not reflected in the cheque register as required by accounting rules. The State Auditor General's domestic report is replete with irregularities in payments made in fiscal year 2008 and 2009 primarily because internal control measures were not working effectively.
- Internal audit tends to be restricted to prepayment audit and mere observation of compliance with Financial Instructions, and does not extend to consideration of issues of inspection of capital project implementation in executing ministries.

2.5 External Scrutiny and Audit

Efficiency and effectiveness of the external audit process is compromised. The role of the State Auditor General is clearly of fundamental importance to the operation of accountability through the provision of information on the government's financial activities, the extent to which stated policies and programmes have been achieved, the effectiveness of the use of resources directed towards achieving them and the probity of their execution to the Executive, House of Assembly and electorate. Specific issues identified during the assessment included the following:

Effectiveness of oversight and performance reporting arrangements: The reporting to the House of Assembly by the SAG and PAC is essential to ensuring accountability, as noted above. In addition reporting to the electorate as a whole on the performance of government can be viewed as the ultimate exercise of accountability. Specific weaknesses include:

- There may be limited technical capacity on the part of the PAC and other House committees to be able to make full use of performance-related information, where it could be available. For instance, is there clear understanding of their role in the operation of the oversight function and are they able to determine whether they are being provided with the most appropriate information to fulfill their responsibilities?

Audit reports and observations are generally ignored. Recent audit reports indicate that there is not a good performance in terms of settling audit queries and observations quickly, and particularly in taking corrective measures to ensure that they do not recur.

Expenditure performance information is not readily available to the general public. Both the lack of formal reporting to the HoA by the PAC, and because audited final accounts have not been published for a considerable period of time, there is a dearth of publicly available information regarding expenditure performance.

2.6 Review of Budgetary Outcomes

2.6.1 Fiscal Performance

The State Government recurrent revenues are derived from four main sources namely, internal revenue, federation (statutory) account, value-added tax as well as excess crude account. The fifth source of income is from credits and grants.

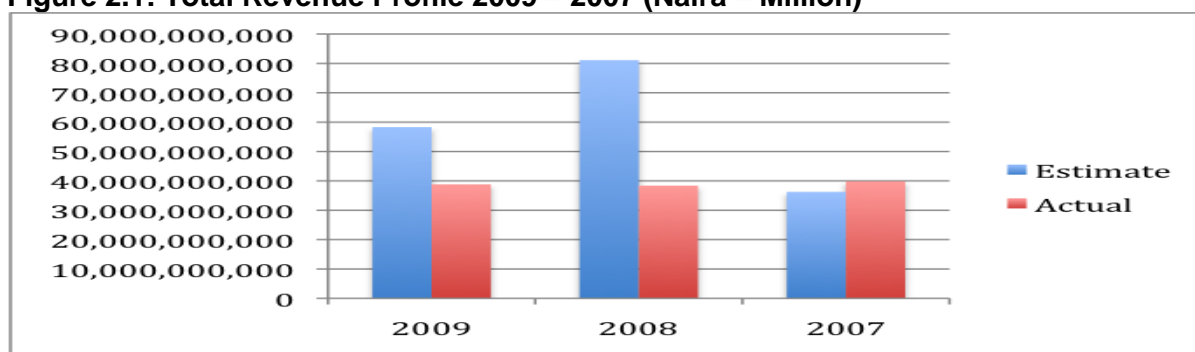
According to table 2.1 below, the general trend of government revenues in Ekiti State shows that internally generated revenue stood at 7.7 per cent of the total receipts in 2009, while Federation receipts accounted for 42.0 percent and capital receipts (including VAT and excess crude receipts) was 50.3 per cent. The total revenue profile in 2007 and 2008 was similar to what was reported in 2009, although IGR showed a significant improvement from 2007 and 2008.

