

Nigeria: Budgeting and Appropriation for Aid Effectiveness



Parliament and Civil Society Partnership on aid effectiveness and budget flows towards alignment and additionality

STATEMENT

PARLIAMENTARY STAKEHOLDER DIALOGUE ON AID EFFECTIVENESS AND RESULTS

National Assembly Complex, Abuja, Nigeria

16th - 17th May 2011

1.0 Introduction

1.1 Nigeria is a signatory to both the Paris Declaration on Aid Effectiveness as well as the Accra Agenda for Action. Furthermore, in 2010 the Federal Government of Nigeria and its development partners signed an International Health Partnership and related initiatives (IHP+) Compact at global and country levels. The government takes the lead at both Federal and state levels in coordinating aid. At the federal level, the National Planning Commission coordinates grants while the Ministry of Finance coordinates credit. While there is no effective overall mechanism to coordinate external partners, a number of sectoral working groups have been established.

1.2 A survey conducted by Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC) in 2008 revealed only low to moderate progress in the five focus areas of the Paris declaration, i.e. ownership, alignment, harmonisation, managing for results and mutual accountability. However, it also noted a number of opportunities that may be harnessed in improving aid effectiveness. These include the fact that the National Planning Commission is developing an External Assistance and Public Investment Management Information System; and the existence of a Fiscal Responsibility as well as a Public Procurement Act. In the health sector, the National Strategic Health Development Plan 2010-2015 as well as the IHP+ Compact have also been developed and signed and they provide indicators against which results can be measured and can be seen as further opportunities for improving aid effectiveness.

2.0 Parliamentary Study on Overseas Development Assistance (ODA) flows and Aid Effectiveness

2.1 Under the leadership of the Senate Committee on Appropriation, a parliamentary initiative on budgeting, appropriations, aid effectiveness and results was initiated. Centre for Health Sciences Training, Research and Development (CHESTRAD), a Nigerian-led global non profit agency was commissioned to provide technical assistance to the Senate Committee on Appropriation to improve the alignment of aid flows and budgetary processes in Nigeria, with a view to promoting additionality, strengthening coordination and parliamentary oversight responsibilities for aid management and results.

2.2 This initial exploration tracked ODA flows into Nigeria, examined the channels of flow and application as well as reviewed existing institutional arrangements for aid management and effectiveness in Nigeria. This effort drew from national commitments on aid effectiveness including the recently signed International Health Partnership Plus (IHP+) compact in the health sector, mutual accountability tracking implemented by IHP+ Results as well efforts by the OECD to monitor the implementation of the Paris Declaration, to which Nigeria is also signatory

3.0 Parliamentary Stakeholder Dialogue

3.1 A parliamentary stakeholder dialogue, hosted by the Senate Committee on Appropriations, was held at the National Assembly complex in Abuja from the 16th - 17th May 2011. The purpose of the dialogue was to:

- (a) Share the findings of the parliamentary initiative with key duty bearers and stakeholders in budgeting and aid effectiveness at the federal level;
- (b) Jointly identify strategies for improving aid effectiveness in Nigeria;
- (c) Review the recommendations of this exploratory initiative; and
- (d) Identify next steps on mutual accountability and aid effectiveness.

3.2 The two-day dialogue comprised of a day of technical consultative meeting involving clerks of the National Assembly. Participants considered ongoing initiatives by development partners on aid effectiveness including national efforts to monitor the Paris Declaration implemented by the National Planning Commission (NPC) and the OCED, as well as the recently released report on mutual accountability published by IHP+ Results for Nigeria.



A cross section of clerks of the national assembly and other participants at the one day technical consultative meeting

3.3 The policy dialogue, hosted on day 2, engaged members of the senate committee on appropriations as well as Chairs of Committees of the National Assembly. Participation also included senior level policy makers from the Ministry of Finance, National Planning Commission as well participation from development partners including the World Bank. The policy and stakeholder dialogue was declared open by the Senate President, Senator David Mark.

3.4 The Parliamentary Dialogue examined the global, regional and national context for aid effectiveness, highlighting mutual accountability and the results. Parliamentarians and other national stakeholders reviewed the findings and recommendations of the study commissioned by the Senate Committee on Appropriation



L-R: Senator Iyiola Omisore, Chairman, Senate Committee on Appropriations, Prof. Sylvester Monye, Secretary, National Economic Council, Dr. Lola Dare, CEO, CHESTRAD, and Senator Victor Ndoma-Egba SAN, Deputy Senate Leader representing the Senate President, Senator David Mark



A cross section of Committee Clerks of the National Assembly at the Policy Dialogue



Senator Abubakar Atiku Bagudu, Chairman, Senate Committee on Education; Senator Iyabo Obasanjo-Bello, Chairperson, Senate Committee on Health



Dr. Bright E. Okogu, Director General Budget Office of the Federation, (Representing the Minister of Finance); Dr. Lola Dare, CEO, CHESTRAD and Prof. Sylvester Monye, Secretary to the National Economic Council (presenting Minister for National Planning and Vice Chair, National Economic Council



