# Nigeria: How has political economy thinking informed DFID's programming since 1999?

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## The political economy context in Nigeria

Nigeria presents a challenging context for DFID to deliver results. Recognising that its aid spending is tiny in relation to the size of Nigeria's economy, population and needs, DFID's strategy in Nigeria has been to use its funds in ways that seek to influence broader changes in how Nigeria uses its own resources to reduce poverty and deliver inclusive growth. This has necessarily led to a strong focus on Nigeria's deep seated political economy and governance problems that have led to the corruption, misuse and waste of resources, and have fundamentally undermined Nigeria's development.

DFID has long understood that its influencing strategy depends on an in depth understanding of Nigeria's political economy, and a realistic assessment of pathways of change. The broad features of Nigeria's political economy are well understood, and are driven by a combination of factors arising from the oil economy and resource curse, state-society relations, elite behaviours, the nature of political competition and patronage, and the risk and actuality of conflict. Fundamentally, Nigeria's reliance on revenues arising from oil and gas has distorted incentives towards rent-seeking rather than the delivery of public goods and services that are needed for growth and poverty reduction. Publics afflicted by poverty, deepened inequality and profound asymmetries of opportunity generate demand for immediate benefits as much as for radical reform. Elections have become increasingly dominated by money politics, promises of patronage to buy votes and the behind-the-scenes influence of political financiers who demand repayment in the form of political favours. The public sector has been drawn into this system of rent-seeking and patronage, with little sense of accountability to citizens or taxpayers. This is manifested in the wasteful and corrupt use of public expenditure and tax concessions, abuse of public procurement to service political clients with lucrative contracts, overstaffing of the public sector, and appointment based on patronage, rather than merit and performance.

Against this background, it is enormously challenging for DFID and other development partners to promote reform. However, Nigeria also has considerable resources to support reform. There is a diverse and active civil society, a vocal press, vibrant public debate which spans spaces from the street to old and new media, and  large pool of human resources and expertise (including development professionals) both within the country and in the diaspora. Within the state, Nigeria's institutional systems contain latent capacity and professionalism even if these are not often incentivised. The experience of Nigeria since the return to electoral rule in 1999 has shown that political economy barriers can be overcome where specific conditions come together to create a pathway for change. The experience of particular reform episodes - including, NAFDAC[1] control of fake medicines, anti-corruption reforms under the second Obasanjo administration, national debt management, as well as banking and telecoms reforms and most recently Ebola response - has shown that a combination of determined leadership, pressure from key constituencies, changes to institutional arrangements and incentive systems, and reactions to external events can result in substantial and rapid change.

Development partners need to understand the political economy context in order to identify opportunities to support change, and to demonstrate flexibility and political savvy in order to respond to these opportunities in an effective and timely manner. This paper traces how DFID has responded to these challenges in Nigeria by developing its analytical tools and adapting its programme priorities in line with political economy informed approach.

## 1. Changing approaches after the 1999 election

Nigeria's return to civilian rule in 1999 was widely assumed to create new space for pro-poor reform[2]. Under Abacha's leadership from 1993 to 1998, Nigeria had endured its darkest period as an independent country. Abacha himself had achieved pariah status in 1995[3] with the execution of Saro-Wiwa, and a Commonwealth non-governmental group had produced a devastating report on human rights, 'Nigeria: Stolen by Generals'. Internationally there were high expectations of President Obasanjo, who had been imprisoned by Abacha. Obasanjo had managed the transition from military rule to democracy in 1979 (although the military took over again in 1983, in a coup that was widely welcomed). He had been a credible candidate to be UN Secretary General in the early 1990s, and was chair of the international advisory council of Transparency International.

Development agencies were slow to come to the table. They were unfamiliar with Nigeria, having for the most part exited during the years of the military, with the exception in DFID's case of some small projects working with civil society. They were also unfamiliar with the Federal constitution and the implications for programming. There was a pervasive view that as an oil rich country, Nigeria had resources of its own that it could deploy to promote the MDGs. However, a small group of agencies including USAID, the EC and the World Bank, as well as DFID, were keen to work with the new administration to cement the new democratic dispensation and to rebuild capacity in the executive that had withered, or in some cases been consciously undermined by the military. There was confidence that the return to civilian rule provided an opportunity to open up political space and for *individuals* and *organisations* in Nigeria to chart a new course for their republic.

However, substantial change in performance by the administration was hard to discern. It became clear that the ruling party, the PDP, was a loose coalition of local baronies and factions[4] without a

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[1] The National Agency for food and Drug Administration and Control.
[2] Pycroft, C, Heymans C (2005) Drivers of Change in Nigeria: Towards Restructuring the Political Economy
[3] Bourne, R (2015) Nigeria: A New History of a Turbulent Century, Zed Books, London
[4] Ibid

unified policy platform. The constitution provided significant degrees of freedom to, and very limited accountability by, state governors, who had their own agendas to pursue. Their objectives seemed mainly unrelated to the MDGs. At the same time, the federal House of Representatives and Senate had weak allegiance to Obasanjo and could block his business (indeed, at one stage they threatened to impeach him, with the ring-leader complaining that Obasanjo did not understand the need for compromise in a congressional system[5]). There was less evidence of commitment to change and reform in these branches of government than in the Presidency, and the executive proved much weaker than had been anticipated. Obasanjo himself subsequently referred to his first term as a period of 'stabilising the polity', which in the circumstances was not an inappropriate objective given the years of military rule that had preceded the 1999 election.