Table 2.1: Summary of State Fiscal Performance Data 2007 – 2009 (Nominal N000)

Head	2007		2008		2009	
	Budget	Outturn	Budget	Outturn	Budget	Outturn
IGR	3,002,885	1,635,708	9,174,739	4,153,780	14,050,000	3,061,590
Statutory	18,000,000	17,550,567	28,000,000	21,187,003	5,055,666	16,300,345
Sundry	-	571,848			-	94,960
Cap. Receipts	15,250,270	20,106,894	46,923,177	13,041,552	39,191,167	19,344,790
Total Rev	36,253,155	39,865,019	81,097,917	38,382,336	58,296,833	38,801,687
Recurrent	18,060,478	16,484,655	25,183,326	24,401,099	24,934,345	24,110,572
Capital	18,192,676	10,321,343	56,245,508	27,584,072	33,362,488	17,939,528
Total Exp	36,253,155	26,805,999	81,428,834	51,985,171,	58,296,833	42,050,100

Figure 2.1 below provides further highlight on fiscal trend. Actual revenue receipt was 109.96% of the approved budgeted revenues in 2007, 47.32% in 2008 and 66.56% in 2009. However, during the period under review the internally generated revenue declined from N4.15B in 2008 to N3.06B in 2009, while the federation receipts exceeded budgeted figures by threefold.

Figure 2.1: Total Revenue Profile 2009 – 2007 (Naira – Million)



With regard to the total expenditure between 2007 and 2009, actual expenditures were constantly below budgeted figures. However, recurrent costs performed on the average between 90% and 98% of the budgeted costs. By 2007, the actual personnel cost was N6.47B which was 16% of the total revenues by 2008 the actual personnel cost has jumped to 22% of the total revenues collected.

Internally generated revenues continue to perform poorly as showed by the table 2.3 below. IGR budget performance was 54.4% in 2007 and improved to 67.2% 2008 but fell to 21.7%

in 2009. No good reasons could be provided except that revenue administration is constrained by poor logistics.

Table 2.2: Summary of IGR 2009 - 2007

Fiscal Year	Estimate	Actual	Performance
2009	14,050,000,000	3,061,590,591	21.7
2008	6,174,739,367	4,153,780,092	67.2
2007	3,002,885,000	1,635,708,349	54.4

2.6.2 Allocation of Resources

Ekiti State Government expenditure structure is based on the old budget classifications and chart of accounts system, which is considered restrictive and out of date. The expenditure structure is made of recurrent (personnel & operation) and capital costs. The recurrent costs have between 15 - 18 line items, while capital costs are unstructured and merely comprised of a series of listing of projects and programs. In addition, expenditures are classified by group of functions and no breakout to functions or sub-functions. For the education and healthcare sectors are subsumed into social services sector or function.

With limited functional breakout of general government operations, resource allocation to sectors is carried out and reported on aggregate basis making it difficult to analyze expenditures by activities, programs, sub-functions or function/sectors. While capital expenditures are presented by group of functions (main functions) e.g. economic, social services, regional and public administration, the recurrent expenditures are presented by MDAs, which makes it impossible to present budget performance data in a consistent fashion¹.

Table 2.3: Capital Expenditure by Function 2007 - 2009

Function	2007	2008	2009
Economic	6,755,154,653	18,995,998,114	10,405,430,138
Social Services	1,076,322,396	3,993,576,210	3,624,635,963
Environment	1,042,392,640	1,074,043,475	685,890,260
Administration	1,447,473,686	3,520,454,843	3,223,572,322
Total	10,321,343,376	27,584,072,643	17,939,528,674

According Table 2.3 the economic group of sectors has commanding lead in capital expenditure allocation of 58% total, followed by social services, which has 20% of the total capital expenditure in 2009. Table 2.4 below shows that Health sector fared better than Education sector over the period under review. In 2008 health sector received N2.05 Billion of the total capital expenditure of N27.58 billion representing 7.44% while education sector received N1.85 billion about 6.71%. However, in 2009 fiscal year health actual receipt was 13.4% while education got a mere 2.70% in the same year.