Senator Ayogu Eze, Chairman Senate Committee on Information

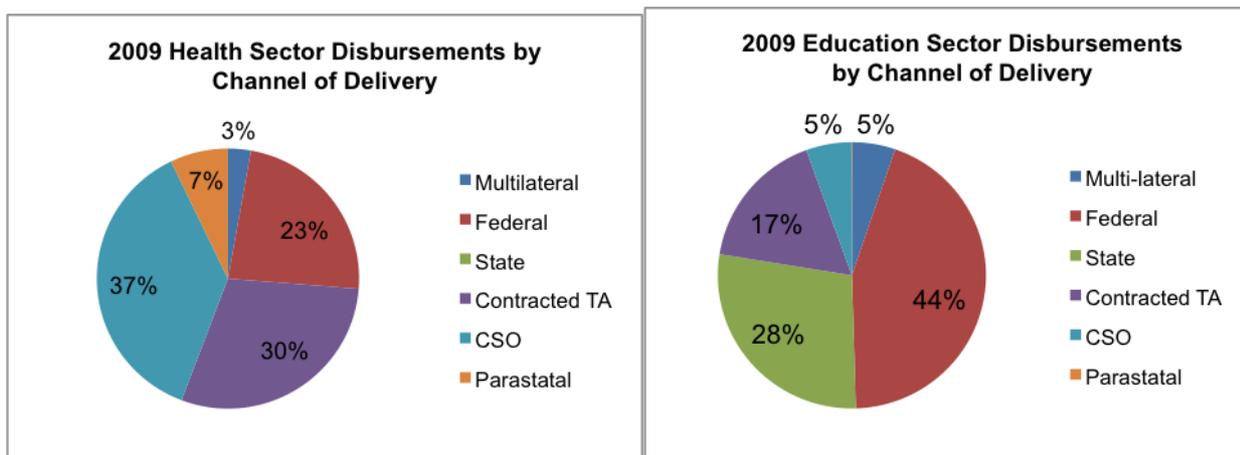


Senator James Manager, Chairman Senate Committee on the Niger Delta; Senator Iyiola Omisore, Chairman Senate Committee on Appropriations

4.0 Findings of the Parliamentary Study

4.1 Findings include that ODA, totalling USD 1.6 billion is documented as received by Nigeria in 2009 in the OECD database, amounts to just below 4 percent of the federal budget. Health accounts for over 50 percent of ODA, with education accounting for just below ten percent. In health, the United States Agency for International Development (USAID), the Global Fund, World Bank and the United Kingdom's Department for International Development (DfID) are providing most of the resources. In education, the sector is largely dominated by the World Bank, followed by DfID.

4.2 A large share of ODA, particularly in the health sector (47 percent in 2008 and 30 percent in 2009), is disbursed to 'contracted technical assistance programmes', i.e. donor-funded projects that are contracted to international consulting firms. Some donors, such as DfID and USAID, provide almost all ODA to Nigeria through such programmes. In the health sector, 16 development partners are implementing 93 programmes across Nigeria.



4.3 In health, civil society also receives a considerable share of ODA, accounting for 25 percent in 2008 and 37 percent in 2009. It is worth noting that the majority of ODA to civil society are disbursed to international, particularly US-based, NGOs rather than to national civil society organisations. These preliminary findings have obvious implications for aid effectiveness, in particular in the area of democratic ownership, alignment and harmonisation and development partner accountability to the provisions of the Paris Declaration. In the education sector, on the other hand, more than half of ODA goes to the federal government, with funding to the states equalling almost 25 percent. There is almost no funding to CSOs in the education sector but more than a quarter of funding goes to contracted programmes.

4.4 The dialogue identified that though overall levels of ODA in the Nigerian economy was low, estimated at \$2 per capita in 2010, some sectors have a relatively larger grants of ODA flows than others - the health sector being the largest in form of grants and the education sector as loans. Channels of delivery differed between the sectors, with an unacceptable proportion (75%) of grant related ODA being channelled through international civil society and non-governmental organizations and as technical assistance provided by external consultants in health sector while in the education sector, where the ODA was more in the form of loans, channelled using public sector institutions including the federal and state government.

4.5 Several institutions are responsible for aid negotiation, management and coordination in Nigeria. The study describes a division of responsibility between the Ministry of Finance oversees for loans and the National Planning Commission for grants and a number of sectoral working groups on aid effectiveness with an apparent absence of an effective overall mechanism to coordinate external partners. This exists within a backdrop of reluctance of development partners to use government systems for implementation of aid programs with a greater use of contracted agencies, especially within granting initiatives of bilateral development partners. The report makes the significant point that the only agency which channels its funds through government is the World Bank, providing loans that are on budget, better aligned and must be paid back by government.