DFID developed a small programme that started working at state level in four of the 36 states with the objective of building core capabilities, and started to design three programmes working to improve service delivery in education and health and to improve access to justice in the four states. These programmes were complemented by a national programme on HIV. (No support was provided to the federal government in its own right.) There was a rapidly growing sense that it would be a challenge to demonstrate relevance and impact, both to Nigerians and to critical audiences at home. Development aid was a tiny fraction of overall government resourcing. Opportunities for substantive policy dialogue were limited. Radical reformists hard to identify.

## 2. The 2003-5 PE-based rethink, and new DFID country strategy

In the run up to the 2003 Nigerian election, the UK's Secretary of State for International Development, Clare Short, commissioned an analysis of 'Drivers of Change' in Nigeria, with the objective of identifying a strategy - a meaningful narrative - for DFID's contribution to reform in Nigeria. The analysis was one of the first comprehensive Drivers of Change (DoC) studies undertaken.[6]

The Nigerian DoC analysis confirmed that actions of individuals and organisations could generate, and had generated, change in Nigeria but that the institutional rules and structural conditions that had been shaped since independence had not in themselves been altered by the shift from military to civilian rule. The analysis argued that building agent capacity and reforming the formal system could contribute to improved accountability and service delivery but only modestly in the absence of changes in the institutional rules and structural conditions.

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[5] Ibid

[6] . DFID described DoC analysis in the following terms, '*Typically, donors have sought to bring about change through technically sound programmes, supported in country by individual champions of reform or change. Increasingly the importance of understanding the underlying political systems and the mechanics of pro-poor change has been acknowledged. In particular, the role of institutions – both formal and informal[6], and underlying structural features[6] is being recognised. The Drivers of Change approach has sought to incorporate each of these components, and to better understand the interaction between them.*' DFID (2004) Drivers of Change Public Information Note

Following his re-election in 2003, Obasanjo appointed a strongly reformist federal administration that was intended to mark a break with the past. An internationally credible finance minister was recruited who led the formation of an economic reform team that comprised about a dozen reformers across the senior most levels of government[7].

The reform team undertook its own analysis of the political economy of Nigeria, published in the National Economic Empowerment and Development Strategy in 2004[8].

**National Economic Empowerment and Development Strategy in 2004 (NEEDS)**

**Analysis and strategies**

**Analysis:** 'In 1999, most people grossly underestimated the extent of social, political, and economic decay of the country. … Nigeria's legacy of mismanagement and corrupt governance has encouraged many people to seek ways of sharing the national cake instead of helping bake it. By 1999 corruption was practically institutionalized. Government was widely regarded as a provider of large contracts, distributed by officers in power to people wealthy enough to buy their influence. This was particularly so in the case of the oil industry. Over time, the judiciary became intimidated, as the rich and powerful manipulated laws and regulations to their advantage. Instead of engaging in productive activities that would help our economy grow, people chose instead to peddle their influence and position. The legitimacy and stability of the state suffered, as people began to devise ways to survive that lay outside the law … Perhaps the greatest hindrance to progress has been the boom-and-bust mode of economic management, encouraged by the dominance of oil in the economy. Past governments allowed oil income to influence spending: when income was high, spending was high, while dips in oil prices were treated as temporary. Together with poor coordination between federal and state governments in budgeting and expenditure, this practice led to spiralling debt. Today all tiers of government spend far more than they earn: the deficit for the past five years alone amounts to more than N=1 trillion'

**Strategies:**

- Firstly, reforming government and institutions to restructure, right-size, re-professionalise and strengthen government. The aspiration was to improve service delivery to poor people, eliminating waste, and fighting corruption.
- Secondly, growing the private sector by reducing the influence of government in the economy, and accelerating the privatisation, de-regulation and liberalisation programme. There was to be a particular focus on economic infrastructure – including transport and electricity.

[7] See Okonjo-Iweala, N (2012) Reforming The Unreformable: Lessons from Nigeria, MIT

[8] National Planning Commission (2004) 'Meeting Everyone's Needs: National Economic Empowerment and Development Strategy' (NEEDS)

• Thirdly, beginning to implement a Social Charter to improve people's access to health, education, welfare, employment, empowerment, security and participation. HIV and AIDS was acknowledged as a major threat to the economy and not just a social problem.
• Fourthly, an attempt at value reorientation that emphasises that NEEDS was not 'business as usual'. Attention was meant to be given to privatisation, anticorruption, freedom of information, and enhancing the role of civil society in this campaign.

Source: National Planning Commission (2004)

The NEEDS problem analysis was entirely consistent with the analysis of the DFID DoC. But the DoC analysis went further in terms of recommendations for supporting reform, and the strategy adopted in the DFID Country Assistance Plan (CAP) for 2004-08[9] had three elements: supporting the government to implement the NEEDS programme (and the associated state-level SEEDS programmes that were to be developed); implementing an issues-based approach, working with a broad range of stakeholders to support Nigerian led coalitions to reform the formal and informal rules that governed Nigeria; contributing directly to improved human development outcomes including, for example, HIV programmes.