Table 2.4: Capital Expenditure by Sector 2007 - 2009

Sector	2007	2008	2009
Agriculture	359,667,484	1,183,680,979	1,063,246,908
Education	702,919,196	1,851,774,868	485,413,750

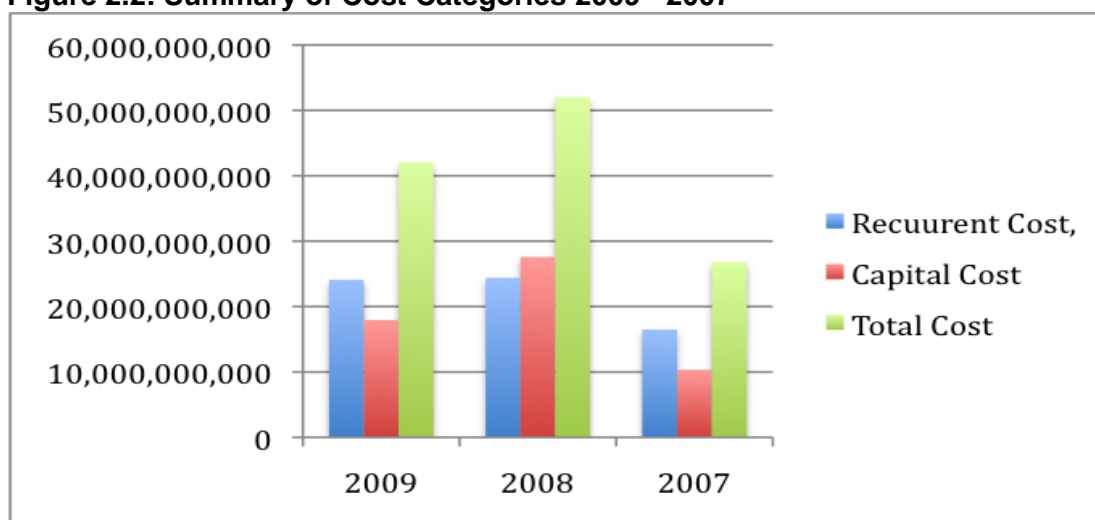
¹ The group of functions (economic, social services, regional and public administration) being used by Ekiti State Government is based on old public sector budgeting structure, which has been discarded by FGn and some State Governments because it does not conform with modern Budget Classification requirements.

Health	1,429,658,409	2,053,296,987	2,405,428,451
Total			

Ekiti State, like many States in Nigeria, is largely dependent on Federation Accounts for its resources. This introduces the some uncertainties to budget planning and execution as in many State Governments, with the volatility of oil prices leading to fluctuations in actual fund transfers from the Federation Accounts. And the three years under review have witnessed some reduction in crude oil sales inflow to the country's treasury. This has not provided the State Government any considerable space for improving its fiscal stability and balance. Consequently, there is evidence of fiscal indiscipline in the management of public resources. Fiscal trends and management still showed significant variances between budgeted and actual revenues and expenditures which had affected allocated to the social service sector.

Figure 2.2 illustrates recurrent and capital expenditures from 2007 - 2009. Unfortunately, information on full recurrent cost disaggregation by functions or sector was not immediately available. However this information at least provides comparative figures on actual recurrent and capital expenditure for the period under review. The analysis showed that during the period, capital and recurrent spending was volatile. While the Government spent about N14.3 billion for capital investment in 2007, in 2007 the total capital expenditure was only N8.8 billion about 34% of the aggregate spending. In 2008 the government spent N14.7 billion which is about 33% of the total expenditures.

Figure 2.2: Summary of Cost Categories 2009 - 2007



The conclusion to be drawn from the fiscal performance data during the period under consideration is that the State Government is heavily dependent on the federation transfers and highly vulnerable to volatility of crude oil prices. And the fiscal performance data revealed that budgets have not been realistic guide to government intentions and fiscal indiscipline was widespread and therefore had affected budget outcomes, see paragraph 3 below.

2.7 Legal and Institutional Framework for PFM

The institutional arrangements for PFM vary from State to State, however, the PFM legal framework is based on common legal requirement in which the executive arm of the government is responsible for managing the PFM processes in the State.

The State Legislature has a crucial role and responsibility in the State PFM process. The State Assembly is responsible for review of the annual budget estimates submitted by the Executive branch and it is mandated by the constitution to pass the financial appropriation into law before the executive branch would implement the provisions of the State budget. In addition, the State House of Assembly through its Public Accounts Committee is responsible for review the State Government financial statements and ensuring that the accounts are in accordance with the relevant Laws.

