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Quarterly Progress Report

July - September 2007

Restructured Economic Framework for Openness, Reform, & Macroeconomic Stability
Nigeria REFORMS Project

October 31, 2007

This report was produced for submission to the United States Agency for International Development. This report was prepared by DAI in reference to the USAID Contract number 620 - C- 00 – 05-00120 - 00 Restructured Economic Frameworks for Openness, Reforms and Macroeconomic Stability (REFORMS).

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The authors' views expressed in this report do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



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List of Abbreviations and Acronyms

AIAE	African Institute for Applied Economics
ADR	Alternative Dispute Resolution
CBN	Central Bank of Nigeria
CDD	Community Driven Development
CEAR	Centre for Econometrics and Applied Research
COP	Chief of Party
CRS	Cross River State
CSO	Civil Society Organization
DAI	Development Alternatives, Inc.
DCOP	Deputy Chief of Party
DFD	Development Finance Department
DMO	Debt Management Office
FAO	Food and Agricultural Organization
GDP	Gross Domestic Product
GON	Government of Nigeria
LAPO	Lift Against Poverty
LEEDS	Local Economic Empowerment and Development Strategy
MFB	Micro Finance Bank
MFI	Micro Finance Institution
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sector Strategy
NBS	National Bureau of Statistics
NEEDS	National Economic Empowerment and Development Strategy
NPC	National Planning Commission
NNPC	Nigerian National Petroleum Corporation
NSPFS	National Special Programme on Food Security
R&D	Research and Development
REFORMS	Restructured Economic Framework for Openness, Reform and Macroeconomic Stability
SEEDS	State Economic Empowerment and Development Strategy
SEEP	Small Enterprise Education and Promotion Network
USAID	United States Agency for International Development

**USAID Nigeria REFORMS Project
July-September, 2007 Quarterly Progress Report**

<i>ACTIVITY SUMMARY</i>
Implementing Partner: Development Alternatives, Inc.
Activity Name: Nigeria Restructured Economic Framework for Openness, Reform, and Macroeconomic Stability (REFORMS) Project
Activity Objective: The REFORMS program aims to improve the policy environment and address major impediments to economic growth in Nigeria. Program components include: 1) budgetary process and procurement oversight; 2) capacity building for Government of Nigeria (GON) institutions and civil society organizations (CSOs) involved in the policy process; and, 3) implementation of policy reforms in key sectors.
USAID/Nigeria SO: SO 12 Improved Livelihoods in Selected Areas
Life of Activity (start and end dates): July 7, 2005 – July 6, 2009
Total Estimated Contract/Agreement Amount: \$9,271,033.00
Obligations to date: \$8,809,950 (as of 26/09/2007)
Current Pipeline Amount: \$1,643,496
Accrued Expenditures this Quarter: \$477,076
Activity Cumulative Accrued Expenditures and Committed: \$7,166,454
Estimated Expenditures Next Quarter: \$420,000
Report Submitted by: Wandra Mitchell Submission Date: October 31, 2007

I. Introduction

REFORMS has a new Chief of Party, Ms. Wandra Mitchell, who arrived in Abuja on September 10, 2007. Wandra replaced Margaret Pollock after the latter had to leave the Project as a result of family medical constraints.

As the Project continues into Year 3, carefully target areas i.e., in Agricultural Policy and Enabling Environment, Biotechnology, and Energy, will form the basis of our support at the national and state levels. To date, REFORMS can point to noteworthy successes in achievement of program objectives, including assistance that increased the capacity of the GON in its budgetary process, and public procurement, as well as in key sectors of the economy. For example, two key pieces of legislation have been enacted with significant assistance from USAID/REFORMS. In June 2007, one of President Yar'Adua's first actions was to sign into law the new Public Procurement Bill. Under the legislation, the Budget Monitoring & Price Intelligence Unit (BMPIU) was reconstituted into the Bureau For Public Procurement. The new bureau has been given an enhanced mandate to provide oversight of public procurement, and to assist federal government entities in the management of their procurement activities. Prior to President Obasanjo's departure in May 2007, he signed the Fiscal Responsibility Bill into law. This Bill outlines the requirements for sound financial management in the public sector, and sets heavy penalties for extra-budgetary expenditures. Most recently, on the public procurement front, the Federal Executive Commission (FEC)¹ approved a proposed recommendation that all states codify their procurement rules and practices. In support of FEC's new mandate, REFORMS continues to work with governments of the four pilot states to integrate the budgeting and procurement processes it advanced at the federal level, including medium term expenditure planning and monitoring & evaluation processes.