The issues-based approach to programme design and implementation was developed in the CAP recognising that changing the rules relating to patronage and rent-seeking required an 'institutional overhaul'. The practices had become so deeply embedded as to represent 'structural' characteristics of the polity, economy and society. The vast oil revenues had negated the need for tax revenues from citizens and had had negated the construction of a 'fiscal contract' or 'social contract'.

**The issues-based approach**

The IBA was described in the following terms:
• Change is a highly complex process that is difficult to predict or influence. The issues-based approach will support a more organic approach to change. Change will happen when Nigerians are able to demand change - and have their demands addressed. The issues-based approach will support Nigerian-led coalitions work to achieve change around specific issues, and support the government's ability to accommodate change.
• The issues-based approach focuses on a specific outcome, or issue (for example, improvements in the delivery of specific services; reduction in corruption in a particular ministry or state; free and fair elections in 2007; greater transparency in oil revenues; decreases in youth unemployment, etc) and then seeks to understand the 'road map' from the existing position to the desired outcome. This road map identifies all the processes, and their sequencing, that are required for the issue to be addressed.
• The approach works with all the stakeholders that have an interest in the issue (both in terms of achieving change, and in preventing change from happening). DFID's objective is to support coalitions from across civil society - including non-governmental organisations; the

[9] DFID (2004) Nigeria Country Assistance Plan 2004-08

private sector; academic and policy think-tanks; the media; traditional authorities; women's groups; and the Diaspora - that are working to implement the road map. Rather than developing the overall capacity of individual organisations within civil society or government, the issues-based approach develops the capacity of these organisations to collectively engage around specific issues.

• Success around one issue will increase confidence within civil society organisation and within government that change can happen, and can bring benefits for all. Supporting change on an issue-by-issue basis will start to build elements of the social contract between those who control power and those who demand reform. The approach will contribute to the 'normalisation' of politics in Nigeria - building political constituencies that will, over time, begin to judge their politicians on their capacity to deliver improved services rather than on their capacity to deliver patronage.

• The issues that DFID Nigeria will engage with will be Nigerian issues. They will be issues that already have broad-based support from coalitions of Nigeria organisation, where the media is prepared to focus attention, and where politicians within the executive and legislature are ready to engage. DFID Nigeria will support issues that have a direct link to the achievement of the MDGs - issues that improve health outcomes, get more girls into primary education, or combat HIV and AIDS. DFID will also support issues that directly address the three constraints that prevent Nigeria's political economy from achieving the MDGs.

There was realisation that the CAP strategy and NEEDs were risky, *'President Obasanjo's term will come to an end with the next elections in 2007. There is a brief window of opportunity for lasting and sustainable reform to take hold. The President and his team are well aware of this, and are determined to leave an important legacy.*[10] *Given Nigeria's deeply entrenched constraints, there is a strong likelihood that the NEEDS process will be disrupted and less effective than envisaged. There is the risk that a less effective NEEDS process will not translate into poverty reduction.'*

State-level working was expected to represent the main centre of gravity for DFID's programme but it was recognised that the incentives for states – particularly the political leaders – to engage with the reform agenda had been weak. The resources (both financial and technical) that DFID's engagement had brought to the states had been insufficient to compensate for the loss of highly personalised, discretionary use of resources that engagement with the reform agenda would entail. It was argued that the NEEDS and SEEDS agendas provided a more robust framework for reform, and, if implemented, would begin to change the political system at state level and create opportunities for growth.

**Changing overall approaches to programme design and implementation**

This section explores lessons learned from successive individual programmes, with a focus on flexible and adaptive programming.

[10] Indeed, the desire to protect this legacy was an important consideration in the Obasanjo team's choice of Umaru Musa Yar'Adua as designated successor via the much-manipulated 2007 elections.

## a. Promoting Pro-Poor Opportunities in Commodity and Service Markets (PrOpCom) Phase I, 2002-2011

**The programme.** PrOpcom was the first M4P programme in Nigeria, indeed one of very few anywhere at that time, and was therefore necessarily innovative. The wider Nigerian context, and the fact DFID had not been involved in Nigerian agriculture for some years during the Abacha regime, also served to create many uncertainties. Following two to three years of design and decision-making, the programme was approved in 2004, but a problematic inception meant that the inception review called for a two-year pilot phase that really only got under way in 2006. A review of the pilot considered closure as an option, owing to delays and lack of impact. However, a three-year full implementation stage was undertaken from 2008 until closure in December 2011. The total cost was £16.6 million. A successor programme was designed and implemented. [11]

The intention of the programme was to strengthen the efficiency and inclusiveness of selected rural input and output markets in different regions of Nigeria, including the south-west and the north. For four or five years until 2008 PrOpCom achieved rather little of scale and substance, though useful lessons (some negative) were learned. The 2011 Project Completion Report concluded that from 2008 there was a turn-around. Substantial if uneven progress and impacts had occurred under the implementation stage, and that lessons painfully learned at the earlier stages had contributed to this. The PCR assessed benefits (measured from December 2009 to October 2011 only) as: 1.26 million people were reached, and 17,000 jobs created; and net income of £ 41 million was generated, and an estimated £ 4.9 million invested by private companies. Qualitative achievements were also significant: the programme created new and influential market models that were being put into effect in new areas and by new players, and it helped shape policy thinking in government and the private sector, including contributing to major reforms of the dysfunctional fertiliser regime. PrOpCom had shown that the M4P approach can work in the difficult conditions of rural Nigeria, and that the challenges are primarily institutional and political, rather than technical.