2.7.1 Key Organizations in the State PFM System

A brief description of key government institutions responsible for the public expenditure management functions are provided below:

State Planning Commission

The State Planning Commission is responsible for Policy, Strategy and Medium Planning process in the including the preparation and coordination of the First Implementation Plan and the inputs by the MDAs.

The preparation of 1st Implementation Plan 2010 - 2013 document has been concluded and currently the sector policies and strategies are being formulated, which would reflect the current administration's 8-Point Agenda.

State Ministry of Finance

The State Ministry of Finance consists of five departments, Administration and Finance; Planning, Research and Statistics, Budget, State Finances and Expenditure. This ministry has supervisory responsible for the State Internal Revenue Service.

The Budget Department is jointly responsible for preparing and issuing the annual call circular (with the SPC) that provides guidelines for annual budget preparation by the MDAs.

State Internal Revenue Service (IRS)

The Internal Revenue Service (IRS) is responsible for the administration of the internal revenue and its functions include collection and management of economic and fiscal database, assessment and collection of taxes and non-tax revenues, enforcement and monitoring, as well as recording. All revenues collected are paid into the Government treasury account. The IRS has additional responsible for overseeing the revenue administration in the line ministries and agencies.

Bureau for Public Procurement

The Bureau for Public Procurement (BPP) was recently established and a new Special Adviser appointed. It is responsible for ensuring that a compliance due process of all capital expenditures is performed. More importantly, the Unit is expected to carry out physical project monitoring.

Office of the Accountant General

SOAG records and compiles the public revenues and expenditure transcripts, which are consolidated into monthly financial performance report. These monthly reports are based on returns made monthly by the MDAs by economic inputs (Sub-Heads) and by administrative entities (Heads) according to budget provisions and actual performance. The OSAG

produces monthly financial report for all revenues and expenditures, which are not circulated to the public.

Office of the State Auditor General

The State Auditor is responsible for statutory audit functions in the State. Its staffs carry out both interim and final audit upon which the audit opinion on the fair and true view of the final accounts is based. In a well functioning PFM system, the statutory audit put great reliance on the internal audit evaluation and enforcement of internal controls. However, the current internal control process is very weak and would need to be strengthened.

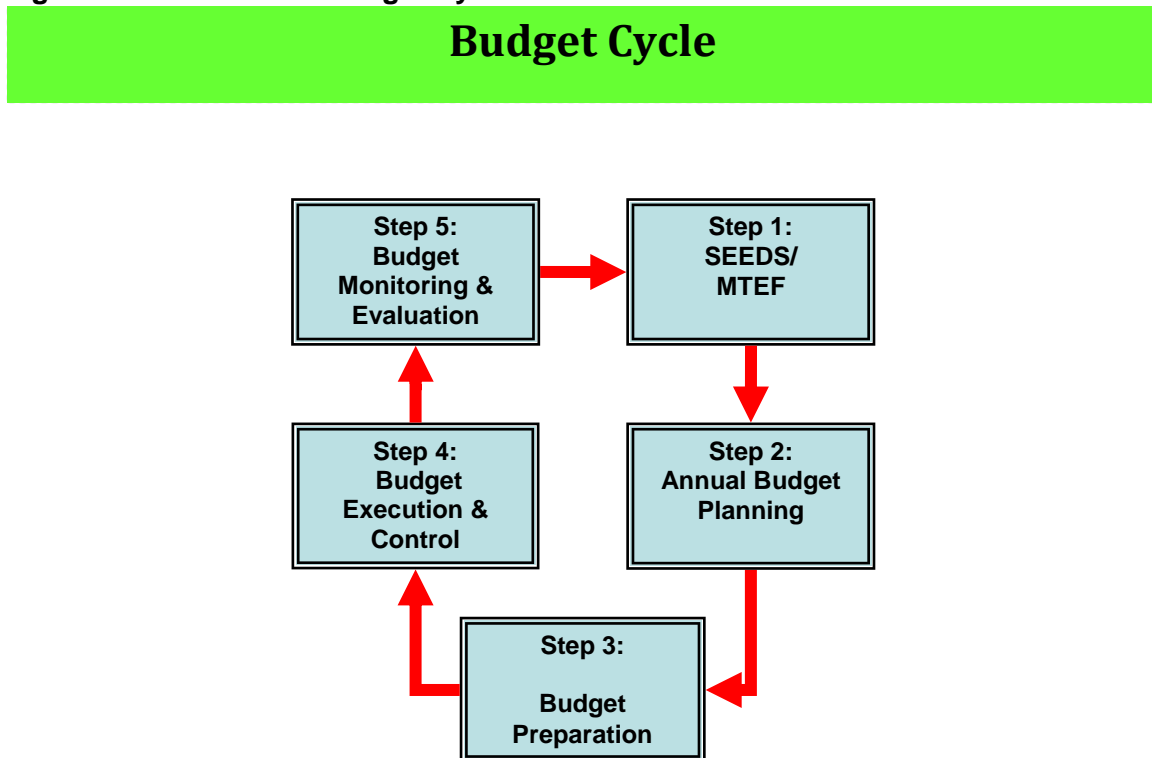
Debt Management Unit (in the State Finances Department)