Our counterparts were willing to work collaboratively with REFORMS throughout the quarter. However, with regard to Project financial contributions, the inability of state governments to pay their counterpart contributions continued to result in a shortage of Project funds. This "inability" during the reporting period may be attributable to the post-election period of uncertainty in state governments.

FY 2008 Forecast. President Umaru Yar'Adua is the second elected president of the Fourth Republic. He heads a stable, democratic national government which has developed improved monetary management policies. The new President has indicated his interest in continuing the reform initiatives of his predecessor. In fact, President Yar'Adua has championed a "7-Point Reform Agenda" for economic development and prosperity in Nigeria. Three of the points on the agenda-- power and energy, food security and agriculture, and land reform—represent program areas where USAID/REFORMS already has provided direct assistance. In this political and economic environment, continued attention to public expenditure management and budgetary reform, along with capacity building and policy reforms in selected sectors, become effective vehicles for U.S. Government support of reforms during the first years of the Government of President Yar'Adua.

¹ The FEC's membership includes the President, the Vice-President and the 36 state governors.

II. Quarter Progress

COMPONENT 1: Fiscal, Monetary and Macroeconomic Policy and Institutional Capacity Building, Energy and Biotechnology

Consultations with Ministry of Environment on Biotechnology

A meeting was held at the Federal Ministry of Environment. Nigeria has set up as part of its being a signatory to the Convention on Biological Diversity and its attached Cartagena Protocol on Biosafety, the Ministry of environment was happy to know that REFORMS is looking at supporting their work even with limited funds. They pointed out a few projects they would appreciate REFORMS assistance, One thing was the soon-to-be unveiled Nigeria Biosafety website (www.biosafety-nigeria.org) as a way of providing public information and, hopefully, a bit of a buzz in the public.

Key information provided included the following:

- Nigeria is moving ahead with a bill and annex added to it.. The first is the National Biosafety Bill, which will create the National Biosafety Council (NBC). This has, has already been forwarded by the Ministry of Justice for review and forwarding to the to the Federal Executive Council.
- The annex is a bill (National Biodiversity Management Agency Bill) specifically establishing an umbrella body under which the NBC will sit, namely the National Biodiversity Management Agency. In principle the National Biosafety Council will differ very little from the current National Biosafety Committee which has been composed under the National Biosafety Guidelines.
- The National Biodiversity Management Agency Bill has been forwarded to the Ministry of Justice, which is expected to bring back an amended version to the Ministry.

The National Biosafety Guidelines when finalized specified 5 elements to the Nigeria Biosafety Framework,

- The National Biosafety Policy
- National Biosafety Bill
- Establishment of a system to handle requests to approve GMOs
- Establishment of a system to handle monitoring
- A public information and public participation effort

The National Biosafety Committee which will become the NB Council, but in many respects will have the same structure and functions, continues to exist, but only meets when there is an application for approval for field testing of a genetically engineered product (since NBC addresses all biotech, this is not just for modern agricultural biotechnology). So far, the only GM product for which they have received a request for approval has been the Cassava genetically engineered to resist the devastating cassava mosaic disease. This ended up not going all the way through the process because the Danforth Center and IITA, who had submitted the request as a test of the system, had to remove it since they found that its resistance was not what it was expected to be. The NBC's secretariat, needs more experience

so as to get a sense of how long this process will take and what the gaps are. There are a number of biotech crops they expect to be seeing approvals for soon, including the African Biofortified Sorghum of the Africa Harvest Biotech Foundation International, and Bt-cowpea

Under the existing Biotechnology Guidelines the NBC only has the legal right to approve applications for:

1. Contained use (read laboratory testing) and
2. Field testing. The other two important steps for biotechnology products are
3. Approval for commercial release and
4. Approval for importation of GMOs. These last two can only be achieved through passage of the National Biosafety Bill.