**Lessons for design, implementation and learning.** The uncertainties related to the newness of M4Pand to the context were recognised at the start, but only after problems with the inception stage did an early review recommend a pilot phase, which in the event was a crucial element of learning by doing, and usefully helped build the base for full implementation. The whole process lasted about nine years, of which only the last three showed real impact. While there was a costly and long, but necessary, learning process, which involved costs and inefficiencies, a successor programme had the benefit of the experience gained.

The adoption from2008 of a rigorous monitoring and decision-making methodology, including making monitoring a core role of line staff (rather than outsourcing it) helped to raise effectiveness.

[11] This section draws on 'Promoting Pro-Poor Opportunities in Commodity and Service Markets (PrOpCom): Project Completion Review'. A.Duncan, the Policy Practice. December 2011

There were considerable changes over the years, with flexibility achieved by various means. A range of interventions in different markets were tried and abandoned (soya, mobile banking, and a niche type of rice (Ofada)), while other interventions (fertiliser, tractors) provide to be effective and were built on. Selective policy advocacy at Federal level and in few States was strengthened as time went on. In re-orienting the programme, good use was made of annual and strategic reviews. The logframe changed five times, reflecting the steep learning curve, and proved not to be a restraint on flexibility. For monitoring, PrOpCom adopted to good effect the Standard for Results Measurement adopted by the Donor Committee on Enterprise Development (DCED), providing a tight impact logic and monitoring. The progress ultimately made underlined the importance of rigorous internal management, based on strong leadership, adequate staffing numbers and skills (including considerable staff changes to build an effective team), and focussing on what worked while dropping what did not work so well.

**b. State level public sector reform – SLGP and SPARC**

DFID Nigeria has been heavily involved in supporting state level public sector reform since 2000 when it launched the State and Local Governance Programme (SLGP) in four states. SLGP was superseded by the State Partnership for Accountability, Responsiveness and Capability (SPARC), which operated in from 2008 to 2016, initially in five states, and subsequently extended to ten.

The SLGP/SPARC experience has generated a more complete understanding of the political economy challenges affecting public sector reform at state level, and the space for development partners to promote change. This has led to a series of adaptations in the approach used, many of which are reflected in the design on the successor public sector reform programme, the Partnership to Engage, Reform and Learn (PERL).

**SGLP to C4C**

The first iteration of working at state level and on the big and potentially transformational issues in Nigerian public life was the programme known as the State and Local Government Programme (SLGP), an eight-year, £27m programme run by HTSPE (now DAI consulting) in an explicitly experimental mould, tasked to find out what could be done in the way of core governance reforms in a geographically balanced selection of the neediest and the most promising states. The initial experience of SLGP proved to be instrumental in identifying how public sector performance is undermined by a host of institutional and incentive problems linked to broad constraints in Nigeria's political economy. Many of the insights of SLGP are reflected in the Drivers of Change studies referred to above. Critically, they led DFID to abandon optimistic assumptions about the strength of reform commitment following return to democracy, and challenged the belief that building capacity would be sufficient to strengthen public sector performance.

Reflecting the lessons learned from the early SLGP experience, there was a shift towards the "issues-based approach" referred to above which sought to identify selected issues (mainly service delivery based) where there was evidence of broad based demand for better public sector performance and existence of political commitment to drive reform. Notable progress was made, for example, in strengthening public sector performance around solid waste management in Enugu, where strong demand from citizens coincided with political commitment in state government.

Although the issues-based approach delivered some results, these were restricted to islands of reform, and largely failed to address weaknesses in core governance systems. SLGP became increasingly concerned with addressing more systemic issues, in particular the increasing problem that state budgets were departing so far from realistic revenue projections that state governments could not effectively plan and deliver services and public investment.
At the same time the drivers of change approach was also incarnated in a 2007-2011 programme named after what it sought to support – Coalitions for Change (C4C). As ODI observed,[12] this programme defined its partners in the main as institutionalised NGO-style organisations, some of which had been key in mobilising for an end to military rule. Yet they were less effective in working together on areas identified by C4C as potential vectors for support such as oil sector transparency, and while NGO networks did work together more effectively on self-defined issues such as constitutional reform, in this area as much as others they ran into a disconnect with, and disinterest from, governmental actors and processes; so that the programme was scaled down according to its limited success.

**SPARC/SAVI**

The successor suite of state-level programmes (SLPs, in yet another acronym) was designed to implement the lessons learned in a much more schematised manner. Two key planks, SPARC and SAVI, were to complement each other, the former working with governmental institutions on reform, and the latter working with external stakeholders to articulate demands on the state more effectively. The pair were designed to operate in a parallel space to three other large programmes focussing on social service delivery and the economy in selected states – ESPINN for education, PATHS2 in the health sector and GEMS dealing with growth.