5.0 Observations from the Parliamentary Dialogue

5.1 The dialogue noted the report global commitments on Aid Effectiveness including the Paris Declaration on Aid Effectiveness, the Accra Agenda for action, the IHP+ Compact and their related accountability mechanisms on mutual accountability. Parliamentary support for these processes was reaffirmed and the recently released report by the IHP+ Results consortium welcomed. Parliament and other stakeholders however expressed concern that parliament was neither engaged nor aware of the IHP+ process and country compact which formed the basis on the mutual responsibility and accountability being assessed by the recently released report.

- 5.2 Parliament observed that accountability of Ministries, Departments and Agencies (MDAs) and other public institutions was to the people of the country, represented by its elected arms of governance including parliament, and not to a globally managed mutual accountability process. They noted that the Nigerian constitution provided that all resources made available to MDAs and other public institutions from all sources, domestic and international, remains subject to the oversight accountability responsibilities of parliament and therefore called on all accountability processes to deepen country ownership and engagement with national agencies and institutions for mutual accountability to be meaningful.
- 5.3 National CS engagement, access to information and capacity were also identified as areas of need. The dialogue further supported the need for great engagement between the parliament with the Ministry of Finance and National Planning Commission in aid negotiation, management and oversight.
- 5.4 The dialogue identified modalities for CS engagement in this process as well the capacity enabling factors that will strengthen their engagement some of which include timely access to information from the MDAs and overcoming the current reluctance of development partners to share financial information and be accountable at the country level.
- 5.5 Participants identified the need to review national efforts on aid management for results, parliamentary engagement in these efforts and reasserted its own commitment to improving its appropriation processes, supporting better public financial management and focus on results that can deliver and sustain the dividends of democracy to all Nigerians where they live, work and play.

6.0 Recommendations of the Parliamentary Dialogue

The dialogue made the following recommendations

- 6.1 MDAs are to present the investments by development partners working in their sectors as a part of the budgetary process. This will ensure that review processes by the appropriate committees of parliament reflect the contribution of ODA, and appropriation processes ensure alignment and additionality. This requires all ODA to be demonstrably on plan, and even when exceptionally off budget, to be reported to parliamentary tracking and oversight processes and aligned to national plans, planning, budget cycles and allocations.
- 6.2 Parliament needs to be more proactive and engage in its oversight role on aid flows, management and effectiveness. Mechanisms and strategies for these needs to be explored as an essential follow up of this parliamentary initiative. This should include establishing by an Act of Parliament a National Assembly Budget and Research Office to provide independent information and support to Parliament on ODA, its alignment to budgets, additionality and aid effectiveness.
- 6.3 Mutual accountability, such as is presented in the IHP+ Results is a joint responsibility of national governments and development partners. Parliamentarians are critical in such mutual accountability mechanisms, and national MDAs remain accountable to them, and not to a global mechanism. Parliament will engage and exercise its oversight responsibility of mutual accountability platforms for aid effectiveness and results in Nigeria, including those of the IHP+ in collaboration with the Executive, other arms of government with active engagement of civil society organizations
- 6.4 Engagement of civil society will require that information on aid, budgets and its effectiveness is timely and there is access to such information as might be required by civil society to conduct reviews and other independent accountability and watch dog functions. However, there is an urgent need to build capacities and skills of CS to understand aid effectiveness

issues, the country context including priorities that inform them, increase their openness to less confrontational and more learning approaches of engagement with national governments. Direct funding to CS is critical in this regard and should be an essential component of the Parliamentary Initiative on aid effectiveness

6.5 Parliament will be proactive in its oversight responsibilities on aid effectiveness for results and accountability and will implement the following recommendations:

- 6.5.1 Strengthen budget review and appropriation processes of Committees on Appropriations of the National Assembly by establishing the National Budget and Research Office as an Act of Parliament
- 6.5.2 Deepen dialogue with a broad range of stakeholders, including civil society organizations, provide timely access to budgeting and appropriation information by expanding participation in its Inclusive National Budgeting Initiative
- 6.5.3 Establish a Civil Society Fund on Aid Effectiveness, Results and Accountability to support the review and independent accountability function of national civil society organizations in aid effectiveness for results and accountability

6.6 The dialogue requested that CHESTRAD works closely with the Ministry of Finance and the National Planning Commission to ensure that the final report of the exploratory study is fast tracked to ensure that its recommendations can be taken forward in ongoing national processes

6.7 The dialogue concluded on a very positive and engaging note, with a commitment from parliament, the Ministry of Finance and National Planning Commission to collaborate, support CHESTRAD in completion of the ongoing aspects of the current efforts and work jointly to identify effective channels for implementation of its recommendations.

Signed

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| Senator Iyiola Omisore | Chair, Senate Committee on Appropriations, National Assembly, Nigeria |
| Dr. Shamsudeen Usman | Honourable Minister, National Planning and Vice President National Economic Council of Nigeria |
| Mr. Olusegun Aganga | Federal Minister of Finance |
| Dr. Lola Dare | Chief Executive Officer, Centre for Health Sciences Training, Research and Development (CHESTRAD) |