Hosting DQA team from MEMS Workshop

A Data Quality Assessment team was drawn from two USAID IPs, the IP's involved were National Democratic Institute (NDI), Global HIV and Aids Initiative, (Ghain) and Society for Family Health (SFH). DQA was performed in REFORMS Office for REFORMS activities for quarter one and two as part of a training workshop organized by MEMS Nigeria. The workshop aims and objectives were to improve:

- Increased use of data by USG/ USAID & IPs for decision-making, and sound decisions require accurate, current & reliable information
- Increased data generation by USAID partners has triggered the need to set standards.
- It is mandatory that data reported to USAID Washington must have had a DQA within the last 3 years

REFORMS has since ready net its operations based on MEMS workshop

Meetings on GDA/PEM Pilot States

The GDA plan might experience a slow a take off because of some changes in Bayelsa State Government. A new Special Assistant to the Governor (Mr. Godknows Powell) has been appointed to take charge of Investments in the State and the GDA is supposed to be under his office.

The implication of these changes affects the learning curve of the team. The new man would have to learn a whole lot before he can become proactive. During our recent trip to Bayelsa, I also did understand that the former Governor approved the \$3m counterpart funds which the present Governor is yet to sign off. All previous approvals that did not have cash backing from the former Governor were put on hold. The USAID MoU funds were part of those stopped.

However, 3 copies of the MoU signed by other counterparts for the signature of the Governor were also submitted to the Bayelsa State Government through Hon. Foster Ogola

Further more, the Cross River State Budget Office represented by the Permanent Secretary requested REFORMS technical assistance as they put together their 2008 – 2010 MTEF. This request is within REFORMS work plan. The Governor gave his approval for all line Ministries, Departments and Agencies to be MTEF compliant subsequently. As a result of this initiative, designing templates for training the other MDAs with selected officers from the Cross River State Budget Office regarding the 2008 – 2010 Budget is desired to have all MDAs go the line of MTEF at this time should be commended and supported.

The Cross River State example represents a model of excellence and shows how much REFORMS Project has done in terms of building capacity and institutionalizing best practices. Our assistance, will support and drive the SEEDS II framework in linking policy, planning and budget for the different sectors in the state. The Medium Term Sector Strategy component of our assistance would ensure fiscal stability and macroeconomic balance.

Visit to Kano on M&E

Discussions were held with the Permanent Secretary Budget and Planning Alh Ashiru Zage. The discussions included:

- To find out the new commissioners appointed and their portfolios
- If the ministries have been merged or remain the same
- New protocols to be observed by donor agencies
- Update on M&E workshop
- SEEDS Implementation
- Any other changes

From the discussions, it was gathered that the ministries were not merged, therefore all relevant parastatals and MDAs remained the same and this is an added advantage to REFORMS Technical Assistance. On the Monitoring and Evaluation workshop to be sponsored by REFORMS, the permanent secretary said that the REFORMS Project should liaise with the desk officer appointed by the ministry to fix a suitable date for the workshop.

On the issue of SEEDS implementation, the permanent secretary said the implementation was on progress as the state is fully aware of the importance and relevance of SEEDS to the development of the State as a whole.

Another issue raised by the permanent secretary was on the new budget module the federal government is using, which Kano state has personally adopted, he stressed the need for the provision of new soft wares and appealed to REFORMS to provide the ministry with computers to enable them fully take off on the new budget module. He also requested that REFORMS should train the budget staff on the use of this budget module.

Methanol Demand Assessment Meetings

The Government of Bayelsa State, through partnership Initiative intends to coordinate the State's development objectives, which include fostering good and transparent governance, instituting a people-driven process, creating employment and investment opportunities to achieve the millennium development goals.