SPARC, the key plank designated to partner state governments with support on human resources, policy planning, budgeting, monitoring and evaluation and general governance effectiveness around key issues, was a huge £60m operation which expanded to work on 10 states from an initial list of five, and like SGLP was run by HTSPE, later DAI consulting.  Reflecting the SLGP  lessons, the SPARC programme was designed around a renewed focus on addressing systemic problems in state governance in three areas: planning and strategy, public financial management and public service management. Initially, SPARC provided rather standard technical assistance packages to build capacity in these three areas. However, the experience of variable take-up led to increased focus on incentive and institutional constraints undermining public sector performance, and a more flexible approach that adjusted state-level approaches according to the political economy context and the

[12] Booth, David and Chambers, Victoria, 2014. *The SAVI programme in Nigeria: towards politically smart, locally led development.* ODI discussion paper.

pre-existing institutional landscape. Regular political economy analysis, as well as a decentralised management system that empowered state teams to adjust their work plans, were central to enabling this adaptive approach. In addition, SPARC became increasingly aware that its technical assistance must be matched by a political engagement strategy in order to assess from various constituencies, and to respond according to a more complete understanding of the opportunities and constraints for reform.

Reviews conducted during the later years of SPARC implementation found that the programme had become reasonably adaptive and effective. Although the overall performance of reforms was mixed, an econometric study pointed to relatively better PFM outcomes in SPARC-supported states, compared to non-SPARC supported states.[13] However, recent reviews have also called for SPARC to go further to promote locally-driven problem identification and solutions development, to complement supply-driven TA with more active brokering and facilitation of local change processes, and to strengthen links with sector programmes to reconnect SPARC's emphasis on core governance reforms with improving service delivery.[14] These themes, and the shift back towards an issue based approach, are reflected in the design on SPARC's successor programme, PERL.

Relationship-based working between key technocrats such as Commissioners for Economic Planning and SPARC in-state offices were key to the programme's traction, to the degree that in at least one state, the SPARC state co-ordinator was regularly invited to join the meetings of the State Executive Council (cabinet). These same relationships, however, meant that successes were often in core areas of governance processes rather than in issues-based working *per se*, and despite DfID's direction and SPARC and SAVI's internal willingness, attempts to work with DfID 'sector' programmes in health, education or other areas in the states were limited by the development industry's own architecture, as different programmes run by different providers had their own log frames and milestones to prioritise. Most often, although programmes like ESPINN and PATHS2 made their own contributions to governance and accountability programmes within their partners' delivery chains, formal collaboration between these and the core governance programmes was limited to infrequent periodic political economy analysis meetings between the programmes' local leadership. Importantly, SPARC's reputation spread among communities of peer technocrats and progressive politicians, and it evolved a capacity to reach beyond its bounds, both in the form of a limited six-month facility to the newly-elected reformist Government of Ekiti State in 2011 to help it map the mandates and competences of its inherited complex mass off Ministries, Departments and Agencies (MDAs), and in a sustained outward-facing 'help desk' approach which is in the process of being transferred to the Nigeria Governor's Forum as part of the programme legacy. The formal relationship with the NGF (a non-governmental but highly influential forum of Nigeria's state governors) and another with the Millenium Development Goals office set up in the wake of debt

[13] SPARC (2016) Governance Reform in Nigerian States: Econometric Analysis of SPARC Support
[14] See Chambers, V., Cummings, C. and Nixon, H. (2015) Case study: State Partnership for Accountability, Responsiveness and Capability, Overseas Development Institute. https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9458.pdf

relief came about as a result of the need for SPARC to develop its own national-level engagement strategy to coordinate and amplify work with the states.

**Strengthening Accountability and Voice (SAVI)**

Following the Drivers of Change studies, DFID Nigeria have increasingly emphasised the importance of citizen voice and strengthening demand for reform from constituencies outside government. However, initial attempts at demand side programming met with limited results. The Coalitions for Change (C4C) was widely regarded as a failure, mainly because the civil society coalitions it supported were essentially donor-driven and incentivised around the provision of DFID grants. Learning lessons from the aborted C4C programme, DFID established the State Accountability and Voice Initiative (SAVI) that worked alongside SPARC and sectoral programmes, to mobilise civil society participation in key reform processes at state level. SAVI ran from 2008 to 2016, across ten states with a £29m budget managed by GRM. Its explicit logic was to centre problem driven iterative adaptation and 'politically smart, locally led' approaches to service delivery and governance improvements. The SAVI approach has avoided the use of grants and has instead developed a "facilitated partnership model", where SAVI operates as a facilitator, mentor and trainer, bringing civil society groups together around issues of common interest and supporting capacity building, particularly for advocacy skills. A key feature of SAVI's approach has been to strengthen linkages between civil society groups, media organisations, the State Houses of Assembly and the executive. This has been structured around processes of constructive engagement rather than adversarial encounters that have proven useful for identifying common interests and opportunities for collective action. SAVI has made active use of political economy analysis to identify these opportunities, to understand the interests and motivations of its partners, and to facilitate change. Its approach to "thinking and working politically" has been based on employing and empowering state level actors through a decentralised management structure, embedding the use of political economy analysis in state teams, and encouraging flexible and adaptive approaches.[15]

SAVI closed in 2016, and its activities have been rolled into the successor programme, PERL. The Programme Completion Review for SAVI found that SAVI had been broadly successful in meeting its objectives. The programme was judged to have demonstrated the potential to engage citizens in key policy, planning, service delivery and accountability processes using inclusive and sustainable approaches. More than 150 cases were recorded of improvements in policies and practices resulting in better service delivery and development outcomes where there was evidence that citizen engagement facilitated by SAVI and its partners had contributed to the change. SAVI has made a significant contribution to building capacity for advocacy work in civil society, media and State Houses of Assembly, and had strengthened relationships between the three using its facilitated partnership approach. There are strong indications of SAVI's broader influence, including numerous examples of SAVI's approach being replicated by other organisations in Nigeria and internationally.