State's Debt Management Unit is under the State Finances Department charged with the responsibility for recording, accounting, managing and reporting the State Government debts (including State Government external loans guaranteed by the Federal Government) and the State Government domestic debt. The DMU has a Head who reports to the Director States Finances Department. Before the creation of the Unit, the office of State Accountant General was handling the debt management functions.

2.7.2 Key Features of the State Public Finance Management System

The Ekiti State finance management system is basically divided into five main parts, Policy and Strategy, Multi-Year Planning, Annual Budget Management, Accounting, Monitoring, Performance Management and Auditing and Reporting. Figure 2.3 provide picture of the contemporary budget cycle at the State Government level.

Figure 2.3: State Level Budget Cycle



a) Policy Formulation & Review

The first step in typical budget cycle is the formulation or review of macro and sector policies to reflect the priorities of the administration with adequate goal dimension.

The sector ministries are responsible for formulating sector policies and strategies for achieving the policy goals.

The State Government policy targets and goals are documented in the SEEDS 1 which had been retired but SEEDS II has not been prepared yet instead Vision 20:2020 document is being developed. In the meantime, the State Government annual budget process is not guided by medium term fiscal framework.

It is important for the State Planning Commission to develop an robust economic planning framework to sector policy and strategy formulation and costing, e.g. into how many sector is the State economy divided for purposes of planning, monitoring, analysis and reporting of outcome and impact. For example, Lagos State has adopted 25 sector planning framework which is consistent with UN-COFOG (Classifications of Functions of Government). This would provide the basis for MTSS (sector driven policy goals and targets and strategies). This framework should provide the inter-face with annual budget process within the context of MTBF.

b) Strategic Planning

Although SEEDS II is not being prepared at the moment, it is not clear what would be the relationship of the SEEDS II and the Medium Term Sector Strategy (MTSS) or the interface between the SEEDS document and medium term planning framework.

The State Government has not introduced the Medium Term Expenditure Framework (MTEF), which many State Governments have embarked upon.

c) Annual Budget Planning and Preparation

According to national SEED framework used for 2005 and 2006 benchmarking, the budget preparation process should normally be preceded by consultations with various stakeholders in the State: including civil society groups, members of the State House of Assembly and organized private sector institutions. There is no evidence that any consultations do take place in the preparation of annual budget documents.

Whilst a budget system exists, its importance as a powerful tool in the operation of good government has been doubtful for many years in the State as well as in many States as concluded by the 2006 SEEDS benchmarking exercise. The linkages between budget and the formulation and delivery of sound government policy remain weak.

d) Budget Execution and Control

The key issues on budget execution are always whether projected revenues or deficit targets are likely to be met. The SPC (Budget Department) and the Treasury Department would usually work with State Internal Revenue Service to develop work plan for forecasting the expenditures and cash inflow.

One therefore needs to fully understand any weaknesses in the State's budget execution process to be able to appreciate the causes of budget variances. After the annual appropriation bill had been passed into law, the spending units have the authority to incur expenditure in accordance with the relevant provision upon application to and approval by the State Governor.

The standard approach is for the Central Budget Department in SPC to issue general “circular” inviting the spending units to submit their work plans on quarterly basis at the beginning (January) of fiscal year in which they would indicate their expenditure pattern for the year. This work plans would be the basis for preparing projections for quarterly capital expenditures. This approach is absent in the State.