In this regard, the Government of Bayelsa state came into partnership with some private sector partners which include:

- Gastechno West Africa Limited,
- Ricknel Limited,
- Bokum Resources,
- Management and Economic development Associates, Ltd, and
- Platinm Habib Bank, (Bank PHB)

To collaborate and improve access of over 600,000 people living in rural communities of Bayelsa State to safe, clean and affordable cooking fuel, generate employment opportunities for youths through an expanded energy sector.

Ricknel Ltd

Ricknel Ltd is a private sector goods importer in partnership with a Chinese firm based in Lagos. The company has experience in importing and facilitating customs clearance of variety of international products. Discussions were held with Engr. Enemo and his Chinese partner, the discussions was based on its partnership with the other firms to sign an MoU with the Bayelsa State Government and USAID that would provide the cooking stove needed by the indigenes of the Niger Delta.

The discussions also included:

- reasons why Ricknel went into the business,
- the high demand of Methanol stoves in the Niger Delta region due to the following reasons:
 1. The stove is less expensive
 2. Easy to maintain
 3. Less smoky
 4. Methanol is quite cheaper than kerosene
 5. Easy to transport and storage facility is easier to create
 6. Cooks faster than kerosene.

Gastechno West Africa limited

Gastechno West Africa Limited, a Nigerian subsidiary of Gas technologies LLD, a Michigan based gas processing technology company. It is highly regarded as a developer of natural gas liquids (NGL), liquid propane gas (LPG) and methane to oxygenate processing technologies is one out of the five partner initiative. Gas Techno is also the exclusive licensor in Nigeria of Gas Technologies' proprietary process and technologies. Discussions were held with the Managing Director Mr Abis Igoni. He said the company intends to use gas flares as raw materials to produce methanol through a gas techno process which will:

- Yield a high cash flow in less than twelve months,
- Propane and other heavy liquid into cash while methane is further processed to methanol and formaldehydes

According to him, the gas techno process will be done in the plant proposed to be built in Bayelsa where the raw materials will be sourced, and will take an average of two years for the plant to start full operation starting from site selection.

Trainet Update for the Mission

REFORMS Project worked with the Mission in uploading documents on Trainet. This has become necessary to enable the Mission track activities and progress being made by implementing partners.

Economic Awareness Programme

A huge proportion of the country have little or no access to many of the things that citizens of other countries take for granted, such as good roads, portable water, affordable healthcare, constant power supply, quality education, a clean and sanitary environment and assured security of life and property. Wrong values and attitudes towards developing the country were entrenched for over three decades. To correct these anomalies, the past civilian government instituted an Economic and Social Reform Program. It was against this backdrop that USAID Nigeria REFORMS Project has been assisting technically both at the federal and state level. States are fundamental since almost 45% of the nations consolidated revenue go to the 36 states of the federation and 774 local governments. Another reason why States Economic Reform Process is indispensable in Nigeria's national development is this: though

Nigeria has six zones, 36 states and 774 local governments. Fiscal management at the state and local government level affects the entire country. Reckless borrowing by some states especially in the second republic contributed to a high debt burden on Nigeria's neck for very long time and its attendant dislocation to our budgets.

At the end of the workshop, participants were able to:

- Appreciate the significance of Public Expenditure Reform Process within the context of NEEDS and SEEDS;
- Have appreciable understanding of their government reform program;
- Make independent contributions to the enhancement of Public Expenditure Management in their various states;
- Improve the effectiveness of State Government Programs through strengthening the effectiveness, transparency and accountability of state government expenditures;
- To work constructively with the technocrats/politicians in the Ministries, Departments and Agencies of the government on the fiscal correction path;

Cross River State Technical assistance for all MDAs on MTEF

Effective management of government expenditure is needed for sustained high economic growth, macroeconomic stability, poverty alleviation, and human development for targeted intervention for inclusive development and achieving the PRSP goal of poverty reduction. Poverty reduction can be made effective through proper management of government expenditure. Moreover, credible fiscal program can get international donor support in financing skill gap, which the country is seriously facing today. Such a credible public expenditure framework has to ensure that budget allocation is sufficiently pro-poor, programs are prioritized, outputs defined, and adequately resource backed.