[15] SAVI (2015) Thinking and Working Politically: supporting partners and staff through a participatory approach to political economy analysis. http://savi-nigeria.org/wp-content/uploads/2015/12/SAVI_ApproachPaper4_2015_FINAL.pdf

While recognising these achievements, the review also found that SAVI's results have mainly been restricted to islands of success, and its role has been to demonstrate the potential to strengthen citizen engagement in governance and accountability processes, rather than to bring about transformational change. Its demonstrations have mainly been restricted to working on 'softer' policy issues relating to service delivery and upstream policy planning, and more contentious issues that are likely to generate a strong political backlash, for example misuse of public resources, have largely been avoided.[16]

At the Federal Government level, SPARC was also complemented by FEPAR, a programme of core public administration reform worth £32 million between 2011 and 2016, run by Atos Consulting, which focussed efforts on national human resource, policy and planning institutions such as the Bureau of Public Service Reform (BPSR), Budget Office of the Federation, and the Office of Head of Service of the Federation. Reviews of FEPAR's performance were not encouraging, and extra funding was allotted to boost the programme to achieve some of its core goals, but the crucial ingredient, political will from the partner adminisration, was lacking throughout the period: Although Ngozi Okonjo-Iweala was give substantial powers over reform as Coordinating Minister of the Economy, the rest of the administration was fundamentally oriented towards plunder and uninterested in reform. The few exceptions where FEPAR found willing and able partners to work with notably included work on fertiliser distribution with Dr Akinwunmi Adesina, then Minister of Agriculture and now President of the African Development Bank. Towards the latter part of its programme life, FEPAR then faced exactly the opposite problem: After the election of President Muhammadu Buhari in May 2015 with a popular mandate to tackle corruption, the programme was presented with a new governmental partner with explicit interest in public service reform and cutting waste and patronage, and a window emerged to make progress on many issues which had been stuck in the mud of the Jonathan era. DfID's mandate to FEPAR to make as much progress as possible in the closing stages and to set up lessons and relationships for its successors was complicated however by contradictory signals as a search for liquid cash within the DfID system was sparked by the Syria and refugee crises of 2015.

Alongside the main SAVI and SPARC efforts, a role was identified for real-time learning which could feed back into more effective programming. This £2.1m IMEP (Independent Monitoring and Evalution Programme) was set up to run over the latter half (2011-2015) of the SAVI/SPARC lifespan, run by OPM and complementing the efforts of the state-level programmes by providing monitoring, evalution and learning. The model suffered however from an incomplete integration of its potential functions into SPARC/SAVI and a perceived overlap with the two governance programmes' internal M&E and knowledge management functions. Outside of the main suite of governance programmes, a number of other innovative DfID programmes over this period aimed to deal with specific contingent issues. These were also informed by the general approach. PDF (Policy Development Facility), succeeded by PDF2 in 2015 also continued as a general capacity funding pot primarily to

[16] Booth, D. and Chambers, V. (2014) The SAVI programme in Nigeria: towards politically smart, locally led development, ODI Discussion Paper. https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9203.pdf

support embedded technical advisors (usually sourced within Nigeria and the Nigerian diaspora) working with key reforming Ministers who could not source the needed capacity or expertise within the strictures of the civil service or political systems. Informed by demand, they complemented other embeds provided by a number of sector-specific programmes.

**PSAGP to PERL**

Towards the end of 2014, DfID began thinking through the potential next generation of programmes in a systematic manner, commissioning a business case study for a suite initially known as the Public Sector Accountability and Governance Programme (PSGAP). DFID Nigeria's Operational Plan aimed at supporting the Nigerian Government to spend its own resources more effectively, which is to be achieved by fostering long-term behavioural change. The key issue, both problem and opportunity, which informed the thinking behind the PSGAP concept note, was that the preceding programmes had been successful in assisting the development of an 'islands of functionality' form of success. It is clear that the theory of change was effective in delivering reforms, in some processes, in some institutions, in some states. But how to entrench these and disseminate them more widely and sustainably? The concept also continued to be strongly influenced by the PDIA approach, giving more weight to issues-based working and the structural design necessary to accommodate this, giving more attention to processes of learning and knowledge transfer, and being more PEA-aware on a routinised and integrated basis in order to think through the political risk factors which might impinge on the success or failure of work areas before they are even chosen.
As such the suite of programmes consists of three legs, with a more intrinsically integrated architecture, including co-branding under the umbrella name eventually chosen, PERL (Partnership to Engage, Reform and Learn), to run from 2015 (in actuality now mid-2016) to 2021, with a budget of exactly one penny short of £100m. PERL's eventual headline statement of intent 'to promote public sector accountability and reducing corruption to ensuring that Nigeria is able to use its own resources to deliver the public goods and services required for poverty reduction and growth, including to women and girls and to also support the sustainable success of DFID Nigeria's service delivery and other anti-corruption programmes' may sound cumbersome as it incorporates into the programme vision two issues especially underlined by recent UK parliamentary scrutiny of DfID's work in Nigeria, namely gender[17] and corruption.[18] PERL's first leg is the Engaged Citizens Programme, or ECP, run by Palladium, incorporating many former SAVI staff, and learning from its experiences and networks. The second is ARC, (Accountable, Capable and Responsive Government), combining elements of SPARC and FEPAR but more focussed on issues, again run by a team comprising many of the predecessor programmes' staff. The third and most different is Learning, Evidence and Influencing (LEAP), designed to engage and if need be catalyse or enable Nigerian public discourse including other development programmes and political leadership to strengthen the evidence base (both that provided by the work ARC and ECP, and other evidence and expertise already within Nigeria from which the programmes could learn) on how to deliver public sector

[17] DFID's programme in Nigeria, House of Commons International Development Committee, Second report of session 2016-2017..
[18] ICAI corruption report.

reform and attitudinal change in favour of increased public accountability and reduced corruption; essentially a vector by which ideas can spread.

