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Poverty Reduction Strategy Updates

The Case of Nigeria

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Foreword

In preparation for the PRSP-LG Plenary, four thematic papers were prepared. As inputs into these thematic papers and as additional background documentation, ECA selected thirteen countries for a survey of their PRSPs. The countries selected were Benin, Burkina Faso, Ethiopia, Kenya, Malawi, Mali, Mauritania, Mozambique, Nigeria, Senegal, Sierra Leone, Uganda and Zambia. The survey was done by administering a set of questions in the form of a questionnaire.

The questionnaire was administered either by an ECA staff member, or by a consultant with in-depth experience of the PRS process in the respective country. The questions were deliberately broad in scope, and took the approach of wanting to update earlier country studies.

The case study authors were encouraged to interview a small number (3 or 4) of knowledgeable individuals in government, parliament, civil society, and the private sector in the countries concerned. They presented their findings in a manner that would give the reader a range of differing views. The questionnaire covered four broad topics:

1. Comprehensiveness of existing economic growth and poverty reduction strategies;
2. Ownership, leadership and accountability for poverty reduction;
3. Institutional and capacity aspects; and
4. Aid effectiveness and management for poverty reduction

The outcomes of the survey are presented as received from the authors. The views are of the individuals interviewed and are not necessarily those of ECA or of any government.

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I. Comprehensiveness of Existing Economic Growth and Poverty Reduction Strategies

Question

1. Describe the existing poverty reduction strategy (PRS). What status does it have (e.g. part of the development plan)?

Ans. The existing PRS is part of the Nigeria development strategy as embedded in NEEDS which is our development plan. The core elements of NEEDS are: poverty reduction, wealth creation, value reorientation and job creation.

2. What has been the recent experience of growth and poverty reduction? Is there any evidence of the impact of the PRS on (i) poverty; (ii) inequality; (iii) growth; (iv) public expenditure?

Ans. The country has experienced positive growth in the last four years. From a negative growth rate in 1999, positive growth had been recorded since 2000 and the growth rate was 10.23 per cent in 2003 and 6.09 per cent in 2004. The poverty level fell from 65.6 per cent in 1996 to about 57 per cent in 2005. Thus, growth has led to reduction in poverty level and reduction in inequality. As a result of the implementation of NEEDS, allocation to the social services, i.e., health and education, has improved while allocation to areas like defense has reduced. Secondly, agriculture has experienced a higher growth rate in recent time.

3. What are considered to be the main challenges for PRS implementation in the next PRS round? Why?

Ans. The main challenge for PRS implementation is funds/resources for financing the plan. The burden imposed by the debt overhang is a serious constraint as it denies the country of opportunity of using its resources to finance development projects that contribute positively to poverty reduction. Foreign resources flow for development is low. Capacity-building is also a challenge.

4. How is the country prioritizing and sequencing achievement of the MDGs? What issue is this giving rise to?

Ans. Nigeria is sequencing and prioritizing by adopting a growth oriented strategy to poverty reduction. Thus, prioritization follows the following order:

- (i) Infrastructure Provision
- (ii) Education
- (iii) Health
- (iv) Agriculture and Rural Development, and
- (v) Water Supply

5. How is the country approaching the issues of employment and youth?

Ans. Government is putting in place measures and policies to empower the private sector to generate and provide employment. In this direction, the Small- and Medium Enterprises Development Agency of Nigeria has been put in place to promote SMEs while the Bank of Industry, Agricultural Cooperative and Rural Development, re-engineering and energizing of the community banks to provide credit and focus in infrastructural provision are all aimed at empowering the private sector to generate jobs.

6. How well integrated is the PRS into the overall planning and budgeting system?

Ans. The PRS is well integrated into the overall planning and budgeting system. The PRS is part of the NEEDS plan which outlines the policies and target for poverty reduction. The budget is the instrument being used to ensure that the projects and programmes articulated for implementation are relevant and contributes to achievement of the goals in NEEDS.

II. Ownership, Leadership and Accountability for Poverty Reduction

1. How committed is the political leadership to the PRS? How have political groups and forces contributed to poverty reduction?

Ans. The political leadership is highly committed to NEEDS. The President launched the NEEDS plan and all actions related to development are being geared towards achievement of NEEDS goals and objectives. States and other tiers of government have been encouraged to develop their own PRS embedded plan, i.e. SEEDS and LEEDS.

2. How effectively have (i) parliament; (ii) civil society groups; (iii) the private sector contributed to PRS formulation (including its policy content) and monitoring? How is this expected to evolve in the next PRS round?