The programme captured both existing initiatives that are helping the various sectors to achieve their goals and new initiatives. The MTEF/MTSS provided a complete picture of the Sector spending plans from the various MDAs in Cross-River State, and hence reflected all existing initiatives that are considered worthwhile, alongside new initiatives. Furthermore, the programme achieved the following:

- Assisted all MDAs in the design and use of an MTEF technique.
- Provided MDAs with a critical consistency framework for budgetary analysis.
- Advised the MDAs on the development of a macroeconomic framework and in conducting analyses required for implementation of ongoing operations of the MTEF/budget.
- Developed an Excel Based Simulation for budgetary and micro simulations. This is to rigorously analyze the budget in the context of the medium term expenditure framework and the overall SEEDS strategy.

PMP update on Biotech and Energy

A meeting was held at MEMS Nigeria to update the REFORMS PMP, the update was basically to select indicators for Biotech and Energy. Indicators with reference to the operational plan were discussed and selected.

Stakeholders' forum on Microfinance with UNDP Consultants

REFORMS project hosted UNDP Consultants working on a microfinance pilot project sponsored by UNDP. REFORMS highlighted important areas of concern that needed realignment to support the Microfinance strategy based on our earlier technical assistance in identifying gaps in the policy. Nonetheless, ideas and strategies that would assist donor groups' function better were discussed.

The microfinance policy aims to cover a majority of the economically active but poor population by the year 2020. The microfinance policy is focused at achieving this by enabling the establishment of a large number (in hundreds) of small microfinance banks across the country, through converting existing community banks, transforming NGO-MFIs and promoting fresh microfinance operators. Ideally, these institutions will provide microfinance access to poor people at the bottom of the economic pyramid. Given the challenges in providing financial services at this economic layer, the service providers should have strong understanding of:

- Microfinance principles and practices,
- Microfinance specific management systems and
- Local communities and clients.

REFORMS shared a number of recommendations with the consultants on the way forward for the policy in Nigeria, especially the part CBN needs to undertake.

- The CBN should ensure that the initial set of licensed microfinance banks perform extremely well and develop the credibility of the microfinance sector through excellent performance.
- The CBN should therefore exercise extreme caution in the process of licensing MFBs during the current year and ensure that only those institutions that are potentially very strong and have a clear microfinance focus are allowed to start operations. This can be ensured through two strategic options.
 - **Option 1:** Continue with the current plan of bulk conversion of community banks, strongly recognizing the inherent risks in this approach. For this approach to succeed, very intense capacity building inputs will be needed for DFD, OFID and the community banks in key areas.
 - **Option 2:** Follow a gradual conversion pace, carefully screening a handful of the best and the strongest institutions. Eventually, aim to convert a very large proportion of community banks to MFBs, over a longer period of time. The time gained as a result of the gradual conversion process should be utilized for comprehensive capacity building of DFD and OFID and the community banks.
- Initiate field infrastructure examination as a regular part of on-site supervision
- Implement risk-based supervision for all microfinance banks
- Use the findings from the quarterly reports to prioritize follow up visits
- Improvement in strategic and operational coordination between DFD and OFID
- Enhance coordination with other departments

In summary, our technical report to the CBN indicates that as the microfinance sector grows and workload increases, the DFD and OFID should draw support not only from each other, but also from other CBN departments such as the Human Resource Department, Research and Statistics Department, Banking Supervision Department and the Information Systems

Department. Both DFD and OFID should develop a clear action plan with each of these support departments, which should define the nature of the activities for collaboration and support.

CBN meeting of Donors on Microfinance

The 5th MAB meeting of donors on microfinance was held on the 26th September 2007 at the Central Bank and chaired by Mr. Omotosho (Coordinating Director – International Relations Department at the NPC. Representatives of agencies such as GTZ, DFID, UNDP, and Commercial Banks amongst others were at the forum. The highlight of the forum was the presentation of a “Medium Term Evaluation on a UNDP sponsored microfinance project.