Ironically, the political context in Nigeria appeared to be changing at exactly the moment the new suite was introduced. After preceding years of having to work on issues to make headway with a government increasingly uninterested in core governance process reforms, 2015 saw the advent of an APC government explicitly interested in overhauling processes of government, right at the time when the PERL cluster re-emphasised issues-based working. This constituted a risk right at the start of the programme. However it has emerged over the last year that disconnects between different power-bases in government itself, reflecting the coalition make-up of the APC party, dictate that core reform processes move at the pace of the slowest and only where there is hands-on political direction. Where these have emerged, such as in the roll-out of a single treasury account (TSA) scheme across government, or zero-base budgeting,[19] PERL's pillars are positioned to assist, underlining the wisdom of building flexible response capacity into such programmes. In the main, though, the investment of political energy required in cross-governmental initiatives means that PERL's envisaged means of working via identified issues constitutes the most likely chance of success. At the same time, there has been another adjustment in the programmes' geometry, slimming down the regionalised scope of work to three northern states and two regional hubs in the south-west and south-east respectively. This adjustment reflects donor concerns, including pulling out of states where DfID governance assistance has already achieved most of its maximal gains, such as Lagos, and targeting those poorest states where the most dire need is, but brings its own risks if Nigerian partners interpret the uneven-ness as partisanship in the context of the strong regionalist slant to party politics.

Continuing from the closing phases of SPARC, SAVI and FEPAR, thinking and working politically is being operationalised in a different manner, moving away from a periodic consultant-report-and-discussion model to an attempt to internalise it into core team processes, and as one of the screens to determine which issues could be fruitful to work on. Issues themselves are defined narrowly, as the tangible/visible outcome or component of poor goods or service delivery or poor policy – i.e. a symptom of failed delivery, which should be identified within broad problem areas of governance or public policy, and which themselves further lead to the diagnosis of possible specific loci for interventions. In this programme as much as its predecessors, however, the design remains held in a structural tension between evidence of the importance of retaining flexibility for opportunism and responsiveness to the agenda of a partner sovereign government, and the inbuilt tendency towards log-frame based definition of work areas, expectations and outcomes.

**Measuring progress and impact**

Because Nigerian PSR programmes have been at the forefront of programming that aims at being politically smart, they have also faced the challenges this poses for monitoring and evaluating in

[19] Itself an idea brought into national government by actors influenced by their experience with SPARC-supported processes when they previously held office in state governments.

DFID management and accountability systems, long dominated by the logframe. The previous generation of public service reform programming represented by SPARC and SAVI embraced these challenges and have contributed to learning about M&E for smart and adaptive programming. This has included experimenting with ways of 'defining and monitoring results that are not predictable in advance' and capturing unexpected and less tangible results.' [20] SAVI has used 'outcome harvesting' , which collects evidence of what has changed, and then, working backwards, determines whether and how an intervention has contributed to these changes. These methods work where it is difficult, and inappropriate, to pre-determine the areas in which an intervention may work over a multi-year period. As with other analytical qualitative methods, this works best when applied in a rigorous and methodical way, triangulating findings and being explicit about the levels of confidence in the evidence.

There has been much recent discussion of the disincentives to adaptation and flexibility that are set up within donor accountability management systems and the demands for 'results.'  Logframes have been much maligned as 'artefacts of the results agenda'[21] that are linear, rigid, and can motivate programmes to work to logframe milestones, rather than to keep the outcomes and impacts in sight and adapt accordingly – creating perverse incentives. Logframes and their limitations have also been emphasised as impediments to adaptation by DFID advisers working on flexible, adaptive programming. [22] Both SPARC and SAVI reported at times being constrained by logframes and SAVI has documented its own challenges when DFID's 'results agenda' from 2010 brought with it a push for quantitative results and milestones.[23] The new DFID SMART rules[24] allow more apparent flexibility on logframes, permitting other frameworks to be used.  However, the humble logframe cannot bear sole responsibility for incentives that are embedded within donor accountability requirements on the one hand, and the realities of contracted implementing partners on the other. At the end of the day, DFID needs a methods of reporting results that allow programme performance to be assessed on an annual cycle for its project management and accountability systems, and implementing partners also need and want to show good performance and to gain positive scores. These incentives may be reinforced where there is an element of performance-based payment. This may create an inherent tension for adaptive flexible programming, which will not have uniform, linear, year on year improvements in all areas and may not deliver best by being tied to milestone-based incentives. Such programmes need the space to experiment and fail, experiment and succeed, but might therefore risk being poorly assessed at one given time, where they may be positively assessed at a later stage. For DFID and for implementing partners, a constructive approach is to acknowledge and manage these tensions. Results frameworks for flexible