Ans. The political groups have been involved in mobilization and sensitization against poverty. They have also attracted projects that impact on poverty reduction to their constituencies. The National Borehole project is a project by which senators attempted to ensure that each senatorial district has a borehole. The parliament, civil society and private sector and other stakeholders participated in the policy formulation process that led to the production of NEEDS. The grassroots should be more involved in the next round of PRS, i.e. NEEDS people expect adoption of bottom up strategy in the formulation of the next PRS.

3. How effectively has the PRS penetrated sector ministries and subnational government? How is this expected to evolve in the next round?

Ans. The ministries were involved in the formulation of NEEDS and are part of the implementation framework. The subnational governments have their SEEDS and LEEDS respectively.

4. What effect did PRS itself have on mobilizing parliament and civil society for poverty reduction?

Ans. The NEEDS plan has sensitized the parliament to the extent that they are willing to support any measure aimed at poverty reduction. The senators for instance pressed for the National Borehole and other related projects that impact positively on poverty reduction to be located in their district.

5. What role has NEPAD and, if applicable, the APRM played in the PRS?

Ans. The objectives of NEEDS and NEPAD are mutually reinforcing and the concept of NEPAD and APRM helped to enrich the outcome of NEEDS.

6. What relationship has the PRS process (both formulation and monitoring) had to national legislative and oversight processes?

Ans. The legislature was part of the NEEDS formulation exercise as they were consulted like most other stakeholders. Secondly, the implementation of NEEDS required emplacement of policies and programmes requiring legislature. The legislature has been very cooperative in exercising its oversight to ensure that relevant laws are enacted.

III. Institutional and Capacity Aspect

1. How important are capacity issues in implementing the PRS? How were such issues approached in the PRS? How is this expected to evolve in the next round?

Ans. Capacity issues are at the center/fore of the implementation of NEEDS. Implementation cannot go on without them. Capacity includes human, technical, technological, managerial and financial resources. These were well articulated in the document. We realized that Nigeria has limitation in capacity and NEEDS is about increasing capacity for development and growth. Nigeria intends to source more resources (grants) for enhancing capacity from development partners in the next round than took place in the current PRS.

2. Did the PRS process help prioritize capacity needs?

Ans. Yes the NEEDS process helped to prioritize capacity needs. Government is now focusing more on transparency, accountability, good governance, anticorruption and related measures that lead to improvement in efficient resource use.

3. What impact did the PRS has on public finance and expenditure management? Specifically, what was the experience with poverty funds; public expenditure reform; the costing of PRS programmes? How are these expected to evolve in the next round?

Ans. The NEEDS has been able to identify areas of leakages, ensure value for money and raised awareness on better procurement management. The PRS ensures that funds for poverty reduction gets to the intended beneficiaries as opposed to past experience where there were a lot of leakages in resource use. With the awareness on due process, public funds are better and more effectively/efficiently used.

4. What is the status of poverty information, analysis and monitoring? How well are these integrated into the PRS planning and monitoring process?

Ans. The status of poverty information in Nigeria is high and quite integrated into the national planning/budgeting process.

IV. Aid Effectiveness and Management for Poverty Reduction

1. What progress has been made in (i) alignment of donor programmes with the PRS; (ii) harmonization of donor assistance with national processes and with each other; (iii) predictability of donor assistance?

Ans. Donor resources are not properly aligned with NEEDS as they are of the regular budget. They are donor driven and managed.

- (i) The donor assistance has so far not been properly harmonized with national processes but government is making efforts to ensure harmonization.
- (ii) Most donor resources are predictable (UNDP, EU, etc.) since they draw up action plans for period up to 4 years in some cases.

2. What progress has there been in shifting aid towards budget support?

Ans. Substantial progress is being made through complementarity efforts of donors to finance projects that are NEEDS oriented. The budget of trust takes its cure from the NEEDS and projects not oriented towards NEEDS are not to be supported.

3. What mechanisms exist to ensure donor accountability at the country level?

Ans. There is coordination within donors and coordination between donors and government. Government has the due process to further strengthen mechanism for ensuring donor accountability.

4. How is political conditionality being handled?

Ans. Through good governance, transparency and accountability in government business.

5. Is there a specific aid management strategy or policy?

Ans. There is no specific aid management strategy/policy. However, there is the ODA policy, which is being reviewed.

Responding organization: **National Planning Commission, Government of the Federal Republic of Nigeria.**