Expenditure projection along with the Treasury cash forecasts would form the basis for cash management and control. It is not clear if quarterly work plan were produced and are the basis for cash release.

The best practice is for the spending units to route their requests for approval for capital expenditure through the budget department before it gets to the approving authority. This is standard budget control and it would enable the approving authority to ensure that the proposed expenditure is in the approved budget estimates and there is enough balance in the vote (or approved provisions) to accommodate the expenditure and more importantly, that the request is in accordance with approved quarterly work plan (and expenditure projections).

Budget control is particularly weak in the Ekiti State going by the extent of the annual budget deviation. The Central Budget Department lacks budget control authority.

e) Budget Monitoring and Evaluation

There are primarily four level of budget performance monitoring reporting expected of a Government. The financial reports by the State Accountant General, fiscal reports by the State Budget Department, audit reports by the State Auditor General and Result Analysis reports from the line ministries. The result analysis reports provide detailed review of the public expenditures in each sector cataloguing the outputs and outcomes during the fiscal year.

The Budget Department is supposed to collect, collate and compile annual budget performance data from the spending units and summarized them in the aggregate form. In addition it would need to undertake detailed analysis of the disaggregated data by sector and by revenue and expenditure line item. No budget performance reports were made available for review. The line ministries’ Planning, Research and Statistics (PRS) department would routinely collect and review budget performance data by the departments within the ministries. This function is the responsibility of the Monitoring and Evaluation Unit in the PRS Department. The Office of the State Accountant General produces financial reports of the general government operations.

There is an important project management unit that did not feature in the PFM system in the State Government, which is State Project, Programme & Policy Monitoring Office (or the Office of the State Consultant). The State Project Implementation Unit in some States carries out independent project execution review and issue certificate of percentage completion as the basis for payment of contract by the treasury.

f) Accounting and Reporting

The payroll of the government workers is prepared centrally by the office of the State Accountant General. The operating expenses are incurred and paid at the MDAs and returns are rendered monthly by the spending units to the OSAG. With respect to the capital expenditure, the expenditures are incurred at the MDAs and payment vouchers prepared and audited at the spending units, but the payment vouchers would be forwarded to the office of the State Accountant General for final checking and payment.

g) Auditing

The State Auditor General's Office has responsibilities for statutory interim and annual audit functions.

There are two types of audit taking place in the State Government, namely, pre-payment audit (internal audit) and post-payment audit (or external/statutory audit). The internal audit functions are carried out by staffs under the Office of the State Accountant General who resides in the spending units and routinely undertake examination of transactions to ensure that all relevant documents are included with the payment vouchers as well as ensure that the necessary procedures have been followed in accordance with State Government Financial Instructions. The external audits are conducted by the staff of the Office of State Auditor General to ensure that proper books of accounts are kept and that the books reflect accurately transactions carried out by each spending units. Both types of audit do conduct to some extent value for money assessment and due process compliance in the procurement of goods and services.

3.0 ASSESSMENT OF THE IMPACT OF PFM WEAKNESSES

In summary the wide range of PFM weaknesses identified in this report have contributed in various ways to undermine aggregate fiscal discipline including poor allocation of resources to priority areas. Ultimately, the PFM weaknesses have contributed to poor and inefficient service delivery particularly in education and healthcare service sectors over the past years. The impact of the PFM system weaknesses have been summarized below:

- The State has suffered many years of political stability, which has affected its budget process. The lack of effective political engagement throughout the PEM system results in limited political guidance being given to guide the planning and budgeting processes in terms of strategic prioritization, provision of sector expenditure ceilings, maintenance of overall fiscal discipline and the nurturing of a performance environment in which outcomes and outputs are the focus of government rather than inputs.
- The State for many years has been operating without clearly defined sector policies. Transparency is undermined through weak linkages between policy goals and budgeted and actual allocations, delay publication of budget and actual expenditure performance information, inadequate monitoring and evaluation of the outcomes of capital development, and a general absence of wide dissemination of government policy and performance across the state's electorate.
- Weaknesses in accountability are largely manifested through weaknesses in political engagement and transparency. Accountability mechanisms should operate at all levels of government, from the Executive down, with clear understanding of roles and responsibilities throughout. The absence of clear, relevant and up to date financial Regulations & Instructions, technical manuals and operating guidelines and a reduced capacity within the internal audit unit, the State Auditor General and Public Accounts Committee all contribute to this situation. Politically, there appear to be very few meaningful consequences for failures in accountability during the past four years. State Government financial accounts have not been audited for the past three years.
- Weaknesses in maintaining overall fiscal discipline, whether through lack of political engagement or through realistic budget preparation and weak resource forecasting capabilities have a consistent adverse impact on the affordability of those programmes the government attempts to implement.