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[20]DFID (February 2016) Moving Targets, Widening Nets: monitoring incremental and adaptive change in an Empowerment and Accountability Programme: The experience of the State Accountability and Voice Initiative in Nigeria
[21] Eyben, Ros (2016) Uncovering the politics of 'Evidence' and 'Results'
[22] https://medium.com/@PeteVowles/are-log-frames-stifling-globaldev-24c5dd737b32#.x9dwxxa8n
[23] DFID (February 2016) Moving Targets, Widening Nets: monitoring incremental and adaptive change in an Empowerment and Accountability Programme: The experience of the State Accountability and Voice Initiative in Nigeria
[24]DFID SMART Rules, updated April 2016

adaptive programming can be populated with more qualitative indicators, with indicators and milestones that reward learning, and that are themselves informed by politics, and with indicators that are themselves more flexible. It's not necessarily about the logframe, therefore, but about the way it is used. [25]

Meanwhile, the SAVI and SPARC generation of governance programmes in Nigeria also encountered more traditional challenges of monitoring and evaluating governance interventions at the impact and outcome level. The challenge has been to measure improvements in governance processes and ultimately service delivery improvements, and attributing them to, or assessing the contribution of, donor funded interventions. It has long been acknowledged that measuring issues of governance poses challenges that are not encountered in the economic or social development fields.[26] It is hard to find objective indicators of governance processes, and many sources are subjective. SPARC and SAVI have experimented with various types of indicators including a Citizens Perception Survey (measuring perceived changes in the quality of government and service provision), a ratings scale on the functionality of the executive, legislature, civil society and media, an adaptation of PEFA indicators and a State Evaluation and Assessment Tool (SEAT) adapting the PEFA methodology to rate the quality of public service management, planning and M&E functions at state level. These indicators have been used to make comparisons between states and over time, and to make judgments on the value for money of DFID spending. However, in view of the level of subjectivity (particularly high for perceptions surveys), there are questions about the reliability of these measures, and the extent to which changes can be attributed to the programmes, especially when change processes can be long, non-linear and sometimes counter-intuitive. In practice, the Programme Completion Reviews for SPARC and SAVI found that qualitative judgements of reform progress in each state have provided a more meaningful way to assess the contribution of the programmes. These assessments have generally pointed to the critical role of the political economy context in the state in shaping prospects for reform and the effectiveness of SPARC and SAVI in delivering results.

## Lessons and dilemmas

### Thinking and working politically in Nigeria

DFID deserve credit for recognising early on that understanding the political economy is critical to working effectively in the Nigerian context.

Over time these new ways of thinking have progressively been translated into action. Critical changes in the design of programmes have included 1) recognition of the importance of fostering demand from non-state constituencies, 2) enabling spaces for constructive engagement between state and non-state constituencies, 3) more strategic selection of issues to work on where reform is

[25] Andrews, Matt (2014) 'The logframe and the beautiful game: project logic versus football logic' Politically Agile Programming Paper 1

[26] Court et al (2002) 'Assessing Governance: Methodological Challenges' World Governance Survey Discussion Paper 2, United Nations University

more feasible, 4) improved identification and engagement with stakeholders likely to have political influence.

DFID has given space to its programmes to invest in analysing the political economy context, to engage directly at a political level at state and federal level, to work in experimental ways to discover issues with political traction and reform space. DFID has also encouraged adaptation and learning within the programmes. This requires a hands off approach and risk taking on DFID's part. In view of level of UK scrutiny of the Nigeria programme this willingness to take on risk is commendable. Generally, DFID has provided an enabling environment for programmes to think and work politically. In some cases, DFID's own political economy has distorted incentives affecting programmes in ways that work against this principle. A narrow focus on measuring results and value for money tends to make it more difficult to justify investing in promoting reform in governance systems which requires long term engagement and careful reading of the political economy context.
In addition, decisions on the geographical footprint including the expansion in the north in 2009 and the substantial rationalisation of state level engagement in 2016 has not fully reflected findings of political economy analyses assessing the reform potential in the states. Decisions on geographical footprint appear to be guided as much by DFID's own political economy and resource constraints as an assessment of the political economy context on the ground.

**Wider lessons**

Where local political imperatives routinely trump pro-developmental agendas, the room for external development agencies to contribute constructively is necessarily limited but, as Nigeria shows, it does exist. However, to use that room for manoeuvre, programme design and implementation must be built on a sound grasp of political economy realities. DFID management's appetite for risk must also recognise the realities that some programmes will fail. Risk management, and the need to be able to record at least some successes, mean that individual programmes must be embedded within a wider portfolio whose composition will need to change over time reflecting lessons of success and failure. But it's hard to sell this kind of flexibility and failures back home. Learning must be built into the job descriptions and incentives of staff (see PrOpCom I's changes), not outsourced. Thus, we have started to move in our PEA from writing reports to evolving tools, and working with teams to domesticate them. However the capacity to do so is uneven, so one possible next step will be more structured training.

Overall, perhaps the most abiding lesson is that political economy analysis must tread a careful line between the hard-to-eradicate expectation that it is a short-cut to 'picking winners', and communicating its real value, which is in shaping programming in a way which continually enables winners to be picked.