The UNDP consultants working on the project made the following observations regarding the beneficiaries of the Project: -

- Extensive training/monitoring to LAPO, DEC and JDPC;
- Positive outcomes for ASA in terms of improved cash flows, outreach, decentralization and cost effectiveness;
- Process of fixed repayment of ASA not effective;
- Fixed methodology of ASA not effective;
- Training focus of ASA not clear;
- Governance reasons for non achievement of JDPC and DEC tied to the organizations being faith based and rotational leadership matters respectively; and
- The network for MFIs not functional because of weak leadership, policy and location of network.

The Consultants observed that the size of the country, insecurity, cultural issues and clarity problems are factors affecting implementation and results achievement of the project in the country. The forum agreed with the Consultants that the extension of the UNDP current Programme, continued capacity building for MFIs and research on Microfinance in the country should be pursued by all donors. Furthermore, the consultants advised CBN to continue addressing the needs of other MFIs, continued advocacy on Microfinance and a national Microfinance strategy to fit into the NEEDS framework.

The forum ended by agreeing that the report of the consultants be distributed amongst the members for inputs within two weeks.

N/b

REFORMS could assist this forum further by taking a second look at the document when it is ready and make recommendations to the Microfinance Advisory Board.

Biotech Meetings at the various MDAs

We have continued our discussions with all relevant MDAs involved with Biotechnology in Nigeria. The Ministry of Environment is essentially the secretariat for the national body (the National Biosafety Committee) that Nigeria has set up as part of its being a signatory to the Convention on Biological Diversity and its attached Cartagena Protocol on Biosafety. The ministry houses the Focal Point for Biosafety, so it is the critical office with which we will need to work on both the advocacy ("sensitization") and the capacity building components of the biotechnology component of our project.

An annex which covers wildlife (biodiversity) has been added to the Biosafety Bill. The Bill is now referred to as Biodiversity Management Agency Bill. The Bill when passed into law

will bring about the creation on Biodiversity Management Agency under the Federal Ministry of Environment. Biodiversity Management Agency Bill will oversee the NBC and Biodiversity. Also, the Agency will be supervised by National Council on Biodiversity with the Federal Ministry of Environment as the Secretariat. In principle the National Biosafety Council will differ very little from the current National Biosafety Committee which has been composed under the National Biosafety Guidelines. The National Biodiversity Management Agency Bill has been forwarded to the Ministry of Justice, which is expected to bring back an amended version

The National Biosafety Guidelines when finalized specified 5 elements to the Nigeria Biosafety Framework, on which support could be further given:

- The National Biosafety Policy;
- National Biosafety Bill;
- Establishment of a system to handle requests to approve GMOs;
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Under the existing Biotechnology Guidelines Ministry of Environment believes that the NBC only has the legal right to approve applications for

1. Contained use (read laboratory testing) and
2. Field testing; the other two important steps for biotechnology products are
3. Approval for commercial release; and
4. Approval for importation of GMOs; These last two can only be achieved through passage of the National Biosafety Bill.

COMPONENT 2: Policy Reforms, Implementation and Institutional Capacity Building in Key Economic Sectors

Biotechnology and Energy Activities discussed above under component 1.

III. Problems and Opportunities

REFORMS' had limited opportunities in Quarter 4 because the Federal Government and Pilot States Governments were committed to stabilizing the new government and getting familiar with activities of the past administration.

REFORMS would be contributing in shaping public policy for the Niger-Delta (Bayelsa State) being the This is as a result of series of engagement of stakeholders in the region at the moment. REFORMS would continue to work with the NPC to further contribute to the macro framework of NEEDS II. REFORMS would continue to work with the CBN on Monetary aggregates for fiscal balance.

REFORMS also engaged the Ministry of Environment and relevant MDA's on Biotech issues.

Nonetheless, the inability of REFORMS Project to reach out in full for Kano State is as a result of limited funding.