- The current policy and strategy development process is not anchored on the sector as the main driver of sector service delivery and as such should formulate the sector policy goals and targets. Sector policies and strategies cannot be efficiently developed at the central agencies, only the executing sector ministries are better placed to develop the MTSS with guidelines from the State Planning Commission on technical specifications and fiscal constraints.

4.0 GOVERNMENT REFORM PROCESS

4.1 Description of Recent and On-going Reforms

The State Government conducted Public Expenditure Review (or Public Expenditure and Financial Accountability Assessment) in 2008 with the support of the World Bank; report was not made available for review during this mission. There is no recent effort to reform its PFM system and process except for the World Bank financed State Governance & Capacity Building Project, which is yet to commence.

The current administration has proposed to establish a Public Sector Transformation Office (PSTO) under the Governor's office to drive integrated and comprehensive reform activities across the public service. The Government is currently formulating, with assistance of external consultants, a multi-sector public sector reform strategy document with cost estimates which the State Government expect to guide its efforts to improve governance (including PFM, HRM and Institutional Development) as well as public service delivery.

Public Service reform in Nigeria usually would be dependent on the top officials of the executive arms of the government for planning and implementation over a number of years. Political changes at the top of the State Government would usually slow down or terminate public service reform. In the course of this study, there was excitement among the top senior civil servants who met with the consultant at the possibility of technical assistance from International Development Partner(s), e.g. World Bank SGCBP II to support the State Government to carry out PFM reform. It is plausible to assume that there is unlikely to be any significant resistance to public service management reform by organized groups within the public service.

4.2 Institutional Factors Supporting Reform Planning and Implementation

Although the State Government has not undertaken any significant reform activities since the creation of the State in 2006, there are signs of significant reform proposal in the management of public finance in the State in the coming years. Firstly, a public sector transformation office is being established and the head of the agency is directly responsible to the Executive Governor of the State Government. The office of the State Governor is the most significant change champion any State administration could hope for when embarking on far reaching public finance management reform.

The establishment of the reform agency and the development of costed public service reform strategy document to guide the State Government in pursuing reform in a systematic and coordinated fashion shows that reform would be long term and sustainable and hopefully affordable.

4.3 Prospects for Reform Planning and Implementation

The State Government has no good history of public service reform in any particular functional area however the current administration has recognized that it needs to initiate strategic improvement in public service management in order to improve service delivery and enhance living standards of the residents.

It has recently approved the establishment of a Public Sector Transformation Office (PSTO) under the Governor's office to drive integrated and comprehensive reform activities across the public service. The PSTO is currently formulating, with assistance of external consultants, a multi-sector public sector reform strategy document with cost estimates which the State Government expect to guides its efforts to improve governance (including PFM, HRM and Institutional Development) as well as public service delivery.

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4.4 PFMA Strategies for Reform and Action Plan

From the above summary of overall weaknesses and their implications for the operation of good government, it is clear that the reform process is necessarily complex and long-term. The assessment process has identified a number of proposed strategies for reform based upon the following time periods indicated to us:

Short Term (2011)

- short-term quick wins with relatively low levels of input envisaged due to possible disruption with national elections in April 2011 and the need to assess reform progress. Strategies should provide some of the groundwork required for greater implementation in later phases.

1. Carry out Public Expenditure and Financial Accountability Performance Assessment or a detailed Public Expenditure Management and Financial Accountability Review.
2. Introduction of Medium Term Fiscal Framework to guide the implementation of 8-Point Agenda in the State;
3. The State would need to implement a program of Annual Budget Process Improvement, which would initially include: development of comprehensive Annual Budget Call Circular containing realist aggregate revenue forecast and sector spending ceilings.
4. Production of Annual Budget Cycle Guide Book including key activities, required outputs, agencies responsible for each activities and timeline
5. There is strong need and on the basis of best practice to separate internal audit function from the Office of the State Accountant General to create an independent Central Internal Audit Department reporting directly to the Honourable Commissioner of Finance and to be headed by a substantive Director.