However, there were a number of problems/challenges faced by the project in the 3rd quarter. These included inadequate funding to prosecute in full scale the planned activities with the state partners. Also, the inability of USAID, Bayelsa State and other counterparts to sign an MoU hindered some activities in the State. Overall technical programme reduced as a result of shortage of funds (Obligated Funds).

IV. Activity Changes

There are basically no activity changes in quarter four.

V. Next Quarter Results and Related Tasks

Bayelsa State – MTSS: Bayelsa State will be assisted to establish a Medium Term Sector Strategy Analysis capacity. This will support and drive the SEEDS II framework in linking policy, planning and budget for the different sectors. The MTSS would ensure fiscal stability and macroeconomic balance. *Next step in Q1 2007/2008: training programme to provide a practical exposure for the staff of the Budget Office and MDAs of the state with some technical issues as contained in the REFORMS Budget Manual.*

- **Draft Report on Methanol Environmental & Feasibility Assessment:** REFORMS Project during this quarter will come up with a draft report on Methanol Environmental and feasibility Assessment. *Next step in Q1 2007/2008: REFORMS has engaged consultants to conduct an Environmental & Feasibility Assessment*
- **Fiscal Strategy Documentation:** There is an ongoing Fiscal Strategy Documentation in all pilot states, *Next step in Q1 2007/2008: REFORMS will produce a report on the ongoing Fiscal Strategy Documentation.*
- **Workshop on Biotechnology:** The REFORMS Project during this quarter, engaged government and non-government agencies on the decision making process regarding biotechnology, *Next step in Q1 2007/2008: REFORMS has engaged consultants to conduct a workshop with relevant stake holders*
- **Policy Work on Energy:** The REFORMS Project during this quarter, engaged government and non-government agencies on the decision making process regarding delivery of energy and related environmental management services. *Next step in Q1 2007/2008: Needs assessment for methanol to show the potential impact and to develop requirements for safe production.*

- **CBN OFID:** *Next step in Q1 2007/2008: A strategy to support the performance of microfinance institutions, as supervised by the Central Bank.*

VI. Quarterly Update: Q4/2006-7 Performance Monitoring

1. Institutional Capacity Building Activities

Nigeria REFORMS Q4/2007 ICI Report			
Institutional Capacity	Total Activities	Cumulative # of Activities Completed	Cumulative% of Activities Completed
Central Bank of Nigeria	5	3	60%
Monetary Policy: Macroeconomic modeling and inflation targeting	3	3	100%
Cross-River Institutional Capacity	19	17	89%
Improved budget process linked to SEEDS Macro Framework	7	5	71%
Improved transparency / Public oversight / CSO Strengthening	6	5	83%
Ebonyi Institutional Capacity	10	7	70%
Improved budget process linked to SEEDS Macro Framework	6	4	66%
Improved transparency / Public oversight / CSO Strengthening	3	3	100%
Bayelsa Institutional Capacity	11	9	81%
Improved budget process linked to SEEDS Macro Framework	6	4	66%
Improved transparency / Public oversight / CSO Strengthening	4	3	75%
TOTAL MILESTONES: Q4/2007			

2. Update on Targets For Policy Reforms

(Only Targets being reported on in Q4/2007)

Target Policies/ Legislation/ Systems	1	2	3	4	5
	Initiation	Activation	Development/ Consolidation	Approval	Implement. Framework
Component 1: Fiscal, Monetary, and Macroeconomic Policy & Institutional Capacity Building, Energy and Biotechnology					
Biotechnology			2007	2008	2008
Energy Policy			2008	2008	2008
Component 2: Policy Reform in Selected Sectors					
Agriculture Policy for Ebonyi State	2006	2007	2008	2008	2008
Alternative Dispute Resolution Ebonyi State	2006	2007	2008	2008	2008

KEY:

Red = Stage 1 (Initiation); Orange = Stage 2 (Activation); Yellow = Stage 3 (Development/ Consolidation); Green = Stage 4 (Approval & Launch); and Blue = Stage 5 (Implementation Framework)

The dates indicate targets estimated for achieving each stage.