6. There is need to merge recurrent and capital components of the Budget function in one roof to increase synergy and improve efficiency, effectiveness and economy in budget planning, preparation and execution.

7. Preparation of Debt Sustainability Analysis to determine the State borrowing capacity and debt burden threshold. It has been become imperative given the level of debt stock and there is proposal for the State Government to obtain an estimate revenue bond of N9 billion in 2011.

8. Formulation and comprehensive documentation of Sector Policies and Strategies including costing and appraisal of the activities to ensure affordability;

9. Full implementation of the provision and directives of the Fiscal Responsibility Law.

Medium Term (2012 & 2013): - higher levels of implementation, dependent upon progress in short-term, aimed at addressing key priorities and areas of basic weakness:

1. Introduction and Piloting of MTSS in at least two sector Ministries in 2012 and 2013;

2. Introduction of elements of Medium Term Budget Framework in 2012 or 2013 following successful implementation of Medium Term Fiscal Framework in 2011;

3. Comprehensive documentation of Annual Budget Policy Statement including justification for sector spending ceilings and continuing improvement in the annual budget process including production of Budget Manual;

4. Modernization of the State Budget Classification and Chart of Accounts and production of the BC&COA Manual;

5. Full computerization Payroll Accounts, Cash Management and Accounts Payable as well as Revenue Collection and Accounting;

6. Initial introduction of key elements of Treasury Single Account system within the framework of improved Cash Planning and Management process;

Long Term (2014 & beyond): - ongoing development of greater and increasingly more sophisticated interventions, building on medium-term achievements, and moving towards output-based approaches to expenditure performance management:

1. Roll out of MTSS in all Ministries based on Program Based Budgeting process;

2. Full implementation of Treasury Single Accounts system

3. Full implementation of MTSS with Program Based Budget in all the Ministries

Annex I: Documents Provided

Document	Availability	Explanation
1. Budget for 2007 – 2009	Available	
2. 1 st Implementation Plan 20-2020 (2010-2013)	Available	
3. Budget Performance Report for 2007-9	Not available	
4. Draft Financial Statements for 2007 – 2009	Available	Only Unaudited accounts for 2007-9 are available
5. Summary of Revenue and Expenditure 2007 – 2009	Available	
6. Draft Final Accounts for 2007 – 2009	Available	
7. Audited Financial Statements 2007-2009	Unavailable	
8. Monthly Financial Reports	Not available	
9. Contractors' Arrears Statements 2007/2009	Not available	
10. Medium Term Plan document	Available in draft	
11. Ad-hoc Debt Management Report	Available	

Annex II: Persons Met During the Field Mission

n/s	Name	Title and MDA
1	HE Kayode Fayeme	State Governor
2	HE Mrs Funmi Olayinka	Deputy Governor
3	Mr. Dapo Kolawole	HC MoF
4	M.O. Bunmi Dipo-Salami	SA, MDGs/MLR
5	S.I Folorunso	PS, State Planning Commission
6	D.B. Faniyan	Director BC/MDGs
7	O.G. Olubummo (MRS)	Senior Planning Officer
8	Dele Adeogun	Planning Officer
9	Atewologun G.A.	Director Manpower Planning & Statistics
10	M.O. Oyebola	Director, Fin & Admin
11	Gbola Otewoghola	Director Project Monitoring & Evaluation
12	Mr. P.A. Amujo	Permanent Secretary, Ministry of Finance
13	Adedary Godwil Ajayi	Auditor General
14	Salami Adigun Lasisi	DC&DG
15	Ade-Ojo Richard Adeboyo	Director Govt. Accounts I
16	Oguntoy Clement Kola	DOS
17	Alfred Koyode Fasakini	Director Govt. Accounts II
18	Bamikole Ezekiel Adeyemo	DHQ
19	Falaye Olorunfemi Idowu	DD HQS
20		

